

AQMM V 2.0

Competency Basis	Competency Basis	Score Criteria	Score Basis	Maximum Score
1	Practice Management – Operation			
1.1	Practice Areas of the Firm			
i	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.	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 has a forward looking Vision and Mission Statement?	Scoring basis on presence or not of the vision & mission statement.	For No- 0 Points For having a vision and mission statement- 2 points	2
	Total			7
1.2	Work Flow - Practice Manuals			
i.	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	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
	Total			12
1.3	Service Delivery - Effort monitoring			
i	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	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
	Total			20
1.4	Quality Control for engagements			
i	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	For Yes – (-20) Points For No – 0 Point	0

ii	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	For Yes – (-100) Points For No – 0 Point	0
iii.	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	For Yes – (-20) Points For No – 0 Point	0
iv.	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	For Yes – (-100) Points For No – 0 Point	0
v.	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	For Yes – (-20) Points For No – 0 Point	0
vi	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
vii	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	For Yes – (-250) Points For No – 0 Point	0
viii	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
ix	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
x	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.?	Scoring based on Presence or Not. Yes/No Answers	For Yes – (-100) Points For No – 0 Point	0
xi	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	For Yes – (-20) Points For No – 0 Point	0
xii.	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 and a log of consultation is available for access as and when required?	Scoring based on Presence or Not. Yes/No Answers	For Yes – 8 Points For No – 0 Point	8
Total				8

1.5 Client Sensitisation				
i.	<p>Does the firm communicates with the clients including TCWG to discuss with them the following:</p> <p>1. Significant risks (including fraud risk) identified and auditing procedures planned/undertaken to address those risk.</p> <p>2.Key changes relating to accounting, auditing, reporting or other regulatory requirements impacting the client</p> <p>3.Key Accounting and/or Auditing Matters which arose during the course of audit and basis on which those were concluded including modification of audit opinion.</p> <p>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.</p> <p>5.Significant judgements and estimates relied and its reasonability or otherwise</p>	Scoring based on Presence or Not. Yes/No Answers	<p>For Yes – 8 Points</p> <p>For No – 0 Point</p>	8
Total				8
1.6 Regulatory Compliances				
i.	<p>Whether the client wise revenue is in compliance with the Code of Ethics</p> <p>[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.</p> <p>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.</p>	Scoring based on Presence or Not. Yes/No Answers	<p>For Yes - 0 point</p> <p>For No -(-20) points</p>	0
ii.	Adherence to a minimum scale of fees standards recommended by ICAI	Scoring criteria has been divided into 5 parts with more weightage being given for higher level of compliance.	<p>Upto 100% of the statutory and tax audit engagements - 25 points</p> <p>Less than 100% but more than or equal to 80% of statutory and tax audit engagements- 20 points</p> <p>Less than 80% but more than or equal to 60% of statutory and tax audit engagements- 15 points</p> <p>Less than 60% but more than or equal to 40% of statutory and tax audit engagements- 10 points</p> <p>Less than 40% but more than or equal to 20% of statutory and tax audit engagements- 5 points</p> <p>Less than 20% statutory and tax audit engagements- 0 points</p>	25
iii.	Number of UDINs generated within specified time.	Points based percentage of assurance engagements for which UDINs are generated within specified hours to timely generate the UDINs .	<p>for 100% engagements--UDINs generated within 48 hours-30</p> <p>less than 100% but more than or equal to 80% engagements -UDINs generated within 48 hours- 25 points</p> <p>less than 80% but more than or equal to 60% engagements -UDINs generated within 48 hours- 20 points</p> <p>less than 60% nut more than or equal to 40% engagements - UDINs generated within 48 hours- 15 points</p>	30

