
2020 Inspection Kirtane & Pandit LLP

(Headquartered in Pune, Republic of India)

March 24, 2022

THIS IS A PUBLIC VERSION OF A PCAOB INSPECTION REPORT

PORTIONS OF THE COMPLETE REPORT ARE OMITTED FROM THIS DOCUMENT IN ORDER TO COMPLY WITH SECTIONS 104(g)(2) AND 105(b)(5)(A) OF THE SARBANES-OXLEY ACT OF 2002

PCAOB RELEASE NO. 104-2022-099A

(Includes portions of Part II of the full report that were not included in PCAOB Release No. 104-2022-099)



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2020 INSPECTION

In the 2020 inspection of Kirtane & Pandit LLP, the Public Company Accounting Oversight Board (PCAOB) assessed the firm's compliance with laws, rules, and professional standards applicable to the audits of public companies.

We selected for review one audit of an issuer with a fiscal year ending in 2017. For the issuer audit selected, we reviewed a portion of the audit. We also evaluated elements of the firm's system of quality control.

2020 Inspection Approach

In selecting issuer audits for review, we use a risk-based method of selection. We make selections based on (1) our internal evaluation of audits we believe have a heightened risk of material misstatement, including those with challenging audit areas, and (2) other risk-based characteristics, including issuer and firm considerations. In certain situations, we may select all of the firm's issuer audits for review.

When we review an audit, we do not review every aspect of the audit. Rather, we generally focus our attention on audit areas we believe to be of greater complexity, areas of greater significance or with a heightened risk of material misstatement to the issuer's financial statements, and areas of recurring deficiencies. We may also select some audit areas for review in a manner designed to incorporate unpredictability.

Our selection of audits for review does not constitute a representative sample of the firm's total population of issuer audits. Additionally, our inspection findings are specific to the particular portions of the issuer audits reviewed. They are not an assessment of all of the firm's audit work nor of all of the audit procedures performed for the audits reviewed.

View the details on the [scope of our inspections and our inspections procedures](#).

OVERVIEW OF THE 2020 INSPECTION

The following information provides an overview of our 2020 inspection, which was our first inspection of this firm. We use a risk-based method to select audits for review and to identify areas on which we focus our review. Because our inspection process evolves over time, it can, and often does, focus on a different mix of audits and audit areas from inspection to inspection and firm to firm. Further, a firm's business, the applicable auditing standards, or other factors can change from the time of one inspection to the next. As a result of these variations, we caution that our inspection results are not necessarily comparable over time or among firms.

Firm Data and Audits Selected for Review

	2020
Firm data	
Total issuer audit clients for which the firm was the principal auditor at the outset of the inspection procedures	1
Total issuer audits in which the firm was not the principal auditor	0
Total engagement partners on issuer audit work ¹	1
Audits reviewed	
Total audits reviewed ²	1
Audits in which the firm was the principal auditor	1
Integrated audits of financial statements and internal control over financial reporting (ICFR)	0
Audits with Part I.A deficiencies	1

If we include a deficiency in Part I.A of our report, it does not necessarily mean that the firm has not addressed the deficiency. In many cases, the firm has performed remedial actions after the issue was identified. Depending on the circumstances, remedial actions may include performing additional audit

¹ The number of engagement partners on issuer audit work represents the total number of firm personnel (not necessarily limited to personnel with an ownership interest) who had primary responsibility for an issuer audit (as defined in AS 1201) or for the firm's role in an issuer audit during the twelve-month period preceding the outset of the inspection.

² The population of issuer audits from which audits are selected for review may differ from the issuer audits at the outset of the inspection procedures due to variations such as new issuer audit clients for which the firm has not yet issued an opinion or issuer audit clients lost prior to the outset of the inspection.

procedures, informing management of the issuer of the need for changes to the financial statements or reporting on ICFR, or taking steps to prevent reliance on prior audit reports.

Our inspection may include a review, on a sample basis, of the adequacy of a firm's remedial actions, either with respect to previously identified deficiencies or deficiencies identified during the current inspection. If a firm does not take appropriate actions to address deficiencies, we may criticize its system of quality control or pursue a disciplinary action.

If we include a deficiency in our report — other than those deficiencies for audits with incorrect opinions on the financial statements and/or ICFR — it does not necessarily mean that the issuer's financial statements are materially misstated or that undisclosed material weaknesses in ICFR exist. It is often not possible for us to reach a conclusion on those points based on our inspection procedures and related findings because, for example, we have only the information that the auditor retained and the issuer's public disclosures. We do not have direct access to the issuer's management, underlying books and records, and other information.

PART I: INSPECTION OBSERVATIONS

Part I.A of our report discusses deficiencies, if any, that were of such significance that we believe the firm, at the time it issued its audit report(s), had not obtained sufficient appropriate audit evidence to support its opinion on the issuer's financial statements and/or ICFR.

