Audit Quality Maturity Model – Version 1.0 (AQMM v1.0)

	Competency Basis	Score Criteria	Score Basis	Max Scores	Data Required	Background Material/ Remarks
1	PRACTICE MANAGEMENT – OPERATION					
1.1.	Practice Areas of the Firm					
i	Revenue from audit and assurance services	Minimum revenueof 50% of the total revenue from audit andassurance services such as statutory audit,tax audit, internal audit,GST audit, Forensic audit, Sustainabilityaudit, Social audit, etc., is considered specialisation, when consistently witnessed for a period of 3 years. (Exception applies onlyin case of acquisition ofanother firm or a groupof professionals).	(i) 50% to 75% – 5 Points (iii) Above 75% – 8 Points	8	Data of revenue from audit and non-audit services for last 3 years	
ii	Does the firm have a vision and mission statement? Does it address Forward looking practice statements/Plans?	Scoring basedon presence andimplementation or Not. Answers: Yes/No	For Yes – 4 Points For No – 0 Point	4	Vision and Mission Statement of the firm	An organization's mission defines the overall purpose of the organization. It paints a picture of what the organization currently is and will be doing for the next one to three years Vision statement describes to where the company or organization hopes they will be going in the future if they can fulfill their mission.

						Example Google LLC Mission Statement. "To organize the world's information and make it universally accessible and useful." Vision Statement. "To provide access to the world's information in one click."
	Total			**12**		
1.2.	**Work Flow - Practice Manuals**					
i.	Presence of Audit manuals containing the firm's methodology that ensures compliance with auditing standards and implementation thereof.	Scoring based on Presence or Not. Answers: Yes/No	For Yes – 8 Points For No – 0 Point	8	Preparation of updated audit manual	To review audit methodology on a constant basis.
ii.	Availability of standard formats relevant for audit quality like - - LOE - Representation letter - Significant working papers - Reports and implementation thereof	Scoring based on Presence or Not. Answers: Yes/No	For Yes – 8 Points For No – 0 Point	8	Standard Templates for LOE, Representation Letter, Reports etc.	To ensure formats are in compliance with auditing standards. SA 210 – Model Format of Engagement Letter SA 580 – Model format of Representation Letter SA 700, 701,705, 706 – Model Report Formats
	Total			**16**		

	Competency Basis	Score Criteria	Score Basis	Max Scores	Data Required	Background Material/ Remarks
1.3.	**Quality Review Manuals or Audit Tool**					
i.	Usage of Client Acceptance/ engagement acceptance checklists and adequate documentaion theeof.	Scoring based on Presence or Not. Yes/No Answers	For Yes – 4 Point For No – 0 Point	4	Having a system of Client acceptance/ engagement acceptance checklist for engagement	Requirements of SQC 1 para 28-35 a. Consider client integrity b. Consider competency of firm c. Comply with ethical requirements Model format provided in Annexure III to Implementation Guide to SQC 1 issued by ICAI.
ii.	Evaluation of Independence for all engagements (partners, managers, staff, trainees) based on the extent required. The firm must identify self-interest threat, familiarity threat, intimidation threat, self-review threat, advocacy threat and conflict of interest.	Scoring based on Presence or Not. Yes/No Answers	For Yes – 4 Point For No – 0 Point	4	i. Independence Declaration Checklist ii. Independence Policies	Model format provided in Annexure 1 of Implementation Guide to SQC 1. To obtain independence declaration from audit team. Also compliance with independence policies of the firm.
iii.	Does the Firm maintain and use the engagement withdrawal/rejection policy, templates, etc?	Scoring based on Presence or Not. Yes/No Answers	For Yes – 4 Point For No – 0 Point	4	i. Withdrawal Policy ii. Withdrawal Template	Compliance to ICAI Implementation Guide on Resignation/Withdrawal from an Engagement to Perform Audit of Financial Statements
iv.	Availability and use of standard checklists in performance of an Audit for Compliance with Accounting and Auditing Standards	Scoring based on Presence or Not. Yes/No Answers	For Yes – 4 Point For No – 0 Point	4	i. AS Checklist ii. SA Checklist	Many sources available for checklist for accounting standards and Standard on Auditing compliance checklist.

