Gauging the maturity level of Audit Quality through AUDIT QUALITY MATURITY MODEL

By, CA P Manohara Gupta & CA Chetan Kumar Jain

Audit Quality

- The term 'audit quality' has a number of different definitions across the world; however, none of them have achieved the status of a globally recognised definition.
- It is a complex subject and therefore it might be challenging to assess audit quality. Further, the perception of audit quality depends on the various stakeholders of financial information which may be users, auditors, regulators, or society.
- One can not accurately measure the audit quality. It is an attempt to evaluate the audit quality by auditor's deliverables. Manner of communication through Audit Reports is a vital parameter.

Measurement of Quality of the Financial Statements

- Quality of the financial statements can be assessed by examining the level of compliance with applicable frame work.
- Quality of audit can be measured by assessing the level of compliance with applicable auditing standards.
- There are certain relaxations in Accounting Standards for Small entities, similarly less compliances may be required for smaller or LCEs.
- A peer reviewer can not expect separate Engagement and QR Partners in case of a proprietary audit firm or to specify audit fees in the LOE for tax audit of a proprietary client.

What is Audit Quality Maturity Model

- The Audit Quality Maturity Model is a capacity building measure initiated by ICAI
- This is an Evaluation Matrix for sole proprietors and Audit firms.
- Audit Quality Maturity is a kind of measurement of auditor's or audit firm's capability in handling the professional assignments, particularly attest functions in an effective manner.
- This would require right mix of personnel, technology and infrastructure.
- Personnel with desired experience and expertise, direct and indirect support staff in an appropriate ratio should be in place.
- Constant upgrading of technology and sufficient infrastructure are essential.

Concept of AQMM

- India is the first country in the world to introduce the concept of AQMM
- In the Council meeting held on January 9, 2021 it was decided that the both the Peer Review Board and the Centre for Audit Quality (CAQ) would need to develop the ecosystem which is acceptable to both and such collaborative approach would have the advantage of the CAQ developing the quality standards and Peer Review Board testing the said standards.

Objective of Audit Quality Maturity

- The objective is to make the members to be able to self-evaluate their current level of Audit Maturity, identify areas where competencies are good or lacking and then develop a road map for upgrading to a higher level of maturity.

Scope, Coverage and applicability

- Audit Firms auditing following entities are covered in AQMM v1.0

  (a) A listed entity; or

  (b) Banks other than co-operative banks (except multi-state co-operative banks)

  (c) Insurance Companies

  However, those doing only branch audits and unlisted companies are not covered.

  The AQMM v1.0 would be recommendatory initially and after 1 year the Council will review the date from when it would become mandatory.

Impact of technology

- Technology upgrading is an essential factor.
- Work from home policy, particularly in the pandemic situation, has changed traditional audit practice procedures.
- Whether technology replaces audit is a moot question.
- Setting up of Digital Accounting & Assurance Board (DAAB) by ICAI
- DAAB came out with DCMM V-1 in 2017 & the same was upgraded to V-2 in 2019.

DCMM

- DCMM is a Digital Competency Maturity Model for Professional Accounting Firms.
- It is a self evaluation exercise of the professional to gauge their maturity level themselves in technology area and their digital competence in audit and assurance, tax practice, management advisory services, etc.
- DCMM V-2 also includes a detailed Implementation Guide, which assists the professional in implementing advanced technology in their professional practice.
- DCMM V-2 gives practical tips in moving to next level of digital competency
- It also talks about Block chain technology, Artificial Intelligence, etc.

Self Evaluation through DCMM

- Questionnaires are framed in existence of various technology areas in the professional firm
- This covers Infrastructure, administrative policies and procedures, HR Policy and procedures, Audit & Assurance, Tax Compliance, Accounting and Management Consultancy Services of the professional firm.
- It contains scoring pattern. Under each section the achieved score determines the level.
- Three levels are categorised.
- Level-1 indicates that the firm is in infant stage in digital area and requires immediate steps to upgrade digital competency
- Level-II indicates though some progress is in place requires further upgradation to advanced level of digital competency; and
- Level-III indicates that the firm has made significant adoption of digital technology and can focus on emerging technologies like Block chain technology and Artificial Intelligence.

