

2021-22

# लेखापरीक्षा गुणवत्ता पुर्नविलोकन रिपोर्ट Report on Audit Quality Review



**75**  
  
**Azadi Ka  
Amrit Mahotsav**



**QUALITY REVIEW BOARD**

(Established under an Act of Parliament)

In Pursuit of Professional Excellence of Chartered Accountants in India

© क्वालिटी पुर्नविलोकन बोर्ड, भारत सरकार द्वारा चार्टर्ड एकाउंटेंट्स अधिनियम, १९४९ की धारा २८ए के अंतर्गत स्थापित।

सर्वाधिकार सुरक्षित। यह रिपोर्ट चार्टर्ड एकाउंटेंट्स अधिनियम, १९४९ की धारा २८ए के अंतर्गत भारत सरकार द्वारा स्थापित क्वालिटी पुर्नविलोकन बोर्ड द्वारा तैयार की गई है। इस रिपोर्ट के किसी भी हिस्से को क्वालिटी पुर्नविलोकन बोर्ड से लिखित रूप में बिना पूर्व अनुमति के पुनः प्रस्तुत नहीं किया जा सकता है, न ही एक पुनर्प्राप्ति प्रणाली में संग्रहीत किया जा सकता है अथवा प्रेषित किया जा सकता है, किसी भी रूप में या किसी भी तरह से, इलेक्ट्रॉनिक, मैकेनिकल, फोटोकॉपी, रिकॉर्डिंग, या अन्यथा किसी प्रकार से।

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<http://www.qrbca.in>

सितम्बर २०२२

September, 2022

### **क्वालिटी पुर्नविलोकन बोर्ड | Quality Review Board**

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## From the Chairperson's Desk



The quality of financial reports is key to informed markets and investors. The purpose of the independent audit is to provide confidence in the quality of financial reports. Improving audit quality and the consistency of audit execution is essential to maintaining confidence in the independent assurance they provide. Auditors must obtain reasonable assurance that financial reports are free of material misstatement, apply sufficient scepticism to accounting estimates and treatments, and address any deficiencies detected so that investors and other users of financial reports can have confidence in the quality of the information they contain.

Auditors should not be:

- over-reliant, or readily accept, the explanations and representations of the management of audited entities without challenging matters such as key underlying assumptions; or
- Seeking out evidence to corroborate estimates or treatments rather than appropriately challenging them.

Auditors should deliver high quality audits by:

- applying appropriate resources, experience and expertise to audits
- adopting a strong internal culture focused on quality and professional scepticism
- implementing effective internal supervision and review and robust accountability mechanism
- identifying and addressing audit risks and issues on a timely basis
- conducting effective reviews of audits
- remediating findings by obtaining the audit evidence necessary to form an opinion on the financial report
- identifying root causes of findings from both internal and external quality reviews
- developing and implementing action plans to address those findings, and monitoring and revising these action plans to ensure that they are effective.

Audit firms might also consider reviewing their staff structure over time, to ensure the firm has access to resources having a sound knowledge of Accounting Standards, appropriate experience and expertise for audits involving increasingly complex client businesses, financial reporting, other requirements, audit judgements and audit approaches. This includes the impact of technological change and the greater use of data analytics, robotics and machine learning systems. Quality Review Board had organised a webcast early this year on “Use of technology in conducting Quality Audits” where the need to work with big data to perform high quality and more efficient and focused audits was emphasized. Data analytics enables auditors to move away from auditing small samples of data to auditing large samples, or even entire datasets. Another powerful use case for data analytics is in fraud

detection. With data analytics, an auditor can identify risks very easily and tailor the testing to do recalculations of higher-risk areas.

Audit Firms may need to focus on training for developing the expertise on data analytics among their employees. The traditional pyramid structure – with a small number of experienced partners and a relatively large number of junior staff – may need to change. Ensuring adequate supply of auditors and other experts may need attracting people to the profession, upskilling them, and ensuring staff retention by Audit firms. This would require the efforts of all concerned in the sector including Audit firms and regulatory bodies. With markets and companies becoming increasingly global, there may also be benefit in firm networks being able to move auditors and experts between jurisdictions to meet demand.

At the level of Quality Review Board, during financial year 2021-22, QRB completed 24 reviews of audit quality of 23 entities in India. Out of these 24 completed reviews, QRB issued advisories to concerned Audit firms for further improvement in 22 cases and other 2 cases were closed. The present report highlights the key findings observed in the audit quality reviews conducted during financial year 2021-22 indicating our approach for review, key trends, our expectations and other focus areas. I hope the concerned stakeholders will find this Report useful. Now, it is incumbent on the Audit firms to take remedial actions for the deficiencies highlighted by the QRB, identify the root causes thereof and improve their audit quality. Other Audit Firms may also benefit from these findings and try to improve their audit quality.

I would like to take this opportunity to thank, in particular, Mr. Rajesh Verma, Secretary (Corporate Affairs) during the period of the Report, Mr. Tarun Bajaj, Present Secretary (Corporate Affairs), Mr. Manoj Pandey, Joint Secretary (Corporate Affairs), CA. (Dr.) Debashis Mitra, President, ICAI and CA. Aniket Sunil Talati, Vice-President, ICAI for their continuous overall support and guidance in spearheading the activities of the Board. I also thank all the other Members and special invitees of Quality Review Board, namely, Ms. Ritika Bhatia, Director General (Commercial-II), Office of the Comptroller & Auditor General of India, Mr. K. Saravanan, Chief General Manager, SEBI, Mr. Kumar Sambhrant Krishna, Advocate on Record (Supreme Court of India), CS (Dr.) Shyam Agrawal, Ex-President, ICSI, CA. Durgesh Kumar Kabra, CCM, ICAI, CA. Dayaniwas Sharma, CCM, ICAI, CA. Sushil Kumar Goyal, CCM, ICAI, CA. Pramod Jain, CCM, ICAI. CA. Pramod Kumar Boob, Ex-CCM, ICAI, Mr. Chandra Wadhwa, CCM, ICAI, Special invitee and CA. (Dr.) Jai Kumar Batra, Secretary, ICAI, Special invitee for their invaluable contribution.

सादर,

एसडी/-

शेफाली शाह

Shefali Shah

अध्यक्ष, क्वालिटी पुर्नविलोकन बोर्ड

Chairperson, Quality Review Board

स्थान: नोएडा

दिनांक: २२.०९.२०२२

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## Composition of the Board

The current composition of the Quality Review Board, established under the Chartered Accountants Act, 1949 consists of the following:-

### Nominees of the Central Government

1. Ms. Shefali Shah, IRS (Retd.) - Chairperson (wef 01.12.2021)
2. Mr. Kumar Sambhrant Krishna, Advocate on Record, Supreme Court of India - Member (wef 07.07.2020)
3. Mr. Manoj Pandey, Joint Secretary, Ministry of Corporate Affairs, Government of India – Member (wef 30.09.2019)
4. Mr. K. Saravanan, Chief General Manager, Securities and Exchange Board of India – Member (wef 01.12.2021)
5. Ms. Ritika Bhatia, Director General (Commercial-II), Office of the Comptroller & Auditor General of India – Member (wef 01.12.2021)
6. CS (Dr.) Shyam Agrawal, Ex-President, ICSI – Member (wef 07.07.2020)

### Nominees of the Council of the ICAI

7. CA. Durgesh Kumar Kabra, Fellow Chartered Accountant – Member (wef 26.05.2020)
8. CA. Dayaniwas Sharma, Fellow Chartered Accountant – Member (wef 26.05.2020)
9. CA. Sushil Kumar Goyal, Fellow Chartered Accountant – Member (wef 26.05.2020)
10. CA. Pramod Kumar Boob, Fellow Chartered Accountant – Member (wef 26.05.2020)
11. CA. Pramod Jain, Fellow Chartered Accountant – Member (wef 26.05.2020)

### Special Invitees

- Mr. Chandra Wadhwa, Council Member, ICAI – Special invitee (nominated by the Central Government wef 10.06.2016)
- CA. (Dr.) Jai Kumar Batra, Secretary, ICAI – Special invitee

### Secretary to the Board

- CA. Mohit Baijal, Joint Director, ICAI

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## Our Approach

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Quality Review Board (QRB) reviewed all aspects of how an audit was performed in entities selected for review. Our reviews help improve audit quality and ensure audit opinions are reliable. QRB's reviews involved assessment of the work of statutory auditors while carrying out their statutory audit function so that QRB is able to assess (a) quality of audit and reporting by the statutory auditors; and (b) quality control framework adopted by the audit firms in conducting audit. The major focus of the reviews was on compliance with technical standards, relevant laws & regulations, quality of reporting, ethical standards and firm's quality control framework. QRB ensured that all persons involved in the review exercise maintained confidentiality of information and avoided conflict of interest.

Cases of material non-compliances where:

- financial statements were materially not prepared in accordance with the requirements of the applicable financial reporting framework considering qualitative aspects of the entity's accounting practices as would affect the truth and fairness of the financial statements;
- auditor had not obtained reasonable assurance about whether the financial statements as a whole are free from material misstatements, whether due to fraud or error;
- auditor did not express a qualified opinion when, having obtained sufficient appropriate audit evidence, concludes that misstatements, individually, or in aggregate, are material; and
- those requiring significant improvement;

were recommended to the Council of the ICAI for referring to the Disciplinary Directorate of the Institute for consideration and appropriate action. In other cases, which required improvement, QRB issued advisories to the concerned Audit firms which were subsequently followed-up for compliance.

In order to provide guidance to the Audit firms, in general, for ensuring improvement in the quality of their services, QRB publishes periodic reports, on an annual basis, providing key audit quality review findings in an aggregated manner. These reports are widely disseminated and publicly made available at QRB website. QRB follows a strong system of independent review of statutory audit services of the Audit firms based upon best international practices.

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## Our Expectations

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Audit firms should continue their efforts to improve audit quality on a consistent basis. Audit firms should address the non compliances identified during the review by performing root-cause analysis. This will help them prevent these issues from reoccurring. We encourage all the Audit firms to take note of the key findings and trends published annually in QRB's 'Report on Audit Quality Review' which are available at QRB website at <http://www.qrbca.in/left-menu/qrb-reports-publications/>.

## How We Select Audit Firms for Review

QRB has adopted risk based approach for selection of audit engagements for initiating audit quality reviews. A clarification was received from the Ministry of Corporate Affairs that, in view of Section 132(2) of the Companies Act, 2013 r/w Rule 9(4) of NFRA Rules, 2018, the issue of QRB reviewing audits of the companies/bodies corporate specified under Rule 3 of the NFRA Rules, 2018 will only arise in case a reference is so made to QRB by NFRA, and not otherwise.

