

ICAI in Media

ICAI in Media : Glimpses of October and November 2018

CA Institute issues notices to statutory auditors of Amrapali Group

OUR BUREAU

New Delhi, October 26

The CA Institute has suo-motu issued notices to statutory auditors of the Amrapali Group companies for the period 2008-15 and for the subsequent years.

Notices have been issued to two separate audit firms, who were the statutory auditors during the above period, sources said.

The latest CA Institute action comes following several media reports highlighting the ongoing proceedings in the Supreme Court in the hearings of Amrapali Group companies.

Based on the interim reports of the forensic auditors appointed by the apex court, it has been noted that there has been huge diversion of funds of the home buyers investing in housing projects of the Group, said a CA Institute release.

THE TIMES OF INDIA

New Delhi, Oct 29, 2018

BusinessLine

New Delhi, Oct 29, 2018

CA Institute urges Centre not to set up financial reporting authority

Says it is *ultra vires* of the ICAI Act

KEY POINTS

New Delhi, October 28

The CA Institute has urged the government to reconsider its decision to set up the National Financial Reporting Authority (NFRA), stating that this new body was not constitutionally valid and was also *ultra vires* the provisions of the Chartered Accountants Act.

This is reflected in a recent letter by the CA Institute President, Navin Gupta to the Corporate Affairs Minister, Arun Jaitley, said sources.

Companies Act, 2013

In the letter, the CA Institute has also urged the Government to "consider striking off the very section (32) of the Companies Act 2013," the sources added. Section 32 relates to the setting up of the NFRA, which is now seen as a regulator of the audit profession.

To support its demand for doing away with NFRA, the CA Institute has cited the legal opinion of Mukul Rohatgi, Senior Advocate and former Attorney General of



Mukul Rohatgi

India, along with the Delhi High Court's order dated October 3 (Northern India CA Federation case), which granted a stay on the initiation of the disciplinary action by the NFRA on ICAI members, said sources.

ICAI is a respondent in the northern India CA Federation case.

Rohatgi had in his legal

In Rohatgi's legal opinion dated October 10, he said that it encroaches on the powers of the ICAI and CA Act

opinion dated October 10, said that the constitution of NFRA was not constitutionally valid and it encroaches on the powers of the Institute of Chartered Accountants of India (ICAI) and the Chartered Accountants Act, 1949 does have precedence over the provisions of the Companies Act 2013.

Rohatgi's legal opinion

"I have no hesitation in concluding that the restriction sought to be placed by Section 32 of the Companies Act on the exercise of profession of chartered accountancy, is not permissible under Article 19(5).

The restriction would be illegal, arbitrary and would also be hit by Article 14 of the Constitution of India as well," said Rohatgi in his legal opinion.

Members of the CA profession had expressed before the Delhi High Court that setting up of the NFRA had led to a situation where the appointing authority, auditors and regulator would all be the same—the government, and that this situation was not in the interest of the independence of audit profession.

IL&FS, SFIO not responding: ICAI

TIMES NEWS NETWORK

New Delhi: The Institute of Chartered Accountants of India (ICAI), which had initiated investigations against auditors of IL&FS and some of its subsidiaries, has accused the crisis-hit company and the Serious Frauds Investigation Office (SFIO) of not responding to its questions.

Last week, IL&FS has replied to ICAI's October 10 letter saying, its board led by chairman Uday Kotak had been granted protection by the National Company Law Tribunal (NCLT) that superseded the earlier board and advised the audit regulator to withdraw its letter, sources said. A

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— A GOVT OFFICIAL

few days before that, SFIO had written to ICAI saying it was not the appropriate authority to share information.

Letters to Sebi and the Reserve Bank of India (RBI) have not elicited any response, an ICAI functionary said.

While IL&FS could not be reached for comment, government officials said that ICAI had asked unnecessary ques-

tions related to investigations of auditors and had gone beyond its remit just to show that the other agencies were not cooperating. "Next, they will ask CBI director to appear and share his findings. They seem to have asked several questions including the impact on the economy," said an official, requesting anonymity.