Statutory Warning

- "Digital Competency Maturity Model (DCMM) for Professional Accounting Firms – Version 2.0 and Implementation Guide" has to be used ONLY for self-evaluation by accounting firms of their digital competency maturity level and for taking steps to move up the maturity model.
- The results of the self-evaluation conducted should NOT be published / displayed or quoted in any form / manner, which may be deemed to be violation of Code of Ethics of the Institute of Chartered Accountants of India".
- We should feel proud that European community has purchased copyrights of DCMM from ICAI.

Audit Quality Assessment

- Pro-active reviews through PRB, FRRB , QRB and TAQRB may indicate the audit quality.
- PRB process provides an opportunity to the audit firms to remove the deficiencies and does not involve and discipline errant members.
- FRRB , QRB and TA QRB process may lead to discipline.
- NFRA is an out side agency leading to action against errant members.

Peer Review

- Peer review means review and assessment of the work done by a professional by another professional.
- This practice is prevailing globally in the audit profession.
- Peer Review process in India has started by ICAI by establishing PRB in 2002.
- In our country apart from our profession CS and CMA also have started this process.
- Though medical profession does not have such process, hospitals/Nursing homes need to get accreditation and need to go peer review process.
- Peer Review Training Programs are being conducted by the PRB on regular basis across the country.
- Initially reviewers were selected based on their experience. Now one needs to get qualified to be a peer reviewer.

Peer Review process

- Process of peer review has undergone significant changes over the past two decades.
- Reviewer needs to send a Questionnaire to the PU and get response.
- On receipt of response he would select the audit work papers for his review
- Reviewer visits the PU and reviews selected audit work papers in order to assess compliance with SAs, regulatory compliances and ethical requirements.
- Before issuing his final report, he should issue a preliminary report and obtain the response from the PU.
- Peer Review Certificate is valid for a period of three years.
- Every PU is expected to undergo peer review once in a block period of three years.
- It is essential to have a valid Peer Review Certificate under SEBI regulations to take up attest functions of listed entities.
- However in the case of PSU enterprises, C &AG has not made it mandatory while allotting the audits of listed PSUs.

FRRB

- FRRB was also constituted in the year 2002.
- The Board comprises of CCM including Government Nominees from CAG, SEBI and IRDI.
- This is a proactive measure to improve the quality of reporting practices of the members.
- This is a holistic review of financial statements of generally listed enterprises.
- The process is limited to the review of financial statements picked up by the Board.
- Review ensures compliance with statutory requirements being relevant provisions of the Companies Act, Schedule III or applicable law and regulatory requirements like SA, AS, GN, TGs and Expert Opinions issued by the ICAI.

FRRB process

- Technical Reviewers with threshold experience are empanelled.
- Selected Financial statements are sent to the TR, who would review and furnish his reports in a structured format. TR is not expected to contact either the company or the auditor.
- TR Reports along with financial statements are sent to FRRGs for their assessment of Review Reports. Group may agree or disagree with the findings of the TR and also make additional observations.
- These Review Reports are placed before the Board, which would discuss and segregate significant, moderate and low deficiencies affecting true & fair view and placed before the council.
- Council initiates appropriate action considering the level of deficiency.
- Review observations are published in CA magazine with out naming the entity.

