

THE INSTITUTE OF CHARTERED ACCOUNTANTS OF INDIA

(Set up by an Act of Parliament)

CHENGALPATTU DISTRICT BRANCH (SIRC)

(Formerly Known as Kanchipuram District Branch)



E- Newsletter
January 2025

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ARTICLES INVITED FROM MEMBERS

Note: Articles are invited from members for publishing in newsletter. The articles shall be either on the specific subject or a general article. Members can send their articles with Name, Membership Number, Mobile Number, Residential Address, Office Address & Photo to our E-mail id mentioned below:

E-mail id: chengalpattu@icai.org

Note: The views expressed in the articles published, are their own views and Chengalpattu District Branch does not endorse or take responsibility.

From the Chairman's Desk



Dear Esteemed Members,

Greetings from the Chengalpattu District Branch (SIRC)! As we approach the close of 2024, I would like to extend my heartfelt wishes to all of you for a **Very Happy, Healthy, and Prosperous New Year 2025.**

As the calendar year comes to an end, it's an ideal time to pause, reflect, and acknowledge the journey we've shared in 2024. It has been a year of change, opportunity, and resilience, and I want to express my deep gratitude to each of you for your unwavering dedication to our profession and for contributing to the continued growth of Chartered Accountancy.

Let us take a moment to look back on the efforts we've put in, the challenges we've overcome, and the satisfaction we've achieved. Together, we have made a significant impact in strengthening our profession, and I am incredibly proud of our collective achievements.

A Reflection on Health: The True Wealth

As we move forward into the New Year, I am reminded of an important truth:

**"व्यायामात् लभते स्वास्थ्यं दीर्घायुष्यं बलं सुखं।
आरोग्यं परमं भाग्यं स्वास्थ्यं सर्वार्थसाधनम्॥"**

"Health is the biggest wealth in one's life. It is the only thing with which all the other things can be achieved in life. With exercise, one can achieve perfect health, happiness, longevity, and strength."

"So many people spend their health gaining wealth, and then have to spend their wealth to regain their health" – A. J. Reb Materi

As we focus on professional growth and success, it is equally important to remember the significance of maintaining our physical and mental well-being. In the words of A.J. Reb Materi, "So many people spend their health gaining wealth, and then have to spend their wealth to regain their health."

Let us all commit to prioritizing our health in 2025, focusing on both mind and body, ensuring that we are in the best possible shape to face the challenges and opportunities the year will bring.



Looking Ahead to 2025

While 2024 may be drawing to a close, our journey is far from over. As we step into 2025, we do so with a renewed commitment to **professional excellence** and **service to the community**. Our branch remains committed to enhancing support for all members, offering:

- **Increased learning opportunities**
- **New professional development programs**
- **Expanded avenues for networking and collaboration**

These initiatives will help you stay ahead in an ever-changing professional landscape, further strengthening our community of Chartered Accountants.

Gratitude and Holiday Wishes

I want to take this opportunity to express my deepest thanks to each of you for your continued support throughout 2024. Your commitment has been instrumental in the success of our branch and the profession as a whole.

As the holiday season begins, I encourage you to take some time for rest, reflection, and rejuvenation with your loved ones. May you find moments of joy, peace, and contentment, recharging your energies for the exciting year ahead.

Looking forward to 2025, let's continue to **strive for excellence**, **drive innovation**, and **uphold the highest standards of integrity** in all our endeavours. Together, we will continue to make a positive impact and achieve new heights in our professional and personal lives.

Once again, on behalf of the Chengalpattu District Branch, I wish you all a **wonderful and prosperous New Year**.