v.	Availability and use of standard formats for audit documentation of Business Understanding, Sampling basis, Materiality determination, Data analysis, and Control Evaluation	Scoring based on Presence or Not. Yes/No Answers	For Yes – 4 Point For No – 0 Point	4	i. Checklist for Business Understanding, ii. Sampling basis, iii. Materiality determination, iv. Data Analysis and Control evaluation	SA 315 – Identifying and assessing the risk of material misstatement through understanding the entity and its Environment SA 530 – Audit Sampling SA 320 – Materiality in Planning and Performing an Audit
vi.	Are the documents related to Quality control mentioned from (i) to (v) above reviewed and updated on a frequent basis (say annually) or with each change in the respective regulation or statute and remedial action taken?	Scoring based on Presence or Not. Yes/No Answers	For Yes – 4 Point For No – 0 Point	4		Challenge to update and inform audit personnel of the changes in formats/ requirements. To hold regular meetings with audit staff to inform of the changes.
	Total			**24**		

	Competency Basis	Score Criteria	Score Basis	Max Scores	Data Required	Background Material/ Remarks
1.4	**Service Delivery - Effort monitoring**					
i.	Does the firm carry out a Capacity planning for each engagement?	Scoring based on Presence or Not. Yes/No Answers	For Yes – 4 Point For No – 0 Point	4		Audit team is commensurate technically and in number to the size of the audit.
ii.	Is a process of Budgeting & Planning of efforts required maintained (hours/days/ weeks) ?	Scoring based on Presence or Not. Yes/No Answers	For Yes – 4 Point For No – 0 Point	4	Audit Budget Document	Implementation of time sheets along with budgeted hours will be required.
iii.	Are Budget vs Actual analysis of time and effort spent carried out to identify the costing and pricing?	Scoring based on % of engagements in which the compliance with budget vs actual is carried out	Up to 10% – 0 Point	20	Record of actual time spent and comparison with budgeted hours	Implementation of time sheets along with budgeted hours will be required. After completion of engagement costing and pricing to be determined.
			More than 10% and up to 30% – 4 Points			
			More than 30% and up to 50% – 8 Points			
			More than 50% and up to 70% – 12 Points			
			More than 70% and up to 90% – 16 Points			
			More than 90% – 20 Points			

iv.	Does the firm deploy technology for monitoring efforts spent - Utilisation of tools to track each activity (similar to Project management - Say timesheets, task management, etc.) Note: DCMM Version 2 may be referred to arrive at the technical maturity of the firm/ CA.	Scoring based on Presence or Not. Yes/No Answers	For Yes – 8 Points For No – 0 Point	8	Use of software for tracking engagements	Number of online software tools available for monitoring of audit progress and recording of time spent.
	Total			**36**		

	Competency Basis	Score Criteria	Score Basis	Max Scores	Data Required	Background Material/ Remarks
1.5	**Quality Control for engagements**					
i.	Does the firm have a Partner review/ Quality review for all audit assignments and is there a document of time spent for review of all engagements?	Scoring based on Presence or Not. Yes/No Answers	For Yes – 8 Points For No – 0 Point	8	System of partner review/ quality review and documentation of such review	Documentation of partner review/ quality review to be documented. Guidance as per para 60 to para 73 of SQC1.
ii.	Total engagements having concluded to be satisfactory as per quality review vs No of engagements quality reviewed	Scoring based on % of quality review with overall engagements of the same nature.	Up to 10% – 0 Point	20	Same as above	Same as above
			More than 10% and up to 30% – 4 Point			
			More than 30% and up to 50% – 8 Points			
			More than 50% and up to 70% – 12 Points			
			More than 70% and up to 90% – 16 Points			
			More than 90% – 20 Points			
iii.	No. of engagements without findings by ICAI, Committees of ICAI and regulators	Scoring based on % of engagement meeting quality review standards with overall	10% to 30% – 4 Point	20	Record of engagements which have been reviewed by PRB, QRB,	Evaluation to be done based on % of engagements meeting review standards vis-à-vis selection.

