

# Insolvency Process Maturity Model

## Background

The introduction of the Insolvency and Bankruptcy Code 2016 ushered in a new era of Debt resolution in India by transforming the landscape and ethos of the landscape from a debtor in possession to a creditor in control framework. The Insolvency professional whether as a Resolution Professional or as a Bankruptcy Trustee or Liquidator forms the crucial element of the framework along with the other stakeholders such as the entity, IBBI, IPA, IU's, Debtors, Creditors and other regulatory authorities et al. The IBCode and the rules and regulations framed thereunder provide for comprehensive guidance to IP's for performing the tasks expected of them to deliver results in a time bound manner.

Insolvency resolutions and Liquidations are unique in the sense that the process is required to be time bound to be able to maximise value to the stakeholders and the ability of the IP to navigate complex situations within the precincts of the IBCode will be vital to enable successful outcomes in the background of fair play and independence.

In this regard, IIP of ICAI have developed an Insolvency Process Maturity Model to enable IP's to carry out a self-assessment of their preparedness, capability and competence in handling engagements in the IBCode space.

This simple checklist will enable you to score yourselves on the above parameters to perform a self-assessment and initiate improvement actions where relevant and necessary. The model is structured on a maximum score of 500 points and provides rationale on the parameters set in here. Needless to state that this model prepared on a first of its kind basis in the world is illustrative and would evolve with changing circumstances. In awarding scores, kindly ensure that relevant records and evidence is maintained for the basis of such scoring.

The model focuses on IP process maturity in three key areas:

Parameters	Maximum Score
Experience and Capacity	100
Operations, People and Quality control	300
Documentation and Technology	100
Total Maximum score	500

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### Part A : Experience and Capacity

S No	Parameter and Rationale	Evaluation criteria	Maximum possible Score	Scores Obtained
<b>A1</b>	<b>Experience</b> - Competence and capability is enhanced by experience in conduct of engagements.	<p>The following Roles to be considered for the purpose of scoring :</p> <ul style="list-style-type: none"> <li>• Interim Resolution Professional</li> <li>• Resolution Professional ( CIRP)</li> <li>• Resolution Professional (Individuals and firms )</li> <li>• Liquidator</li> <li>• Bankruptcy Trustee</li> </ul> <p>Upto 5 cases or 1 case wherein claim size exceeding Rs. 1000cr- 10 points                      5 - 10 cases or 2 cases wherein claim size exceeding Rs. 1000cr - 20 points                      More than 10 cases or 3 cases wherein claim size exceeding Rs. 1000cr - 25 points                      (Note:In case of CIRPs, only RP/Deemed RP stage shall be considered as a case)</p>	25	
	<b>Experience</b> - Competence and capability is enhanced by assisting in conduct of engagements.	<p>Other roles :</p> <ul style="list-style-type: none"> <li>• Advisor under IBC on formal contract basis</li> <li>• IBC Opinions by order of Court/authority</li> <li>• Valuations</li> <li>• Sec 29A Due Diligence Report</li> <li>• Forensic audit experience in IBCode cases ( self or CA firm associated with )</li> </ul> <p>Upto 5 cases - 15 points                      More than 5 cases - 25 points</p>	25	
<b>A2</b>	<b>Exclusive Practice</b> - Competence and capability is enhanced by engaging in full time IP activity	<p>Engaged in other roles such as CA, CS, Advocate, Valuer etc and also involved as IP - 15 points</p> <p>Engaged only in IP practice including advisory under IBC - 25 points</p>		

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S No	Parameter and Rationale	Evaluation criteria	Maximum possible Score	Scores Obtained
			25	
<b>A3</b>	Scale Building - Aggregation and working with an IP entity will enable quicker capacity building of the individual	Not a member of an IPE - 5 points Member of a registered IPE - 10 points		
			10	
<b>A4</b>	Training Hours - completion of mandatory CPE hours as prescribed by IBBI as at relevant date of renewal of AFA	Completed - 15 points Not completed - 0 points		
			15	
	Maximum score in Part 1 -	Experience and Capacity	100	

