



The Institute of Chartered Accountants of India
(Set up by Act of Parliament)

AUDIT

QUALITY MATURITY MODEL

Revised Version 1.0

CAQ
Centre for Audit Quality

Members of CAQ



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Convenor, CAQ



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Deputy Convenor, CAQ



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



Centre for Audit Quality
The Institute of Chartered Accountants of India
(Set up by an Act of Parliament)
New Delhi

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Revised Edition	:	September 6, 2022
First Edition	:	July, 2021
Committee/Directorate	:	Centre for Audit Quality, ICAI
Email	:	caq@icai.in
Website	:	www.icai.org
ISBN No	:	978-93-90668-58-8
Published by	:	The Publication Department on behalf of the Institute of Chartered Accountants of India, ICAI Bhawan, Post Box No. 7100, Indraprastha Marg, New Delhi-110 002.

Message from President, ICAI



CA. (Dr.) Debashis Mitra
President, ICAI

The Centre for Audit Quality (CAQ) has been formed by the Institute of Chartered Accountants of India (ICAI) to develop Framework for Audit Quality, to work on key elements of Audit Quality, to develop Audit Quality Maturity Model, and to develop and promote Audit Quality Indicators. It was envisaged that in changing times, a Centre for Audit quality plays an important role that would further build Investor's confidence and develop Public trust at large.

As a step in this direction, the CAQ of ICAI, in the year 2021, launched Audit Quality Maturity Model - Version 1.0 (AQMM v1.0). A model launched for the audit firms for evaluating the current level of Audit Maturity, identifying areas where competencies are good or lacking and developing a road map for upgrading to a higher level of maturity. A few changes have been done in AQMMv1.0 for the benefit of the firms falling under the coverage and hence this revised version has been released.

I compliment CA. Durgesh Kumar Kabra, Convenor, CA. Ranjeet Agarwal, Deputy Convenor, and all other members of the CAQ for bringing out the revised version.

I am confident that the members would find this AQMM very useful.

Place: New Delhi

Date: September 6, 2022

Message from Vice President, ICAI



CA. Aniket Sunil Talati
Vice President, ICAI

The caliber of financial reporting helps building confident and informed markets and investors. Financial Stability at a global level is supported through high quality audits which foster trust in the quality of reporting. Therefore, improving Audit Quality is highly imperative in the times when new age technologies such as Data Analytics and Robotics Process Automation have come into being.

Audit Quality Indicators (AQIs) are quantitative and qualitative measures of audit quality, including both inputs and outputs. They indicate the firm's historical, present and future ability to perform quality audits, as well as providing insights into audit quality when read with other AQIs and relevant context.

The Audit Quality Maturity Model version 1.0 (AQMMv1.0) launched by The Institute of Chartered Accountants of India (ICAI) in July 2021 is essentially a capacity building measure for Firms. It is an amalgamation of a well- researched set of AQIs which help the firms to arrive at their audit quality maturity. With the help of this model the firms can also monitor trends in quality which would provide an insight into the functioning of the audit practice so that firms can identify where changes are needed.

The evaluation of the maturity using the AQMMv1.0 has been made mandatory for a certain set of firms from the 1st of April, 2023 as a self-evaluation model.

I compliment CA. Durgesh Kumar Kabra, Convenor, CA. Ranjeet Kumar Agarwal, Deputy Convenor and the members of the Centre for Audit Quality (CAQ) of ICAI for bringing out the revised version of the AQMM v1.0 with relevant upgradations to assist the firms in assessing their audit quality.

I am confident that the firms would be able to understand whether they have the ideal conditions - including policies, procedures and resources - in place to promote high-quality audits using the AQMMv1.0.

Place: New Delhi

Date: September 1, 2022

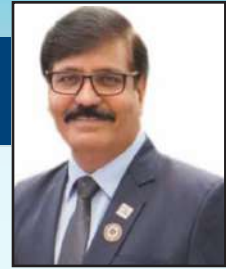
Message from Convenor, CAQ and Deputy Convenor, CAQ

Audit quality is the hallmark of the audit profession. It is very essential to perform high audit quality with a view to create trust in the external stakeholders and users of the financial information. Today stakeholders have grown beyond shareholders and business organizations, industry, and the Government rely upon the assurance given by the Chartered Accountants for sound financial accounting, reporting, and effective financial management. Chartered Accountants with their strong expertise render high-quality services that ultimately benefit the economy.