FRRB Coverage

Deficiencies Observed: At a Glance

x

Deficiency observed : Elements of Financial Statements
25.76%
3.79%
4.55%
29.55%
6.06%
17.42%
3.03%
9.85%
1 Observations related to Assets
2 Observations related to Equity
3 Observations related to Liabilities
4Observations related to Components of Profit and Loss
5 Observations related to Statement of Cash Flows
6 Observations related to Other Disclosures
7 Observations related to Auditors' Report
8 Observations related to CARO, 2016

QRB

- Broad based QRB was established in the year 2007
- QRB comprises of five Council members, six nominees of the government from MCA, C&AG, SEBI, ICSI, IRS.
- There is a difference between the review process of FRRB and QRB.
- In QRB process TR would visit the audit firm and review the working papers of the auditor.
- TR can take assistance of CAs associated with him for a minimum period of one year. Team can comprise up to five including TR.
- Team carries off site review and on site review. On site review is limited for a period of 7 days and the Board can extend further 7 days.
- TR's Reports are reviewed by QRG and based on TRG's findings QRB will place before its Board for further actions.
- All other process are more or less similar to that of FRRB process.

Present scope of QRB

- After formation of NFRA U/s 132 of the Co Act, regulatory matters relating all listed entities has been moved to NFRA.
- Even entities not registered under the Co. Act are also governed by NFRA.
- MCA has clarified that review of listed financials by QRB would be done only when a reference is made by NFRA.
- In view of the above QRB scope is confined to unlisted entities.
- Top Pvt Ltd companies based on Turnover, Paid up Share Capital, Borrowings are the criteria for selection of review.
- QRB also published non compliance with Accounting Standards , Standards on Audit and Statutory requirements similar to that of FRRB.

Impact of QRB Reviews

- QRB would segregate the findings of the TRs/Group members in to three categories.
- Accept the report and close when the observations are not material
- Issue advisory to the audit firm for taking care of omissions in future when the observations are moderate.
- Recommend to the Council for referring the lapses to Disciplinary Directorate.
- About 33% cases are found to be in order and in 61% cases advisories issued and 6% cases are referred for disciplinary action.
- Risk assessment, Documentation deficiencies and deviations in Cash flow statements are observed in majority reviews.
- QRB is trying to get the power of taking disciplinary action directly by amending Sec 28B of the Chartered Accountants Act.

NFRA

- NFRA has been established u/s 132 of the Companies Act, 2013 with the objective of improving audit quality.
- All Accounting Standards and SAs need to be recommended by NFRA for implementation
- NFRA also reviews all listed entities financials and audit process.
- Thereby dual regulations on audit profession.
- Few AQRs and one FRQRR are released by NFRA in the past three years.
- Review process and mechanism adopted by NFRA is not known.

TA QRB

- Taxation Audit Quality Review Board is established in the year 2018.
- Consists of Chairman, Vice chairman and secretary
- TR can be empanelled with minimum experience of 10 years in direct tax practice or 5 years in indirect practice and should be in active practice currently.

Importance of Independent Audit

- The purpose of an independent audit is to provide confidence to users of audited financial statements.
- Quality of financial reports would enhance their reliability.
- It is a trust that enables organizations to create long-term value and develops confidence of external stakeholders and other users of financial information.
- Improving audit quality and the consistency of audit execution is essential to maintain confidence in the independent assurance, the auditors provide.
- It is the responsibility of the auditor to ensure that the audit quality is maintained.
- There is no set definition of a quality audit, and many factors influence audit quality.

Importance of Audit - Continued

- The profession of accountancy and auditing throughout the world is regulated and licenses granted by the Regulator/ Sovereign to the auditors to ensure probity in financial statements. The profession has been subject to various forms of oversight with varied focus and results.
- The most accepted argument has been that the audit will be able to detect incriminating serious violations and report it to the shareholders and appropriate authorities including the Regulators.
- The accounting fraternity on the contrary has taken a stand that the audit is being carried out in consonance with the auditing standards promulgated by the International Auditing and Assurance Standards Board (IAASB) of International Federation of Accountants, which serves as a benchmark of Standards in different jurisdictions including India.

