

Audit Quality Maturity Model- Version 1.0					Audit Quality Maturity Model- Version 2.0				
	Competency Basis	Score Criteria	Score Basis	Max Scores	Competency Basis- (Revised)	Score Criteria- (Revised)	Reason for change	Score Basis Revised)	Maximum Score (Revised)
1	Practice Management – Operation								
1.1.	Practice Areas of the Firm								
i	Revenue from audit and assurance services	iMinimum revenue of 50% of the total revenue from audit and assurance services such as statutory audit, tax audit, internal audit, GST audit, Forensic audit, Sustainability audit, Social audit, etc., is considered specialisation, when consistently witnessed for a period of 3 years. (Exception applies only in case of acquisition of another firm or a group of professionals).	(i) 50% to 75% – 3 Point (ii)Above 75% – 8 Points	8	Revenue from audit and assurance services	Revenue from audit and assurance services such as statutory audit, tax audit, internal audit, Sustainability audit, Social audit, Certification etc., is considered specialisation. (Exception applies only in case of acquisition of another firm or a group of professionals)-	Score Criteria has been reworded- 1. GST Audit is deleted 2. Forensic audit is also deleted as it is not an audit & assurance function. II. Score basis has been revised III. Last year revenue should be taken.	1. 0% - No Points 2. more than 0% but less than or equal to 20%- 1 point 3. more than 20% but less than or equal to 40%- 2 points 4. more than 40% but less than or equal to 60%- 3 points 5. more than 60% but less than or equal to 80%- 4 points 6. more than 80% but less than or equal to 100%- 5 points	5
ii	Does the firm have a vision and mission statement? Does it address Forward looking practice statements/Plans?	Scoring based on Presence and Implementation or Not. Answer Yes/ No	For Yes – 4 Points For No – 0 Point	4	Does the Firm has a forward looking Vision and Mission Statement?	Scoring basis on presence or not of the vision & mission statement.	1. Vision & mission statement will be forward looking 2. Implementation cannot be checked 3. Scoring was (1+3) but it is being changed to 2 for having a vision & mission statement.	For No- 0 Points For having a vision and mission statement- 2 points	2

	Total			12				7	
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	1.Presence of SQC 1 Manual with well defined policies & procedures in respect of the following 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.	1.For Presence of Manual- 2 marks each for having well defined policies & procedures in respect of each 6 areas i.e. max. 12 marks 2. 0 marks if no manual is there	1. Clauses 1.2(i) & 1.5 iv) have been merged. 2. For Assessing the audit quality, SQC 1 manual is more important. Hence' Audit Manual' is replaced by 'SQC 1 Manual'. Further the policies and procedures should be well defined in respect of each area of SQC 1 .	For No- 0 Points For having SQC 1 Manual having a well defined policies and procedure in respect of all 6 elements - 12 points	12
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	May be dropped.		Covered in Annexure		0
	Total			16				12	
1.3.	Quality Review Manuals or Audit Tool								
i.	Usage of Client Acceptance/engagement acceptance checklists and adequate documentation thereof.	Scoring based on Presence or Not. Yes/No Answers	For Yes – 4 Point For No – 0 Point	4	May be dropped.		Covered in Annexure		0
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	May be dropped.		Covered in Annexure		0
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	May be dropped.		Covered in Annexure		0
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	May be dropped.		Covered in Annexure		0
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	May be dropped.		Covered in Annexure		0

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	May be dropped.		Covered in Annexure		0
Total									
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	May be dropped.		Covered in Annexure		0
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	May be dropped.		Covered in Annexure		0
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 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	20	Are Budget vs. Actual analysis of time and effort spent carried out for assurance assignments for which revenue from each individual assignment constitutes 2.5 % or more of total revenue from assurance services.	Scoring based on Presence or Not. Yes/No Answers	Criteria of % of engagement has been defined to be assurance assignments for which revenue from each individual assignment constitutes 2.5% or more of total revenue from assurance services.	Up to 10% – 0 Point 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	20
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	May be dropped.		Covered under Digital Competency		0
Total									