			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			55
1.7	Practice Management - Strategic/Functional			
i.	Does the firm has a balanced mix of experienced and new Assurance partners?	Scoring based on the threshold of average experience of partners (May be calculated on the last day of the immediately preceding FY on the basis of weighted average of number of months .)	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
ii.	Does the firm has a whistle blower policy?	Scoring based on Presence or Not. Yes/No Answers	For Yes – 4 Point For No – 0 Point	4
	Total			12
1.8	Infrastructure – Physical			
i.	Number of Branches & Associates and network firms and affiliates	Scoring based on Nos.	Upto 3 – 3 Points 4 to 7 – 6 Points 8 to 15 – 9 Points More than 15 – 12 Points	12
	Total			12
1.9	Practice Credentials			
i.	Does the firm holds a valid Peer Review Certificate	Scoring based on Presence or Not. Yes/No Answers	For Yes – 2 Point For No – 0 Point	2
ii.	Is the firm Empanelled with C&AG?	Scoring based on Presence or Not. Yes/No Answers	For Yes – 2 Points For No – 0 Point	2
iii.	Is the firm Empanelled with RBI?	Scoring based on Presence or Not. Yes/No Answers	For Yes – 2 Points For No – 0 Point	2
	Total			6
1.10		Presence and implementation of Formats/Checklists/ Templates		
i.	Formats/Checklists/Templates	For formats/Checklists/Templates: Scoring based on Presence or not. Yes/No Answers For implementation: Full marks to be given only if the format/Checklist/Template 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.	Refer Annexure	230
	Total of Section 1.			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	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	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	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	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	For Yes – 4 Points For No – 0 Point	4
vi	Does the firm have a mechanism for- i) Clients to register their complaint/ dissatisfaction ii) Speedy disposal of complaint	Scoring based on Presence or Not. Yes/No Answers	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
2.2	Resource Planning & Monitoring as per the firm's policy			
i	Does the firm maintain the following minimum ratios: 1. Partners to professionally qualified employees 2. Professionally qualified employees (excluding partners) to other employees (including support functions)	Scoring based on Presence or Not. Yes/No Answers	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
Total				12
2.3	Employee Training & Development			
i.	Does the firm have an employee training policy specifying the minimum number of hours of training required for its personnel.	Scoring based on Presence or Not. Yes/No Answers	For Yes – 4 Point For No – 0 Point	4

ii	<p>Percentage of personnel fulfilling the following Parameters of training:</p> <p>1. For Partners at least 30 hours of training p.a.</p> <p>2.For professionally qualified employees like CAs, CWAs, CS, Law graduates, MBAs, engineers etc. at least 30 hours p.a.</p> <p>3.For others including article assistants (excluding support functions) at least 45 hours of training p.a.</p> <p>[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]</p>	Scoring based on % of Partners fulfilling the minimum training parameters	<p>Less than or equal to 50% partners have fulfilled the parameters: 0 points</p> <p>More than to 50% but less than or equal to 75% partners have fulfilled the parameters: 1 points</p> <p>More than to 75% partners have fulfilled the parameters: 2 points</p> <p>The said score has to be calculated for each year.</p>	6
		Scoring based on % of Professionally qualified Employees fulfilling the minimum training parameters	<p>Less than or equal to 50% professionally qualified employees have fulfilled the parameters: 0 points</p> <p>More than to 50% but less than or equal to 75% professionally qualified employees have fulfilled the parameters: 2 point</p> <p>More than to 75% professionally qualified employees have fulfilled the parameters: 4 points</p> <p>The said score has to be calculated for each year.</p>	12
		Scoring based on % of Other Employees fulfilling the minimum training parameters	<p>Less than or equal to 50% other employees have fulfilled the parameters: 0 points</p> <p>More than to 50% but less than or equal to 75% other employees have fulfilled the parameters: 3 point</p> <p>More than to 75% other employees have fulfilled the parameters: 6 points</p> <p>The said score has to be calculated for each year.</p>	18
iii.	<p>Does the firm has a policy and mechanism of Appraisal of its personnel?</p> <p>Has the firm set standards for recruiting employees- like knowledge, experiences, performance, attributes required for the entry level and other levels ?</p> <p>Whether the same has been timely implemented?</p>	Scoring based on Presence as well as implementation.	<p>For Presence of policy for appraisal - 2 points</p> <p>For having set Standards for recruiting employees : 2 points</p> <p>For Implementation- 4 points (2 for each)</p> <p>For no policy- 0 points</p>	8
Total				48
2.4	Resources Turnover & Compensation Management			