	that require significant improvements	engagements of the same nature. The percentage of engagements meeting quality review standards would be based on findings vis-à-vis the selection and not findings vis-à-vis the total number of engagements. The point based system would be based on significant findings alone and recommendatory findings would serve as a roadmap for improvement.			FRRB,etc	
			More than 30% and up to 50% – 8 Points			
			More than 50% and up to 70% – 12 Points			
			More than 70% and up to 90% – 16 Points			
			More than 90% – 20 Points			

	Competency Basis	Score Criteria	Score Basis	Max Scores	Data Required	Background Material/ Remarks
iv.	Documentation of the firm in accordance with SQC 1	Scoring based on Presence or Not (Yes/No Answers) in the below mentioned areas: (a) Leadership responsibilities for quality within the firm. (b) Ethical requirements (c) Acceptance and continuance of client relationships and specific engagements. (d) Human resources. (e) Engagement performance. (f) Monitoring.	For the presence of documentation in the critical areas of Ethical requirements, Acceptance and continuance of client relationships and specific engagements, and Engagement performance – 6 Points For the presence of documentation in the areas of Leadership responsibilities for quality within the firm, Human resources, and Monitoring – 6 Points	12	Policies and Procedures in respect of the 6 areas covered under SQC 1.	Compliance may be made as per the Implementation Guide to SQC 1 issued by the ICAI.

v.	Does the firm have Accounting and Auditing Resources in the form of soft copies of archives Q&As, firm thought leadership, a dedicated/ Shared Technical desk?	Scoring based on Presence or Not. Yes/No Answers	For Yes – 8 Points For No – 0 Point	8	Auditing and accounting resources maintained in soft copies	System for updating such resources on regular basis on a regular basis is a challenging exercise.
vi.	Is appropriate time spent on understanding the business, risk assessment and planning an engagement? How have risks been mitigated through performance of audit procedures?	Scoring based on Presence or Not. Yes/No Answers	For Yes – 12 Points For No – 0 Point	12	Documentation on understanding of business, audit planning and audit procedures to assessed risks.	Subjective assessment but documentation would help in assessment.
	Total			**80**		

	Competency Basis	Score Criteria	Score Basis	Max Scores	Data Required	Background Material/ Remarks
1.6	**Benchmarking of service delivery**					
i.	Does the firm follow/ implement Standard delivery methodology – the adoption of audit manuals, adherence to practice standards and tools?	Scoring based on Presence or Not. Yes/No Answers	For Yes – 4 Points For No – 0 Point	4	Audit Manuals, Practise standards and Audit Tools	Similar to Points No 1.2.ii
ii.	The number of statutory audit engagements re- worked (filing errors, information insufficiency, wrong interpretation of provisions, etc.)	Negative Scoring based on %	Less then 5% – 0 Point	0	List of audits re-worked, i.e. : Filing errors, information insufficiency, wrong interpretation of provisions etc	Firm to have a system of identifying such cases where there has been a re-work.
			More than 5% to 15%: (-1) Point			
			More than 15% to 30%: (-2) Points			
			More than 30% to 50%: (-3) Points			
			More than 50%: (-4) Points			
iii.	Number of client disputes (other than fees disputes) and how they are addressed.	Negative Scoring based on % of clients	Less then 5% – 0 Point	0	List of client disputes (other than fees related)	More stress to be laid on issues relating to deficiencies in audit quality. If there are interpretation issues from client side same may not be considered.
			More than 5% to 15%: (-1) Point			

			More than 15% to 30%: (-2) Points			
			More than 30% to 50%: (-3) Points			
			More than 50%: (-4) Points			
iv.	Are the timing of audit interactions with management planned in such a way that integrates with the auditor's requirements so that audit timelines can be met? [Review frequency of back-log, engagement agreed upon and not commenced, WIP, etc. (Excl. of client-side delays)]	Scoring based on Presence or Not. Yes/No Answers	For Yes – 12 Points For No – 0 Point	12	Audit back-log, engagement agreed upon not commenced, WIP etc	Ensuring audit time lines are prepared and adhered to. If there are delays from client side the same is to be ignored.
	Total			**16**		