1.5	Quality Control for engagements								
i.	Does the firm have Quality review for all listed audit assignments as per Para 60 of SQC 1? 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	May be dropped.		Covered in Annexure		0
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 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	20	Has any advisory been issued by FRRB of ICAI to a partner of a firm and received by the partner during the Review period?	Scoring based on Presence or Not. Yes/No Answers	1. 1.5 (ii) ,(iii), 3.3 (iii) 3.3 (iv) and 3.3 (v) may be merged. 2. There may be instances where the firm has never been reviewed by any ICAI Committee/Regulator. 3. Selection process by ICAI Committees is either suo-motto or picked up as special cases which are highlighted by media. There may be firms which never fall under this selection criteria. These firms will also award 20 points to themselves. 4. Hence, it is suggested that negative marks may be given, in case if an advisory has been issued to the firm by any Committee of ICAI or a Regulator.	For Yes – (-20) Points For No – 0 Point	0
iii.	No. of engagements without findings by ICAI, Committees of ICAI and regulators that require significant improvements	Scoring based on % of engagement meeting quality review standards with overall 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.	10% 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	20					
					Has any reference to DC been made by FRRB of ICAI and communication has been received from DC of ICAI by any partner of the firm during the Review period?	Scoring based on Presence or Not. Yes/No Answers	New criteria	For Yes – (-100) Points For No – 0 Point	0

					Has any advisory been issued by TAQRB of ICAI to a partner of a firm and communication has been received by the partner during the Review period?	Scoring based on Presence or Not. Yes/No Answers	New criteria	For Yes – (-20) Points For No – 0 Point	0
					Has any reference to DC been made by TAQRB of ICAI and communication has been received from DC of ICAI by any partner of the firm during the Review period ?	Scoring based on Presence or Not. Yes/No Answers	New criteria	For Yes – (-100) Points For No – 0 Point	0
3.3(iii)	Is there an advisory as well as a decision, to not allot work due to unsatisfactory performance by the CAG office? (from 3.3 iii)	Scoring based on Presence or Not. Yes/No Answers	For Yes – (-5) Points For No – 0 Point	0	Has any advisory been issued to the firm by C&AG and communication has been received by the firm during the review period?	Scoring based on Presence or Not. Yes/No Answers	A firm may be issued an advisory by the office of C&AG OR it may be debarred from allotment of any audit for prescribed number of years for unsatisfactory performance.	For Yes – (-20) Points For No – 0 Point	0
					Is the firm debarred by the office of C&AG from allotment of any audit for prescribed number of years for unsatisfactory performance and communication has been received by the firm during the Review period ?	Scoring based on Presence or Not. Yes/No Answers		For Yes – (-100) Points For No – 0 Point	0
3.3(iv)	Have any Government Bodies/ Authorities evaluated the performance of the firm to the extent of debarment/ blacklisting? (From 3.3 iv)	Scoring based on Presence or Not. Yes/No Answers	For Yes – (-10) Points For No – 0 Point	0	Have any Government Bodies/ Authorities evaluated the performance of the firm to the extent of debarment/ blacklisting and communication has been received by the firm during the review period?	Scoring based on Presence or Not. Yes/No Answers		For Yes – (-100) Points For No – 0 Point	0
					Has the National Financial Reporting Authorities evaluated the performance of the firm to the extent of debarment/ blacklisting and communication has been received by the firm during the review period.?	Scoring based on Presence or Not. Yes/No Answers	New Criteria	For Yes – (-250) Points For No – 0 Point	0

3.3(v)	Any negative assessment in the report of the Quality Review Board? (From 3.3 v)	Scoring based on Presence or Not. Yes/No Answers	For Yes – (-5) Points For No – 0 Point	0	Has any advisory been issued by Quality Review Board to the Firm and communication has been received by the firm during the Review period.?	Scoring based on Presence or Not. Yes/No Answers		For Yes – (-20) Points For No – 0 Point	0
					Has any DC action communicated by Quality Review Board to a partner of a firm and communication has been received from DC of ICAI by the partner during the Review period?		New criteria	For Yes – (-100) Points For No – 0 Point	0
3.3(vi)	Has there been a case of professional misconduct on the part of a member of the firm where he has been proved guilty? (from 3.3 (vi))	Scoring based on Presence or Not. Yes/No Answers	For Yes – (-5) Points For No – 0 Point	0	Has there been a case of professional misconduct on the part of a member of the firm or the firm where he has been proved guilty?	Scoring based on Presence or Not. Yes/No Answers	The firms are also to be included as per the amendments in the CA Act.	For Yes – (-20) Points For No – 0 Point	0
1.5(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	May be dropped.		Merged with 1.2 (i)		0
1.5(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	Does the firm has a library of updated Accounting and Auditing material including other regulatory material which impacts financial statements, accounting or auditing requirements of its clients, guidance given to its employees relating to any of above, Resources in the form of soft copies and a log of consultation is available for access as and when required. of archives Q&As, firm thought leadership, a dedicated/ Shared Technical desk?		Language modification to bring more clarity	For Yes – 8 Points For No – 0 Point	8