i	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?	Scoring based on Presence or Not. Yes/No Answers	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
ii	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
iii.	Does the firm has special policies to provide its employees time to relax especially after busy audit seasons?	Scoring based on Presence or Not. Yes/No Answers	For Yes – 2 Points For No – 0 Point	2
iv.	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.?	Scoring based on Presence or Not. Yes/No Answers	For Yes – 4 Points For No – 0 Point	4
v	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 – 6 Points For No – 0 Point	6
Total				20
2.5 Qualification Skill Set of employees and use of Experts				
i	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-New Age Auditors” conducted by ICAI) and CISA which can improve audit efficiency and quality.	Scoring based on Presence or Not. Yes/No Answers	For Yes – 4 Points For No – 0 Point	4
ii	Does the firm implement the policy stated under 2.5 (i)?	Scoring based on % of (including partners) acquiring additional qualification as stated under 2.5 (i) 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
Total				28

2.6	Performance evaluation measures carried out by the firm (KPI's)			
i.	Does the firm has written KPIs for performance evaluation of the employees and partners?	Scoring based on Presence or Not. Yes/No Answers	For Yes – 4 Points For No – 0 Point	4
ii.	Does it has specific/ determined method for measurement and evaluation of the KPIs?	Scoring based on Presence or Not. Yes/No Answers	For Yes – 4 Points For No – 0 Point	4
iii.	Is there a decided frequency for the evaluation and has been consistently applied?	Scoring based on Presence or Not. Yes/No Answers	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 – 4 Points For No – 0 Point	4
	Total			16
	Total of Section 2.			150
3	DIGITAL COMPETENCY			
3.1	Managing Digital Identity			
i	Does the firm has a registered Domain Name?	Scoring based on Presence or Not. Yes/No Answers	For Yes – 1 Point For No – 0 Point	1
ii	Does the firm has a registered website? Is the website updated on a regular basis?	Scoring based on Presence or Not. Yes/No Answers	For having a website: 1 point For regular update: 1 point For not having a website: 0 points	2
iii	Does the firm has a corporate mail ID? Is it available for all the office staff (excluding articles)? Are the mails stored in an external server?	Scoring based on Presence or Not. Yes/No Answers	For having a corporate mail id: 1 point for availability to all office staff : 1 point For storage of mails in n externl server: 1 point For not having a corporate mail id: 0 points	3
iv	Does the firm has Social Media Presence? Is there a minimum of one update posted by the firm in a month?	Scoring based on Presence or Not. Yes/No Answers	For having a social media presence: 1 point For having a minimum one post: 1 point For not having a socil media presence: 0 points	2
	Total			8
3.2	Operational Process Automation			
i	Is there biometric/IP address tracking for attendance?	Scoring based on Presence or Not. Yes/No Answers	For Yes – 1 Point For No – 0 Point	1
ii	Are there HR Tools available for Interview Management and Performance Management?	Scoring based on Presence or Not. Yes/No Answers	For Yes – 1 Point For No – 0 Point	1
iii	Are there time sheets being made by the employees and articles on a periodic basis?	Scoring based on Presence or Not. Yes/No Answers	For Yes – 1 Point For No – 0 Point	1
iv	Are the time sheets being verified by the Partners/HR?	Scoring based on Presence or Not. Yes/No Answers	For Yes – 1 Point For No – 0 Point	1
v	Are time sheets being co-related with attendance to verify for any deviations?	Scoring based on Presence or Not. Yes/No Answers	For Yes – 1 Point For No – 0 Point	1
vi	Are the internal workflow and documentation managed on a digital workflow management system and are there any digitized workflow tools?	Scoring based on Presence or Not. Yes/No Answers	For Yes – 1 Point For No – 0 Point	1
	Total			6
3.3	Centralized file storage system/server:			