Part I.B discusses deficiencies, if any, that do not relate directly to the sufficiency or appropriateness of evidence the firm obtained to support its opinion(s) but nevertheless relate to instances of non-compliance with PCAOB standards or rules.

Consistent with the Sarbanes-Oxley Act ("Act"), it is the Board's assessment that nothing in Part I of this report deals with a criticism of, or potential defect in, the firm's quality control system. We discuss any such criticisms or potential defects in Part II. Further, you should not infer from any Part I deficiency, or combination of deficiencies, that we identified a quality control finding in Part II. Section 104(g)(2) of the Act restricts us from publicly disclosing Part II deficiencies unless the firm does not address the criticisms or potential defects to the Board's satisfaction no later than 12 months after the issuance of this report.

Classification of Audits with Part I.A Deficiencies

Within Part I.A of this report, we classify each issuer audit in one of the categories discussed below based on the Part I.A deficiency or deficiencies identified in our review.

The sole purpose of this classification system is to group and present issuer audits by the number of Part I.A deficiencies we identified within the audit as well as to highlight audits with an incorrect opinion on the financial statements and/or ICFR.

Audits with an Incorrect Opinion on the Financial Statements and/or ICFR

This classification includes instances where a deficiency was identified in connection with our inspection and, as a result, an issuer's financial statements were determined to be materially misstated, and the issuer restated its financial statements. It also includes instances where a deficiency was identified in connection with our inspection and, as a result, an issuer's ICFR was determined to be ineffective, or there were additional material weaknesses that the firm did not identify, and the firm withdrew its opinion, or revised its report, on ICFR. This classification does not include instances where, unrelated to our review, an issuer restated its financial statements and/or an issuer's ICFR was determined to be ineffective. We include any deficiencies identified in connection with our reviews of these audits in the audits with multiple deficiencies or audits with a single deficiency classification below.

Audits with Multiple Deficiencies

This classification includes instances where multiple deficiencies were identified that related to a combination of one or more financial statement accounts, disclosures, and/or important controls in an ICFR audit.

Audits with a Single Deficiency

This classification includes instances where a single deficiency was identified that related to a financial statement account or disclosure or to an important control in an ICFR audit.

PART I.A: AUDITS WITH UNSUPPORTED OPINIONS

This section of our report discusses the deficiencies identified, by specific issuer audit reviewed, in the audit work supporting the firm's opinion on the issuer's financial statements.

We identify each issuer by a letter (e.g., Issuer A). Each deficiency could relate to several auditing standards, but we reference the PCAOB standard(s) that most directly relates to the requirement with which the firm did not comply.

We present issuer audits below within their respective deficiency classifications (as discussed previously). Within the classifications, we generally present the audits based on our assessment as to the relative significance of the identified deficiencies taking into account the significance of the financial statement accounts and/or disclosures affected, and/or the nature or extent of the deficiencies.

Audits with an Incorrect Opinion on the Financial Statements and/or ICFR

None

Audits with Multiple Deficiencies

Issuer A

Type of audit and related areas affected

In our review, we identified deficiencies in the financial statement audit related to all **significant accounts** and **disclosures**.

Description of the deficiencies identified

The firm did not plan and perform an audit that provided a reasonable basis for its audit opinion on the issuer's financial statements because its procedures were limited to inquiring of management and obtaining a bank statement, one sale invoice, and one purchase invoice. (AS 1101.03; AS 1105.04; AS 2101.08 and .10; AS 2105.03; AS 2110.04; AS 2301.08; AS 2805.05; AS 2810.30 and .31)

Audits with a Single Deficiency

None

PART I.B: OTHER INSTANCES OF NON-COMPLIANCE WITH PCAOB STANDARDS OR RULES

This section of our report discusses any deficiencies we identified that do not relate directly to the sufficiency or appropriateness of evidence the firm obtained to support its opinion but nevertheless relate to instances of non-compliance with PCAOB standards or rules.

When we review an audit, we do not review every aspect of the audit. In some cases, we assess the firm's compliance with specific PCAOB standards or rules on other audits that were not reviewed and include any instances of non-compliance below.