### Part B : Operations and Quality Control

S No	Parameter and Rationale	Evaluation criteria	Maximum possible Score	Scores Obtained
<b>B1</b>	<b>Strategy</b>  Has the IP developed a method for determining strategic approach to the engagement comprising the following and documented the same for the engagement  Understanding of the client Reason for failure Process to be adopted to ensure timely resolution / liquidation Process to be followed for the entire engagement life cycle	Achieved above - 15 points Else - 0 points		
			25	
<b>B2(a)</b>	<b>Procedure Manuals and Checklists for CIRP / Individual Insolvency Resolution process</b>  Does the IP have a detailed procedure manual comprising the following	Comprehensive manual along with templates - 50 points  Basic Process manual - 25 points  No manuals - 0 points		

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S No	Parameter and Rationale	Evaluation criteria	Maximum possible Score	Scores Obtained
	<p>Client acceptance Detailed Process on managing the entire IBC process including Public Announcement, Intimations, Claims, constitution of CoC, Registered Valuation processes, Engagement of professionals, Bid Process documentation, Avoidance application process, forensic audits, Sec 29A reviews, Legal processes including filing to NCLT, Conduct of CoC meetings, Filings to IBBI and IPA</p>			
			50	
<b>B2(b)</b>	<p><b>Procedure Manuals and Checklists for Liquidation and BT processes</b></p> <p>Does the IP have a detailed procedure manual comprising the following</p> <p>Public Announcement, Intimations, Claims, constitution of SCC, Registered Valuation processes, Engagement of professionals, Bid Process documentation, Avoidance application process, forensic audits, Sec 29A reviews, Legal processes including filing to NCLT, Conduct of CoC meetings, Filings to IBBI and IPA etc</p>	<p>Comprehensive manual along with templates - 50 points</p> <p>Basic Process manual - 25 points</p> <p>No manuals - 0 points</p>		
			50	
<b>B3(a)</b>	<p><b>Procedure Manuals and Checklists</b></p> <p>Does the IP have a documented IB Code compliance checklist</p>	<p>Comprehensive checklist - 25 points</p> <p>Basic checklist of key aspects - 15 points</p>		

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S No	Parameter and Rationale	Evaluation criteria	Maximum possible Score	Scores Obtained
	updated for latest changes in law and regulations	No checklists - 0 points		
			25	
<b>B3(b)</b>	<b>Independence - Acceptance</b>  Is there a comprehensive framework adopted by the IP to ensure independence of the IP and various service providers with the CD as mandated in the IBCode and regulations at the time of acceptance of the engagement.	Comprehensive checklist - 10 points  Basic checklist of key aspects - 5 points  No checklists - 0 points		
			10	
<b>B5</b>	<b>Independence - Continuing</b>  Are threats to independence evaluated on a continuing basis and documented processes exist to identify independence threats during the course of the engagement for IP and service providers.	Comprehensive checklist - 10 points  Basic checklist of key aspects - 5 points  No checklists - 0 points		
			10	
<b>B6</b>	<b>Communicating with erstwhile IP</b>  Does the IP have a documented process / checklists for obtaining all data, records and information where the IP has been appointed to replace an existing professional - IRP / RP / Liquidator	Comprehensive checklist - 10 points  No checklists - 0 points		
			10	
<b>B7</b>	<b>Engagement Letters</b>  Has the IP implemented a standard format of engagement letters containing all standard clauses such as NDA, scope	Comprehensive formats - 10 points  No checklists - 0 points		

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S No	Parameter and Rationale	Evaluation criteria	Maximum possible Score	Scores Obtained
	<p>of work, fees and mutual roles and responsibilities for:</p> <p>a. IRP / IP / Liquidator etc b. Various categories of professionals such as</p> <ul style="list-style-type: none"> <li>• Advocates</li> <li>• Statutory Auditors</li> <li>• Forensic Auditors</li> <li>• Sec 29A reviewers</li> <li>• Registered Valuers</li> <li>• Contractual employees for CD</li> <li>• Others</li> </ul>			
			10	
<b>B8</b>	<p><b>Process Templates</b></p> <p><b>Does the IP have a comprehensive repository of templates for:</b></p> <ul style="list-style-type: none"> <li>• Request for quotes.</li> <li>• Information memorandum</li> <li>• COC meeting agenda and minutes</li> <li>• Bid Process documents.</li> <li>• Formats of resolutions</li> <li>• Applications to NCLT</li> <li>• Report Filings to NCLT</li> <li>• Notes of IP</li> </ul>	<p>Comprehensive formats - 10 points</p> <p>No checklists - 0 points</p>		
			10	
<b>B9</b>	<p><b>Human Resources - Internal</b></p> <p>Does the IP have sufficient dedicated team size to handle IBC engagements comprising CA's / CMA's / CS's / Other professionals as may be required based on scale of operations and number of engagements handled</p>	<p>Basic Team size of 3 for up to 3 engagements and at least one additional resource for every two new engagements</p> <p>Achieved above - 15 points Else - 0 points</p>		
			15	