Accordingly, QRB is now able to initiate reviews of the quality of audit services provided by the members of the Institute only in respect of entities other than those specified under Rule 3(1) of NFRA Rules, 2018; and those referred to QRB by NFRA under Rule 9(4) of NFRA Rules, 2018. Therefore, QRB has now decided to select private limited companies not falling under Rule 3(1) of NFRA Rules, 2018 for initiating their audit quality review. The private limited companies, not falling under Rule 3(1) of NFRA Rules, 2018, are selected following risk based approach from various industries susceptible to risk including regulatory concerns pointing towards stakeholder risks, on account of being part of a sector otherwise identified as being susceptible to risk on the basis of market intelligence reports, reported fraud or likelihood of fraud, serious accounting irregularities in the financial statements highlighted by the media and other reports and major non-compliances under relevant statutes highlighted in past reviews.

The statutory auditors in respect of the companies so selected as per above, are identified for their audit quality review as per their quality review cycle determined in terms of the Procedure for Quality Review of Audit Services of Audit Firms. Generally, maximum of three audit engagements in respect of a particular Audit firm are selected for review during a particular quality review cycle covering entities of varied industries, size, geographical spread and regulatory concerns. Further, in the absence of any adverse finding in a past review, not more than one audit engagement of the same engagement partner/ proprietor of an AFUR may be selected for quality review by the Board during a particular quality review cycle. However, in case of any adverse findings in past review/s or in any other situation, QRB may conduct quality review of any particular audit firm or of a particular engagement partner at more frequent interval and/or select more than 3 audit engagements. In case of a joint central statutory audit of a selected entity, normally, each one of the joint central statutory auditors are selected for review.

The Board assigns the audit quality review work, so selected, to the respective Technical Reviewers empanelled with the Board.



## How We Conduct Audit Quality Review

QRB has constituted Quality Review Group-I (QRG-I) to conduct preliminary reviews with a view to assessing the quality of audit and reporting by the auditors. QRG-I is assisted by Technical Reviewer/s (TRs), who are empanelled by the QRB on engagement basis from across the country. These TRs are practicing professionals and possess requisite experience and expertise essential to carry out the reviews. The job of the TRs is to conduct on-site and off-site review and prepare a report with a view to assessing the quality of audit and reporting by the auditors, and the review of quality control framework adopted by the auditors/ audit firms in conducting audit. The TR, based upon the conclusions drawn from the review, shall first issue a preliminary report to the Audit firm for their reply on his observations and subsequently, based upon the replies of the Audit firm, TR issues the final report to the QRB and Audit firm. Audit firm is once again provided an opportunity to submit its response on the observations in the final report to the QRB directly. The report, so prepared by the TR, alongwith the submissions of the Audit firm thereon, are considered at the meetings of the QRG-I. The QRG-I may also consult the QRB on any issue, on which it feels that the guidance of the QRB is necessary. The QRG-I completes the review of cases referred to it and submits its recommendations to the QRB.

Based on the QRG-I's recommendation, the QRB decided to (a) recommend the case to the Council of the ICAI for referring to Disciplinary Directorate for necessary action in cases of material non-compliances/ violations and requiring significant improvement; or (b) issue advisory to the concerned Audit firm in other cases requiring improvement subsequently followed-up for compliance and improvement; or (c) accept the report and close the case if no material observations/ non-compliances were reported on the quality of audit and reporting.

The QRB had specified the format for the Final Report, and the Quality Review Program Questionnaire containing questions concerning various aspects of an Audit firm such as Quality control, ethical requirements & audit independence; leadership and responsibilities; assurance practices; client relationships & engagements; human resources, consultation; differences of opinion; engagement quality control review; engagement documentation; audit planning & risk assessment; materiality; audit sampling & other selective testing procedures; audit documentation; audit evidence; written representations; Auditor's report; financial statements review and other relevant laws and regulations.

Independence of the TR and also the members of the review team viz-a-viz the Audit firm as well as the auditee is imperative. Accordingly, TRs were required to fulfil, *inter alia*, the following conditions:

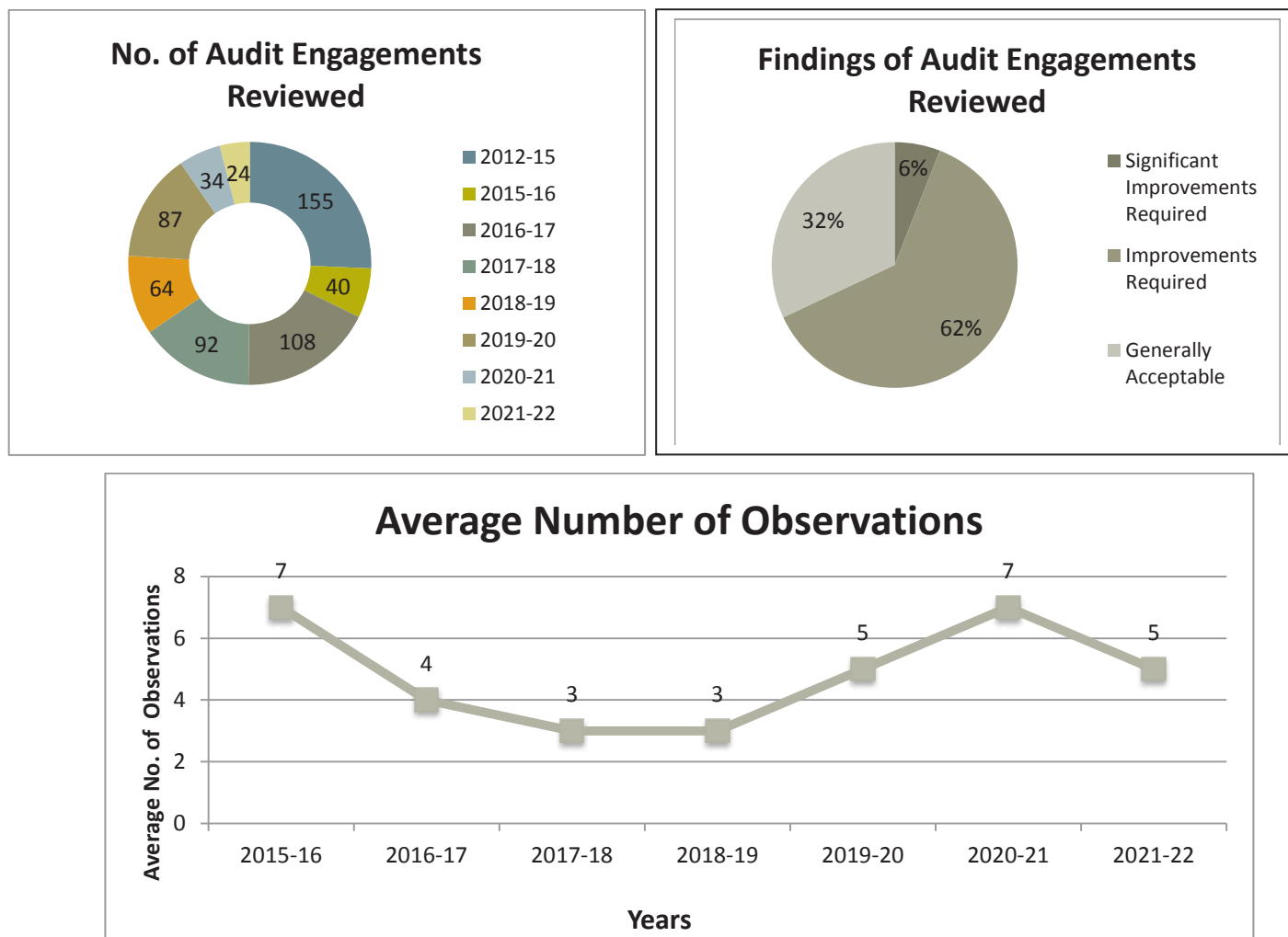
- a) TR does not have any disciplinary proceeding under the Chartered Accountants Act, 1949 pending against him or any disciplinary action under the Chartered Accountants Act, 1949 / penal action under any other law taken/pending against him during last three financial years and/or thereafter.
- b) TR or his/her firm or any of its network firms or any of the partners of TR's firm or that of the network firms should not have been the statutory auditor of the company/entity under review or have rendered any other services to the said company/entity during the last three financial years and/or thereafter.
- c) TR or his/her firm or any of its network firms or any of the partners of TR's firm or that of the network firms should not have had any association with the audit firm under review, during the last three financial years and /or thereafter.
- d) TR complies with all the eligibility conditions laid down for appointment as an auditor of the company/entity under review under section 141(3) of the Companies Act, 2013 so far as applicable.

Further, while assigning the quality review work to the respective Technical Reviewers, in order to ensure their independence and avoid conflict of interest, in most of these cases, as far as possible, the Technical Reviewers from different city/region were selected than the city/region of Head Office of the selected Audit firm.

TRs were also required to submit declaration for independence and eligibility of each one of his assistants, if any.

The QRB considered confidentiality of information pertaining to the quality review assignments to be of paramount importance. Accordingly, TR as well as all the members of the review team were required to submit a confidentiality declaration.

## Overall Trend of Audit Engagements Reviewed FY 2012-13 to FY 2021-22



## Action Taken during FY 2012-13 to FY 2021-22

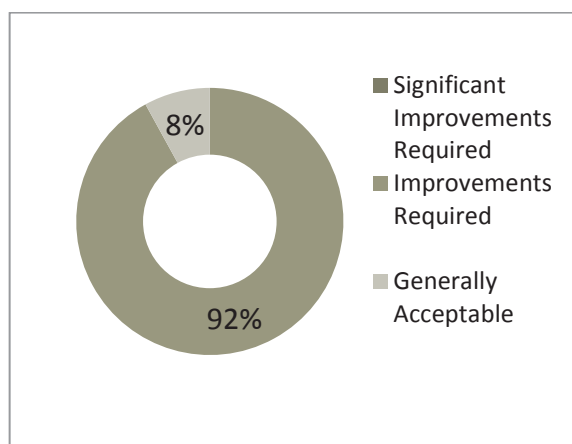
Since FY 2012-13 to FY 2021-22, the QRB has completed 604 reviews. Of these:

- 35 cases - Recommended to the ICAI Council for consideration and necessary action in terms of the requirements of Sec. 28B(a) of the Chartered Accountants Act, 1949.
- 373 cases - Advisories were issued by Quality Review Board to concerned Audit firms for improvement in quality in terms of requirements of Sec.28B(c) of CA Act, 1949.
- 196 cases - Closed.