Warm regards,

CA Narasimma Raghavan R
Chairman
Chengalpattu District Branch (SIRC)



CPE MEETING

Topic : Standards on auditing (SA 230) How to prepare your firm for peer review

Speaker : CA. Arumugaraj P and CA. Balaji R S

Date : 03rd December 2024, Tuesday

Time : 3.00 PM to 7.00 PM

Venue : Our Branch Premises





CPE MEETING

Topic : Certificate Course on AI for Chartered Accountants (AICA)

Speaker : Mr. Vittal Raj, Dr. Saurabh Maheshwari and Mr. Premnath Degala

Date : 16th to 18th December 2024, Monday to Wednesday

Time : 10.00 AM to 5.00 PM

Venue : Our Branch Premises







CPE MEETING

Topic : Integration of tally & GST, Various other Features

Speaker : Mr. Avichi krishnan & Mr. Maruthamuthu B

Date : 19.12.2024 (Thursday)

Time : 4.30 PM to 7.30 PM

Venue : Our Branch Premises





CPE MEETING

Topic : Code Of Ethics & Standards on Auditing

Speaker : CA. Aanand P & CA. Arumugaraj P

Date : 20.12.2024 (Friday)

Time : 3.30 PM to 7.30 PM

Venue : Swami Vivekananda Matriculation Higher Secondary School, Dr. J.J. Nagar
Sevilimedu, Kancheepuram – 631 502





CPE MEETING

Topic : Code of Ethics, Standards on Auditing and Introduction - Impact of FEMA on International transactions, Bank Accounts under FEMA and Liberalised Remittance scheme (LRS)

Speaker : CA. Rajan R G, CA. Mahesh Krishnan and CA. Venkatesan P

Date : 21.12.2024 (Saturday)

Time : 9.30 AM to 4.30 PM

Venue : Branch Premises







CPE MEETING

Topic : Training on Zoho Books

Speaker : Mr. Pradeep Radhakrishnan and Mr. Sushil Ravani

Date : 24.12.2024 (Tuesday)

Time : 10.00 AM to 5.00 PM

Venue : Branch Premises



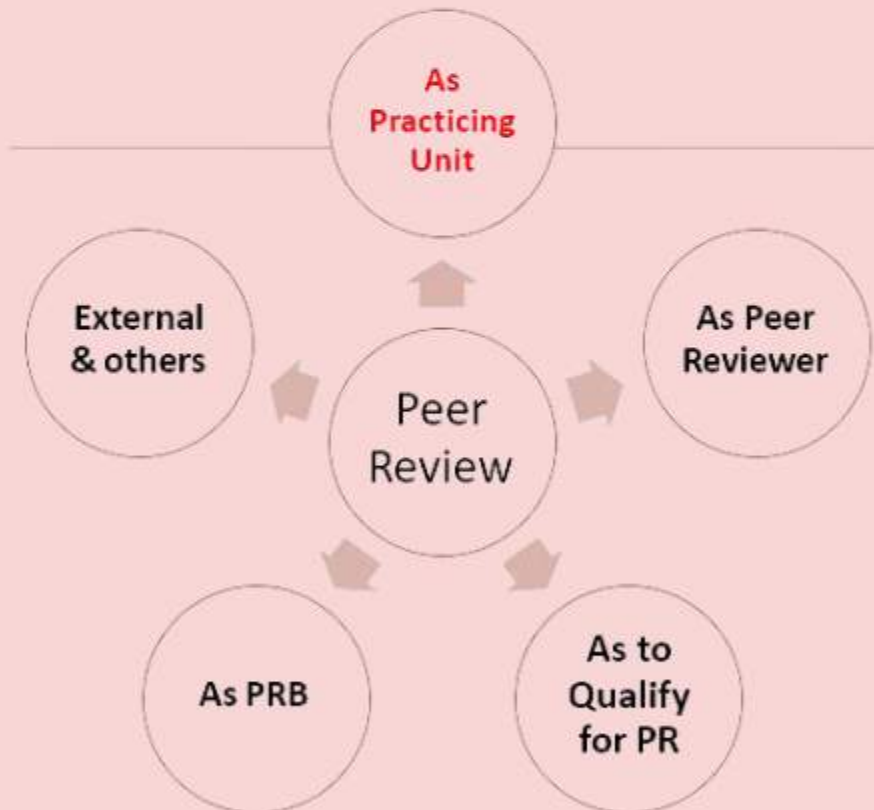


HOW TO PREPARE YOUR FIRM FOR PEER REVIEW



CA. R S Balaji

Peer Review



Risk Associated With Audit

 <p>QUALITY REVIEW BOARD (Established under an Act of Parliament) The Institute of Chartered Accountants of India</p>		NFRA
 <p>The Institute of Chartered Accountants of India (Incorporated by an Act of Parliament) Peer Review Board</p>	<p>NFRA</p>  <p>National Financial Reporting Authority Government of India</p>	QRB
		FRRB
		PRB
		AQMM