1.5(vi)	Is appropriate time spent on understanding the business, risk assessment and planning an engagement? How the risks have 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	May be dropped.		covered in Annexure	0
Total				80				8
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	May be dropped.		covered in Annexure	0
ii.	The number of statutory audit engagements re-worked (filing errors, information insufficiency, wrong interpretation of provisions, etc.)	Negative Scoring based on %	Less than 5% – 0 Point 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	0	May be dropped.		Difficult to objectively quantify	0
iii.	Number of client disputes (other than fees disputes) and how they are addressed.	Negative Scoring based on % of clients	Less than 5% – 0 Point 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	0	May be dropped.		Difficult to objectively quantify	0

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	May be dropped.		covered in Annexure		0
	Total			16					0
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	Does the firm communicates with the clients including TCWG to discuss with them the following: 1. Significant risks (including fraud risk) identified and auditing procedures planned/undertaken to address those risk 2. Key changes relating to accounting, auditing, reporting or other regulatory requirements impacting the client 3. Key Accounting and/or Auditing Matters arose during the course of audit and basis on which those were concluded including modification of audit opinion. 4. Key Audit Matters with description and reasoning for selection as Key Audit Matters and the audit procedures undertaken to address those key audit matters. 5. Significant judgements and estimates relied and its reasonability or otherwise	Scoring based on Presence or Not. Yes/No Answers	Llanguage modification	For Yes – 8 Points For No – 0 Point	8
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	May be dropped.		MERGED With 1.4 (iii)		0
	Total			16					8

1.8	Technology Adoption							
i.	Technology adoption at Office				May be dropped.		All the points will be covered under	
	• Internal communication - chats	Scoring based on Presence or Not. Yes/No Answers	For Yes – 4 Points For No – 0 Point	4			For Yes – 2 Points For No – 0 Point	0
	• 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			For Yes – 2 Points For No – 0 Point	0
	• Project or activity management/ Timesheet management,	Scoring based on Presence or Not. Yes/No Answers	For Yes – 4 Points For No – 0 Point	4			For Yes – 2 Points For No – 0 Point	0
	• Digital storage of records (scan, etc.),	Scoring based on Presence or Not. Yes/No Answers	For Yes – 4 Points For No – 0 Point	4			For Yes – 2 Points For No – 0 Point	0
	• Centralised server/ Cloud	Scoring based on Presence or Not. Yes/No Answers	For Yes – 4 Points For No – 0 Point	4			For Yes – 2 Points For No – 0 Point	0
	• Digital Library (Own or ICAI)	Scoring based on Presence or Not. Yes/No Answers	For Yes – 4 Points For No – 0 Point	4			For Yes – 2 Points For No – 0 Point	0
	• 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			For Yes – 2 Points For No – 0 Point	0
	• Video conferencing facilities adopted,	Scoring based on Presence or Not. Yes/No Answers	For Yes – 4 Points For No – 0 Point	4			For Yes – 2 Points For No – 0 Point	0
	• 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			For Yes – 2 Points For No – 0 Point	0
	• 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			For Yes – 2 Points For No – 0 Point	0
	• 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			For Yes – 2 Points For No – 0 Point	0
	• Data security, etc.	Scoring based on Presence or Not. Yes/No Answers	For Yes – 4 Points For No – 0 Point	4			For Yes – 2 Points For No – 0 Point	0
	• Cybersecurity measures	Scoring based on Presence or Not. Yes/No Answers	For Yes – 4 Points For No – 0 Point	4			For Yes – 2 Points For No – 0 Point	0
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	May be dropped.		Will be covered under Digital Competency	0
	Total			64				0