## Key Highlights – FY 2021-22

The key findings are in respect of the audit quality reviews completed by the Quality Review Board during the FY 2021-22 pertaining to financial statements of 2 companies for the FY ended on 31 March 2016 (1 Listed and 1 PIE selected prior to constitution of NFRA and on-going), 5 private limited companies for the FY ended on 31 March, 2018 and 16 private limited companies for the FY ended on 31 March, 2019. These key findings have been categorised under various sections such as Standards on Auditing, Accounting Standards and Other Relevant Laws and Regulations.

### Audit Quality Reviews covered in the Report



### Audit Firms Reviewed

**22**

### Audit Files Reviewed

**24**

**Referred by QRB to ICAI Council = 0**

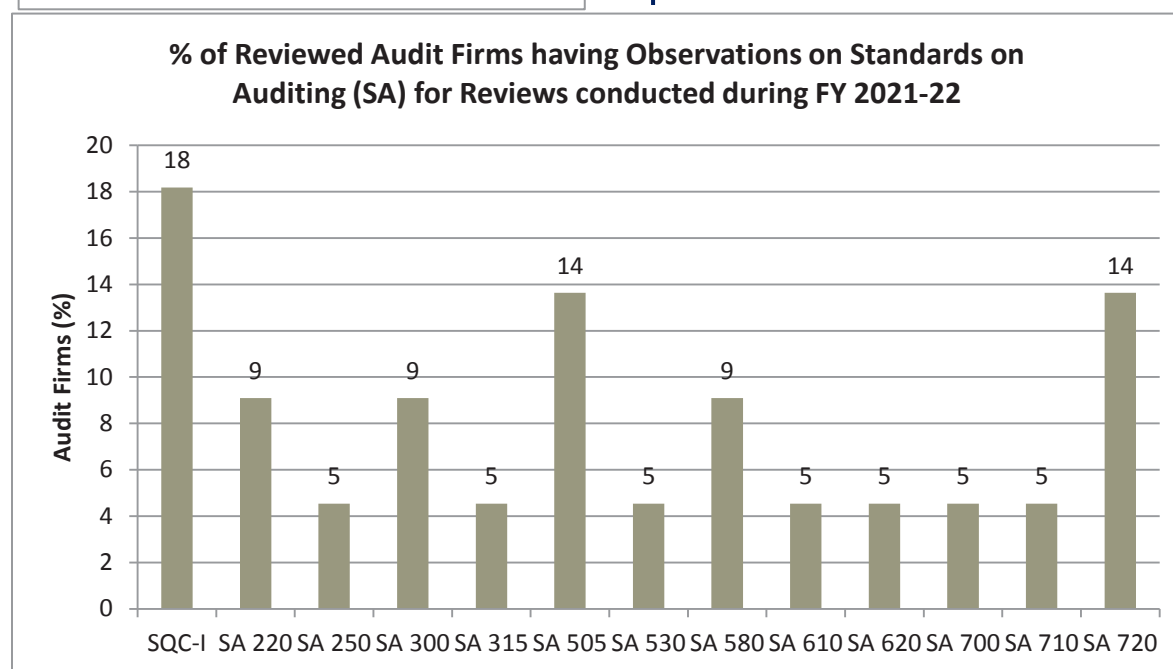
**Advisory issued by QRB to Audit Firms = 22**

**Closed = 2**

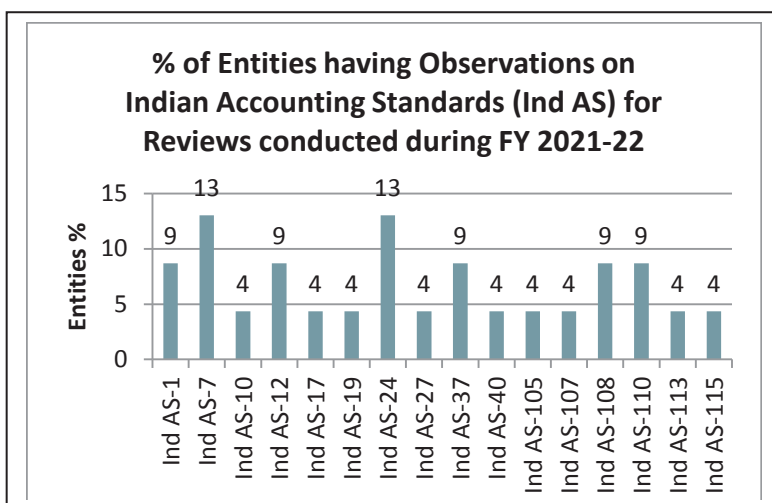
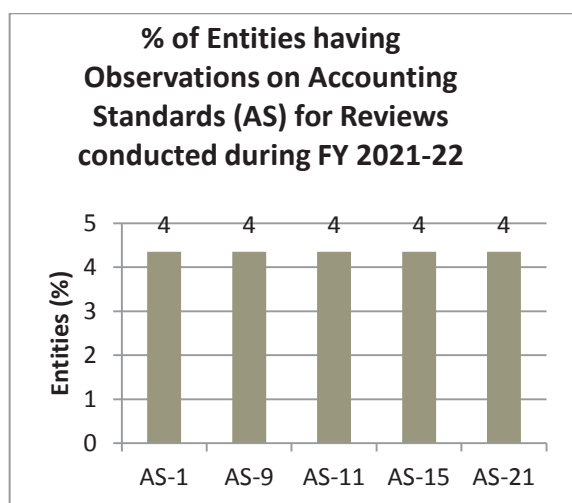
### Entities Covered

**23** (1 Listed, 1 Other

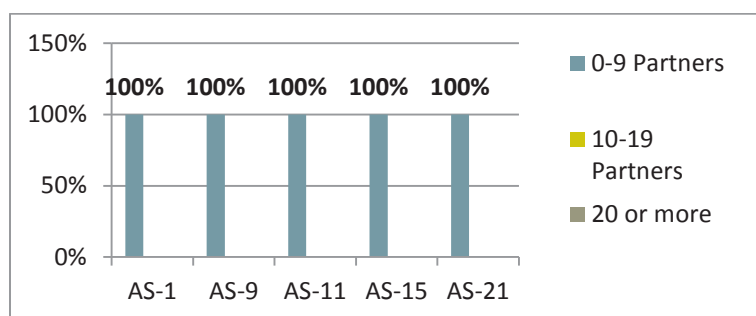
PIE and 21 Private Limited Companies)



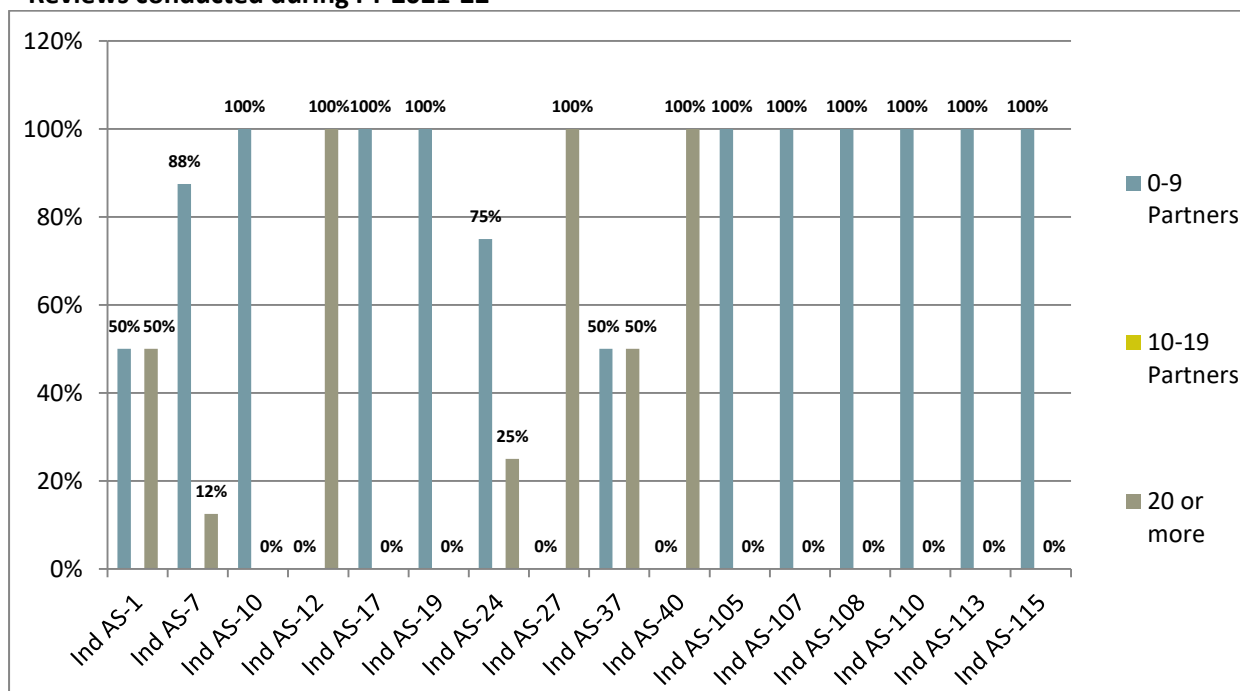
**Type of Audit Firms wise break-up of Observations on Standards on Auditing (SA) for Reviews conducted during FY 2021-22**



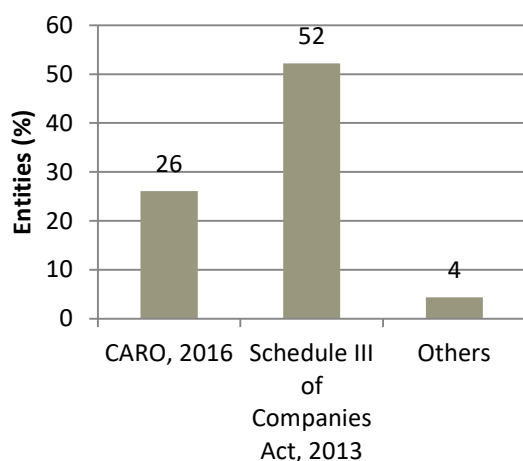
**Type of Audit Firms wise break-up of Observations on Accounting Standards (AS) for Reviews conducted during FY 2021-22**