The deficiencies below are presented in numerical order based on the PCAOB standard or rule with which the firm did not comply. We identified the following deficiencies:

- In the audit reviewed, the work papers did not contain sufficient information to enable an experienced auditor, having no previous connection with the engagement, to understand all of the procedures performed by the engagement quality reviewer. In this instance, the documentation of the engagement quality review was non-compliant with AS 1220, *Engagement Quality Review*.
- In the audit reviewed, the firm did not make any of the required communications to the issuer's audit committee equivalent. In this instance, the firm was non-compliant with AS 1301, *Communications with Audit Committees*.
- In the audit reviewed, the firm's audit report did not include numerous required elements. In this instance, the firm was non-compliant with AS 3101, *The Auditor's Report on an Audit of Financial Statements When the Auditor Expresses an Unqualified Opinion*.
- In the audit reviewed, the firm did not file one or more reports on Form AP by the relevant deadline. In these instances, the firm was non-compliant with PCAOB Rule 3211, *Auditor Reporting of Certain Audit Participants*.
- In the audit reviewed, the firm did not provide the audit committee equivalent the required independence communications. In this instance, the firm was non-compliant with PCAOB Rule 3526, *Communication with Audit Committees Concerning Independence*.

PART II: OBSERVATIONS RELATED TO QUALITY CONTROL

Part II of our report discusses criticisms of, and potential defects in, the firm's system of quality control.

We include deficiencies in Part II if an analysis of the inspection results, including the results of the reviews of individual audits, indicates that the firm's system of quality control does not provide reasonable assurance that firm personnel will comply with applicable professional standards and requirements. Generally, the report's description of quality control criticisms is based on observations from our inspection procedures.

This report does not reflect changes or improvements to the firm's system of quality control that the firm may have made subsequent to the period covered by our inspection. The Board does consider such changes or improvements in assessing whether the firm has satisfactorily addressed the quality control criticisms or defects no later than 12 months after the issuance of this report.

When we issue our reports, we do not make public criticisms of, and potential defects in, the firm's system of quality control, to the extent any are identified. If a firm does not address to the Board's satisfaction any criticism of, or potential defect in, the firm's system of quality control within 12 months after the issuance of our report, we will make public any such deficiency.

Planning and Performing an Audit

The inspection results indicate that the firm's system of quality control does not provide reasonable assurance that the firm's personnel will perform the procedures necessary to conduct its audits in accordance with the requirements of AS 1101, AS 1105, AS 2101, AS 2105, AS 2110, AS 2301, AS 2805, and AS 2810. (QC 20.03 and .17)

In one audit,³ which is included in Part I.A, the firm did not plan and perform an audit that provided a reasonable basis for its audit opinion on the issuer's financial statements because its procedures were limited to inquiring of management and obtaining a bank statement, one sale invoice, and one purchase invoice.

Engagement Quality Review

The inspection results indicate that the firm's system of quality control does not provide reasonable assurance that the review procedures performed by the firm's engagement quality review (EQR) partners will meet the requirements of AS 1220. (QC 20.03 and .17)

In one audit,⁴ which is included in Part I.A and Part I.B, the EQR partner did not identify that the engagement team had not planned and performed an audit that provided a reasonable basis for its audit opinion on the issuer's financial statements. In addition, the firm's work papers did not contain sufficient information to enable an experienced auditor, having no previous connection with the

³ Issuer A

⁴ Issuer A

engagement, to understand all the procedures performed by the EQR partner. In this audit, the EQR partner also did not identify a deficiency in the audit report.

* * * *

Audit Methodology

The inspection results indicate that the firm does not maintain policies and procedures that provide reasonable assurance that the work performed by engagement personnel will meet applicable professional standards, regulatory requirements, and the firm's standards of quality. (QC 20.03 and .17)

The firm uses a self-developed proprietary audit methodology to conduct issuer audits that is based on the International Standards on Auditing and does not include PCAOB standards and rules and U.S. Securities and Exchange Commission (SEC) rules and regulations.

Assigning Personnel with Adequate Training and Proficiency

The inspection results indicate that the firm's system of quality control does not provide reasonable assurance that the firm will assign work to personnel who have the technical training and proficiency required in the circumstances in accordance with QC 20 and AS 1010. (QC 20.03 and .13)

The firm does not have training requirements that require professionals assigned to issuer audit work to receive training on PCAOB standards and rules, SEC rules and regulations, and U.S. GAAP.

Audit Reports

The inspection results indicate that the firm's system of quality control does not provide reasonable assurance that audit reports issued by the firm will meet the requirements of AS 3101. (QC 20.03 and .17)

In one audit,⁵ the firm's audit report did not include numerous elements required by AS 3101.

Communications with Audit Committees

The inspection results indicate that the firm's system of quality control does not provide reasonable assurance that the firm's personnel will comply with the requirements of AS 1301 and PCAOB Rule 3526. (QC 20.03 and .17)

In one audit,⁶ the firm did not make any of the required communications to the issuer's audit committee equivalent, including the required independence communications.

⁵ Issuer A

⁶ Issuer A

Auditor Reporting of Certain Audit Participants

The inspection results indicate that the firm's system of quality control does not provide reasonable assurance that the firm's personnel will comply with PCAOB Rule 3211. (QC 20.03 and .17)

In one audit,⁷ the firm did not file its reports on Form AP for two audit reports with different dates included in two different filings with the SEC by the relevant deadline.