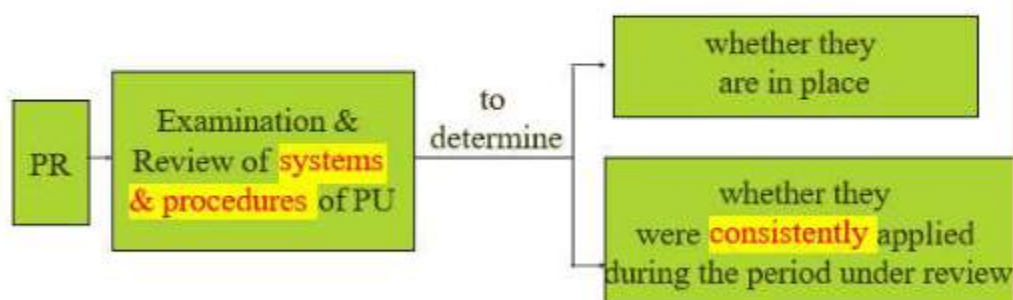
Peer Review Mandate

Phase	Category of Firm	Mandatory Date
I	PU undertaking audit of listed entities	1/4/2022
II	<p>PU's Proposing to undertake Statutory Audit of unlisted public companies having paid up capital of not less than Rs. 500 cr., or having annual Turnover of not less than Rs.1000 cr., or having, in aggregate, outstanding loans, debentures and deposits of not less than Rs. 500 cr. as 31st March of immediately preceding FY</p> <p>OR</p> <p>PU's rendering attestation Services and having 5 or more partners For these Practice Units, there is a prerequisite of having Peer Review Certificate before accepting any Statutory audit.</p> <p>Accordingly Practice Units which accept Statutory audits on or before the mandatory date should ensure that they have a Peer Review Certificate at the time of signing.</p>	01/07/2024

Peer Review Mandate

Phase	Category of Firm	Mandatory Date
III	Practice Units which propose to undertake the Statutory Audit of entities which have raised funds from public or banks or financial institutions of over Fifty Crores rupees during the period under review or of any body corporate including trusts which are covered under public interest entities: (For these Practice Units, there is a pre-requisite of having Peer Review Certificate.) OR Practice Units rendering attestation services and having 4 or more partners: For these Practice Units, there is a prerequisite of having Peer Review Certificate before accepting any Statutory audit.	01/01/2025
IV	Proposing to take SBA of public sector banks OR PU having 3 or more partners (before accepting such audit)	01/04/2025

What is Peer Review- Peer Review Guidelines 2022



To ensure Quality of Assurance Services as envisaged by Technical, Professional and Ethical Standards

Purpose is to Identify weakness in engagements rather than failure in engagements

CA R S Balaji, Chennai



Objective of Peer Review

- Not to find deficiencies but improve the quality of services rendered.
- Not to identify isolated cases of engagement failure but to identify the pervasive and chronic weakness.
- Not to sit on the judgement of the PU but to evaluate the procedure followed.

Scope of Peer Review

Peer review covers only **Assurance Services** provided by the PU

“Peer Review period” means **3 financial years preceding the year** in which the Practice Unit is selected or such other period or any period as may be prescribed by the Peer Review Board for conducting a Peer Review in a specific case.

Focus

- Compliance with **Technical, Professional and Ethical Standards**
- Quality of Reporting
- Office Systems and Procedures
- Training Programme for Staff



Weakness
Identified
during Peer
Review

Audit documentation is not proper

No Practice manual or Quality Review manual maintained

Management Representation Letter not taken

Written communication to those charged with governance not issued

Technical standards not followed



Disciplinary Action based on Peer Review:

If the Board is of the opinion that the findings of the Sub- Committee have observations on **material deficiencies** in the Practice Unit, then the Board shall refer the matter to the Council for considering whether the same may be referred to the **Disciplinary Directorate for initiating disciplinary action.**

Declaration in Audit Report:

We conducted our audit of the Standalone Financial Statements in accordance with the Standards on Auditing (SAs), as specified under section 143(10) of the Act.