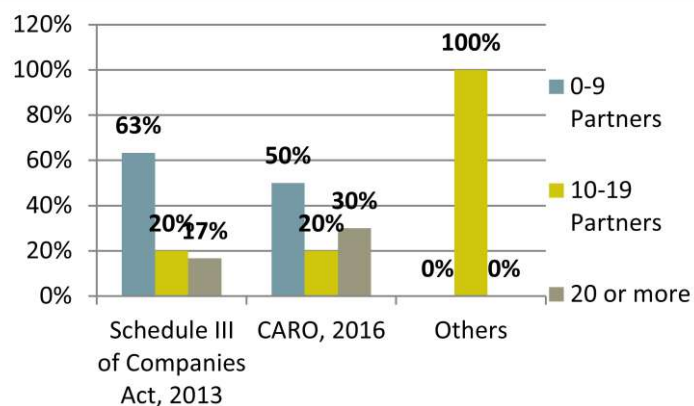
**Type of Audit Firms wise break-up of Observations on Indian Accounting Standards (Ind AS) for Reviews conducted during FY 2021-22**



**% of Entities having Observations on Other Relevant Laws and Regulations for Reviews conducted during FY 2021-22**



**Type of Audit Firms wise break-up of Observations on Other Relevant Laws & Regulations for Reviews conducted during FY 2021-22**





## Summary of Observations

### a) Standards on Auditing

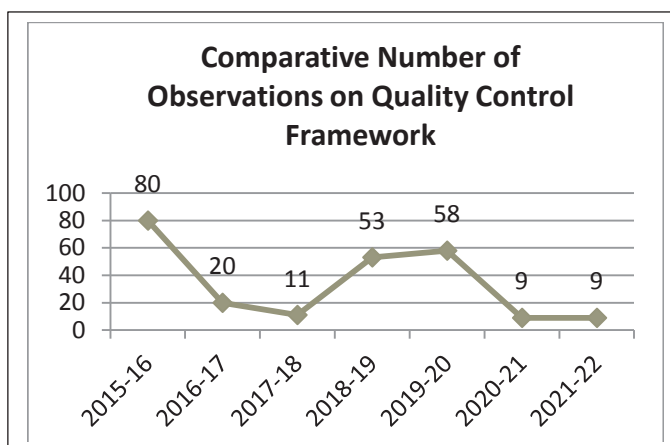
#### Standard on Quality Control (SQC)-1

##### Focus Areas

- Whether audit firm establishes and implements policies and procedures on all the elements of system of quality control.
- Whether the engagement quality control reviewer reviews at an appropriate time for the planning of an audit, significant audit judgments, and expressions of audit opinion.
- Whether the audit firm assigns as the person responsible for the monitoring of the system of quality control a person with appropriate experience for the role, and vests the assigned person with sufficient and appropriate authority.
- Whether the audit firm obtains, at least annually, a confirmation letter concerning compliance with policies and procedures for the maintenance of independence from all persons required to maintain independence.
- Whether the audit firm performs the independence confirmation procedures set forth in its internal rules before acceptance and continuance of audit engagements, and when issuing the auditor's report, appropriately confirms that there was no change in the status of independence.
- Whether the audit firm develops and provides education/training programs that fully take into account the knowledge, experience, competence and capabilities of the professional staff.

##### Findings in this area included:-

- Not documenting its policies and procedures on each element of Quality Control that should also be sufficiently comprehensive and suitably designed in relation to the firm's size, nature and complexity of the firm's practice. (Para 8).



**Human Resources**

- Not establishing policies and procedures designed to provide it with reasonable assurance that it has sufficient personnel with capabilities, competence, and commitment to ethical principles necessary to perform its engagements in accordance with professional standards and regulatory and legal requirements (*Para 36*).
- Not properly implementing firm's policies and procedures related to personnel professional education, continuing professional development, training etc. for developing competence and capabilities of personnel (*Para 38*).

**Assignment of Engagement Teams**

- Not establishing procedures to assess its staff's capabilities and competence (*Para 45*).

**Engagement Performance**

- Not keeping current the processes for complying with applicable engagement standards for maintaining consistency in the quality of engagement performance as the checklists for complying with technical standards were not updated (*Para 47*).

**Engagement Quality Control Review**

- Not establishing policies and procedures requiring, for appropriate engagements, an engagement quality control review that provides an objective evaluation of the significant judgments made by the engagement team and the conclusions reached in formulating the report and setting out criteria against which all other audits and reviews of historical financial information, and other assurance and related services engagements should be evaluated to determine whether an engagement quality control review should be performed (*Para 60*).
- Not establishing policies and procedures setting out: (a) the nature, timing and extent of an engagement quality control review; (b) criteria for the eligibility of engagement quality control reviewers; and (c) documentation requirements for an engagement quality control review (*Para 63*).

**Quality Control for an Audit of Financial Statements (SA 220)**

- Not ensuring that appropriate procedures regarding the acceptance and continuance of client relationships and audit engagements have been followed, and determining that conclusions reached in this regard are appropriate (*Para 12*).
- Not documenting that engagement quality control reviewer has performed an objective evaluation of the significant judgments made by the engagement team, and the conclusions reached in formulating the auditor's report (*Para 20*).

**Consideration of Laws and Regulations in an Audit of Financial Statements (SA 250)**

- Not obtaining sufficient appropriate audit evidence regarding compliance with the provisions of those laws and regulations generally recognised to have a direct effect on the determination of material amounts and disclosures in the financial statements (*Para 13*).

**Risk Assessment and Response to Assessed Risks (SA 300, 315, 320, 330, 402 and 450)****Focus Areas**

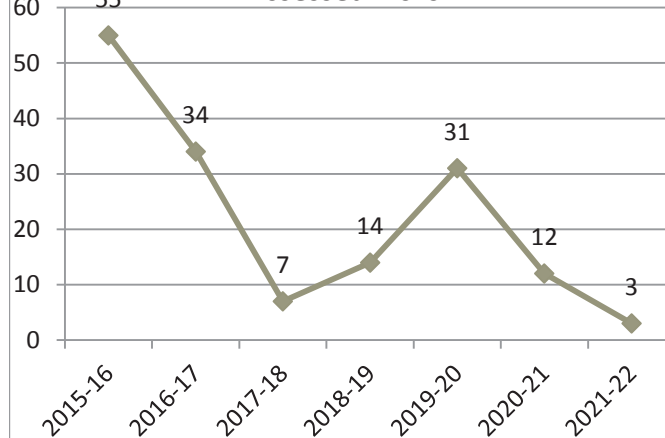
- Whether the engagement team performs appropriate identification and assessment of the risks of material misstatement in the financial statements as a whole and at the assertion level when it develops an audit plan, considering the audited company and its environment, business risks and internal control of the audited company, instead of merely completing templates provided by the Audit firm.
- Whether the engagement team makes appropriate judgment, when it identifies significant risks and whether the team understands internal control relevant to significant risks.
- Whether the engagement team develops an overall response required by the SA-330 in accordance with the assessed risks of material misstatement in the financial statements as a whole, and plans the nature, timing, and extent of procedures in response to the audit risks, taking into account the materiality, in accordance with the assessed risks of material misstatement at the assertion level.
- Whether the engagement team makes appropriate responses, when a misstatement is identified as the audit progresses, such as judging whether it is necessary to revise the overall audit strategy and detailed audit plans, and evaluating the impact of the uncorrected misstatement.

**Findings in this area included:-****Planning an Audit of Financial Statements (SA 300)**

- Audit plan did not cover the nature, timing and extent of direction and supervision of engagement team members and the review of their work in respect of vouching in the audit engagement (*Para 10*).

**Identifying and Assessing the Risks of Material Misstatement through Understanding the Entity and its Environment (SA 315)**

- Not considering whether information obtained from the auditor's client acceptance or continuance process is relevant to identifying risks of material misstatement (*Para 7*).

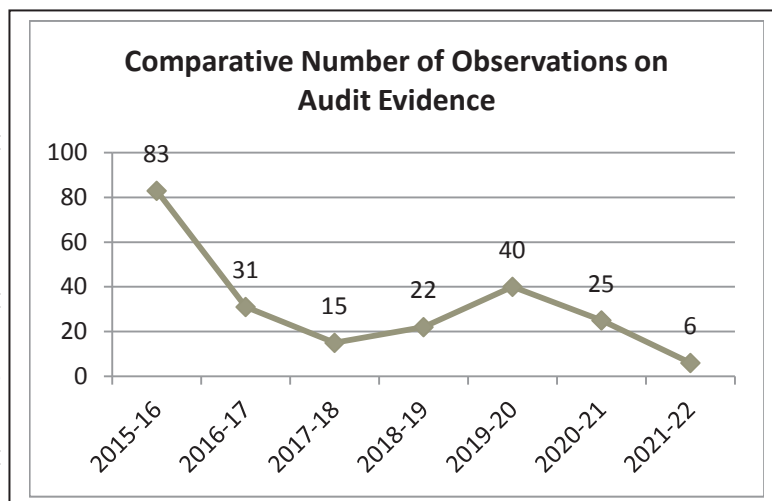
**Comparative Number of Observations on Risk Assessment and Response to Assessed Risks**

**Audit Evidence (SA 500, 501, 505, 510, 520, 530, 540, 550, 560, 570 and 580)****Focus Areas**

- Whether the engagement team has designed and performed audit procedures to obtain sufficient appropriate audit evidence to draw reasonable conclusions on which to base the auditor's opinion.
- Whether the engagement team obtains appropriate audit evidence responsive to the assessed risks of material misstatement at the assertion level, rather than only focusing on the quantitative sufficiency of audit evidence.
- Whether engagement team maintains control over external confirmation request when using external confirmation procedures, and if not, whether engagement team performs alternative audit procedures.
- Whether engagement team obtains written representation from management and tests key underlying assumptions, or seeks out evidence to corroborate estimates or treatments. If written representations are inconsistent with other audit evidence, whether the auditor performed audit procedures to attempt to resolve the matter. If the matter remains unresolved, whether the auditor reconsidered the assessment.

**Findings in this area included:-****External Confirmations (SA 505)**

- Not obtaining confirmations in respect of related party balances (*Para 7*).
- Not maintaining control over external confirmation requests, including not designing the confirmation requests, including determining that requests are properly addressed and contain return information for responses to be sent directly to the auditor (*Para 7c*).



- Neither circularizing requests for confirmations of vendor and customer balances as the management refused to allow auditor to seek confirmation requests nor documenting reasons for management's refusal as well as not evaluating the implications of management's refusal on the auditor's assessment of the relevant risks of material misstatement and not performing alternate audit procedures designed to obtain relevant and reliable audit evidence (*Para 8*). Not determining means of selecting items for testing that are effective in meeting the purpose of the audit procedure when designing tests of controls and tests of details (*Para 10*).