1.9	Revenue, Budgeting & Pricing				Regulatory Compliances		Competency basis has been renamed		
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	Whether the client wise revenue is in compliance with the Code of Ethics [i.e. For non Public Interest Entities (PIE)- Disclosure is required where for two consecutive years, the gross annual professional fees from an audit client represent more than 40% of the total fees of the firm. For public interest entities: Disclosure is required where for two consecutive years, the gross annual professional fees from an audit client represent more than 20% of the total fees of the firm.	For Yes – 0 Points For No – (-20) Point	Revised Code of Ethics. As it is a regulatory Compliance, negative marking is proposed for non-compliance.		0
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	May be dropped.		Included under 1.2 (i) above.		0
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	No change. Only Score basis has been revised		Scoring criteria may be divided into 5 parts with more weightage being given for higher level of compliance.	Upto 100% of the statutory and tax audit engagements - 25 points Less than 100% but more than or equal to 80% of statutory and tax audit engagements- 20 points Less than 80% but more than or equal to 60% of statutory and tax audit engagements- 15 points Less than 60% but more than or equal to 40% of statutory and tax audit engagements- 10 points Less than 40% but more than or equal to 20% of statutory and tax audit engagements- 5 points Less than 20% statutory and tax audit engagements- 0 points	25
					Number of UDINs generated within specified time.	Punctuality with respect to generation of UDIN based on % of engagements .	A New Criteria introduced to encourage firms to timely generate the UDINs .	for 100% engagements--UDINs generated within 48 hours- 30	30
							Firms would be encouraged to timely generate the UDINs to	less than 100% but more than or equal to 80% engagements - UDINs generated within 48 hours- 25 points	

							score more points under this criteria.	less than 80% but more than or equal to 60% engagements - UDINs generated within 48 hours- 20 points	
								less than 60% nut more than or equal to 40% engagements - UDINs generated within 48 hours- 15 points	
								Less than 40% but more than or equal to for 20% engagements -UDINs generated within 48 hours- 10 points	
								UDINs generated after 48 hours for 100 % engagements - 0	
	Total			16					55
	1.10 Practice Management								
3.1 (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	No change	Scoring based on the threshold of average experience of partners To be calculated on the last day of the immediately preceding FY on the basis of weighted average of number of months .	There may be a change in constitution during the review period. Therefore point of time has been prescribed.	For average partner experience of partners more than or equal to 2 years but less than 5 years – 2 Points For average partner experience of partners more than or equal to 5 years but less than 7 years – 4 Points For average partner experience of partners more than or equal to 7 years but less than 10 years – 6 Points For average partner experience of partners more than or equal to 10 years – 8 Points	8
3.1 (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	Does the firm has a whistle blower policy?		No change		4

1.13					Presence and Implementation of Formats/Checklists/Templates				
					Formats/Checklists/Templates	For formats: Scoring based on Presence or not. Yes/No Answers For implementation: Full marks to be given if the format is implemented in 100% of assurance assignments for which revenue from each individual assignment constitutes 2.5% or more of total revenue from assurance services.	NEW CRITERIA	Annexure	230
Total of Section 1.				280					370
2	Human Resource Management								
				2.1	Policies and Practices				
				i	Whether the firm has clearly defined the roles and responsibilities of its following support functions: Accounts Admin IT	Scoring based on Presence or Not. Yes/No Answers	NEW CRITERIA	2 marks to be assigned for defined roles and responsibilities in respect of each function	6
				ii	Does the firm have a documented leave policy?	Scoring based on Presence or Not. Yes/No Answers	NEW CRITERIA	For Yes – 2 Points For No – 0 Point	2
				iii	Does the firm issue appointment letters to all its employees?	Scoring based on Presence or Not. Yes/No Answers	NEW CRITERIA	For Yes – 4 Points For No – 0 Point	4
				iv	Does the firm conduct exit interviews for employees leaving the organisation?	Scoring based on Presence or Not. Yes/No Answers	NEW CRITERIA	For Yes – 4 Points For No – 0 Point	4
				v	Does the firm orient new joiners in respect of its policies, procedures etc?	Scoring based on Presence or Not. Yes/No Answers	NEW CRITERIA	For Yes – 4 Points For No – 0 Point	4