On October 10, ICAI had written to IL&FS informing that it had taken suo motu action to determine if the chartered accountants concerned had performed their services in line with the regulations. It had also enclosed a long questionnaire that included details of how the financial crisis took place, if there was diversion of

funds, what was the modus operandi, what action was taken by the audit committee and the standard operating procedure for making investments.

"Some of the questions are useless and do not seem to be directly related to investigations against CAs concerned," said an official.

An ICAI functionary suggested that in several cases government agencies and companies often did not cooperate, resulting in investigations against auditors not getting completed. Last week, similar action was initiated against auditors of real estate firm, Amrapali, which has come under the Supreme Court scanner for alleged diversion of funds.

THE ECONOMIC TIMES

ICAI fast-tracks pending cases for enquiry

New Delhi, Oct 30, 2018

In order to decrease pendency, the Institute of Chartered Accountants of India (ICAI) has constituted one more bench of board of discipline to fast track all pending cases for enquiry, a senior official said. Chartered accountants' apex body noted that the long pending residual cases under old disciplinary mechanism (section 21D of the Chartered Accountants Act 1949) were concluded by fast tracking the hearings. "During the current year, one more bench of the board of discipline was constituted so as to fast track all pending cases for enquiry and dispose off cases at Prima facie stage," ICAI president Naveen Gupta told reporters Monday. Giving details, he noted that during 2014-15, a total of 185 cases were executed under disciplinary directorate of ICAI. In 2015-16, the number rose to 402, in 2016-17 (284) and in 2017-18 (875). During 2018-19 (till October 17), 365 cases were executed under disciplinary directorate of ICAI. Moreover, the council of ICAI gave its approval for having disciplinary hearings through video-conferencing (e-hearing) and the relevant amendments required to be made in the disciplinary rules have been sent to the Ministry of Corporate Affairs for its consideration and approval, he said.

Regarding the National Financial Reporting Authority (NFRA), Gupta said, a legal opinion from senior advocate Mukul Rohatgi suggested that NFRA is not constitutionally valid and it does encroach upon the powers of ICAI. "The government seems to not have considered the fact that if there is already a regulatory body, whose constitutionality is not doubted under act 19 (1) (6) of the constitution (the ICAI), there ought not to be another body (the NFRA) that seeks to regulate the same profession and whose constitutionality under Act 19 (6) is under doubt," Rohatgi said. Gupta, however, said: "We are co-operating with the government, we are participating in the process. We are not against reforms



New Delhi, Oct 31, 2018

लंबित मामलों को जल्द निपटाने की कोशिश में जुटा आइसीएआइ

नई दिल्ली, 30 अक्टूबर: आइसीएआइ ने अपने नए बेंच के लिए एक और बेंच खोल दिया।
 • इनकारों को जल्द निपटारा करने के लिए नए बेंच का गठन किया।
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CA Institute sends notice to ILFS Fin Services auditor BSR

SFIO refuses to share IL&FS-related information with the Institute

KR SRIVATS

New Delhi, November 1

The CA Institute has sent a show cause notice to BSR & Associates LLP (BSR), one of the statutory auditors of ILFS Financial Services (IFIN), which is controlled by crisis-ridden Infrastructure Leasing and Financial Services (IL&FS).

In the eye of the storm
 Global network KPMG conducts audit in India through BSR, an Indian audit firm. The show cause notice is a suo motu action of the CA Institute, based on media reports related to the recent developments at IL&FS, said sources in the professional body.
 The notice is for audit work related to IFIN's financial year 2017-18. BSR is understood to have undertaken the joint audit with Deloitte Haskins & Sells for this year.
 It may be recalled that the CA



The show cause notice is a suo motu action of the CA Institute, based on media reports related to the developments at IL&FS

Institute had, on October 9, issued show cause notices to IL&FS' statutory auditors - Deloitte, Haskins & Sells, and SR Batliboi - for different financial years. Meanwhile, the Serious Fraud Investigation Office (SFIO) has turned down CA Institute's request to share IL&FS-related information available with the investigation agency.

Even the CA Institute's letter to Uday Kotak, Chairman of the new IL&FS board, seeking information on IL&FS Group auditors/directors, did not bear fruit.
 IL&FS recently wrote to the CA Institute expressing the inability of Uday Kotak in sharing information about IL&FS with the CA Institute, sources said.