**Audit Sampling (SA 530)**

- Not considering the purpose of the audit procedure and the characteristics of the population from which the sample will be drawn while designing an audit sample (*Para 6*).

**Written Representations (SA 580)**

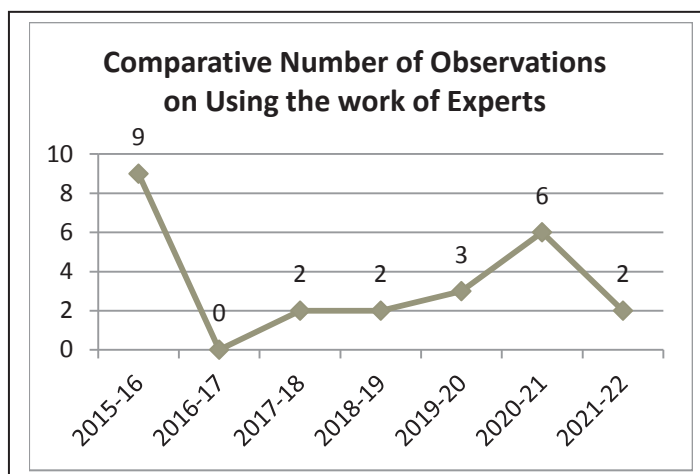
- Not obtaining management representation for creating deferred tax on capital assets with intention to sell the land. Deferred tax was created based on the assumption/intention of the management that it will have gain on sale of mutual funds in future which will be taxable against which such deferred tax will be absorbed. (Para A10).
- Written representation from the management was dated after the date of the auditor's report on the financial statements (Para 13).

**Using Work of Others (SA 600, 610 and 620)****Findings in this area included:-****Using the Work of Internal Auditors (SA 610)**

- Not documenting conclusions regarding the evaluation of the adequacy of the work of the internal auditors when using specific work of the internal auditor as not even a copy of the internal audit report was kept on record (Para 13).

**Using the Work of an Auditor's Expert (SA 620)**

- Not evaluating whether the actuary has the necessary competence, capabilities and objectivity for the auditor's purposes and not evaluating the relevance and reasonableness of the assumptions and methods used by him (Para 9, 12).

**Audit Conclusions and Reporting (SA 700, 705, 706, 710 and 720)****Focus Areas**

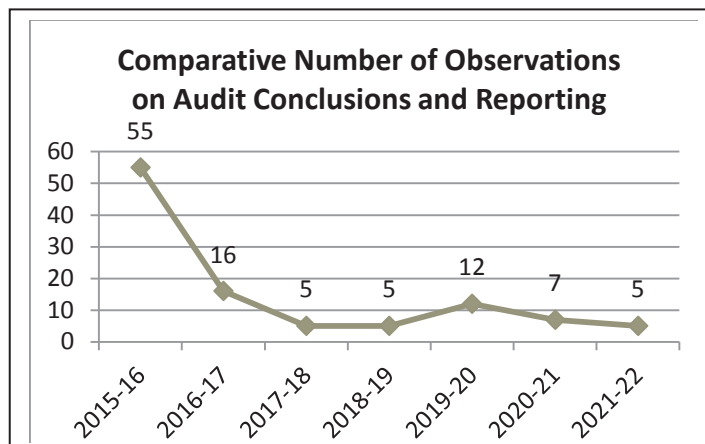
- Whether engagement team forms opinion after obtaining reasonable assurance whether financial statements as a whole are free from material misstatement, whether due to fraud or error;
- Whether audit report is issued in applicable format and includes all the relevant paragraphs as required by standard on auditing.

**Findings in this area included:-****Forming an Opinion and Reporting on Financial Statements (SA 700)**

- Not incorporating fully Para of the audit report in the audit report on standalone financial statements.

### Comparative Information – Corresponding Figures and Comparative Financial Statements (SA 710)

- Not stating in an Other Matter paragraph in the auditor’s report in a case where the financial statements of the prior period were audited by a predecessor auditor and the auditor is permitted by law or regulation to refer to the predecessor auditor’s report on the corresponding figures and decides to do so:



- That the financial statements of the prior period were audited by the predecessor auditor;
- The type of opinion expressed by the predecessor auditor and, if the opinion was modified, the reasons therefore; and
- The date of that report (*Para 13*)

### The Auditor’s Responsibilities Relating to Other Information (SA 720 (Revised))

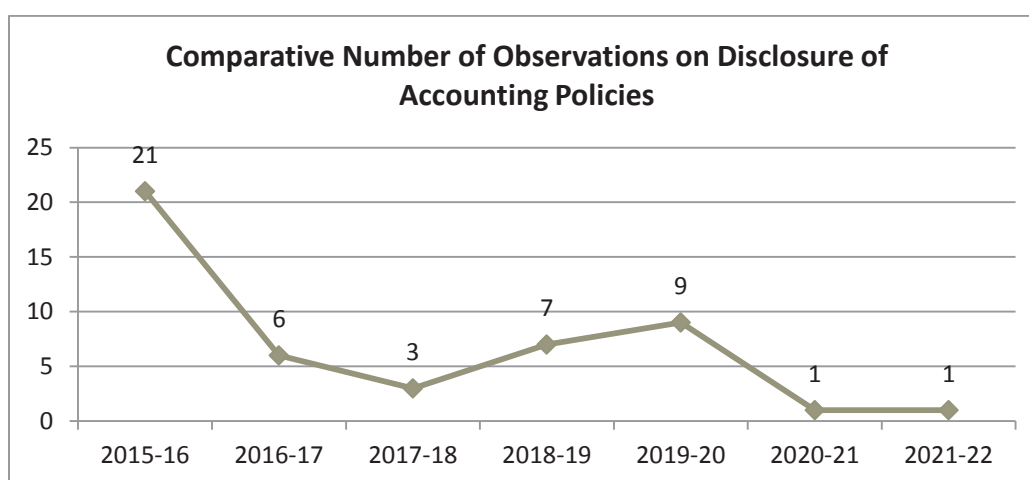
- Not including in the auditor’s report a separate section with a heading “Other Information” when, at the date of the auditor’s report, for an audit of financial statements of an unlisted corporate entity, the auditor has obtained some or all of the other information (*Para 21*).



## b) Accounting Standards

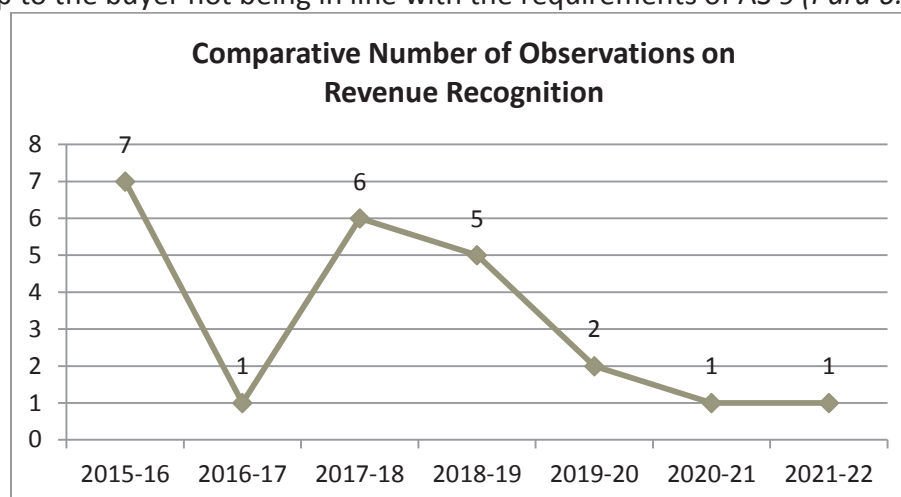
### Disclosure of Accounting Policies (AS 1)

- Significant accounting policies adopted in the preparation and presentation of financial statements did not disclose policies in respect of:-
  - Leases
  - Impairment
  - Long Term Investments
  - Basis for Preparation
  - Use of estimates (Para 24).



### Revenue Recognition (AS 9)

- Adopting accounting policy for recognizing revenue without transfer of significant risks and rewards of ownership to the buyer not being in line with the requirements of AS 9 (Para 6.1).

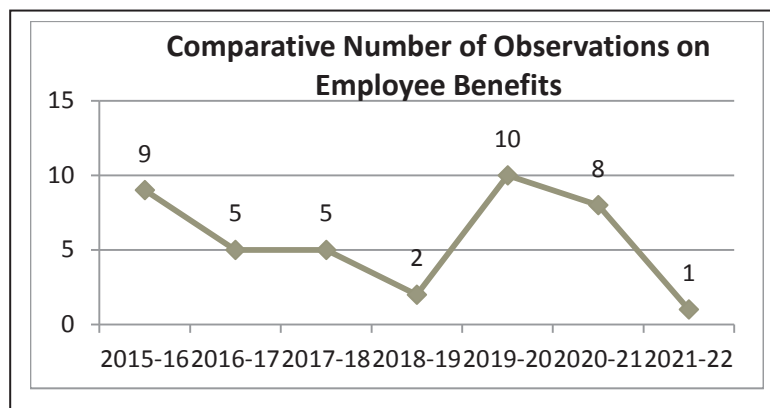


**The Effects of Changes in Foreign Exchange Rates (AS 11)**

- Charging the entire amount of premium/discount charges arising at the inception of the forward exchange contract to the Statement of Profit & Loss instead of amortising it over the period of the contract (*Para 36*).

**Employee Benefits (AS 15)**

- Not disclosing the information required by Para 119 and 120 for defined benefit plan in the financial statements.

**Consolidated Financial Statements (AS 21)**

- Not disclosing the information required by Para 29 in the consolidated financial statements.

## Indian Accounting Standards (Ind AS)

### Non-current Assets Held for Sale and Discontinued Operations (Ind AS 105)

- Not making following disclosures for the non-current assets classified as held for sale: (a) a description of the non-current asset (or disposal group); (b) a description of the facts and circumstances of the sale, or leading to the expected disposal, and the expected manner and timing of that disposal; (c) the gain or loss recognised in accordance with paragraphs 105.20–105.22 and, if not separately presented in the statement of profit and loss, the caption in the statement of profit and loss that includes that gain or loss; (d) if applicable, the reportable segment in which the non-current asset (or disposal group) is presented in accordance with Ind AS 108, Operating Segments (*Para 41*).