Need for Accounting and Auditing Standards

- There were no Accounting Standards prior to 1977. Diverse accounting policies were adopted.
- It was felt that an uniform Accounting norm should be adopted by the business community and ASB was formed in the year 1977 and since then lot of developments taken place.
- ICAI started issuing Accounting Standards. These standards were recommendatory for initial period and later they were made mandatory.
- Select Accounting Standards were made applicable in a phased manner .
- ICAI has categorised the entities in to three levels and adoption of AS scattered to each level of entity.

Governing principles of Accounting Standards

- AS govern three following principles:
- 1. Recognition
- 2. Measurement
- 3. Disclosure

- Generally relaxations are given to the aspects of measurement and Disclosure.

Statutory Recognition of AS

- Statutory recognition was given to the Accounting Standards in 2006 through the introduction of The Companies (Accounting Standards) Rules, 2006.
- Need for separate set of Accounting Standards was felt and thereby three separate set of Accounting Standards are established
- IND AS for class of companies was introduced through The Companies (Indian Accounting Standards) Rules, 2015.
- Accounting Standards Rules continue for other companies
- Accounting standards issued by ICAI would apply to Non corporate Entities.
- Apart from the above ICDS were introduced under The Income Tax Act, 1961.

Standards on Audit

- There were no set Standards on Audit
- GAAP - Generally accepted auditing principles were compiled and these compilation was converted in to statement on Auditing Practices
- Auditing Practices Committee was established in 1983 and Statement on Auditing Practices was issued by ICAI were made mandatory.
- Subsequently AASB was established, which has developed Standards on Audit.
- These SAs are mandatory and recognised by the statute also.
- Presently these standards are enlarged to all engagements undertaken by members and are called as Engagement Standards.

Engagement and Quality Control Standards

- Quality Control Standards -SQC-1
- Standards relating to Introductory Matters are covered by 100-199
- General Principles and Responsibilities are covered by 200-299
- Risk Assessments and Response to Assessed Risks are covered by 300-499
- Audit Evidence is covered by 500-599
- Using work of Others is covered by 600-699
- Audit Conclusions and Reporting is covered by 700-799

Other Engagements

- Specialised Areas are covered by 800-899
- SREs are covered by 2000-2699
- Assurance Engagements other than Audit or Review are covered by 3000-3699
- Related Services are covered by 4000-4699

Audit quality - Sources

- We have framework for Audit Quality prescribed in Engagement and Quality Control Standards; SQC 1 which deals with audit quality at the level of firm for all audit engagements undertaken.
- SQC 1 requires the firm to establish a system of quality control designed to provide it with reasonable assurance that the firm and its personnel comply with professional standards, regulatory and legal requirements.
- SA 220 deals with audit quality at the level of individual (engagement partner) audit engagement undertaken by the firm.
- (IAASB)International Auditing and Assurance Standards Board of IFAC has issued a Framework for Audit Quality in February, 2014: **"Key Elements that create an Environment for Audit Quality (The Framework)".**
- **The Framework prescribes the key elements of Audit Quality Input Factors, Process Factors , Output Factors ,Key Interactions and Contextual Factors.**

Ingredients for Audit Quality

- Independence is one of the main ingredient for maintaining audit quality
- Auditors appointment should rest with an independent agency.
- Appointment process adopted by the C & AG is time tested success in maintaining independence and bringing audit quality.
- However fixing remuneration is a disturbing factor.
- RBI has made key changes for appointment of auditors in case of Bank audits, UCBs and NBFCs
- It is a moot question as to whether Joint audit would bring audit quality
- Auditors appointment for block period of 5 years is a welcome measure for maintaining independence
- However rotations of auditors is not a big success

Non Audit Services

- Prohibition/ restriction of non audit services to audit client u/s 144 of the Co.Act falls in line with revised code of ethics.
- Initiatives taken by the Institute needs publicising to the users of audit services.
- For instance concurrent auditors should not carry quarterly review of financials or NPA statements.