i	Is there a centralized file storage system/server?	Scoring based on Presence or Not. Yes/No Answers	For Yes – 1 Point For No – 0 Point	1
ii	Are all the files being uploaded on the server on a regular basis?	Scoring based on Presence or Not. Yes/No Answers	For Yes – 1 Point For No – 0 Point	1
iii	Is back-up done for the files uploaded on system/server?	Scoring based on Presence or Not. Yes/No Answers	For Yes – 1 Point For No – 0 Point	1
iv	Are documents of client services stored electronically or digitally?	Scoring based on Presence or Not. Yes/No Answers	For Yes – 1 Point For No – 0 Point	1
	Total			4
3.4	Application for invoicing and receivable management			
i	Is there an application available for invoicing and receivable management?	Scoring based on Presence or Not. Yes/No Answers	For Yes – 1 Point For No – 0 Point	1
ii	Does the system gives report on outstanding balance on periodic basis?	Scoring based on Presence or Not. Yes/No Answers	For Yes – 1 Point For No – 0 Point	1
	Total			2
3.5	Redundancy and Continuity			
i	Is all the data being uploaded on server on a daily/periodic basis?	Scoring based on Presence or Not. Yes/No Answers	For Yes -1 point For No - 0 Point	1
ii	Is the back-up data stored in multiple locations?	Scoring based on Presence or Not. Yes/No Answers	For Yes -1 point For No - 0 Point	1
iii	Is this process of backup automated?	Scoring based on Presence or Not. Yes/No Answers	For Yes -1 point For No - 0 Point	1
iv	Are there multiple connections available in case of connectivity issues in one connection?	Scoring based on Presence or Not. Yes/No Answers	For Yes -1 point For No - 0 Point	1
	Total			4
3.6	Laptop and Data Security			
i	Are the laptops secured through drive encryption?	Scoring based on Presence or Not. Yes/No Answers	For Yes -1 point For No - 0 Point	1
ii	Are there laptops/PDAs given to employees/articles for official use?	Scoring based on Presence or Not. Yes/No Answers	For Yes -1 point For No - 0 Point	1
iii	Are all the systems secured through antivirus?	Scoring based on Presence or Not. Yes/No Answers	For Yes -1 point For No - 0 Point	1
iv	Are systems being updated with the latest security definitions?	Scoring based on Presence or Not. Yes/No Answers	For Yes -1 point For No - 0 Point	1
v	Are critical communications digitally secured (either through digital signatures or passwords/other mechanism)	Scoring based on Presence or Not. Yes/No Answers	For Yes -1 point For No - 0 Point	1
vi	Is the access to internet restricted on need only basis and use of data cards is also routed through corporate firewalls/filtering of websites.		For Yes -1 point For No - 0 Point	1
vii	Is there BYOD (Bring your own device) policy available in the firm? Do these devices have any end point security applied to the systems?	Scoring based on Presence or Not. Yes/No Answers	For having a policy: 1 point For having end point security in the devices: 1 point for not having a policy or for not having an end point security: 0 points	2
viii	Is there an IT policy available for the firm and is the policy being read and acknowledged and regularly reiterated to the firms employees?	Scoring based on Presence or Not. Yes/No Answers	For Yes -1 point For No - 0 Point	1
ix	Is there any password policy?	Scoring based on Presence or Not. Yes/No Answers	For Yes -1 point For No - 0 Point	1
x	Does the e-password need to be changed on a periodic basis?	Scoring based on Presence or Not. Yes/No Answers	For Yes -1 point For No - 0 Point	1
	Total			11
3.7	Copyright and Licenses			