### Financial Instruments Disclosures (Ind AS 107)

- Not making category-wise classification of the certain classes of financial liabilities by classifying them as 'measured at fair value through profit or loss, or 'measured at amortised cost' (*Para 8*).
- Not disclosing items of income, expense, gains or losses either in the Statement of Profit and Loss or in the notes to the Financial Statements by classifying them as financial assets/financial liabilities measured at 'Amortised Cost', 'FVOCI' (Fair value through Other Comprehensive Income) or 'FVTPL' (Fair value through Profit and Loss) (*Para 20*).
- Not disclosing the fair values of financial assets and financial liabilities along with comparison with their carrying amounts (*Para 25*).
- Not disclosing the maturity analysis of its non-derivative financial liabilities (*Para 39*).
- Not disclosing sensitivity analysis for each type of market risk to which the company is exposed, such as currency risk, interest rate risk and other price risk (*Para 40*).

### Operating Segments (Ind AS 108)

- Not making disclosure in respect of Segment reporting as required by IND AS 108, nor has disclosed the accounting policy of Operating Segments in the summary of significant accounting policies (*Para 20 to 22*).
- Not disclosing the factors used to determine the company's reportable segments, including the basis of organisation in relation to disclosure provided by the company and judgement made by management in applying the aggregation criteria (*Para 22*).

### Consolidated Financial Statements (Ind AS 110)

- Balance held in bank (of one of the subsidiary companies) was added with the Cash in hand while preparing the Consolidated Financial Statement (*Para 21 and B86(a)*).
- Not disclosing Other Comprehensive Income for the year attributable to the owners of the Company and non-controlling interest on the face of the Statement of Profit and Loss in consolidated financial statements (*Para B94*).

**Fair Value Measurement (Ind AS 113)**

- Not disclosing the valuation techniques and inputs used for its financial assets and financial liabilities that are measured at fair value on a recurring or non-recurring basis in the balance sheet after initial recognition (*Para 91*).

**Revenue from Contracts with Customers (Ind AS 115)**

- Not disclosing revenue recognised during the year out of the opening contract liability (*Para 116*).
- Not disclosing obligations for returns, refunds and other similar obligations and types of warranties and related obligations (*Para 119*).
- Not preparing and disclosing a reconciliation between the amount of revenue recognised in the Statement of Profit and Loss with the contracted price showing separately each of the adjustments made to the contracted price on account of discounts, rebates, refunds, exchange rate fluctuations etc. (*Para 126AA*).

**Presentation of Financial Statements (Ind AS 1)**

- Not disclosing the policy for Cash and Cash Equivalents in the summary of its significant accounting policies (*Para 117*).
- Not disclosing the company's objectives, policies and processes for managing capital (*Para 134, 135*).

**Statement of Cash Flows (Ind AS 7)**

- Increase / decrease in investments has been shown under "Cash Flow from Financing Activities" instead of "Cash Flow from Investing Activities".
- Increase / decrease in borrowings has been shown without taking into effect the adjustment for the current maturities of Long-Term Debts.
- WDV of Property, Plant and Equipment was shown as Proceeds from Sale of Assets instead of actual cash proceeds received under cash flow from investing activities (*Para 16*).
- Adjustment for capital advance and capital liabilities not made for disclosing payment for purchase of Property, Plant and Equipment (*Para 16*).
- Interest received including accrued interest was shown as interest received under cash flow from investing activities instead of the actual interest received (*Para 31*).
- Finance cost including interest payable was shown under cash flow from financing activities instead of actual interest paid (*Para 31*).
- Not providing disclosures enabling users of financial statements to evaluate changes in liabilities (for both current and non-current borrowings) arising from financing activities, including both changes arising from cash flows and non-cash flows changes (*Para 44A to 44E*).
- Not disclosing the policy adopted in determining the composition of cash and cash equivalents (*Para 46*).
- Not disclosing the amount of significant cash and cash equivalent balances held by the entity that are not available for use (*Para 48*).

**Events after the Reporting Period (Ind AS 10)**

- Not disclosing the date when the financial statements were approved for issue and who gave that approval (*Para 17*).

**Income Taxes (Ind AS 12)**

- Not measuring deferred tax assets and liabilities at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period as wrong rate of cess was applied for calculating deferred tax and wrong rate of depreciation on computers as per Income Tax Act, 1961 was used (*Para 47*).
- Not measuring the deferred tax assets created in earlier years at the tax rates that are expected to apply to the period when the asset is realised based on tax rates (including surcharge) that have been enacted by the end of the reporting period (*Para 47*).
- Not reviewing the carrying amount of the deferred tax asset at the end of the reporting period and not reducing the carrying amount of the deferred tax asset to the extent that it was no longer probable that sufficient taxable profit will be available to allow the benefit of part or all of that deferred tax asset to be utilized (*Para 56*).

**Leases (Ind AS 17)**

- Not disclosing policy related to perpetual lease and the reasons for not charging depreciation on Leasehold land.

**Employee Benefits (Ind AS 19)**

- Not providing description of the risks (such as investment risk, interest rate risk, longevity risk, etc.) to which the plan exposes the Company for its defined benefit plans (*Para 139*).
- Not disclosing: (a) a description of any funding arrangements and funding policy that affect future contributions; (b) the expected contributions to the plan for the next annual reporting period; and (c) information about the maturity profile of the defined benefit obligation (*Para 147*).

**Related Party Disclosures (Ind AS 24)**

- Not disclosing key management personnel compensation for each category, such as short-term employee benefits, post-employment benefits, other long-term benefits etc. (*Para 17*).
- Not disclosing the nature of relationship with one of the related party for the shares held by it in the company (*Para 18*).
- Disclosing incorrect amount for Trade Receivables under disclosure for related party transactions (*Para 18*).
- Not disclosing that related party transactions were made on terms equivalent to those that prevail in arm's length transactions are made if such terms can be substantiated (*Para 23*).

**Separate Financial Statements (Ind AS 27)**

- Not disclosing in the accounting policy that investments in associates and joint ventures were valued at cost (*Para 10a*).

**Provisions, Contingent Liabilities and Contingent Assets (Ind AS 37)**

- Not disclosing for certain class of contingent liability at the end of the reporting period a brief description of the nature of the contingent liability (*Para 86*).
- Not disclosing an estimate of the financial effect, any uncertainties relating to amount or timing of any outflow and possibility of any reimbursement for its Contingent Liabilities (*Para 86*).

**Investment Property (Ind AS 40)**

- Not disclosing the criteria used to distinguish investment property from owner-occupied property and from property held for sale in the ordinary course of business (*Para 75c*).



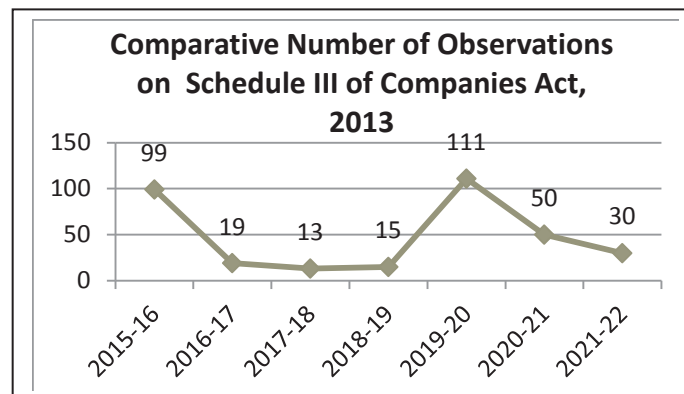
## c) Other Relevant Laws and Regulations

**Schedule III of Companies Act, 2013 (Div. I & II)/ Guidance Note on Schedule III of Companies Act, 2013/ Guidance Note on Div. II Ind AS Schedule III to the Companies Act, 2013**

**Schedule III of Companies Act, 2013 (Div.I)/ Guidance Note on Schedule III of Companies Act, 2013**

### Part I

- Not using the correct nomenclature for classifying under Property, Plant and Equipment in the Balance Sheet.
- Not using the correct nomenclature for further bifurcating the trade payables as outstanding dues of micro enterprises and small enterprises and dues of creditors other than those.
- Not disclosing the terms of repayment of long term loans in the financial statements (*Note No. 6C(vi) of Part I of Schedule III*).
- Not disclosing in respect of Non-current investments in the notes to financial statements (a) aggregate amount of quoted investments and market value thereof; (b) aggregate amount of unquoted investments; (c) aggregate provision for diminution in value of investments (*Note No. 6K(iii) of Part I of Schedule III*).



### Part II

- Not disclosing separately net gain or loss on foreign currency transactions in the financial statements (*Note No. 5(ii)(i) of Part II of Schedule III*).
- Not disclosing break-up of various heads of expenses included in the line item CSR Expenditure and other disclosures such as gross amount required to be spent and the amount spent during the year on CSR activities, details of related party transactions (*Para 10.13 of Guidance Note on Schedule III to the Companies Act, 2013 in terms of Note No. 5(i)(k) of Part II of Schedule III of Schedule III*).

**Division II – Ind AS Schedule III of Companies Act, 2013/ Guidance Note on Div. II Ind AS Schedule III to the Companies Act, 2013**

### General Instructions

- Heading used in the notes to the financial statements was different than the one used in the Balance Sheet (*Para 4 of Div.II Ind AS Schedule III*).
- Not cross-referencing the tax expense appearing on the face of the Statement of Profit and Loss to the notes (*Para 4(ii) of Div.II Ind AS Schedule III*).

- Stating EPS in rupees without mentioning that it was in rupees as all the other amounts were rounded off to Rupees Million (*Para 5 of Div.II Ind AS Schedule III*).
- While all the figures were reported in Crores but some figures were reported in absolute amounts at some places under notes to the financial statements (*Para 6.12 of the Guidance Note on Div.II Ind AS Schedule III*).
- Not providing corresponding amounts (comparatives) for the immediately preceding reporting period in respect of proportion of ownership interest in the case of joint ventures and proportion of shareholding/share of profit/(loss) in the case of subsidiaries *in the notes to the financial statements (Para 6 of Div.II Ind AS Schedule III)*.

## Balance Sheet

### Non-Current Assets

- Using wrong nomenclature for classification of some of the items of Property, Plant and Equipment under Non-Current Assets (*Note No. 6A of Part I of Div.II Ind AS Schedule III*).
- Disclosed Deferred Tax Assets instead of Deferred Tax Assets (Net) under Non-Current Assets in the Balance Sheet (*Part I of Div.II Ind AS Schedule III*).

### Current Assets

- Used the terminology Work in process instead of Work in progress as further classification of inventories under current assets in the Balance Sheet (*Part I of Div.II Ind AS Schedule III*).

