

Peer Review Policy

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CONCEPT AND SCOPE OF PEER REVIEW

The term 'peer' means a person of similar standing. The term 'review' means re-examination or retrospective evaluation of the subject matter. In generality, for a professional, the term “peer review” would mean review of the work done by a professional, by another member of the same profession with similar standing.

Peer review is basically an examination of a professional's performance or practices in a particular area by other professional in the same area. The objective of the exercise is to benchmark the professional services under review to help improving performance, decision making, adoption of best practices and standards including ethics, compliance with relevant laws, established standards and principles. The system relies heavily on mutual trust among the professional involved, as well as their shared confidence in the process.

The peer review is a discussion among equals, not a hearing by a superior body that will hand down a judgement or punishment. This makes it a more flexible tool, a professional may be more willing to accept criticism, if both sides know it does not commit them to a rigid position or obligatory course of action.

Peer Review process is based on the principle of benchmarking while systematically reviewing the procedures adopted and records maintained in compliance with the IBC and rules, regulations, guidelines, circulars issued thereunder, while carrying out professional services and responsibilities by IPs to ensure and sustain quality.

IP's Peer review is the evaluation of work of the IP under review by one or more IP members with similar competence. Such peer review focuses on reviewing the performance of IP, by seeing whether:

- (a) Complying with technical, professional and ethical standards as applicable including other regulatory requirements thereto;
- (b) Putting in place proper systems including documentation thereof, to amply demonstrate the transparency and quality services to all stakeholders; and

- (c) Preparation of Reports/Time-sheets, office infrastructure, usage of technology, assessment of professional fee, knowledge upgradation, communication with stakeholders, engagement of professionals, support services from IPEs/professionals, preservation of records, etc.

Moreover, a peer review process may aid stakeholders in building reliability and credibility of the professional services rendered by the respective IP appointed for a particular assignment under IBC. Peer review is primarily directed towards ensuring as well as enhancing the quality and standardized (to the extent possible) professional services by IPs. Peer Review is to be conducted by an independent evaluator known as a Peer Reviewer.

While carrying out regular/event-based inspections of members by IIIPI, the Inspection Authority shall accord due regard to successful peer-review having been undertaken by the concerned reviewed IP, subject to fulfilling requirements of inspection policy and other guidelines as prescribed by IBBI. However, during the course of peer review, IIIPI shall not be directly involved but shall have access to questionnaire, reports (provisional/final) between the reviewed and reviewer IPs, as provided for in this policy document.

OBJECTIVES

The purpose of the Peer Review Policy is to provide a framework for planning, performing, reporting and administration of the Peer Review processes. Peer Review process is intended to review and benchmark the quality control framework of the IPs of IIIPI as well as proper and consistent application of such control frameworks across engagement samples selected for review. Peer Review is to be undertaken by IPs on voluntary or compulsory basis as prescribed in this policy document.

The main objective of Peer Review is to benchmark the activities undertaken by the professional members of IIIPI under IBC and broadly includes the followings:

- (a) Adhering to the provisions of the IBC, rules, regulations and guidelines issued thereunder, the byelaws, the Code of Conduct and directions given by IBBI/Governing Board of IIIPI or any other Statutory Body;

- (b) Complying with Technical, Professional and Ethical Standards as applicable including other regulatory requirements thereto; and
- (c) Putting in place proper systems including documentation thereof, to amply demonstrate the transparency and quality services to all stakeholders;
- (d) Preparation of Reports/Timesheets, office infrastructure, usage of technology, assessment of professional fee, knowledge upgradation, communication with stakeholders, engagement of professionals, support services from IPEs/ professionals, preservation of records, etc.

In this policy the framework and terms of reference under which Peer Review is to be conducted, have been specified. The implementation of the objectives of this policy is to be ensured both in letter and spirit during a Peer Review Process.

