

GOVERNMENT OF INDIA
MINISTRY OF FINANCE
DEPARTMENT OF ECONOMIC AFFAIRS

LOK SABHA

UNSTARRED QUESTION NO. 157

TO BE ANSWERED ON MONDAY, 14TH SEPTEMBER, 2020/ BHADRAPADA 23, 1942 (SAKA)

CHARTERED ACCOUNTANTS ACT

QUESTION

157. SHRI SHANMUGA SUNDARAM K.:

Will the Minister of Finance be pleased to state:

- (a) whether the Government is having any proposal to amend the Chartered Accountants Act;
- (b) if so, the details thereof;
- (c) whether the Government is having any proposal to freeze the accounts of the auditor when they presented false financial data to the authorities;
- (d) if so, the details thereof; and
- (e) whether the Government can delist the firms in case of concealing the frauds or money laundering done by the clients and if so, the details thereof?

ANSWER

**MINISTER OF STATE IN THE MINISTRY OF FINANCE
(SHRI ANURAG SINGH THAKUR)**

(a) & (b): Ministry of Corporate Affairs constituted a High Level Committee (HLC) under the Chairpersonship of Ms. Meenakshi Datta Ghosh on 10.04.2017 to examine the existing provisions in the Acts, Rules and Regulations for dealing with the cases of misconduct in 3 Professional Institutes (3 PIs) viz. ICAI (Institute of Chartered Accountants of India), ICoAI (Institute of Cost Accountants of India) & ICSI (Institute of Company Secretaries of India) and to give its specific recommendations on the amendments, if any, and new provisions required to be incorporated in the Acts, corresponding Rules and Regulations, with a view to strengthening the existing mechanism and ensure speedy disposal of the disciplinary cases. The Recommendations of the High Level Committee (HLC) are under examination and Inter-Ministerial Consultations.

(c) & (d): The inquiries, inspections and investigations into the affairs of companies, including the investigations being carried out by Serious Fraud Investigation Office (SFIO), are conducted under the provisions of Companies Act, 2013. Upon submission of inspection/investigation reports, instructions may be issued and actions may be initiated against the concerned entities/officers-in-default/auditor(s) under the relevant provisions of the Companies Act, 2013 and other related statutes, on a case to case basis

(e): In the past, SEBI has passed orders against audit firms / auditors of listed entities under the SEBI Act, 1992 and Regulations made thereunder. The directions passed by SEBI against audit firms / auditors in various cases involving accounting manipulations / financial frauds mainly include the following:

1. Audit firm / auditor shall not directly or indirectly issue any certificate of audit of listed companies, compliance of obligations of listed companies and intermediaries registered with SEBI and the requirements under the SEBI Act, 1992, the SCRA 1956, the Depositories Act, 1996, those provisions of the Companies Act 2013 which are administered by SEBI under section 24 thereof, the Rules, Regulations and Guidelines made under those Acts.
2. Listed companies and intermediaries registered with SEBI shall not engage the audit firm / auditor for issuing any certificate with respect to compliance of statutory requirements which SEBI is competent to administer and enforce, under various laws.