	Competency Basis	Score Criteria	Score Basis	Max Scores	Data Required	Background Material/ Remarks
1.7	**Client Sensitisation**					
i.	Awareness meetings and Knowledge dissemination meetings/ articles/document sharing with clients including: 1) Updating client on audit issues, formally-effectiveness of the process of communication with management and those charged with Governance; 2) Updating client on changes in accounting, legal, audit aspects, etc with client specific impact; and 3) Follow through on previous audit observations and updates to management and those charged with Governance.	Scoring based on Presence or Not. Yes/No Answers	For Yes – 8 Points For No – 0 Point	8	Client meetings, sharing of articles with clients	Both general communication on changes in accounting and legal aspects as well as specific audit issues with the client.
ii.	Monitoring planned hours vs actual hours across engagement; the focus is on the existence of a monitoring mechanism	Scoring based on Presence or Not. Yes/No Answers	For Yes – 8 Points For No – 0 Point	8	Budgeted Vs Actual Hours spent on an engagement	

	Total			**16**		
1.8	**Technology Adoption**					
i.	Technology adoption at Office– • Internal communication - chats	Scoring based on Presence or Not. Yes/No Answers	For Yes – 4 Points For No – 0 Point	4	Internal Communication Chats system in Office	
	• Has the firm automated its office with automated Attendance System and Leave management?	Scoring based on Presence or Not. Yes/No Answers	For Yes – 4 Points For No – 0 Point	4	Have attendance and leave management system in the firm	Many Software tools are available for managing such attendance and leave management.
	• Project or activity management/ Timesheet management,	Scoring based on Presence or Not. Yes/No Answers	For Yes – 4 Points For No – 0 Point	4	Project or activity management/timesheet management system in the firm	Many software tools available
	• Digital storage of records (scan, etc.),	Scoring based on Presence or Not. Yes/No Answers	For Yes – 4 Points For No – 0 Point	4	System for having scanned copies of important documents	Keeping the digital records even the security system to be ensured.

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	• Centralised server/ Cloud	Scoring based on Presence or Not. Yes/No Answers	For Yes – 4 Points For No – 0 Point	4	Centralised Server/ Cloud	
	• Digital Library (Own or ICAI)	Scoring based on Presence or Not. Yes/No Answers	For Yes – 4 Points For No – 0 Point	4	Digital Library	May have a system of maintaining resources on server.
	• Client interaction (Alerts, updates, availability of information in website, etc),	Scoring based on Presence or Not. Yes/No Answers	For Yes – 4 Points For No – 0 Point	4	System of sending updates to client or uploading updates on website	
	• Video conferencing facilities adopted,	Scoring based on Presence or Not. Yes/No Answers	For Yes – 4 Points For No – 0 Point	4	Video Conference Facilities	
	• Does the firm use only licensed operating system, software etc.?	Scoring based on Presence or Not. Yes/No Answers	For Yes – 4 Points For No – 0 Point	4	Licensed Operating Systems. Software	
	• Own E-mail domains,E-mail usage policies, etc.	Scoring based on Presence or Not. Yes/No Answers	For Yes – 4 Points For No – 0 Point	4	a. Official e-mail domains b. E-Mail Usage Policies	
	• Use of anti-virus and malware protection tools,	Scoring based on Presence or Not. Yes/No Answers	For Yes – 4 Points For No – 0 Point	4	Anti-Virus , Malware Protection Tools	
	• Data security, etc	Scoring based on Presence or Not. Yes/No Answers	For Yes – 4 Points For No – 0 Point	4	System in Place for Data Security	
	• Cyber security measures	Scoring based on Presence or Not. Yes/No Answers	For Yes – 4 Points For No – 0 Point	4	Systems in Place for Cyber security	

ii.	Awareness and Adoption of Technology for Service delivery – Say, use of Audit tools, usage of analytical tools, use of data visualisation tools or adoption of an audit tool. Note: DCMM Version 2 may be referred to arrive at the technical maturity of the firm/ CA.	Scoring based on Presence or Not. Yes/No Answers	For Yes – 12 Points For No – 0 Point	12	Use of audit tools, usage of analytics tools, data visualization tools	Reference may be made to DCMM Version 2.
	Total			**64**		
1.9	**Revenue, Budgeting & Pricing**					
i.	Whether the client wise revenue is in compliance with the Code of Ethics (currently fees from one client should not exceed 40% of total revenue) and once the deferred clauses of Part A are implemented this will be reduced to 15%.	Scoring based on Presence or Not. Yes/No Answers	For Yes –4 Points For No – 0 Point	4	Client wise revenue data	