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S No	Parameter and Rationale	Evaluation criteria	Maximum possible Score	Scores Obtained
<b>B10</b>	<b>Human Resources - QC / review</b>  Does the IP adopt a four eyes principle of having another professional review his / her work on a periodic basis	Achieved above - 15 points Else - 0 points		
			15	
<b>B11</b>	<b>Human Resources - Engagement briefing</b>  Does the IP hold initial and periodic and structured team meetings to gain a comprehensive understanding of the engagement including  Understanding of the CD/Individual / Firm Financial statements IBC process to be adopted Review of reports and filings by various service providers Unique complexities associated with the engagement	Achieved above - 15 points Else - 0 points		
			15	
<b>B12</b>	<b>Human Resources - Training</b>  Does the IP encourage members of his / her team to attend meetings and conferences organised virtually / physical mode by IBBI / IPA / ICAI / ICSI / others to stay abreast of developments in the IBCode space including Latest Jurisprudence.	Achieved above - 15 points Else - 0 points		
			15	

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S No	Parameter and Rationale	Evaluation criteria	Maximum possible Score	Scores Obtained
<b>B13</b>	<p><b>Process alerts.</b></p> <p>Has the IP implemented a system of alerts to ensure that the process is handled as per the timelines mentioned in the IBCode and also to ensure that all matters are promptly handled in terms of turnaround times and for all legal matters pending before various courts and authorities and is able to complete all IBBI and IPA filings on time.</p>	<p>Achieved above - 25 points. Partially achieved - 15 points Else - 0 points</p>		
			25	
<b>B14</b>	<p><b>Special Initiatives</b></p> <p>Any other special initiatives undertaken by the IP in terms of contribution to the development of the IP profession.</p>	<p>Score on 5 to 25 based on level of engagement with regulators etc</p>		
			15	
	Maximum score in Part 2 -	Operations , HR and QC	300	

### Part C : Documentation and technology

S No	Parameter and Rationale	Evaluation criteria	Maximum possible Score	Scores Obtained
<b>C1</b>	<p>Has the IP implemented a standardised filing mechanism in a robust application such as Drop box / one drive / customised folders covering engagement wise the various documents to enable creation and ease of retrieval through a standardised process</p> <ul style="list-style-type: none"> <li>• Consent</li> <li>• Acceptance</li> <li>• Admission</li> <li>• Intimations</li> <li>• Going concern matters</li> </ul>	<p>Achieved - 50 points Partial - 25 points Not done - 0 points</p>		



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S No	Parameter and Rationale	Evaluation criteria	Maximum possible Score	Scores Obtained
	<ul style="list-style-type: none"> <li>• Costs incurred</li> <li>• Public notices</li> <li>• Claims receipt and verification</li> <li>• Filing of reports to NCLT</li> <li>• Engagement of professionals and reports</li> <li>• Information Memorandum</li> <li>• CoC / SCC constitution</li> <li>• CoC meetings</li> <li>• Registered Valuation</li> <li>• Forensic / Avoidance</li> <li>• Sec 29 A reviews</li> <li>• Statutory Audits</li> <li>• Applications to AA</li> <li>• Litigations</li> <li>• Bid process</li> <li>• Data room documents</li> <li>• Filings to IBBI / IPA</li> <li>• Statutory compliances</li> <li>• Correspondences with stakeholders and others</li> <li>• Any others</li> </ul>			
			50	
<b>C2</b>	<p>Has the IP implemented any technological solution - inhouse / SAAS / Other applications to enable the following under the IBCode</p> <ul style="list-style-type: none"> <li>• Process flow</li> <li>• Contemporaneous maintenance of records</li> </ul>	<p>Achieved - 50 points                      Partial - 25 points                      Not done - 0 points</p>		
			50	
	Maximum score in Part 3 -	Documentation and Technology	100	
	<b>TOTAL SCORE OF IPMM</b>		500	

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