				vi	Does the firm has a mechanism for- i) Clients to register their complaint/ dissatisfaction ii)Speedy disposal of complaint	Scoring based on Presence or Not. Yes/No Answers	NEW CRITERIA	For having a mechanism for clients to register their complaint: 2 Points For having a mechanism for speedy disposal of complaint: 4 points For not having such mechanism: 0 points	6
Total									26
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	May be dropped.		Covered in Annexure		0
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	May be dropped.		Covered in Annexure		0
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	May be dropped.		Covered under Digital Competency		0
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	Does the firm maintains the following minimum ratios: 1. Partners to professionally qualified employees 2. Professionally qualified employees (excluding partners) to other employees (including support functions)		1. Three category of personnel may be considered- Partners; professionally qualified employees (which include CAs; CWAs/CSs; MBAs; LLB, engineers etc.) and other Employees 2. The ratios should be defined to check implementation.	If the firm has a minimum partner to professionally qualified employees ratio of- 3 or more - 6 points less than 3 - 3 points	6
								If the firm has a minimum professionally qualified employees (excluding partners) to other employees (including support functions) ratio of- 3 or more - 6 points less than 3 - 3 points	6

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	May be dropped.		Difficult to objectively quantify		0
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	May be dropped.		Covered in Annexure		0
Total				28					12
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	Does the firm has an employee training policy specifying the minimum number of hours of training required for its personnel.		The Training policy should also include a policy on minimum number of hours of training required.		4
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	Percentage of personnel fulfilling the following Parameters of training: 1. For Partners at least 30 hours of training p.a. 2. For professionally qualified employees like CAs, CWAs, CS, Law graduates, MBAs, engineers etc. at least 30 hours p.a. 3. For others including article assistants (excluding support functions) at least 45 hours of training p.a. [No. of partners/ professionally qualified employees/ other employees may be considered as on the last day of each FY for which review is being conducted. In case if there is a change in number during the year, weighted average basis for the part of the year may be taken]	Scoring based on % of Partners fulfilling the minimum training parameters	1. Levels of employees have been defined: Partners; Professionally qualified Employees and Others 2. Parameters of training have been defined 3. Implementation can be checked on the basis of defined Parameters	Less than or equal to 50% partners have fulfilled the parameters: 0 points More than to 50% but less than or equal to 75% partners have fulfilled the parameters: 1 points More than to 75% partners have fulfilled the parameters: 2 points The said score has to be calculated for each year.	6
			30 - 60 hours per year for mid-level: 2 Points for general training and 6 points for specialised technical training			Scoring based on % of Professionally qualified Employees fulfilling the minimum training parameters	1. Levels of employees have been defined: Partners; Professionally qualified Employees and Others 2. Parameters of training have been defined 3. Implementation can be checked on the basis of defined Parameters	Less than or equal to 50% professionally qualified employees have fulfilled the parameters: 0 points More than to 50% but less than or equal to 75% professionally qualified employees have fulfilled the parameters: 2 point More than to 75% professionally qualified employees have fulfilled the parameters: 4 points The said score has to be calculated for each year.	12

			More than 30 hours for partners: 2 Points for general training and 6 points for specialised technical training			Scoring based on % of Other Employees fulfilling the minimum training parameters	1. Levels of employees have been defined: Partners; Professionally qualified Employees and Others 2. Parameters of training have been defined 3. Implementation can be checked on the basis of defined Parameters	Less than or equal to 50% other employees have fulfilled the parameters: 0 points More than to 50% but less than or equal to 75% other employees have fulfilled the parameters: 3 point More than to 75% other employees have fulfilled the parameters: 6 points The said score has to be calculated for each year.	18
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	May be dropped.		Covered under Digital Competency		0
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	Does the firm has a policy and mechanism of Appraisal of its personnel? Has the firm set standards for recruiting employees- like knowledge, experiences, performance, attributes required for the entry level and other levels ? Whether the same has been timely implemented.	Scoring based on Presence as well as implementation.	Practical implementation can be checked. The firm should have a well defined policy for annual appraisal and mechanism like interaction; appraisal by seniors on the basis of which the employees get promotions.	For Presence of policy for appraisal - 2 points Standards for recruiting employees : 2 points For Implementation- 4 points (2 for each) For no policy- 0 points	8
	Total			44					48

