PART - II

Section 142 Remunaration Of Auditor

→ First Auditor = Board may fix.

* Casual vacancy का भी Remunaration हमेशा GM मे fix करते हैं।

* Auditor Exp. को Specially Sanction करो otherwise तो Remunaration मे ही शामिल मान लिया जाएगा।

Section 143 Powers & Duties of Auditor

a) duties to Inquire

b) Riguts

c) Branch Auditor 143(8)

d) CARO, 143(11)

Section 143(1) ; Rigut to Access the Books.

143(2) ; Report to members.

143 (3); Rigut to receive info^{n} & explanation.

Section 143(1)(A) — (F) Duties to "Enquire"

(A) Loans & Advances

Q. proper secured ??
Q. prejudicial to Co. or its members ??

(B) Mere Book Entry transactions

Q. Whether prejudicial to intrest of company ??

[e.g. + Pur. from sub. / Sale to sub. (No physical T/f of goods)

(C) Shares, debentures & other Securities

~~Banking Co.~~
~~Invest Co.~~

Q. Whether investment sold @ less than cost ??

→ Exceptional: circumstances ??
Bonafide ??

(d) Whether Loans & advances shown as deposits

⇒ the Auditor should look into Loan Agreements, Intrest Schedule & Repayment !!

(e) personal Expenses

Q. Charged to Revenue A/c ??

(*) जो Exp. Service Contract मे लिखे हुए है will not be treated as "personal Exp".

(F) Shares alloted for Cash.

Q. Received or not ??

(*) Loan/debt के लिए Share issue करना is same as to issue Shares for Cash.

Section 143(2) Audit Report

True & fair view + → Co. Act + Rules
→ Accounting Standards
→ Auditing Standards

Auditor's Report Shall include following:-

1. whether all info$\bar{o}^n$ & exp$\bar{n}^n$ which were necessary for purpose of audit obtained ???

2. whether proper Books of A/c as per LAW have been kept by Company
[Proper Returns from Branches Received which are not Visited by him]

3. whether Audit Report by Branch auditor (other) has been sent to him. [& how he dealt]

4. whether Bal. Sheet & P&L of Company are in agreement with Books of A/c of Company.

5. Adverse functioning of Company
6. whether F.S Comply with Accounting Standards
7. whether any director is disqualified Sec 164(2)
8. Any qualification, Reservation Relating to maintenance of accounts & other matters Connected therewith.
9. whether Adequate fin. Controls + their effectiveness. → Amendment

Under Rules :-

1. Pending Litigations
2. provision for forseeable losses
3. delay in deposing money with IEPF.
4. - Adequate internal financial controls + operating

Section 143(8); Branch Audit

⇒ Every Branch to be Audited.

⇒ Either by Company Auditor or other person who is qualified to become auditor of company.

⇒ Outside India → person duly qualified accordance to Law of that Country.

⇒ Same duties as of Company Auditor.

⇒ Branch Auditor $\xrightarrow[\text{to}]{\text{Report}}$ Auditor of Company.

Section 143(9) & 143(10); "Auditing" Standards

⇒ Auditor has to comply with.

⇒ C.G. will prescribe SA as Recommanded by ICAI in consultation with NFRA.

Section 143(11) ; CARO, 2015

{Special Notes}

Section 143(12) ; Reporting of frauds r/w Rule 13.

⇒ If Auditor has Sufficient Reason & info^n to Believe that an offence involving fraud is being or has been Committed against the Company by Employees or officers of Company

Then

Within 60 days has to Report matters to C.G.

⇒ Procedure

Auditor → Forward Report to Audit Commettee or Board. → within 45 days (they have to Reply)

ADT-4
- Sealed Cover
- Acknowledgement due.

↓

Reply ✓ → Report to C.G within 15 days thereafter. (* Along with Reply Received)

Reply ✗ → —"— —"— —"— after 45 days. (* with fact that Reply has not been Received)

* This Section Mutatis Mutandis apply to
⇒ Cost Auditor
⇒ Company Secretary (Secretrial Audit)

Penalty

100000 to 2500000

Section 144 Auditor not to Render Certain Services

Specified Services
⇓
Prohibited

"Directly or Indirectly"
to Company, Holding, Sub.

others
⇓
By Approval of Board or Audit Commettee.

⇒ Accounting & Book keeping.
⇒ Internal Audit
⇒ Design & Implementation of any financial information System.
⇒ Acturial Services
⇒ Investment Advisory Services.
⇒ Investment Banking Services.
⇒ Rendering of outsourced financial Services
⇒ Mangement Services

DIIA MIR
(दिया मिर्ज़ा)

Section 145 Auditor to Sign & Read Report.

Any Qualification, observation, Comments on financial transactions
→ which have Adverse effect on the functioning of Company

Should be Read before the Company in GM.

मतलब
Unqualified Report need not to be Read.

Section 146 Auditor to attend General Meeting.

⇒ All GM Shall be attended by Auditor.

Q. Representative ??
Ans Representative Shall also be qualified to become Auditor.
Unless Exempted by Company.

Scanned by CamScanner

Section 147 Punishment for Contravention.

General

Sec. 139-146

Company	Officer-default	Auditor
25000 to 500000	10000 to 100000 or 1 year (upto)	25000 to 500000

⊛ 140 141 142 मे Auditor पर कोई भी penalty नहीं है।

Special

Section 147(2)

If Auditor
Knowingly or willfully
with Intention to deceive
- Company
- SH
- Crs
- Tax Authorities

Contravens the provisions.

₹ 100000 to ₹ 2500000

And

Imprisonment upto 1 year.

↳ Refund Remunaratio
↳ Pay damages to affected parties.

⊛ Firm है तो Partners Concerned will be jointly or severally liable.

Section 148 — **Cost Audit**

⇒ C.G may prescribe Cost Accounting Records for particular class of companies which have such amount of Turnover or Networth.

⇒ Shall be Conducted by Cost Accountant in practice.
& Appointed by BOD.

⇒ he should comply with cost auditing Standards issued by ICWAI.

⇒ **Report**

$\xrightarrow{\text{to}}$ Board $\xrightarrow[\text{Forward}]{\text{Shall}}$ C.G

- within 30 days of Receipt
+
- Exp^n on all qualifications

⇒ **Remuneration**

Audit Commette $\xrightarrow{\text{Recommend}}$ Board $\xrightarrow[\text{Subsequently}]{\text{Ratified}}$ By Shareholders.