Basis for Opinion

We conducted our audit of the Standalone Financial Statements in accordance with the Standards on Auditing (SAs), as specified under section 143(10) of the Act. Our responsibilities under those Standards are further described in the 'Auditor's Responsibilities for the Audit of the Standalone Financial Statements' section of our report. We are independent of the Company in accordance with the 'Code of Ethics' issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of

Some Observations

The PU does not have a practice of **obtaining engagement letters as required under SA 210**, Agreeing the Terms of Audit Engagement.

Some Observations

During review of one of the audit files it was found that the entity's current liabilities were in excess of its current assets by several multiples, the entity had made cash losses during the last three years and its accumulated losses were five times its share capital.

In spite of this, there was no evidence in the audit file of the engagement team's evaluation of the management's assessment of going concern in accordance with SA 570, Going Concern, while the financial statements were prepared on a going concern basis.

Peer Review Guidelines 2022

Council introduced the New guidelines with effect from 1st October 2022

Guidelines is a complete code containing 7 Chapters and 10 Forms dealing with:

- Procedures
- Communications between Peer reviewer and Practice units
- Reporting aspects
- Administrative aspects
- Peer reviewer- Eligibility and Obligations



Changes w.e.f. 1st October 2022

The Peer review process has become more streamlined & formal over the period of time. The most important changes which are effective from 1st October 2022 are as under –

- **Time Schedule:** The time schedule has been cut down to **just 20 days** – from selection of PU till final reporting. Prior to this the time schedule was 60 days. This necessitates the permanent readiness of PU for Peer Review.
- **Extension:** In case any extension in the time schedule is required, a joint application by the reviewer and PU is required to be made in **Form 7** giving the reasons for the extension.

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Changes w.e.f. 1st October 2022

- PR can be selected from same city or outside or the preferred city.
- The application for Peer Review and the questionnaire to be submitted by PU is combined together in **Form 1**.

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Changes w.e.f. 1st October 2022

- The declaration of confidentiality is to be submitted to the PU instead of PRB.
- The PR has to submit a letter for submission of report to PRB which is to be signed by PU also. Form 9.
- Separate guidelines are prescribed for Peer Review of new practice units.
- Classification of PU into LI and LII done away.
- Validity of Peer Review Certificate to PU– 3 Years

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Peer Review Process

The Peer review process can be broadly divided into 3 stages –

Planning stage

Execution stage

Reporting stage

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Points to
prepare by
PU

Application in Form 1

SQC Policy for the Firm

UDINs generated by PU – Partner wise

Sample Data

Communication with Previous Auditor

Engagement Letters

Management Representation Letters

Sample Selection Criteria

Sample Selection Criteria



- Firms in existence for more than 3 financial years:

Average annual gross receipts/ Revenue from assurance service clients of Practice Unit for the period under review	Minimum sample size (number)
Less than Rs.5 crore	10
From Rs.5 crore to less than Rs.10 crore	15
From Rs.10 crore to less than Rs.20 crore	20
From Rs.20 crore to less than Rs.30 crore	25
From Rs.30 crore to less than Rs.50 crore	30
Rs. 50 crore and above.	50

If total population < minimum prescribed, 100% selection is required and Certificate with 18 months validity to be issued.



Highest Turnover among Statutory Audit population

At least 5 samples in total - in case less than 5, then 100% from category of: **Statutory Audit of Listed entities, Central/ State Public Sector Undertakings and Central Cooperative Societies**

At least 1 sample each from CSAs / SBAs audit of Banks and Insurance Co.

Each type of Assurance Engagement (Statutory / Internal /Concurrent/ Tax /GST etc.)