DEFINITIONS

In this policy, the following terms have the meanings attributed below:

- (a) *“Assignment” means professional engagement under the IBC in the capacity of an IRP or RP or Liquidator or Voluntary Liquidator or Bankruptcy Trustee or Authorized Representative (AR).*
- (b) *“Byelaws” means Byelaws of the Indian Institute of Insolvency Professionals of ICAI (IIPI) adopted based on the IBBI (Model Byelaws and Governing Body of Insolvency Professional Agencies) Regulations 2016;*
- (c) *“Code/IBC” means the Insolvency and Bankruptcy Code, 2016;*
- (d) *“Governing Board” means the Board of Directors of IIPI constituted under clause 4 of the Byelaws of IIPI;*
- (e) *“IBBI” means the Insolvency and Bankruptcy Board of India established under section 188 of the Insolvency and Bankruptcy Code, 2016;*
- (f) *“IIPI” means the Indian Institute of Insolvency Professionals of ICAI (IIPI), a section 8 Company, registered with Insolvency and Bankruptcy Board of India;*

- (g) *“Member” means an individual who is enrolled with IIPI and/or registered with IBBI;*
- (h) *“Peer Review” means an examination and review of the systems and procedures to determine whether the same have been put in place by the IP members of IIPI for ensuring the quality of professional services as envisaged by the provisions of the Code rules, regulations, guidelines issued there-under; the bye-laws, the Code of Conduct, directions, standards and best practices as applicable and whether the same were consistently applied during the assignment/period under review;*
- (i) *“Peer Reviewer” means an IP member of IIPI empanelled on the Peer Reviewers' expert panel specifically constituted by IIPI;*
- (j) *For definition of other terms used in this policy document but not defined under this clause, the Code and/or Regulations made thereunder should be referred to.*

ROLE OF IIPI IN CONDUCTING PEER REVIEW

This Peer Review policy shall be applicable to all IP members who wish to subject themselves to peer review on voluntary basis. The Peer Review would be carried out only by the reviewer-members of the IIPI, on voluntary or compulsory basis as prescribed in this policy document.

The Role of IIPI in conducting peer reviews by professional members, shall be of a facilitator by providing framework for empanelling Peer Reviewers, reporting mechanism, payment of fees and certification in respect of peer reviews, as outlined in following paras. The functioning of peer review policy and mechanism shall be monitored by nodal officer under supervision of Monitoring Committee of IIPI. Therefore, the policy framework (voluntary/compulsory) for peer review as provided by IIPI shall enable an IP to:

- a. Initiate the peer review of services undertaken during specified past period, on voluntary basis or compulsory basis;
- b. Depending upon the criteria viz. handling or having handled ten or more CIRP/Liquidations undertaken during specified past period for peer review (upto 3 years), initiate the peer review of services on compulsory basis. The initial criterion for compulsory

- peer review as above, shall be reviewed for lowering such criteria, from time to time.
- c. Enlisting the services of a Peer Reviewer from the panel of IIIPI;
 - d. Pay the cost for such review to Reviewer IP, after clearance of report from IIIPI; and
 - e. Get the certificate from IIIPI after having carried out such review successfully.

CRITERIA AND STEP BY STEP PROCESS FOR PEER REVIEW

A. Standards and criteria against which the IP's performance shall be reviewed

During Peer-Review exercise, IP's performance shall be reviewed upon the following parameters:

- a. Quality of Records and Documentation maintained;
- b. Adherence to relevant laws, rules, regulations and guidelines and amendments made there under from time to time;
- c. Adherence to standards, best practices, and guidance notes, as applicable;
- d. Methods and approaches applied;
- e. Quality of communication with stakeholders, working papers;
- f. Procedure for maintaining confidentiality of the information/documents;
- g. Procedure for storage of the documents/information;
- h. Independence, impartiality of the IP in conducting assignment;
- i. Complaint's handling procedure;
- j. Conflict of Interest checks;
- k. Status of Disciplinary/Grievance against IP;
- l. Corrective steps after inspection by regulators, if any.

