

GOVERNMENT OF INDIA
MINISTRY OF CORPORATE AFFAIRS
LOK SABHA
UNSTARRED QUESTION NO. 2434
ANSWERED ON MONDAY, THE 13TH DECEMBER, 2021/
AGRAHAYANA 22, 1943 (SAKA)

REGISTERED AUDITORS

QUESTION

†2434. DR. MANOJ RAJORIA:

Will the Minister of CORPORATE AFFAIRS be pleased to state:

- (a) the details of the number of auditors currently registered/working in the country, State-wise;**
- (b) the step taken by the Government to ensure the fair and transparent work by the auditors; and**
- (c) the number of auditors against whom disciplinary action has been initiated for their involvement in corrupt practices during the last five year?**

ANSWER

Minister of State (Independent Charge) of the Ministry of Statistics and Programme Implementation; Minister of State (Independent Charge) of the Ministry of Planning and Minister of State in the Ministry of Corporate Affairs.

(Rao Inderjit Singh)

- (a): The details of the number of auditors currently registered/working in the country, State-wise are attached as an Annexure.**
- (b): Section 141 of the Companies Act (the Act) provides detailed eligibility, qualifications and disqualifications of the Auditors. Under Section 142 of the Act, the remuneration payable to an auditor is fixed in a general meeting or in a manner as determined in a general meeting. Under Section 143 of the Act, powers and duties of auditors have been provided which, inter-alia, include the right of access at all times to the books of accounts and vouchers of the company. The auditors are also required to comply with the auditing standards and in certain classes of companies, the auditor report should also contain a statement in accordance with Companies Auditor Report Order (CARO) Rules, 2015/2020. Under Section 144 of the Act, the auditor is debarred for rendering certain non-audit services directly or indirectly to the company, its holding company or its subsidiary company. In addition, the Act also has provisions for mandatory rotation of auditors and there is also an overall limit on the number of audits that auditor can undertake for certain classes of companies. The auditor is also duty bound to report fraud committed in the company to the Central Government in case the amount of such fraud is Rs. 1 crore or more. In other cases, the reporting is required to be done to the audit committee or the board of the concerned company as the case may be. In companies where Audit Committee is to be constituted, the appointment of an auditor is required to be approved by such Committee.**

Further, National Financial Reporting Authority (NFRA) was constituted on 1st October, 2018 by the Ministry of Corporate Affairs under sub-section (1) of Section 132 of the Companies Act, 2013. The objective of NFRA is to set up a separate and independent regulatory body to assist in the framing and enforcement of standards relating to accounting and auditing and for improving investor and public confidence in the financial reporting of an entity.

The Central Government by the virtue of powers vested under Section 28A of the Chartered Accountants Act, 1949 has constituted a Quality Review Board consisting of a Chairperson and ten other members to make recommendations to the Council of the Institute (ICAI) with regard to the quality of services provided by the members of the Institute; review the quality of services provided by the members of the Institute including audit services; and guide the members to improve the quality of services and adherence to the various statutory and other regulatory requirements.

(c) As per information provided by ICAI, 2434 cases have been initiated against Chartered Accountants by the Disciplinary Directorate during the last five years (upto 30th November, 2021). Further, as per information provided by NFRA, it has issued 16 show cause notices to the Chartered Accountants and auditors for charges of professional misconduct and disciplinary action /orders in respect of professional misconduct committed by three Chartered Accountants in respect of Statutory Audit of a company.