Concentration clients

Selection from each location (Branch wise)

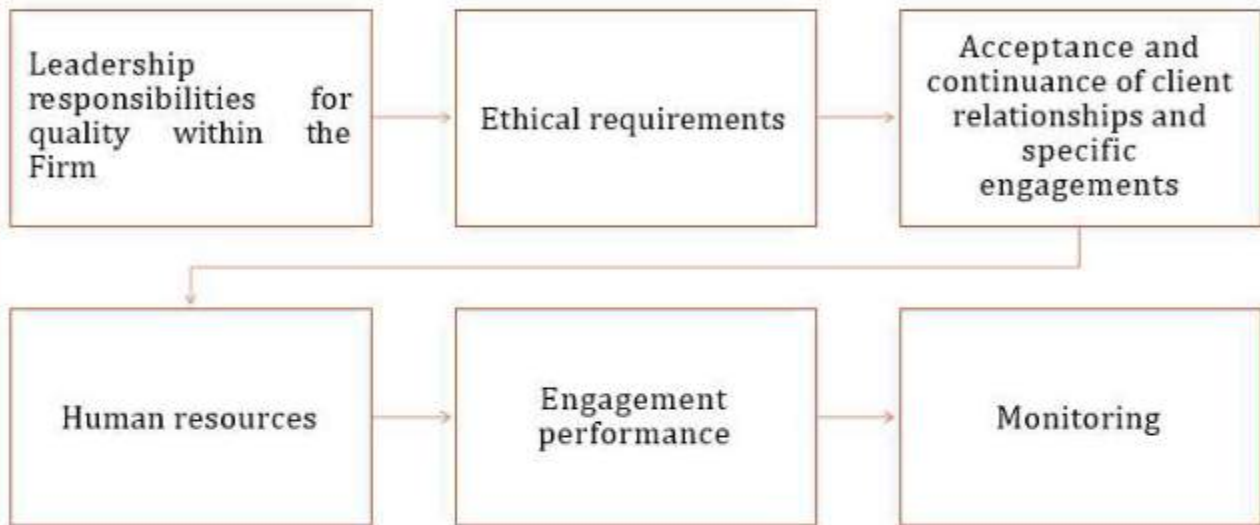
Selection of services rendered by each partner (Partner wise)

Sample must be picked from each year under review (Year wise)

Include clients in respect of whom advisory has been issued by FRRB or any regulator

Execution Stage

6 Points - Specific Compliance of SQC - 1



Specific Audit Documentation

Acceptance Related Matters

Pre-Audit Correspondence

Appointment Letter

Consent Letter

Communication with Previous Auditor

Client Acceptance Checklist

Engagement Letter



Specific Audit
Documentation

Communication
&
Work Aspects

Letter of Confirmation
(SA 505)

Representations by the
Management (SA 580)

Correspondence Concerning
Significant Matters

SA 240, SA 260, SA 265, SA 701

CAR S BALAJI REDDI, FCA

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PEER REVIEW REPORT & CERTIFICATE

Peer Review Report

- The Final Report of the Peer Review is to be submitted to PRB as per the Model Final Report format of PRB.
- Annexure I, II are required to be attached.
- Annexure III (with respect to AQMM) is applicable w.e.f. 1st April 2023 in respect of PU's carrying out the audit of Listed entities, Banks other than co-operative banks (except multistate co-operative) and Insurance companies. It is recommendatory for other PU.
- In case the PR observes any deficiencies in the system of quality control for assurance services by PU, he has to issue a Preliminary Report addressed to PU asking for the representation from PU on the observations.



Peer Review Report

- If the representation received from PU is satisfactory, PR may issue Final Report.
- If the representation received from the PU is not satisfactory, the RE may issue **Qualified Final Report** as per the format provided by PRB.
- Along with the Final Report, the PR has to attach the required annexures.



Upcoming Programs

THE INSTITUTE OF CHARTERED ACCOUNTANTS OF INDIA
(Set up by an Act of Parliament)

CHENGALPATTU DISTRICT BRANCH (SIRC)

**CPE MEETING FOR JANUARY 2025
WILL FOLLOW**