THE INSTITUTE OF CHARTERED ACCOUNTANTS OF INDIA
(Set up by an Act of Parliament)

Centre For Audit Quality
The Institute of Chartered Accountants of India

22nd August 2024

ANNOUNCEMENT

Subject: Audit Quality Maturity Model version 2.0 (AQMM v 2.0)

The Council of the Institute of Chartered Accountants of India has approved the Audit Quality Maturity Model version 2.0 (AQMM v 2.0). The same is available at https://resource.cdn.icai.org/81585caq65805.pdf

Applicability

The AQMM v 1.0 has been made mandatory w. e. f. April 1, 2023, to the firms auditing the following entities:

(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 level of the firm obtained using AQMM v 1.0 is being reviewed by a peer reviewer and recorded on the website of ICAI against the validity of the firms' peer review certificate.

There is no change regarding the applicability of AQMM v 2.0. Therefore, AQMM v 2.0 is also mandatory for firms auditing the aforesaid entities.

AQMM v 2.0 – Sections and Scores

AQMM v 2.0 comprises the following three sections:

a) Practice Management –Assurance

b) Human Resource Management

c) Digital Competency

The scoring pattern under the three sections is as follows: -

Section Reference	Maximum Score	% weightage
Section 1 "Practice Management – Assurance"	370	61.67
Section 2 "Human Resource Management"	150	25.00
Section 3 "Digital Competency"	80	13.33
TOTAL	**600**	**100.00**

A firm should score a minimum 30% under each section to become eligible for getting a level assigned. If the firm fulfills the above-mentioned eligibility criteria, it shall compute the percentage of score achieved on the basis of the Actual Score divided by the Maximum Score (i.e. 600) multiplied by 100. Based on this percentage of score computed, the firm maturity level shall be determined.

Firm Maturity Level

The firm maturity level shall be determined based on the following range of scores under the AQMM v 2.0:

Level	Scores Received	
	Greater than or equal to	Less than
Level 1 Firm	30 %	50 %
Level 2 Firm	50 %	70 %
Level 3 Firm	70 %	85 %
Level 4 Firm	85 %	100 %

Transitional Provisions:

To ensure a smooth transition from the previous version, AQMM v 2.0 will be applicable to firms (referred to as Practice Units in the context of Peer Review) which submit *Form 1 – Application cum Questionnaire* on or after 01.04.2025. This will cover firms for which the review period is from 01.04.2022 till 31.03.2025 (other than firms which have been constituted during this period for which the review period shall commence from the date of constitution till 31.03.2025). The Practice Units may however adopt AQMM v 2.0 earlier.

Convenor and Deputy Convenor

Centre for Audit Quality