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	May be dropped.		Similar to 2.1 (iv)- Ratio of Partners to professionally qualified employees and Professionally qualified employees to others		0
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	Does the firm measures and monitors the employee turnover ratio and identify the reasons for high turnover, if any? Does it take measures to keep the ratio minimum?		Separate scores allocated for measuring and monitoring and for taking measures to keep the turnover minimum.	For measuring and monitoring employee turnover – 5 Points For taking measures to keep the turnover minimum- 3 Points For Not measuring and monitoring – 0 Point	8
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	May be dropped.		Already covered in 2.1 (iv)		0
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	May be dropped.		Already covered in 2.3 (ii) above		0
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	Whether the firm has complied with the Statutory requirements relating to its employees and partners: 1. PF 2. ESI 3. Gratuity 4. Maternity Leaves 5. POSH 6. Others	Negative marking for each Non-Compliance		For Yes- 0 points For No -(-1 for each non-compliance)	0
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	May be dropped.		Difficult to objectively quantify		0
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	May be dropped.		Difficult to objectively quantify		0
viii.	Access and use to 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	May be dropped.		Covered under Digital Competency		0

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	May be dropped.		As a training policy is already defined in 2.2 (i) and (ii)		0
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	Does the firm has special policies to provide its employees time to rejuvenate relax especially after busy audit seasons?		Language modification		2
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	May be dropped.		Similar to 2.3 (x)		0
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	Does the firm has 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.?		Language modification and scores reduced.	For Yes – 4 Points For No – 0 Point	4
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	May be dropped.		clubbed with 2.2 (iv)		0
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	No change			For Yes – 6 Points For No – 0 Point	6
Total				104					20
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	May be dropped.		Covered under 2.1 (iv)		0
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,	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	Does the firm has a policy to encourage employees (including partners) to qualify Diploma/ Certificate courses (i.e. DISA, Certificate Course on Ind AS, Certificate Course on Executive Master Program-	Scoring based on Presence or Not. Yes/No Answers	Language modification and scores reduced. Emphasis is on encouraging	For Yes – 4 Points For No – 0 Point	4

iii.	Members with Specialisation courses or Certifications – (Ranking can be based on newer areas or international qualification – say, Dip. IFRS or Firm Ind AS / IFRS Accreditation Requirements, etc.)	Scoring based on Presence or Not. Yes/No Answers	Upto 30% – 4 Points	12	Does the firm implement the policy stated under 2.4 (ii)?	Scoring based on % of (including partners) acquiring additional qualification as stated under 2.4 (ii) in a year		Percentage qualifying these courses in a year: Upto 10% employees (including partners)- 2 points More than 10% but equal to or less than 25%- 4 points More than 25% but equal to or less than 50%- 6 points More than or equal to 50%- 8 points The said score has to be calculated for each year.	24
			30% to 50% – 8 Points						
			Above 50% – 12 Points						
Total				32				28	
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	Does the firm has written KPIs for performance evaluation of the firm and partners?	Scoring based on Presence or Not. Yes/No Answers	Scores are reduced.	For Yes – 4 Points For No – 0 Point	4
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	Does it has specific/ determined method for measurement and evaluation of the KPIs?	Scoring based on Presence or Not. Yes/No Answers	Language modification and scores are reduced.	For Yes – 4 Points For No – 0 Point	4
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	Is there a decided frequency for the evaluation and has been consistently applied?		Scores are reduced.	For Yes – 4 Points For No – 0 Point	4
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	No change		Scores are reduced.	For Yes – 4 Points For No – 0 Point	4
Total				32					16
Total of Section 2.				240					150

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	May be dropped.		Taken under section 1		0
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	May be dropped.		Covered in Annexure		0
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	May be dropped.		Taken under section 1		0
	Total			20					0
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			May be dropped.				
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	May be dropped.		Taken under section 1		0
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	May be dropped.		Difficult to objectively quantify		0
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	May be dropped.		Difficult to objectively quantify		0
iv.	Are there adequate DA tools and IT infrastructure available and they are being used for the relevant assignment?	Scoring based on Presence or Not. Yes/No Answers	For Yes – 12 Points For No – 0 Point	12	May be dropped.		Covered under Digital Competency		0
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	May be dropped.		Difficult to objectively quantify		0
	Total			48					0

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	May be dropped.		Taken under section 1		0
ii.	Empanelment with RBI or C&AG	Scoring based on Presence or Not. Yes/No Answers	For Yes – 8 Points For No – 0 Point	8	May be dropped.		Taken under section 1		0
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	May be dropped.		Taken under section 1		0
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	May be dropped.		Taken under section 1		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	May be dropped.		Taken under section 1		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	May be dropped.		Taken under section 1	For Yes – (-20) Points For No – 0 Point	0
Total				12					0
Total of Section 3.				80					0
DIGITAL COMPETENCY							New Section		80
Total of Section 4									80