Expectation gap

- Too much expectations by the stake holders.
- Tendering process and expectations of the industry is not a welcome sign for audit community.

MSMCs

- Separate set of definitions and different parameters are prescribed to determine as SMC
- Companies Act, Accounting Standards, MSMED Act and so on.
- Why not have uniform parameters to define a SMC.

Separate Accounting Standards for MSMCs

- Already separate set of Accounting standards to different class of companies exist in the form of IND AS Rules and Accounting Standards Rules. Relaxations contain in the Accounting standards Rules for SMCs. These changes are happening on a continuous basis. An approach paper for revision of Accounting Standards was furnished to the then NACAS in 2014-15 and after their consent, ICAI has put in huge efforts in bringing draft revisions to these Accounting standards and the same are placed before NFRA for their recommendation in 2020, which are returned by NFRA.
- As far as Accounting Standards are concerned, I personally feel that separate set of Accounting Standards with relaxations to MSMCs is a welcome feature.

Standards on Audit

- Audit process was being regulated by ICAI. Though there were no set of standards on Audit, Statement on Auditing Practices and Guidance Notes on audit related matters were issued by ICAI from time to time.
- SAs were imbedded in the statute book in the year 2013 through sec 2(7) and 143 (9) of the Co. Act, 2103.
- There can be two situations

1. separate standards on audit for MSMCS.
2. Separate set of Standards on Audit fro SMPs

For instance, separate QR partner and Engagement partner are not possible in case of proprietary audit practitioners.

- Relaxations are mooted in Standards on Audit for small and Medium Practitioners. Challenges are there for SMPs in executing large size audits.

Status of Audit Professional In India

- We as members of the august body called “The Institute of Chartered Accountants of India” are always proud and claim that we have the best talent among the peers across the globe.
- By and large our profession has been rendering yeomen services in improving the economy of the country.
- Though we have been functioning under stringent regulations, we generally respect the laws and regulations and above all our professional responsibilities.
- The values, dignity, decorum of our profession has been getting decreased gradually over the period and in recent years this is happening rapidly. Trust on the profession is disappearing. We need to analyse the reasons for this sad state of condition.
- In my opinion, we ourselves are the root cause for this down fall

Expectation Gap

- Enormous increase in the professional responsibilities.
- High expectations from the client individually and collectively from the society, regulators and the government agencies.
- General feeling is that CAs are only helping the business community in evasion of taxes.
- Every one seeks professional advice from CAs during social gatherings like *what would be capital gains if I sell my property, my auditor has advised like this , is it correct, etc,*. No such professional matters are discussed with other professionals like Advocates, Doctors, Engineers, etc. This indicates faith in the profession is going away.

Stringent practices among the users of professional services:

- Each one has started asking profile of CAs for assigning any professional work.
- Almost all seekers of professional services prescribe their own bench marks for eligibility criteria.
- Undesirable conditions are being imposed in such eligibility criteria of CAs, more so by the government bodies and PSUs.
- They have started seeking undesirable and irrelevant information from CAs, each of them seek different kinds of information. few of them are listed in next slide

One Sided Standards in Tendering practices

- Prescribing eligibility condition with large threshold limits of revenue earnings by CAs in previous financial years;
- Asking for EMD
- Prescribing tender fees
- Asking for Bank guarantee for performance. Are we doing any civil and structural jobs?
- Asking for evidences of assignments handled.
- Asking for certificates from the clients for completing the assignment to their satisfaction.
- Prescribing penalties for delays, if any in completing the assignment.
- Prescribing minimum physical presence at the clients place.
- Levying liquidated damages on the internal auditors.

Sub Standards in Tendering

- In one of PSU Internal audit tender following conditions are stated:
- In an Internal audit tender one of the conditions is that "Should be proficient in handling direct tax/indirect tax at the appellate /tribunal level- **A brief of the case represented and outcome" to be furnished. How can a CA breach confidentiality? Is it relevant for internal audit?**
- **Should be CMA/CS in addition to CA** - Copies of certificates of respective institutes to be furnished. When CAs are considered to have better expertise compared to other two professionals, in audit function, how can such condition be imposed?