B. Formation of Peer Reviewers' Panel by IIIPI

The peer review shall be conducted by IP members of IIIPI, empaneled specifically for the purpose. Following guidelines shall apply while forming/selecting expert panel of Peer Reviewers:

- a. To be eligible as a peer reviewer, s/he must be:
 - i. the Insolvency Professional Member of IIIPI;
 - ii. having experience of completing at least 3 CIRP/Liquidation assignments
 - iii. expert in the specified field/discipline/industry;
 - iv. preferably holding a valid 'Authorisation for Assignment' (AFA) on the date of application;
 - v. having no identified conflict of interest in the assignments carried by the IPs under review;
 - vi. should have undergone the requisite orientation for Peer Review as prescribed by IIIPI.
- b. The panel shall be constituted by following a proper selection procedure by floating Expression of Interest on the Website of IIIPI. The selection of the IPs as peer reviewers shall be coordinated by nodal officer under supervision of Monitoring Committee of IIIPI.
- c. A member on being appointed as Reviewer shall be required to furnish a Declaration of Confidentiality as per **Annexure A** to this policy, while giving consent for appointment as a Peer Reviewer.
- d. A member shall not be eligible for being appointed as a reviewer, if:
 - i. he has been declared to be of unsound mind;
 - ii. he is an undischarged bankrupt, or has applied to be adjudicated as a bankrupt;
 - iii. is a person not resident in India;
 - iv. has been convicted by any competent court for an offence punishable with imprisonment for a term exceeding six months or for an offence involving moral turpitude, and a period of five years has not elapsed from the date of expiry of the sentence;
 - v. has been convicted of any offence and sentenced in respect thereof to imprisonment for a period of seven years or more; and
 - vi. is not a fit and proper person in terms of provisions of IBC 2016 and regulations thereunder.

C. Step by Step Process for Peer Review

The Peer Review process will include following stages:

- a. Appointment of Peer Reviewer

- b. Assessment
- c. Reporting
- d. Discussion/Communication of Findings
- e. Final Peer Review Report by the Reviewer
- f. Issuance of Peer Review Certificate.

a. Stage I: Application for and Appointment of Peer Reviewer

- (I) The IIIPI empanels the peer reviewer for conducting peer review for the specified period.
- (II) While voluntarily/compulsorily applying for getting Peer-Reviewed, a detailed declaration cum questionnaire in the form approved by IIIPI, shall be submitted by such IP.
- (III) Based on the questionnaire received from IP applying for Peer-Review and experience of empanelled reviewers, a list of three Reviewer IPs shall be identified and communicated by IIIPI to the applying IP.
- (IV) Applying IP shall select one out of three Reviewers and intimate to IIIPI within 7 days of receipt of the names.
- (V) IIIPI shall intimate the Reviewer so selected and seek his consent within 7 days.

b. Stage II: Assessment

The Reviewer IP and to-be-Reviewed IP shall endeavour to work cooperatively to identify, analyse and address issues during the peer review exercise. The Reviewer IP shall have advisory role in assisting the Reviewed IP to address the issues emerged while conducting of the peer review. This is the phase during which areas for possible improvement shall also be analysed and recorded. The following matters, *inter-alia*, shall be taken care:

- (I) Whether the assignment under review has been done adhering to the provisions of the Code, rules, regulations and guidelines issued there-under, the byelaws, the Code of Conduct and directions given

by IBBI/ Governing Board of IIIPI or any other Statutory Body.

- (II) Whether the IP has complied with technical, professional and ethical standards, including best practices as applicable including other regulatory requirements thereto; and
- (III) Whether IP has placed proper and adequate systems including documentation thereof, to amply demonstrate the transparency and quality services to all stakeholders.
- (IV) Whether the IP has in place and maintained the Reports/Time-sheets, proper infrastructure including the support staff, office infrastructure, usage of technology, assessment of professional fee, knowledge upgradation, communication with stakeholders, engagement of professionals, support services from IPEs/professionals, preservation of records, etc.
- (V) During the review process, reviewer shall review the quality control framework as well as proper and consistent application of such control frameworks across completed assignments, and all completed stages of ongoing assignments during the period of review. The reviewer, in order to make an opinion on the aforesaid requirement, shall draw a sample for carrying out the due diligence basis the response to the questionnaire from the Reviewed IP.
- (VI) While deciding the sample size as referred above, the reviewer should attempt to choose an appropriate number of assignments undertaken/being undertaken by the reviewed IP, which should be reflective of underlying complexity and size of CIRP. However, within each assignment so chosen as part of sample, all stages and activities/ transactions there under should be examined/ reviewed.

The sample size as indicated above, may be increased by the reviewer, if the situation so warrants during the course of Peer- Review exercise.

.....to be continued.