The Audit Quality Maturity Model v1.0 (AQMMv1.0) released by the Centre of Audit Quality (CAQ) of The Institute of Chartered Accountants of India (ICAI) on the 1st July 2021 has been an initiative for helping the firms in assessing their current audit maturity level. The model was developed with the involvement and brainstorming of not only the Members of the CAQ but also experts in audit.

The firms conducting audit of listed company, bank or an insurance company would be required to mandatorily undertake the evaluation using the AQMMv1.0 beginning 1st of April 2023. The level of the firm arrived using the model would also be reviewed by a peer reviewer and hosted on the website of the ICAI. Very minute changes have been carried out in the AQMMv1.0 for the benefit of the firms.

The evaluation model is divided into three broad sections and the evaluation technique requires determining the scores in each section and not to any individual section. The level of the firm is arrived at after attaining the minimum scores under each of the three sub-sections of the model. I request the Audit firms to maintain the underlying support-



CA. Durgesh Kumar Kabra
Convenor, CAQ



CA. Ranjeet Kumar Agarwal
Deputy Convenor, CAQ

ing documents for their scores for the purpose of substantiating the review process. I would also urge the firms to go through the Implementation Guide on AQMM v 1.0 and the FAQs before undertaking the evaluation.

The various wings of the Institute have been advised to organise several awareness programmes on AQMM so that the firms assess their current maturity levels. The CAQ shall also be organising meeting with the firms under the mandate and the peer reviewers across the five regions.

We are extremely thankful to CA. (Dr.) Debashis Mishra, President, ICAI and CA. Aniket Sunil Talati, Vice President, ICAI for supporting the Activities of the Centre for Audit Quality.

We also wish to thank CA. Ruchika Bachchani, Secretary, ICAI and other office staff for their hard work in revising the AQMM v 1.0. We are sure that the AQMM v 1.0 shall be useful and relevant to the users of the model.

We are open to any feedback/suggestions on the various projects of the Centre for Audit Quality. Feel free to reach out to us at caq@icai.in or contact 011-30110509.

Place: New Delhi

Date: September 1, 2022

Explanatory Memorandum on Applicability of Audit Quality Maturity Model - Revised Version 1.0 (AQMM Revised v1.0)

The Audit Quality Maturity Model – (AQMM v1.0) is a capacity building measure initiated by ICAI. The AQMM v 1.0 was launched on the 1st of July 2021 as a self-evaluation recommendatory model for evaluating the current level of Audit Maturity of the firms. AQMM v 1.0 is an evaluation model, an amalgamation of a well- researched set of Audit Quality Indicators (AQIs), which not only help firms to arrive at their current maturity level but will also provide a mechanism to help and guide to improve their audit quality. It is a cross-functional evaluation model covering key areas of not only audit engagements but also audit practice at the firm level. It includes operations of the firm include revenue budgeting and pricing, audit practice manual, budgeting of engagements, time sheet, use of technology adoption, quality control for engagements, Human Resource Management including resource planning and monitoring, performance evaluation and compensation, physical and IT infrastructure.

The council at its recent meeting held on 28th August 2022, approved the revised AQMMv1.0 with two miniscule changes under Section 1.5(i) and 3.3(ii). The firms auditing the following types of entities are to mandatorily assess their level of audit quality maturity using the AQMM Rev v1.0 from 1st April 2023:

- (a) A listed entity; or
- (b) Banks other than co-operative banks (except multi-state co-operative banks); or
- (c) Insurance Companies

However, firms doing only branch audits are not covered.

The scores and the level obtained by the firms shall be reviewed by the peer reviewer alongside the peer review cycle. The firms may refer to the detailed announcement made by the Centre for Audit Quality in this regard.

The level of the firm obtained through self-evaluation using AQMM should not be publicized or mentioned in any public domain e.g. on professional documents, visiting cards, letterheads, or signboards, etc. as it may amount to solicitation in view of the provisions of Chartered Accountants Act, 1949.

However, the level of the firm assessed using AQMM and reviewed by the Peer Reviewer / AQMM Reviewer shall be hosted on the website of the ICAI alongside the date of expiry of the Peer Review Certificate (refer to the announcement on the website of ICAI).

The Audit Quality Maturity Model – Version 1.0 (AQMM v1.0) is attached below.