Empanelment with IBA

- In case of forensic audit and ASM assignments from the Banks, it is made mandatory for the members to empanel with IBA.
- IBA charges empanelment fees and also collects Deposits.
- Inspite of empanelling banks call for quotations.
- What is the significance of empanelling with IBA?

Awareness among users of professional services

- Though ICAI has prohibited a member as an Internal auditor to carry out attest functions of the same client, PSU Banks are insisting their Concurrent auditors to certify quarterly financial statements/returns.
- There is no respect for audit procedures
- LOE would not be acknowledged
- Resistance in signing MRL
- No practice of responding to confirmation requests
- No importance for Physical verification of Fixed Assets
- Declaration/ Physical verification of Inventories in MSMc?- New CARO requirement

Awareness contd

- Another entity under the ministry of health and family welfare with budget outlay of Rs 1200 Crores invited bids for appointment of Statutory auditors.
- They have not indicated minimum fees, but our council's announcement dated 4th April, 2016 prohibits members to respond to such tender proposals.
- In the same tender enquiry, the scope of audit specifies preparation of financial statements, budgets, cash flows, for various schemes of the entity, which a member as an auditor can not undertake.
- Even after elapse of more than 5 years, this condition is not made known to the users of professional (audit) services from the members.
- Why not ICAI widely inform all the regulatory agencies and authorities or even publicise these kind of requirements so that it would help everyone.

UDIN UTILITY

- Our Institute has introduced UDIN system to facilitate the users of the authenticity of the document certified by the members, inspite of that, users are seeking confirmations from the members.
- State Bank of India apart from seeking confirmation of the financial statements certified by CA has also asked to furnish KYC documents and professional revenue! How is this relevant and what obligation has the CA to furnish such information?

MEF

- Our Institute has the system of seeking data from the practicing members on annual basis called “MULTI PURPOSE EMPANELMENT” (MEF)
- Where is multipurpose utility.
- Virtually this is being used for PSU Bank audit only. Why not this centralised data is used by all the establishments desiring to take professional services of CAs?
- More over C & AG is also empanelling practicing CAs for allotment of statutory audits to PSUs. This data base could be used by the PSUs for other requirements also

Low Compensation to Audit Services

- Profession is being underpaid due to unhealthy competition
- I am sure that majority of the members respect the Institute, Professional Ethics and are concerned of disciplinary proceedings.

Where is Independence?

- SQC 1 talks about independency
- NFRA gives undue importance to independence in their AQR
- Even in PSU audits also there can not be independence as long as audit fees to be fixed by the management.
- Can the audit appointment in Corporates be made by an independent agency? Can it happen in MSMCs?

Auditors Resignations

- Recent increasing trend in abrupt resignations from the office of Statutory Auditors .
- Now the auditor can not give vague reasons like “ Pre Occupation” for resignation.
- Now as per new CARO requirement incomming auditor needs to comment on the concerns of outgoing auditors.
- ICAI should make mandatory requirement for outgoing auditors to indicate the concerns to the incomming auditors in NOC communication.

PSU Bank Branch Audit Fees

- Scale of fees fixed by the RBI in 2012-13 is not revised.
- Moreover there is abundant increase in the volume and scope due to revised LFAR and enormous increase in the number of certificates to be issued by the branch auditors of banks, for which no separate fees is paid.
- Number of certificates to be given by a branch auditor were 17 in the notification issued by the RBI in 2012-13 fixing the scale of audit fees. As on date the number has tripled.
- The certificates to be issued at the bank branches are complex as one needs to study relevant government scheme, the compilation of data in the CBS, eligibility criteria like many aspects to be considered by a branch auditor for which no fees!
- Every CA charges a minimum of Rs 1000/- per certificate even a simple certificate to a small client.