Firm Maturity Rating (AQMM V-1.0)		
Section Reference	Total Possible Points	% to Total
Section 1.	280.00	46.67
Section 2.	240.00	40.00
Section 3.	80.00	13.33
Total	600.00	100.00

Firm Maturity Rating (AQMM V-2.0)		
Section Reference	Total Possible Points	% to Total
Section 1.	370.00	61.67
Section 2.	150.00	25.00
Section 3.	-	-
Section 3 (New)	80.00	13.33
Total	600.00	100.00

Basis:	Level
Up to 25% in each section	Level 1 Firm
Above 25% to 50% in each section	Level 2 Firm
Above 50% to 75% in each section	Level 3 Firm
Above 75% in each section	Level 4 firm

ANNEXURE				
S. No.	Details of Formats/Checklists/Templates	Marks for presence	Marks for Implementation	Total
1	Client acceptance/continuation and appointment formalities	1	2	3
2	Engagement Acceptance / Continuation Decision Checklist	1	2	3
3	Independence Confirmations - personal, firm and non audit services	1	2	3
4	Confidentiality Undertakings	1	2	3
5	Engagement letter	1	5	6
6	Planning Scope of Engagement	1	2	3
7	Budgeting resources and hours including experts time and cost	1	2	3
8	Understanding the Clients (KYC) Business , its industry & Key People	1	2	3
9	Significant applicable Laws and Regulations	1	5	6
10	Understanding and walk through of Processes impacting significant accounts	1	2	3
11	Identifying Significant Risks, fraud risk and risk of material misstatement and plan to address	1	5	6
12	Preliminary analytical procedures	1	2	3
13	Working of materiality, Performance materiality and tolerable error (audit differences) and its basis	1	5	6
14	Testing strategy and deterring nature, extent and timing of auditing procedures	1	3	4
15	Team planning meeting and its minutes	1	2	3
16	Allocation of work and timing of execution and review	1	2	3
17	Outcome of Test of control including IT environment, IT general controls, IT application controls and determination of substantive strategy	1	4	5
18	Sampling basis	1	4	5
19	Preparing detailed Audit Strategy document including instructions to component auditors, if any	1	2	3
20	Substantive Audit procedures adopted and performed for each item of B/S; Operating income and expenses?	1	10	11
21	Audit procedures planned and performed to check the appropriateness of the going concern assumption	1	2	3
22	Audit procedures planned and performed to check the subsequent events as per SA 560 that could have an impact on the financial statements	1	2	3
23	Checking the completeness of Related Party Transactions and compliance with the same	1	5	6
24	Internal Control Over Financial Reporting (ICFR)	1	5	6

25	Procedures to verify the journal entries and check the authenticity of the same on the financial statement	1	2	3
26	Contingent Liability - covering nature; management procedure for identification and reporting of CL and movement from Previous year FS to current year	1	2	3
27	Use of Work of Experts or internal auditor	1	2	3
28	Secretarial Compliances	1	2	3
29	Accounting Policies Checklist	1	5	6
30	Schedule III Checklist	1	5	6
31	CARO Checklist	1	5	6
32	Checklist of Accounting Standard and Ind AS (for all standards)	1	10	11
33	Checklist of Standards on Auditing (for all standards)	1	10	11
34	Audit Report and Financial Statements including Notes to accounts & Cash flow	1	5	6
35	Engagement Quality Control Review Process where applicable	1	4	5
36	Management Representation Letter	1	5	6
37	SUM/SAD - "summary of uncorrected misstatements"/"summary/schedule of unadjusted differences	1	2	3
38	Analysis of Actual and budgeted Manhours	1	3	4
39	Final Analytical procedures	1	2	3
40	Closure and archival of files	1	2	3
41	Any other format/ checklist/ template (1 mark each for presence and 2 marks each for implementation) - Maximum	10	20	30
	TOTAL	50	165	215
	Whether ALL the above Checklists/ formats/ templates are reviewed and updated on a frequent basis (at least annually) or with each change in the respective regulation or statute and remedial action taken and a document is maintained for the same.	For Yes: 15 points For No: 0		15
	TOTAL			230