	Competency Basis	Score Criteria	Score Basis	Max Scores	Data Required	Background Material/ Remarks
ii.	Fee considerations and scope of services should not infringe upon the quality of work and documentation as envisaged in SQC 1 under Leadership is responsible for quality within the firm.	Scoring based on Presence or Not. Yes/No Answers	Yes – 8 Points For No – 0 Point	8	Documentation in accordance with SQC 1 regarding fee consideration and scope of services not infringing on quality of work	Implementation Guide to SQC 1.
iii.	Adherence to a minimum scale of fees standards recommended by ICAI	Scoring based on Presence or Not. Yes/No Answers	For up to 50% of the engagements- 2 Points For More than 50% of the engagements – 4 Points For None – 0 Point	4	Comparison of fees with the Minimum scale of fees recommended by ICAI	Minimum scale of fees recommended by ICAI
	Total			**16**		
	Total of Section 1.			**280**		
2	**HUMAN RESOURCE MANAGEMENT**					
2.1.	**Resource Planning & Monitoring as per the firm's policy**					
i.	Does the firm have a process of Employee/ Resource Planning for the engagements based on skill set requirement, experience, etc.?	Scoring based on Presence or Not. Yes/No Answers	For Yes – 4 Points For No – 0 Point	4	HR Plan	

ii.	Methods/Tools used by the firm for Resource Allocation (use of spreadsheets, work flow tools, etc.)	Scoring based on Presence or Not. Yes/No Answers	For Yes – 4 Point For No – 0 Point	4	HR Allocation Methods/ Tools	The same can be maintained using software tools
iii.	Is there a method of tracking the employee activity, to identity resource productivity (e.g. timesheet)?	Scoring based on Presence or Not. Yes/No Answers	For Yes – 4 Point For No – 0 Point	4	Time sheet records	The same can be maintained using software tools
iv.	Does the firm maintain a minimum Staff to Partner Ratio, Partner to Manager, Manager to Articles, Client to Staff ratio, etc.	Scoring based on Presence or Not. Yes/No Answers	For Yes – 8 Points For No – 0 Point	8	i. Staff to Partner Ratio ii. Partner to Manager Ratio ii. Manager to Articles Ratio v. Client to Staff Ratio	
v.	Does the firm monitor the Utilisation & Realisation rate per employee	Scoring based on Presence or Not. Yes/No Answers	For Yes – 4 Point For No – 0 Point	4	Utilisation rate & Realisation rate per employee	Use of time sheets will assist in monitoring Utilisation & Realisation rate per employee

	Competency Basis	Score Criteria	Score Basis	Max Scores	Data Required	Background Material/ Remarks
vi.	Does the firm document the resource plan for each engagement and file it for reference during the engagement?	Scoring based on Presence or Not. Yes/No Answers	For Yes – 4 Point For No – 0 Point	4	Resource Plan specific for an engagement	
	Total			**28**		
2.2.	**Employee Training & Development**					
i.	Does the firm have an employee training policy?	Scoring based on Presence or Not. Yes/No Answers	For Yes – 4 Point For No – 0 Point	4	Employee Training Policy	
ii.	Number of Professional Development hours/days spent (Frequency) as a firm – per employee	Score based on an average number of hours per employee (***Note***: Measurement is indicative - could be converted to days/hours across the period as deemed fit for the firm - based on size)	60 hours per year for junior-level: 2 Points for general training and 6 points for specialised technical training	24	Documentation of employee training programmes	In case of Staff being CA and partners CPE data may be used
			30 - 60 hours per year for mid-level: 2 Points for general training and 6 points for specialised technical training			