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

Competency Basis	Score Criteria	Score Basis	Max Scores	
1 PRACTICE MANAGEMENT – OPERATION				
1.1. Practice Areas of the Firm				
i	Revenue from audit and assurance services.	i. Minimum 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% – 5 Points (iii) Above 75% – 8 Points	8
ii	Does the firm have a vision and mission statement? Does it address Forward looking practice statements/Plans?	i. Scoring based on Presence and implementation or Not. Answers: Yes/No	For Yes – 4 Points For No – 0 Point	4
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
ii.	Availability of standard formats relevant for audit quality like - - Letter of Engagement (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
Total			16	

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

Competency Basis	Score Criteria	Score Basis	Max Scores	
1.3. Quality Review Manuals or Audit Tool				
i.	Usage of Client Acceptance/ engagement acceptance checklists and adequate documentaion thereof.	Scoring based on Presence or Not. Yes/No Answers	For Yes – 4 Points For No – 0 Point	4
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 Points For No – 0 Point	4
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 Points For No – 0 Point	4
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 Points For No – 0 Point	4
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 Points For No – 0 Point	4
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 Points For No – 0 Point	4
Total			24	

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

Competency Basis	Score Criteria	Score Basis	Max Scores
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 Points For No – 0 Point	4
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 Points For No – 0 Point	4
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	20
		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			
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.)?	Scoring based on Presence or Not. Yes/No Answers For Yes – 8 Points For No – 0 Point	8
Total			36

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

Competency Basis	Score Criteria	Score Basis	Max Scores
1.5 Quality Control for engagements			
i.	Does the firm have a Quality review for all listed audit engagements as per para 60 of the 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
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 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
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 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

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

Competency Basis	Score Criteria	Score Basis	Max Scores	
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
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
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
Total			80	

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

Competency Basis	Score Criteria	Score Basis	Max Scores
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
ii.	The number of statutory audit engagements re- worked (filing errors, information insufficiency, wrong interpretation of provisions, etc.).	Negative Scoring based on %	0
		Less then 5% – 0 Point	
		More than 5% to 15%: (-1) Point	
		More than 15% to 30%: (-2) Points	
		More than 30% to 50%: (-3) Points	
iii.	Number of client disputes (other than fees disputes) and how they are addressed.	Negative Scoring based on % of clients	0
		Less then 5% – 0 Point	
		More than 5% to 15%: (-1) Point	
		More than 15% to 30%: (-2) Points	
		More than 30% to 50%: (-3) 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 backlog, engagement agreed upon and not commenced, WIP, etc. (Excl. of client-side delays)]	Scoring based on Presence or Not. Yes/No Answers	12
		For Yes – 12 Points	
		For No – 0 Point	
Total			16

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

Competency Basis	Score Criteria	Score Basis	Max Scores	
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
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
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
	• 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
	• Project or activity management/ Timesheet management	Scoring based on Presence or Not. Yes/No Answers	For Yes – 4 Points For No – 0 Point	4
	• Digital storage of records (scan, etc.)	Scoring based on Presence or Not. Yes/No Answers	For Yes – 4 Points For No – 0 Point	4

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

Competency Basis		Score Criteria	Score Basis	Max Scores
	• Centralised server/ Cloud	Scoring based on Presence or Not. Yes/No Answers	For Yes – 4 Points For No – 0 Point	4
	• Digital Library (Own or ICAI)	Scoring based on Presence or Not. Yes/No Answers	For Yes – 4 Points For No – 0 Point	4
	• 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
	• Video conferencing facilities adopted	Scoring based on Presence or Not. Yes/No Answers	For Yes – 4 Points For No – 0 Point	4
	• 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
	• 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
	• 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
	• Data security, etc.	Scoring based on Presence or Not. Yes/No Answers	For Yes – 4 Points For No – 0 Point	4
	• Cyber security measures	Scoring based on Presence or Not. Yes/No Answers	For Yes – 4 Points For No – 0 Point	4
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.	Scoring based on Presence or Not. Yes/No Answers	For Yes – 12 Points For No – 0 Point	12
	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

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

Competency Basis		Score Criteria	Score Basis	Max Scores
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
iii.	Adherence to a minimum scale of fees 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
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
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 Points For No – 0 Point	4
iii.	Is there a method of tracking the employee activity, to identify resource productivity (e.g. timesheet)?	Scoring based on Presence or Not. Yes/No Answers	For Yes – 4 Points For No – 0 Point	4
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
v.	Does the firm monitor the Utilisation & Realisation rate per employee?	Scoring based on Presence or Not. Yes/No Answers	For Yes – 4 Points For No – 0 Point	4