Technology

- Will technology replace the auditor
- Identification of NPAs in 30 seconds through technology!
- Will the technology reduce audit cost

ICAI Initiatives

- Plenty of initiatives are being taken by ICAI
- Lot has been done in developing Accounting Standards, converging with International Standards
- Lot has been done in developing Standards on audit
- Lot has been done in bringing technical guidance notes
- Centre of excellence and so on
- Plenty of technical know how is in possession and we are rated one of the best standards setting body and providing know how to advances countries in the world.

ICAI Role

- Merely issuing circulars and restricting the members in professional behaviour by ICAI is not sufficient . ICAI should take these kind of matters to government departments and bodies like, C & AG, RBI, IBA, BPE, Chamber of Commerce, etc,. to ensure common platform.
- ICAI should take up with all public enterprises, government authorities, regulators and all users of professional services and publicise the efforts being made by ICAI so that any entity seeking professional services could contact PDC of ICAI and get the relevant data and avoid asking irrelevant information from CA community.
- ICAI also should seriously think and take effective steps to enhance professional values of CAs.

Centre for Audit quality

- ICAI, recognizing the fact that high level **"quality framework"** provide the foundation for development of a proficient, high quality accountancy profession, has moved to set up a **"Centre for Audit Quality"** at Jaipur Centre of Excellence.
- The Centre for Audit Quality will aim at the continuous investment in the contemporary education and training for prospective accountants and/or auditors, developing guidance and training programmes to assist audit teams and offices to undertake effective root cause analysis, conducting group learning sessions to discuss identified causes of findings and the solutions to be implemented, establishing Audit quality indicators, thus will work for **Audit Quality Maturity Model.**

AQMM 1.0 – Section 1- Practice Management - Operations

Sl No	Area	Number of Questions	Points
1.1	Practise areas of the Firm	2	12
1.2	Work Flow - Practise Manuals	2	16
1.3	Quality Review Manuals or Audit Tool	6	24
1.4	Service Delivery - Effort Monitoring	4	36
1.5	Quality Control for Engagements	6	80
1.6	Benchmarking of service delivery	4	16
1.7	Client Sensitisation	2	16
1.8	Technology Adoption	2	64
1.9	Revenue, Budgeting and Pricing	3	16
Total		31	280

AQMM 1.0 – Section 2- Human Resources Management

Sl No	Area	Number of Questions	Points
2.1	Resource planning and Monitoring	6	28
2.2	Employee Training and Development	4	44
2.3	Resources Turnover and Compensation Management	14	104
2.4	Qualification Skill Sets of employees and use of experts	3	32
2.5	Performance evaluation measures carried out by the Firm	4	32
Total		31	240

AQMM 1.0 – Section 3- Practise Management - Structural/ Functional

Sl No	Area	Number of Questions	Points
3.1	Practise Management	3	20
3.2	Infrastructure - Physical & Others	5	48
3.3	Practise Credentials	6	12
Total		14	80

AQMM 1.0

Section ref	Total Possible Points	Level 2 Criteria (Min Points)	Level 3 Criteria (Min Points)	Level 4 Criteria (Min Points)
1 - Practice Management - Operation	280	70	140	210
2. HR Management	240	60	120	180
3 - Practice management - Strategic / Functional	80	20	40	60
Total	600	150	300	450

Self Evaluation through AQMM

Level	Description
Level 1 Firm	Indicates that the firm is very nascent –will have to take immediate steps to upgrade its competency or will be left lagging Behind
Level 2 Firm	Indicates firm has made some progress -will have to fine-tune further to reach the next level of competency
Level 3 Firm	Indicates firm has made substantial progress -will have to fine-tune further to reach the highest level of competency
Level 4 Firm	Indicates firms that have made significant adoption of standards and procedures - Should focus on optimising further

Thank
You