⁷ Issuer A

APPENDIX A: FIRM'S RESPONSE TO THE DRAFT INSPECTION REPORT

Pursuant to section 104(f) of the Act, 15 U.S.C. § 7214(f), and PCAOB Rule 4007(a), the firm provided a written response to a draft of this report. Pursuant to section 104(f) of the Act and PCAOB Rule 4007(b), the firm's response, excluding any portion granted confidential treatment, is attached hereto and made part of this final inspection report.

The Board does not make public any of a firm's comments that address a nonpublic portion of the report unless a firm specifically requests otherwise. In some cases, the result may be that none of a firm's response is made publicly available.

In addition, pursuant to section 104(f) of the Act, 15 U.S.C. § 7214(f), and PCAOB Rule 4007(b), if a firm requests, and the Board grants, confidential treatment for any of the firm's comments on a draft report, the Board does not include those comments in the final report. The Board routinely grants confidential treatment, if requested, for any portion of a firm's response that addresses any point in the draft that the Board omits from, or any inaccurate statement in the draft that the Board corrects in, the final report.

KIRTANE & PANDIT LLP

September 24, 2021

Via Electronic Mail

Mr. George Botic
Director
Division of Registration and Inspections
PCAOB
1666 K Street, NW,
Washington, DC 20006

Sub: Response to Draft Report dated August 30, 2021 for the PCAOB inspection of our firm

Dear Sir,

We Kirtane and Pandit LLP (the firm) acknowledge the receipt of Public Company Accounting Oversight Board's (the PCAOB or the Board) draft Report on 2020 inspection of the firm (the Draft Report) dated August 30, 2021. We appreciate the opportunity given to us to provide our response on the Draft Report.

We have thoroughly reviewed various observations made in the Part I & Part II of the Draft Report. We take seriously the observations made in the said report. We have carefully considered the observations and provide our responses on observations made in Part I & Part II of the Draft Report.

Issuer A:

Brief observation: Non-Compliance with respect to AS 1101.03; AS 1105.04; AS 2101.08 and .10; AS 2105.03; AS 2110.04; AS 2301.08; AS 2805.05; AS 2810.30 and .31

Response:

Issuer A was small one person startup company incorporated in September 2017. During the review period there were seven transactions including one purchase and sale transaction. We obtained both the invoices, bank statement, copies of checks issued and accounting data backup. The transactions recorded in the books of accounts were verified through bank statements, invoices and checks copies.

Audit Risk: Overall engagement risk was assessed through Entity Level Risk Assessment (ELRA) and obtaining confirmations on Test of Controls form.

Audit Planning: Considering the size, nature of business, volume of transaction of the issuer, one person was allocated to perform the audit along with signing partner. However, we note the observation made in respect of documenting audit plan. We will correct and update the documentation. Going forward irrespective of nature and size of the audit we will ensure to strictly comply with the PCAOB standards.

Kirtane & Pandit LLP - Chartered Accountants
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Consideration of Materiality, Identifying and Assessing Risks of Material Misstatement, Auditor's Responses to the Risks of Material Misstatement: As the volume of transaction was miniscule, we covered all the transactions during the audit period. However, we note the observation made in respect of documenting audit plan. We will correct and update the documentation. Going forward irrespective of nature and size of the audit we will ensure to strictly comply with the PCAOB standards.

Management Representation: The assertions made in draft financials along with disclosures were thoroughly reviewed and specific response on issue identified on going concern was obtained from Issuer A. However, we note the observation made in respect of obtaining formal management representation letter and maintaining it on documentation file. Since we have already resigned from the engagement it will not be possible now to obtain management representation letter from issuer. Going forward irrespective of nature and size of the audit we will ensure to strictly comply with the PCAOB standards.

Part I.B: Other Instances of Non-Compliance with PCAOB Standards or Rules

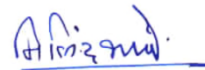
Since we are not continuing the engagement of Issuer A due to our resignation, some of the engagement specific compliances are not possible now. However, we take note of the observations, and we will ensure to strictly comply with PCAOB auditing standards. On the firm's policies and procedures, we have noted the observations and will update appropriately the policies and procedures and align to PCAOB standards.

We remain committed to improve our system of audit quality controls, monitoring audit quality and implementing changes to our policies and practices to enhance audit quality.

We believe that PCAOB's inspection process serves to assist us in identifying the areas where we can continue to improve our performance and strengthen our system of audit quality controls. We are committed to work with the board to further strengthen the trust, integrity of independent audit.

Thanking you,

For Kirtane & Pandit LLP
Chartered Accountants
Firm's registration number: 105215W/W100057



Milind Bhave
Partner