			More than 30 hours for partners: 2 Points for general training and 6 points for specialised technical training			

iii.	Employees are equipped with technological skill sets – AI, Blockchain, Audit & Data analytical tools, etc. and sponsored by the firm to develop the same: 1. Knowledge of technological skill sets will be more relevant for large audits (Audit Engagements of Listed entity, Banks other than co-operative banks (except multi-state co-operative banks) and Insurance Companies). Hence, the question should be relevant only for such audit engagements. 2. The audit Teams should be aware of Data Analytics Tools and comprehend the results of the tools to adjust the audit strategy. 3. Technologies like AI and blockchain may be considered as an incremental factor for differentiation purposes, if the firms are scored at the same level.	Scoring based on Presence or Not. Yes/No Answers	Use of Analytical Tools for the listed entity, Banks other than co-operative banks (except multi-state co-operative banks) and Insurance Companies audit engagements: For Yes – 8 Points For No – 0 Point / NA	8	i. AI Tools ii. Blockchain Tools iii. Audit & Data analytical tools	Applicable only specified large entities such as banks, insurance companies etc.

iv.	Whether the firm has a performance management culture that rewards high performing employees and those who demonstrate high levels of quality and ethics?	Scoring based on Presence or Not. Yes/No Answers	For Yes – 8 Points For No – 0 Point	8	Performance Management System	
	Total			**44**		

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2.3.	**Resources Turnover & Compensation Management**					
i.	Does the Firm evaluate a team composition overall to build the Team Strength - say, Number of Managers, Assistant Managers, Paid Assistants, Article Assistants, Other Degree holders?	Scoring based on Presence or Not. Yes/No Answers	For Yes – 8 Points For No – 0 Point	8	Audit Team Composition	
ii.	Does the firm maintain and monitor the employee turnover ratio and identify measures to keep it minimal?	Scoring based on Presence or Not. Yes/No Answers	For Yes – 8 Points For No – 0 Point	8	Employee Turnover Ratio	
iii.	Qualified professionals retained by the firm (resources available to a partner)	Scoring can be based on the % of chartered accountants and articles available per partner	10 and above – 20 Points 8 to 9 – 16 Points 6 to 7 – 12 Points 4 to 5 – 8 Points Up to 3 – 4 Points	20	Number of qualified Professionals in the organisation	
iv.	Does the firm evaluate the Employee relation with the firm (No. of Professionals vs. No. of years employed with firm) to identify reasons for turnover if any?	Scoring based on Presence or Not. Yes/No Answers	For Yes – 4 Points For No – 0 Point	4	Employees Turnover ratio in relation to professional firms	

v.	Statutory contributions wherever applicable, Health Insurance and other benefits, available in the firm for staff members and partners	Scoring based on Presence or Not. Yes/No Answers	For Yes – 8 Points For No – 0 Point	8	Contribution to insurance and other benefits to employees	
vi.	Does the firm evaluate for which kind of audits does it have a revolving door (between different engagements) for people below partner level?	Scoring based on Presence or Not. Yes/No Answers	For Yes – 4 Points For No – 0 Point	4	System for rotation of staff between engagements	

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Competency Basis		Score Criteria	Score Basis	Max Scores	Data Required	Background Material/ Remarks
vii.	Progress of people through an established framework and time commitment of Managers and Partners – Engagement level review and overall performance evaluation and rewards mechanism for differentiated performance levels	Scoring based on Presence or Not. Yes/No Answers	For Yes – 8 Point For No – 0 Point	8	System for engagement level and overall performance evaluation of employees	
viii.	Access and use of technology, infrastructure, methodology for better enablement of day to day work / including favorable remote working policies	Scoring based on Presence or Not. Yes/No Answers	For Yes – 8 Point For No – 0 Point	8	Technology and Infrastructure system	One of the means suggested is use of remote working system in the organization. In the pandemic many CA Firms have now been nudged to implement remote working systems.
ix.	Coaching and mentoring program investment, especially for women colleagues to enhance the diversity of audit leaders in the profession	Scoring based on Presence or Not. Yes/No Answers	For Yes – 8 Point For No – 0 Point	8	Coaching and mentoring programme for staff	
x.	Special policies to provide people time to rejuvenate especially after busy audit seasons	Scoring based on Presence or Not. Yes/No Answers	For Yes – 4 Point For No – 0 Point	4		
xi.	Focused policies and support for staff well - being, engagement and communication	Scoring based on Presence or Not. Yes/No Answers	For Yes – 8 Points For No – 0 Point	8		