i	Are all software being used appropriately licensed?	Scoring based on Presence or Not. Yes/No Answers	For Yes -1 point	For No - 0 Point	1
ii	Is there a list of licenses along with the expiry date maintained?	Scoring based on Presence or Not. Yes/No Answers	For Yes -1 point	For No - 0 Point	1
Total					2
3.8	Digital Media for Communication				
i	Is there an internal employee portal available?	Scoring based on Presence or Not. Yes/No Answers	For Yes -1 point	For No - 0 Point	1
ii	Is the portal accessible outside the office premises?	Scoring based on Presence or Not. Yes/No Answers	For Yes -1 point	For No - 0 Point	1
iii	Is all data/content relating to firm's audit programs,checklists, sample representation letters, trainings, etc. available and updated on real time basis?	Scoring based on Presence or Not. Yes/No Answers	For Yes -1 point	For No - 0 Point	1
iv	Is the access to the portal through a login ID and password?	Scoring based on Presence or Not. Yes/No Answers	For Yes -1 point	For No - 0 Point	1
Total					4
3.9	Protecting Personal Data and Privacy				
i	Is all employee related personal information/HR data in electronic form secured from unauthorized access and all the systems having sensitive HR data being protected by passwords?	Scoring based on Presence or Not. Yes/No Answers	For Yes -1 point	For No - 0 Point	1
ii	Are social media background checks done on key employees?	Scoring based on Presence or Not. Yes/No Answers	For Yes -1 point	For No - 0 Point	1
iii	Are their social media profiles monitored for verification of existing relationship with clients?	Scoring based on Presence or Not. Yes/No Answers	For Yes -1 point	For No - 0 Point	1
iv	Are employees, including articles are sensitized on due care to be taken relating to sharing client specific information during induction and on a regular basis.	Scoring based on Presence or Not. Yes/No Answers	For Yes -1 point	For No - 0 Point	1
v	Does the firm have a Term of Usage policy for usage of data and assets under their control?	Scoring based on Presence or Not. Yes/No Answers	For Yes -1 point	For No - 0 Point	1
vi	Has the firm classified data into sensitive and non-sensitive data?	Scoring based on Presence or Not. Yes/No Answers	For yes -1 point	For no- 0 point	1
Total					6
3.10	Information Systems Related Audits/ Reviews				
i	Has the firm carried out audits relating to IT Security -General control reviews?	Scoring based on Presence or Not. Yes/No Answers	For Yes -1 point	For No - 0 Point	1
ii	Are there any Application Security and Vulnerability Audits performed?	Scoring based on Presence or Not. Yes/No Answers	For Yes -1 point	For No - 0 Point	1
iii	Has the firm obtained any external certifications like,ISO 27001, ISO 9001, etc.	Scoring based on Presence or Not. Yes/No Answers	For Yes -1 point	For No - 0 Point	1
Total					3
3.11	Design of Application Level Controls				
i	Does the firm has a CRM/e-mailing software for client communication management?	Scoring based on Presence or Not. Yes/No Answers	For Yes -1 point	For No - 0 Point	1
Total					1
3.12	Custody of Digital Assets				
i	Does the firm has an inventory of assets (Hardware, Software, License, etc.)?	Scoring based on Presence or Not. Yes/No Answers	For Yes -1 point 0 Point	For No - 0 Point	1
ii	Are the assets been given unique ID?	Scoring based on Presence or Not. Yes/No Answers	For Yes -1 point Point	For No - 0 Point	1
iii	Are all the digital signatures in the custody of authorized personnel?	Scoring based on Presence or Not. Yes/No Answers	For Yes -1 point No - 0 Point	For 0 Point	1
iv	Does the firm has an approval system for usage of digital signatures?	Scoring based on Presence or Not. Yes/No Answers	For Yes -1 point Point	For No -0 Point	1
v	Has the firm deployed any mechanism/ tools to safeguard the login credentials for various clients?	Scoring based on Presence or Not. Yes/No Answers	For yes -1 point Point	For No -0 Point	1
Total					5