### Equity

- Not classifying the items such as 'Capital Reserve' and 'Retained Earnings' under the head 'Reserves and Surplus' in the Statement of Changes in Equity under Other Equity (*Part I of Div.II Ind AS Schedule III*).
- Not showing each reserve under 'Other Reserves' separately in notes to the financial statements (*Para 8.2.2.1(c) of the Guidance Note on Div.II Ind AS Schedule III*).

### Non-Current Liabilities

- Not showing employee benefit obligations under 'Provisions' under Non-Current Liabilities/Current Liabilities for non-current/current portions respectively (*Note No. 6E(III)/6F(IV) of Part I of Div.II Ind AS Schedule III*).
- Not disclosing the repayment terms such as amount of instalment due and applicable interest rate for the term loans under Non-current Borrowings (*Note No. 6E(vi) of Part I of Div. II Ind AS Schedule III / Para 8.2.3.18 of the Guidance Note on Div.II Ind AS Schedule III*).
- Not disclosing the interest rate applicable on all the long term as well as short-term borrowings (*Note No.6E(vi) of Part I of Div.II Ind AS Schedule III / Para 8.2.3.18 and Para 8.2.8 of Guidance Note on Div.II Ind AS Schedule III*).

**Current Liabilities**

- Not showing on the face of the balance sheet the outstanding dues to micro enterprises and small enterprises and outstanding dues of creditors other than micro enterprises and small enterprises (*MCA notification dated October 11, 2018*).
- Current year Provision of Income Tax has been netted off with the refund of income tax receivable for earlier years (*Part I of Div.II Ind AS Schedule III / Para 8.1.18 of Guidance Note on Div.II Ind AS Schedule III*).

**Statement of Profit & Loss**

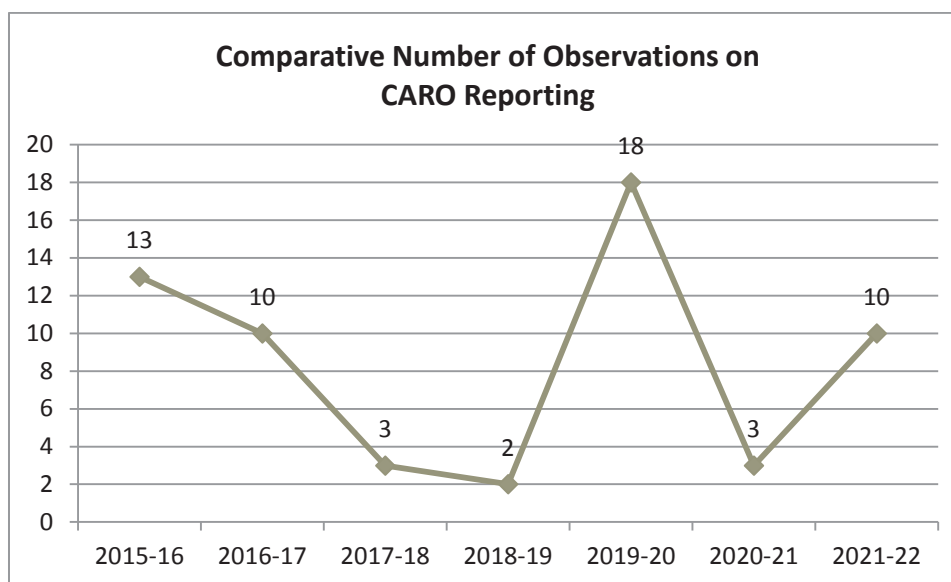
- Not presenting revenue from operations at net of GST in the Statement of Profit & Loss (*Para 9.1.6 of Guidance Note on Div.II Ind AS Schedule III*).
- Used the term Profit on sale of fixed assets instead of using Profit on sale of Property, Plant and Equipment in the Statement of Profit & Loss (*Part II of Div.II Ind AS Schedule III*).
- Not disclosing separately dividend income and profit on sale of investments under other income in the Statement of profit & Loss (*Part II of Div.II Ind AS Schedule III*).
- Making charges charged from customers as part of revenue from operations were shown as deduction from direct expenses instead of showing them separately as revenue from operations (*Part II of Div.II Ind AS Schedule III / Para 9.1 of Guidance Note on Div.II Ind AS Schedule III*).
- Using nomenclature 'Operational & Other Expenses' instead of 'Other Expenses' on the face of Statement of Profit & Loss (*Part II of Div. II Ind AS Schedule III*).
- Netting off FCNR loan interest paid to Bank with the interest received on FCNR loan given to the subsidiary company (*Para II of Div.II Ind AS Schedule III*).
- Not providing in the notes to accounts relating to CSR expenditure the following details: (1) Gross amount required to be spent by the company during the year (2) Amount spent during the year on: (i) Construction/acquisition of any asset (ii) On purposes other than (i) (*Para 11.5(b) of the Guidance Note on Div.II Ind AS Schedule III*).
- Not disclosing the amount of expenditure incurred on CSR activities during the year in the notes to the Cash Flow Statement (*Para 11.5(b) of the Guidance Note on Div.II Ind AS Schedule III*).

**Companies Auditor's Report Order (CARO), 2016/ Guidance Note on CARO, 2016**

- Not carrying out sufficient necessary audit procedures to comment upon whether fixed assets have been physically verified by the management at reasonable intervals; whether any material discrepancies were noticed and if so, whether the same have been properly dealt with in the books of account as the auditor did not satisfy itself that such verification was done by examining the instructions issued to the staff by the management and examining the working papers of the staff to substantiate the fact that verification was done and the name and competence of the person making the verification (*Para 3 (i)(b) of CARO, 2016/ Para 35 of Guidance Note on CARO, 2016*).
- As the auditor was not present when verification of fixed assets was made, then not examining the instructions issued to the staff (which should, therefore, be in writing) by the management

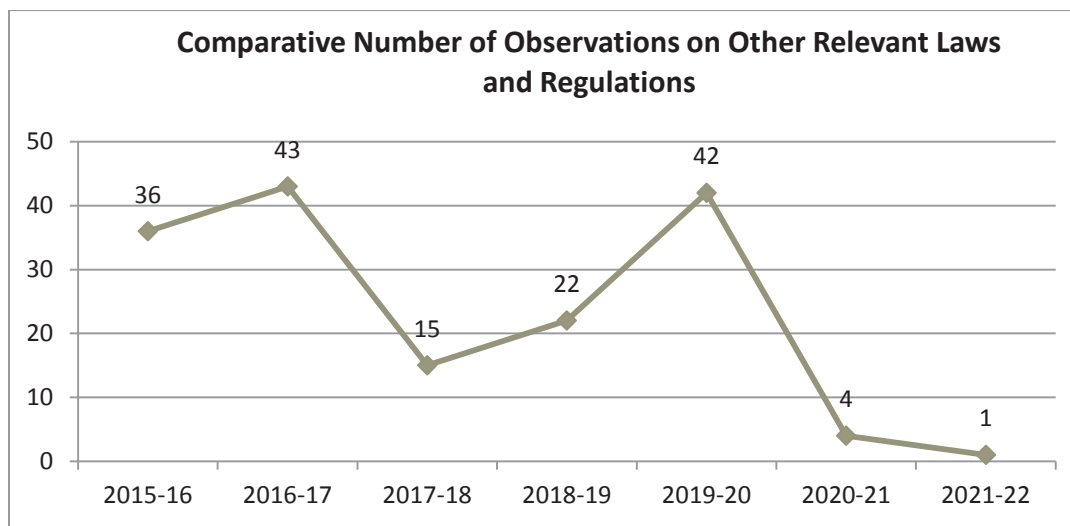
and not examining the working papers of the staff to substantiate the fact that verification was done and to determine the name and competence of the person who did the verification (*Para 3 (i)(b) of CARO, 2016/ Para 35 of Guidance Note on CARO, 2016*).

- Reported on whether title deeds of freehold land and buildings were held in the name of the company instead of for all immovable properties (*Para 3(i)(c)*).
- Not disclosing the name of the statute, period to which the amount related, due date and the date of payment while reporting on the arrears of undisputed statutory dues outstanding for more than six months from the date they became payable (*Para 3 (vii) (a) of CARO, 2016/ Para 42(q) of the Guidance Note*).
- Used the term as 'generally regular' while reporting whether the company is regular in depositing undisputed statutory dues with the appropriate authorities (*Para 3 (vii)(a) of CARO, 2016/ Para 42 of Guidance Note on CARO, 2016*).
- Not mentioning complete names of the statutes while reporting under para 3(vii)(b).
- Not reporting the fact of deposit of disputed dues having been made under protest in his report under para 3 (vii)(b) (*Para 43(g) of the Guidance Note*).
- Not disclosing the period to which the amount related while reporting on the dues not deposited on account of any dispute under para 3 vii (b) of CARO, 2016 (*Clause (f) of Para 43 of the Guidance Note*).
- Not reducing the amount already paid while reporting the dues of duty of excise not deposited on account of any dispute (*Para 3 (vii)(b) of CARO, 2016/ Para 43 of Guidance Note on CARO, 2016*).
- Reporting wrong forums where the disputes are pending while reporting under clause 3 (vii)(b) of CARO, 2016.



**Others**

- Non compliance of *Clause 4 of Part I of Second Schedule of the Chartered Accountants Act, 1949 read with Guidance Note on Independence of Auditor* for Independence declaration form obtained from audit team member did not contain the clause for declaration of substantial interest of relatives/partners of engagement partner; nor the declaration for disclosure of directorship/employment in the auditee or its related parties.



## Key Takeaways for Audit Firms

### Standard on Quality Control –I (SQC-I)

- Improve implementation and documentation for various elements of the system of quality control as per SQC-1.
- Maintain policy & procedure to notify breaches of independence requirements.
- Provide eligibility and maintain objectivity of Engagement Quality Control Reviewer (EQCR).
- Maintain policies and procedures with regard to engagement performance, engagement documentation and archival process.
- Improve monitoring mechanism and take corrective action for any of the deficiency identified during inspection process and communicate to its partner.

### Audit Documentation

- Prepare audit documentation on a timely basis duly recording who performed and reviewed audit work and the date/s of completion and review.
- Prepare audit documentation to understand:
  - nature, timing and extent of audit procedures performed to comply with SAs and applicable legal and regulatory requirements;
  - results of audit procedures performed and audit evidence obtained; and
  - significant matters arising during the audit, conclusions reached and significant professional judgments made.
- Comply with policies and procedures for assembly and archival of work papers within stipulated time.