xii.	An established mechanism to listen to people and their views and suggestions. Credible Employee survey and its outcome demonstrate how well people are taken care of and heard.	Scoring based on Presence or Not. Yes/No Answers	For Yes – 8 Points For No – 0 Point	8	Employee Survey System	
xiii.	Standards of recruiting people – Assessment methodology, evaluation of quality and fitment to the job and culture	Scoring based on Presence or Not. Yes/No Answers	For Yes – 4 Points For No – 0 Point	4	System of recruitment: a. Assessing staff requirements b. Evaluation of candidates c. Induction programmes	
xiv.	Are the employees of the firm compensated as per a defined approach where salary is mapped to the knowledge and experience level of the employee?	Scoring based on Presence or Not. Yes/No Answers	For Yes – 4 Points For No – 0 Point	4	Remuneration policy linked to knowledge and experience	
	Total			**104**		

	Competency Basis	Score Criteria	Score Basis	Max Scores	Data Required	Background Material/ Remarks
2.4.	**Qualification Skill Set of employees and use of Experts**					
i.	Number of Professionally qualified members – ACA/FCA If evaluation is being done for a firm that primarily offers Statutory and Tax Audit Services then only ACA / FCA should be considered for evaluation purposes.	Scoring based on the % of employees with necessary qualification or skill sets - including partners	Upto 30% – 4 Points More than 30% to 50% – 8 Points Above 50% – 12 Points	12	% of professionally qualified members in the Firm	
ii.	Post Qualification Certifications obtained from professional bodies or similar organisations (DISA, IP, etc.) DISA and IP are courses that are required in Information System Audits. If qualified resource is not available in the firm, whether the services of expert are taken? Whether all partners have complied with CPE requirements of ICAI?	Where firms are not involved in any Information systems audit/engagements with complex IT systems should not be rated for this competency.	Applicable – 8 Points Not Applicable – 0 Point	8	Number of DISA and other post qualified members in the firm. CPE Data of partners	
iii.	Members with Specialisation courses or Certifications – (Ranking can be based on newer areas or international	Scoring based on Presence or Not. Yes/No Answers	Upto 30% – 4 Points 30% to 50% – 8 Points	12	Members with specialized courses or certification total members	

	qualification – say, Dip. IFRS or Firm Ind AS / IFRS Accreditation Requirements, etc.)		Above 50% – 12 Points			
	Total			**32**		
2.5	**Performance evaluation measures carried out by the firm (KPI's)**					
i.	Does the firm have written KPIs for performance evaluation of the firm and partners?	Scoring based on Presence or Not. Yes/No Answers	For Yes – 8 Points For No – 0 Point	8	KPI System for performance evaluation	
ii.	Method for measurement and evaluation as mentioned above (i) are determined / specific.	Scoring based on Presence or Not. Yes/No Answers	For Yes – 8 Points For No – 0 Point	8	System for measurement and evaluation	
iii.	There is a decided frequency for the evaluation and is consistently applied	Scoring based on Presence or Not. Yes/No Answers	For Yes – 8 Points For No – 0 Point	8	Frequency of evaluation	

	Competency Basis	Score Criteria	Score Basis	Max Scores	Data Required	Background Material/ Remarks
iv.	Are engagement partners reviewed based on the review results of the engagements of each partner	Scoring based on Presence or Not. Yes/No Answers	For Yes – 8 Points For No – 0 Point	8	Evaluation of engagements partners	
	Total			**32**		
	Total of Section 2.			**240**		
3	**PRACTICE MANAGEMENT - STRATEGIC/FUNCTIONAL**					
3.1	**Practice Management**					
	Does the firm Manage the following attributes relating to Assurance partners to maintain the same at optimum levels as deemed fit for the respective organisations?					
i.	Does the firm have a balanced mix of experienced and new Assurance partners?	Scoring based on the threshold of average experience of partners	For average partner experience of partners > 5 years – 4 Point For average partner experience of partners > 10 years – 8 Points	8		Though the query is on balanced mix of experienced and new partners the points system is skewed towards having experienced partners

ii.	Is the firm compliant with the ICAI Code of Ethics, Companies Act 2013 and other regulatory requirements in relation to Professional Independence and Conflict of Interest?	Scoring based on Presence or Not. Yes/No Answers	For Yes – 8 Points For No – 0 Point	8		ICAI Code of Ethics, Companies Act 2013
iii.	Is there is a 'whistle blower' policy?	Scoring based on Presence or Not. Yes/No Answers	For Yes – 4 Point For No – 0 Point	4	Whistle Blower Policy	
	Total			**20**		
3.2	**Infrastructure – Physical & Others**					
		Branches in the same city shall have only one point, branches in Metro and Tier -1 cities shall have additional points, team size per branch shall have additional points				