3.13 - Availability of qualified resource pool and talent development relating to digital competencies					
i	Is there an in-house system administrator or Cloud administrator (in case of cloud deployment)	Scoring based on Presence or Not. Yes/No Answers	For Yes -1 point Point	For No - 0	1
ii	Is there an Annual Maintenance Contract (AMC) for IT Support/ maintenance	Scoring based on Presence or Not. Yes/No Answers	For Yes -1 point Point	For No - 0	1
iii	Are there trainings being conducted on digital communication by the firm for its staff?	Scoring based on Presence or Not. Yes/No Answers	For Yes -1 point Point	For No - 0	1
iv	Does the firm sensitize its employees on issues like cyberbullying, Phishing attacks/spear phishing attacks targeting key employees and Malware threat indicators	Scoring based on Presence or Not. Yes/No Answers	For Yes -1 point Point	For No - 0	1
v	Does the firm has an online/on-demand learning portal which employees can access from anywhere?	Scoring based on Presence or Not. Yes/No Answers	For Yes -1 point Point	For No - 0	1
vi	Has the firm subscribed to any digital learning platforms for skill development of its staff?	Scoring based on Presence or Not. Yes/No Answers	For Yes -1 point Point	For No - 0	1
vii	Are staff encouraged to put IT to creative use, say using an app for statutory due date alerts, alerts relating to professional updates, automating a routine function, etc.	Scoring based on number of initiatives taken during the review period.	1 to 2 initiatives - 2 Points 3 to 4 initiatives - 3 Points More than 4 initiatives - 4 Points		4
Total					10
3.14 - Level of automation relating to audit processes and nature of audit services being rendered					
i	Does the firm has a process of reviewing IT controls before the start of audit?	Scoring based on Presence or Not. Yes/No Answers	For Yes -1 point 0 Point	For No -	1
ii	Does the firm uses any application software/tool for audit planning- including scheduling, resource deployment, tracking hours/days spent vs. budgeted time, etc.	Scoring based on number of softwares developed during the review period	1 to 2 Softwares -1 points 3 to 4 Softwares- 2 points more than 4 Software -3 Points		3
iii	Does the firm has/uses automated audit tools for data extraction, sampling, applying analytics, etc.	Scoring based on Presence or Not. Yes/No Answers	For Yes -1 points 0 Point	For No	1
iv	Are the staff, including the articles adequately trained on usage of the tools and interpretation of results thereof?	Scoring based on Presence or Not. Yes/No Answers	For Yes -1 points 0 Point	For No	1
v	Are the audit staff trained on identifying, obtaining, analyzing and retaining relevant digital evidence pertaining to their audit work?	Scoring based on Presence or Not. Yes/No Answers	For Yes -1 points 0 Point	For No	1
vi	Are there scenarios where client's core processes are fully automated and the audit staff uses the audit process in the system to verify the process rather than conducting the normal manual audit techniques?	Scoring based on Presence or Not. Yes/No Answers	For Yes -1 point 0 Point	For No -	1
vii	Does the firm uses various tools for Data Analytics such as,eCAAT, Power BI, Tableau, etc.	Scoring based on Presence or Not. Yes/No Answers	For Yes -1 point 0 Point	For No -	1
viii	Are any customized apps being used by the firmfor the regular office tasks,say generating engagement letter, audit confirmations, invoice generation, etc.	Scoring based on Presence or Not. Yes/No Answers	For Yes -1 points 0 Point	For No	1
ix	Has the firm used in-built audit capabilities in client applications say, Audit Management Module in SAP, Oracle Financials, audit features in Tally, etc.?	Scoring based on Presence or Not. Yes/No Answers	For Yes -1 points 0 Point	For No	1
Total					11
3.15 Adaptation of advanced and emerging technologies					
i	Has the firm deployed any tools pertaining to Artificial Intelligence in accounting/ office operations?	Scoring based on Presence or Not. Yes/No Answers	For Yes -1 point For No - 0 Point		1
ii	Are there Mobile apps/APIs for the firm, clients,article staff, etc. in which all the information pertaining to the firm is available and which is available to its staff as well as its clients?	Scoring based on Presence or Not. Yes/No Answers	For Yes -1 point For No - 0 Point		1
iii	Awareness of concepts of blockchain and how it could impact our profession	Scoring based on Presence or Not. Yes/No Answers	For Yes -1 point For No - 0 Point		1
Total					3

	TOTAL SCORE OF SECTION 3			80
	Section Reference	Total Possible Score	% to Total	
	Section 1.	370	61.66666667	
	Section 2.	150	25	
	Section 3.	80	13.33333333	
	Total	600	100	

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