### Risk Assessment and Response to Assessed Risk

- Document overall audit strategy and audit plan.
- Document the design and effectiveness of controls and performing appropriate test of controls to obtain sufficient appropriate audit evidence.
- Test IT related controls, IT generated reports and have appropriate planned procedures including changes to IT systems and have appropriate IT personnel on engagement.
- Determine materiality for the financial statements as a whole while establishing overall audit strategy.



## Audit Evidence

- Appropriately identify and assess risks of material misstatement in accounting estimates, and perform appropriate audit procedures to address such risks.
- Do not be over-reliant on, or readily accept, the explanations and representations of the management without challenging matters such as key underlying assumptions, or seek out evidence to corroborate estimates or treatments. If written representations are inconsistent with other audit evidence, perform audit procedures to attempt to resolve the matter. If the matter remains unresolved, reconsider the assessment of the competence, integrity, ethical values or diligence of management, and determine the effect that this may have on the reliability of representations and audit evidence, in general.
- Design and perform audit procedures that are appropriate in the circumstances for obtaining sufficient appropriate audit evidence.
- Maintain control over external confirmation requests while using external confirmation procedures.
- Select items for the sample in such a way that each sampling unit in the population has a chance of selection.
- Perform analytical procedures during planning stage, audit performance and when forming overall conclusion as to whether financial statements are consistent with auditor's understanding of entity.
- Evaluate adequacy of the work of the internal auditor.
- Evaluate relevance and reasonableness of the assumptions made by the expert; and completeness and accuracy of the source data.

## Audit Conclusions and Reporting

- Prepare auditor's report as per prescribed format.
- Disclose financial impact of the misstatement in 'Basis of Qualified Opinion' para in auditors' report.
- Read the other information to identify inconsistencies with the audited financial statements.

**Annex A****Number and % of Audit Firms having observations on Standards on Auditing (SA) in reviews conducted during FY 2021-22:**

Standards on Auditing	Number of Observations	Number of Audit Firms having Observations	% of Firms to Total Firms (Total Firms =22)
SQC-1 Standard on Quality Control	9	4	18
SA 220 Quality Control for an Audit of Financial Statements	2	2	9
SA 250 Consideration of Laws and Regulations in an Audit of Financial Statements	1	1	5
SA 300 Planning an Audit of Financial Statements	2	2	9
SA 315 Identifying and Assessing the Risks of Material Misstatement Through Understanding the Entity and its Environment	1	1	5
SA 505 External Confirmations	3	3	14
SA 530 Audit Sampling	1	1	5
SA 580 Written Representations	2	2	9
SA 610 Using the Work of Internal Auditors	1	1	5
SA 620 Using the Work of an Auditor's Expert	1	1	5
SA 700 Forming an Opinion and Reporting on Financial Statements	1	1	5
SA 710 Comparative Information – Corresponding Figures and Comparative Financial Statements	1	1	5
SA 720 The Auditor's Responsibilities Relating to Other Information	3	3	14

**Annex B****Number and % of Audits having observations on Accounting Standards (AS) and Indian Accounting Standards (Ind AS) in reviews conducted during FY 2021-22:**

Accounting Standards	Number of Observations	Number of Entities having Observations	% of Entities to Total Entities (Total Entities =23)
AS-1 Disclosure of Accounting Policies	1	1	4
AS-9 Revenue Recognition	1	1	4
AS-11 The Effects of Changes in Foreign Exchange Rates	1	1	4
AS-15 Employee Benefits	1	1	4
AS-21 Consolidated Financial Statements	1	1	4

Indian Accounting Standards (Ind AS)	Number of Observations	Number of Entities having Observations	% of Entities to Total Entities (Total Entities =23)
Ind AS-105 Non-current Assets Held for Sale and Discontinued Operations	1	1	4
Ind AS-107 Financial Instruments Disclosures	5	1	4
Ind AS-108 Operating Segments	2	2	9
Ind AS-110 Consolidated Financial Statements	2	2	9
Ind AS-113 Fair Value Measurement	1	1	4
Ind AS-115 Revenue from Contracts with Customers	3	1	4
Ind AS-1 Presentation of Financial Statements	2	2	9
Ind AS-7 Statement of Cash Flows	8	3	13
Ind AS-10 Events after the Reporting Period	1	1	4
Ind AS-12 Income Taxes	3	2	9
Ind AS-17 Leases	1	1	4
Ind AS-19 Employee Benefits	2	1	4
Ind AS-24 Related Party Disclosures	4	3	13
Ind AS-27 Separate Financial Statements	1	1	4
Ind AS-37 Provisions, Contingent Liabilities and Contingent Assets	2	2	9
Ind AS-40 Investment Property	1	1	4

## Annex C

**Number and % of Audits having observations on Other Relevant Laws and Regulations in reviews conducted during FY 2021-22:**

<b>Other Relevant Laws and Regulations</b>	<b>Number of Observations</b>	<b>Number of Entities having Observations</b>	<b>% of Entities to Total Entities (Total Entities =23)</b>
Schedule III of the Companies Act, 2013	30	12	52
CARO, 2016	10	6	26
Others	1	1	4

## Annex D

### Meetings Organised during FY 2021-22

The details of meetings held during the financial year 2021-22 of the Quality Review Board, constituted by the Government of India u/s 28A of the Chartered Accountants Act, 1949, and various Groups/Sub-Committees constituted by the Board are as follows:-

#### **Quality Review Board**

1. 66<sup>th</sup> meeting of the Quality Review Board held on 26<sup>th</sup> August, 2021 via video-conferencing.
2. 67<sup>th</sup> meeting of the Quality Review Board held on 9<sup>th</sup> November, 2021 via video-conferencing.
3. 68<sup>th</sup> meeting of the Quality Review Board held on 2<sup>nd</sup> March, 2022 via video-conferencing.

#### **Quality Review Group-I**

4. 53<sup>rd</sup> meeting of the Quality Review Group-I, constituted by the QRB, held on 13<sup>th</sup> August, 2021 via video-conferencing.
5. 54<sup>th</sup> meeting of the Quality Review Group-I, constituted by the QRB, held on 11<sup>th</sup> October, 2021 and continued on 15<sup>th</sup> October, 2021 via video-conferencing.
6. 55<sup>th</sup> meeting of the Quality Review Group-I, constituted by the QRB, held on 22<sup>nd</sup> February, 2022 via video-conferencing.
7. 56<sup>th</sup> meeting of the Quality Review Group-I, constituted by the QRB, held on 17<sup>th</sup> March, 2022 via video-conferencing.

#### **Thematic Review Group**

8. 2<sup>nd</sup> meeting of the Thematic Review Group, constituted by the QRB, held on 8<sup>th</sup> March, 2022 at ICAI Bhawan, New Delhi/ video-conferencing.

#### **Sub-Committee-I**

9. 21<sup>st</sup> meeting of the Sub-Committee-I, constituted by the QRB, held on 12<sup>th</sup> October, 2021 via video-conferencing.

#### **Audit Committee of QRB**

10. 9<sup>th</sup> meeting of Audit Committee of QRB held on 13<sup>th</sup> August, 2021 via video-conferencing.
11. 10<sup>th</sup> meeting of Audit Committee of QRB held on 11<sup>th</sup> October, 2021 via video-conferencing.

## Glossary

AFUR	Audit Firm Under Review
AS	Accounting Standard
CA	Chartered Accountant
CARO	Companies Auditor's Report Order
CCM	Central Council Member
CSR	Corporate Social Responsibility
CS	Company Secretary
EPS	Earnings Per Share
EQCR	Engagement Quality Control Review
ESOP	Employees Stock Ownership Plan
FRRB	Financial Reporting Review Board
FY	Financial Year
HR	Human Resources
ICAI	Institute of Chartered Accountants of India
ICSI	Institute of Company Secretaries of India
IEPF	Investor Education and Protection Fund
Ind AS	Indian Accounting Standards
IRS	Indian Revenue Services
IT	Information Technology
MAT	Minimum Alternate Tax
MSMED Act	Micro, Small and Medium Enterprises Development Act
NFRA	National Financial Reporting Authority
PIE	Public Interest Entity
QRB	Quality Review Board
QRG	Quality Review Group
SA	Standard on Auditing
SQC	Standard on Quality Control
TR	Technical Reviewer
Wef	With effect from
Wrt	With respect to







## **क्यूआरबी के बारे में**

चार्टर्ड एकाउंटेंट्स अधिनियम, १९४९ की धारा २८ए के अंतर्गत प्रदत्त शक्तियों का प्रयोग करते हुए, भारत की केंद्र सरकार ने २८ जून, २००७ की अधिसूचना संख्या जीएसआर ४४८ (ई) द्वारा एक क्वालिटी पुर्नविलोकन बोर्ड (क्यूआरबी) का, देश में चार्टर्ड एकाउंटेंट्स द्वारा प्रदान की जाने वाली सेवाओं की गुणवत्ता की समीक्षा करने के लिए, एक स्वतंत्र निकाय के रूप में अध्यक्ष और दस अन्य सदस्य सहित गठन किया। यह एक मजबूत व्यवस्था है जहां केंद्र सरकार अध्यक्ष और पांच सदस्यों को नामित करती है। सदस्यों को कानून, अर्थशास्त्र, व्यवसाय, वित्त या लेखा के क्षेत्र में अनुभव रखने वाले प्रतिष्ठित व्यक्तियों में से नामित किया जाता है। आईसीएआई अन्य पांच सदस्यों को नामित करता है। क्यूआरबी के अधिकांश सदस्य पेशे से स्वतंत्र हैं। वित्त वर्ष २०१२-१३ से, क्यूआरबी ने भारत में ऑडिट फर्मों की वैधानिक ऑडिट सेवाओं की स्वतंत्र समीक्षा की एक अलग और मजबूत प्रणाली को औपचारिक रूप दिया है। अधिक जानकारी के लिए, कृपया देखें [www.qrbca.in](http://www.qrbca.in)।

### **About QRB**

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In exercise of the powers conferred u/s 28A of the Chartered Accountants Act, 1949, the Central Government of India, by Notification No. GSR 448 (E) dated 28th June, 2007, constituted a Quality Review Board (QRB) consisting of a Chairperson and ten other members as an independent body to review the quality of services rendered by chartered accountants in the country. It is a robust set-up where the Central Government nominates the Chairperson and five members. Members are nominated from amongst the persons of eminence having experience in the field of law, economics, business, finance or accountancy. ICAI nominates the other five members. Majority of members of QRB are independent of the profession. Since FY 2012-13, QRB has formalised a distinct and strong system of independent review of statutory audit services of the audit firms in India. For more details, please visit [www.qrbca.in](http://www.qrbca.in)