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	Competency Basis	Score Criteria	Score Basis	Max Scores	Data Required	Background Material/ Remarks
i.	Number of Branches & Associates and network firms and affiliates	Scoring based on Nos.	Upto 3 – 2 Points 4 to 7 – 4 Points 8 to 15 – 6 Points More than 15 – 8 Points	8	Number of branches of the firm	
ii.	Are branch level activities Centralised/ Decentralised in accounting, Invoicing, and Payroll processing	Scoring based on whether policies are uniformly followed in the activities of accounting, invoicing, payroll processing across all branches. Complete automation is not a mandate.	Centralised – 8 Points Decentralised – 4 Point	8	Level of centralization/ de-centralisation of activities	
iii.	Physical & Logical Security of Information are extended and implemented across locations?	Scoring based on Presence or Not. Yes/No Answers	For Yes – 8 Points For No – 0 Point	8	System for physical and logical security of information	
iv.	Are there adequate DA tools and IT infrastructure available and are they being used for the relevant assignment?	Scoring based on Presence or Not. Yes/No Answers	For Yes – 12 Points For No – 0 Point	12	Use of digital tools	
v.	Is the infrastructure adequate in terms of internet/intranet network bandwidth/ VPN/Wi-Fi etc. for remote working?	Scoring based on Presence or Not. Yes/No Answers.	For Yes – 12 Points For No – 0 Point	12	IT Infrstructure system	
	Total			**48**		

3.3	Practice Credentials					
	What are the credentials of the firm that distinguish the firm or stands as testimony to the quality of the firm:					
i.	Is the firm ICAI Peer Review certified?	Scoring based on Presence or Not. Yes/No Answers	For Yes – 4 Point For No – 0 Point	4	Peer Review Certificate	
ii.	Empanelment with RBI and C&AG	Scoring based on Presence or Not. Yes/No Answers	For Yes – 8 Points For No – 0 Point	8	Empanelment with RBI andC&AG	
iii.	Is there an advisory as well as a decision, to not allot work due to unsatisfactory performance by the CAG office?	Scoring based on Presence or Not. Yes/No Answers	For Yes – (-5) Points For No – 0 Point	0		

	Competency Basis	Score Criteria	Score Basis	Max Scores	Data Required	Background Material/ Remarks
iv.	Have any Government Bodies/ Authorities evaluated the performance of the firm to the extent of debarment/ blacklisting?	Scoring based on Presence or Not. Yes/No Answers	For Yes – (-10) Points For No – 0 Point	0		
v.	Any negative assessment in the report of the Quality Review Board?	Scoring based on Presence or Not. Yes/No Answers	For Yes – (-5) Points For No – 0 Point	0		
vi.	Has there been a case of professional misconduct on the part of a member of the firm where he has been proved guilty?	Scoring based on Presence or Not. Yes/No Answers	For Yes – (-5) Points For No – 0 Point	0		
	Total			**12**		
	Total of Section 3			**80**		

Firm Maturity Rating

Section Reference	Total Possible Points
Section 1. Practice Management –Operation	280
Section 2. Human Resource Management	240
Section 3. Practice Management -Strategic/Functional	80
Total	**600**

Basis:

Up to 25% in eachsection	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
Above 25% to 50% ineach section	Level 2 Firm	Indicates firm has made some progress -will have to fine-tune further to reach the next level of competency
Above 50% to 75% ineach section	Level 3 Firm	Indicates firm has made substantial progress -will have to fine-tune further to reach the highest level of competency
Above 75% in eachsection	Level 4 firm	Indicates firms that have made significant adoption of standards and procedures - Should focus on optimising further