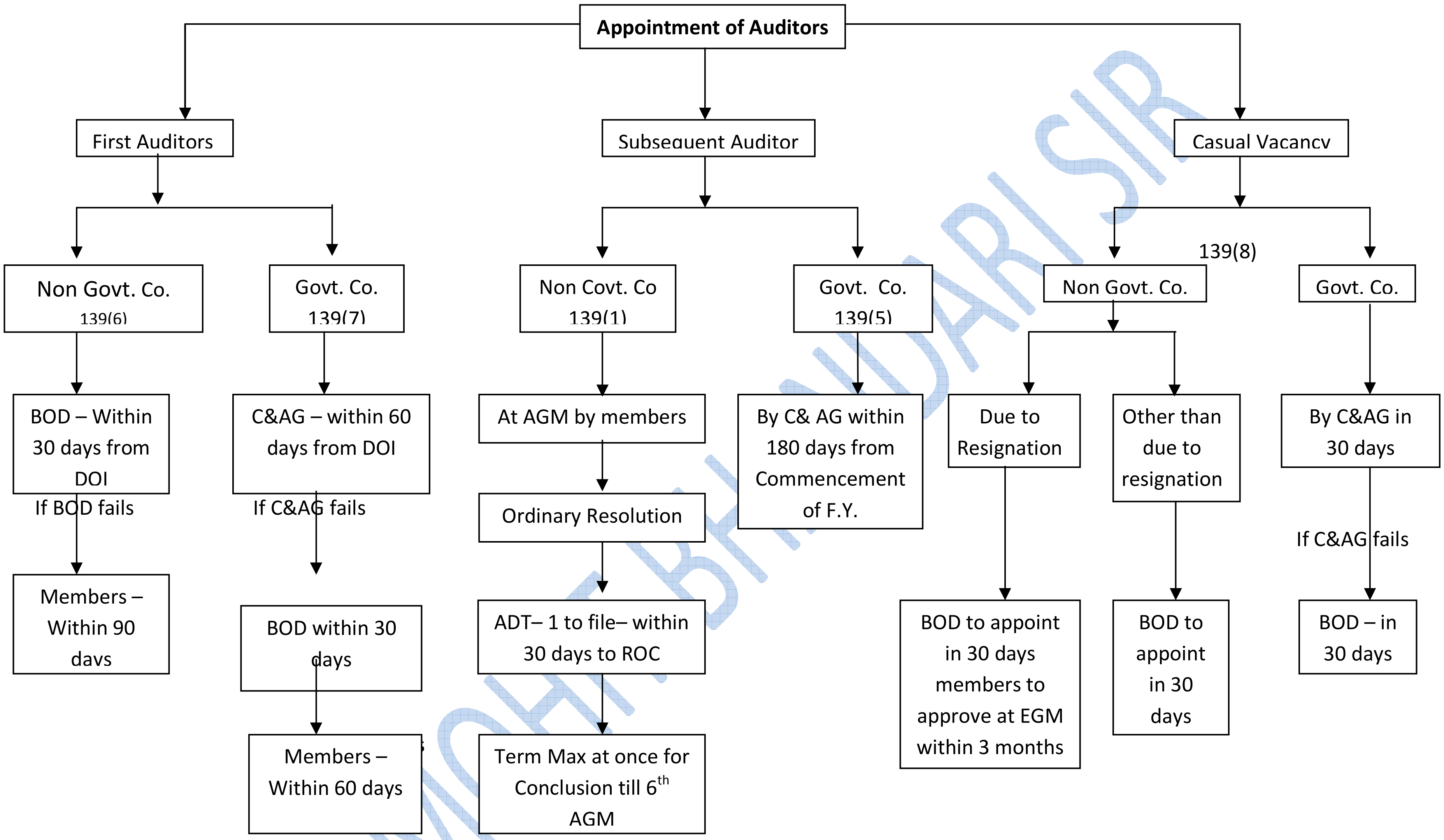
Appointment of Auditors
First Auditors
Subsequent Auditor
Casual Vacancy
Non Govt. Co.
139(6)
Govt. Co.
139(7)
Non Govt. Co
139(1)
Govt. Co.
139(5)
139(8)
Non Govt. Co.
Govt. Co.
BOD – Within 30 days from DOI
If BOD fails
Members – Within 90 days
C&AG – within 60 days from DOI
If C&AG fails
BOD within 30 days
Members – Within 60 days
At AGM by members
Ordinary Resolution
ADT– 1 to file– within 30 days to ROC
Term Max at once for Conclusion till 6th AGM
By C& AG within 180 days from Commencement of F.Y.
Due to Resignation
BOD to appoint in 30 days members to approve at EGM within 3 months
Other than due to resignation
BOD to appoint in 30 days
By C&AG in 30 days
If C&AG fails
BOD – in 30 days