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

Competency Basis		Score Criteria	Score Basis	Max Scores
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 Points For No – 0 Point	4
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 Points For No – 0 Point	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 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	24

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Competency Basis	Score Criteria	Score Basis	Max Scores	
iii.	<p>Employees are equipped with technological skill sets – AI, Blockchain, Audit & Data analytical tools, etc. and sponsored by the firm to develop the same:</p> <ol style="list-style-type: none"> 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	8
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
Total			44	

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Competency Basis	Score Criteria	Score Basis	Max Scores	
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
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
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	20
			8 to 9 – 16 Points	
			6 to 7 – 12 Points	
			4 to 5 – 8 Points	
			Up to 3 – 4 Points	
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
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
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

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

Competency Basis		Score Criteria	Score Basis	Max Scores
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 Points For No – 0 Point	8
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 Points For No – 0 Point	8
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 Points For No – 0 Point	8
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 Points 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
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
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
Total				104

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

Competency Basis	Score Criteria	Score Basis	Max Scores	
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	12
			More than 30% to 50% – 8 Points	
			Above 50% – 12 Points	
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
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
			30% to 50% – 8 Points	
			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
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
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

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

Competency Basis		Score Criteria	Score Basis	Max Scores
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
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 Points For average partner experience of partners > 10 years – 8 Points	8
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
iii.	Is there is a 'whistle blower' policy?	Scoring based on Presence or Not. Yes/No Answers	For Yes – 4 Points For No – 0 Point	4
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.		

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

Competency Basis		Score Criteria	Score Basis	Max Scores
i.	Number of Branches & Associates and network firms and affiliates.	Scoring based on Nos.	Upto 3 – 2 Points	8
			4 to 7 – 4 Points	
			8 to 15 – 6 Points	
			More than 15 – 8 Points	
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 Points	8
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
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
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
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 Points For No – 0 Point	4
ii.	Empanelment with RBI / C&AG.	Scoring based on Presence or Not. Yes/No Answers	For Yes – 8 Points For No – 0 Point	8
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

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

Competency Basis		Score Criteria	Score Basis	Max Scores
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 each section	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% in each 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% in each 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 each section	Level 4 firm	Indicates firms that have made significant adoption of standards and procedures - Should focus on optimising further

Full Forms

ACA / FCA	Associate Chartered Accountant / Fellow Chartered Accountant
ACMA/FCMA	Associate Cost and Management Accountant / Fellow Cost and Management Accountant
ACS / FCS	Associate Company Secretary / Fellow Company Secretary
CIMA	Chartered Institute of Management Accountants
CPA	Certified Public Accountant
DISA	Diploma in Information System Audit
CISA	Certified Information Systems Auditor
CIA	Certified Internal Auditor
CFE	Certified Fraud Examiner
Dip IFRS	Diploma in International Financial Reporting Standards

The 25th Council of ICAI



CA. (Dr.) Debashis Mitra
President ICAI



CA. Aniket Sunil Talati
Vice President, ICAI

Western Region



CA. (Dr.) Rajkumar
Satyanarayan Adukia



CA. Chandrashekhar
Vasant Chitale



CA. Vishal Doshi



CA. Durgesh Kumar Kabra



CA. Dheeraj
Kumar Khandelwal



CA. Purushottamlal
Khandelwal



CA. Mangesh Pandurang Kinare



CA. Priti Savla



CA. Umesh Sharma

Southern Region



CA. Dayaniwas Sharma



CA. Sridhar Muppala



CA. Prasanna Kumar D



CA. Rajendra Kumar P



CA. Cotha S. Srinivas



CA. Sripriya Kumar

Eastern Region



CA. Ranjeet Kumar Agarwal



CA. Sushil Kumar Goyal

Central Region



CA. Rohit Ruwatia



CA. Abhay Chhajed



CA. Anuj Goyal



CA. Gyan Chandra Misra



CA. Prakash Sharma



CA. Kemisha Soni

Northern Region



CA. Sanjay Kumar Agarwal



CA. (Dr.) Raj Chawla



CA. Hans Raj Chugh



CA. Pramod Jain



CA. Charanjot Singh Nanda



CA. (Dr.) Sanjeev
Kumar Singhal

Nominated Members



Shri Sanjay Kumar



Shri Ritvik
Ranjanam Pandey



Shri Manoj Pandey



Ms. Ritika Bhatia



Shri Rakesh Jain



Dr. P. C. Jain



Adv. Vijay Kumar Jhalani



Shri Chandra Wadhwa



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