Review Process At a Glance

The annual reports are assigned to Level 1, and thereafter, to Level 2. After getting review reports from Level 2, it is reviewed by the Board.

Level 1
Technical Reviewer (TR)
- Empanelment of TR
- Review of Financial Statements by TR
- Honorarium to TR

Level 2
Financial Reporting Review Group (FRRG)
- Constitution of FRRGs
- Review of Financial Statements along with TR report by FRRGs
- Honorarium to members of FRRGs

Level 3
Financial Reporting Review Board (Board)
- Review of Financial Statement along with FRRG report by Board
- Finalisation of document 1-minutes
- Finalisation of document 2-Follow up/ Letter to Auditor/ Report to Regulators
**Detailed Process Flow Diagram of existing review process**

1. **The Review of the financial statement**

2. **Selected suo motto on the basis of selection criteria decided by the Board**
   - As special Case, if it has been
     - Referred by any Regulatory Authority.
     - Certain serious accounting irregularity has been reported by the media.

3. **The financial statements of enterprises are downloaded from MCA 21 portal and/or other public domain**

4. **In case of non-availability of annual reports, other means are adopted to obtain the same viz the enterprises are requested for their Annual Reports/ writing to auditor / requesting to MCA**

5. **The Technical Reviewers (Level I), empanelled with FRRB, are selected for each enterprise and Chairman’s approval is obtained for the same**

6. **The Annual Reports are assigned to Technical Reviewers to conduct review within defined time frame**

7. **Follow up with Technical Reviewer to get Preliminary Review Report on the financial statement**

Simultaneously, FRRGs (Level-II) are constituted under the convenorship of Board members.
In the meeting of FRRB (Level IV), all the Reports along with financial statements are reviewed.

The office (Level III) reviews the report submitted by FRRGs along with the Financial Statement of the concerned enterprise.

The Board after consideration of the materiality of non-compliance with legal requirements, accounting standards, Standards of Auditing and other pronouncements of the Institute decides each case.

Cases are referred to:
- Regulatory Authorities
- Director (Discipline)

Cases are filed

Advisory letters are sent to the Auditors

The Preliminary Review Report of Technical Reviewers (TR) are obtained

Payment of honorarium to TR

The Preliminary Review Report, so obtained, are assigned to Financial Reporting Review Group (FRRGs) for their review and evaluation within certain time frame with the due approval of Chairman.

Arranging the meetings of Financial Reporting Review Groups (FRRG) with the help of respective Regional Office, if required.

The Review Report of FRRGs are obtained

Payment of honorarium to members of FRRG.
Detailed minute (document) of each case are prepared, Chairman’s approval is obtained and minutes are circulated among the Board.

Reports on non-compliances (Follow up document) are prepared, Chairman’s approval is obtained and sent to the auditor or the regulator as the case may be.