Removal of Auditors

140(1)
Before Expiry of Term

- BOD Resolution to initiate
- Prior approval of central Govt.
- SP. Resolution to be pass by members at EGM
- Opportunity of being beard
- ADT-2 to take CG approval
- BOD to apply for permission from CG in 30 days from BOD resolution
- Company to conduct EGM in 60 days from CG approva;

140(4)
At AGM

- SP. Notice to be sent by members to company
- Co. to circulate to all share holders and copy to auditor
- Members to pass SP. resolution
- Right to representation

140(5)
By Tribunal

- Tribunal to order:
    1. *Suo motu or*
    2. On application
- Application by whom
    - CG
    - Interested parties
- Basis - for auditors collusion, abetment for fraud by officer/director of company
- If tribunal satisfied than pass order
- Appeal against tribunal can be file of CLAT
- If application by CG than tribunal to pass order in 15 days and CG may appoint new auditor

Ceiling limit Sec. 141(3)(g)

20 companies: Except

- **OPC**
- **Small Co.**
- **Dormant Co.**
- **Pvt. Ltd. Co.** Having PUSC upto Rs. 100 cr

Sec. 138 Internal Audit

Applicability

1. Listed Co.
2. Specified Co.

Unlisted public co. having PUSC upto Rs. 50 cr.	O/S Deposit up to Rs. 25 cr.	O/S Loan Borrowing (Bank + FI) up to Rs. 100	Turnover Rs. 200 cr. Or more

Sec. 177 Audit Committee

(1) Every listed co.
(2) Prescribed class of public companies

PUSC Rs. 10 cr.	Turnover Rs. 100 cr.	O/S Loan Borrowing Debenture deposit 50 cr.

(as per last audited FS)

CARO -2016

<u>Applicable to all Co.</u>

<u>Except</u>

B – Banking

I – Ins – Co.

S – Small Co.

C – Charitable – Sec. 8 Co.

O – OPC

P – Pvt. Co. Satisfied **ALL** Conditions

Not a sub/holding of pub. Co.	PUSC + all Res. Up to 1 cr.	O/S Loan (Bank + FI)up to 1 cr. Any time in FY	Total Revenue up to 10 cr.

Rotation of Auditor 139(2)

1. Listed co.
2. Prescribed class of co.

Un listed public Co. Having PUSC Rs. 10 cr.or more	PVT Co. having PUSC 20 cr. Or more	Any Co. Borrowing Bank + FI 50 cr. Or more

SA – 610(R) (Using the work of an Internal Auditor)

Using Internal Auditor

A. Using the work of IA Function | **B. Using IA as direct Assistance**

A. **<u>Using the Work of IA function:</u>** Whether the work is suitable to use. Three Parameters for Evaluation

1. Objectivity
2. Technical competence
3. Systematic & Disciplined approach (Quality control)

Objectivity	**Technical Competence**	**Systematic and Disciplined approach**
- status and authority of IAF	- Whether IA is member of professional bodies	- Existence of documented internal audit procedure, policies
- Free from conflicting responsibilities	- Adequately resourced as per size of entity	- Appropriate quality control procedure
- Whether any restriction imposed by Mgt	- Established policies for hiring, training, assignment of work	
- Whether TCWG oversee the employment decision	- IA having adequate tech training	

THE **EA** <u>SHALL NOT</u> USE THE WORK OF THE INTERNAL AUDIT FUNCTION IF:

- No Objectivity or
- Lack of Competence or
- Does not apply quality control practices

B. Use of Direct Assistance of IA

Direct assistance means:

- IA to perform audit procedures
- In supervision, direction and review of EA

For using the Direct assistance from Internal Auditor: FACTORS

- Objectivity
- Technical Competence
- Quality Control approach

If lacking than not to use as direct assistance

EA shall not use internal auditor to provide direct assistance to perform procedures that:

- Involve making significant judgment
- Relate to higher RMM
- Relate to work with which IA was involved
- Relate to decision about using the IA function

Conditions:

- The EA shall communicate in communication to TCWG (SA-260) about direct assistance of IA
- The EA shall obtain written agreement from Mgt that IA is allowed to follow instruction of EA, without any intervenes of Mgt
- Obtain written agreement from IA that they will keep information and instruction confidential
- EA shall direct, supervise and review work of IA