



CAG's Audit Authority under the Companies Act 2013 *Section 143 (6) and (7)*

The Comptroller and Auditor-General of India shall within **sixty days** from the date of receipt of the audit report under sub-section (5) (*ie audit report of the CA appointed by CAG for a Government Company*) have a right to,—

- (a) conduct a supplementary audit of the **financial statement** of the company by such person or persons as he may authorise in this behalf; and for the purposes of such audit, require information or additional information to be furnished to any person or persons, so authorised, on such matters, by such person or persons, and in such form, as the Comptroller and Auditor-General of India may direct; and
- (b) comment upon or supplement such audit report. **Section 143 (6)**

Without prejudice to the provisions of this Chapter, the Comptroller and Auditor- General of India may, in case of any company covered under sub-section (5) or sub-section (7) of section 139, if he considers necessary, by an order, cause test audit to be conducted of the accounts of such company and the provisions of section 19A of the Comptroller and Auditor-General's (Duties, Powers and Conditions of Service) Act, 1971, shall apply to the report of such test audit. **Section 143 (7)**



139 (5) of Companies Act 2013

Notwithstanding anything contained in sub-section (1), in the case of a Government company or **any other company owned or controlled, directly or indirectly**, by the Central Government, or by any State Government or Governments, or partly by the Central Government and partly by one or more State Governments, the Comptroller and Auditor-General of India shall, in respect of a financial year, appoint an auditor duly qualified to be appointed as an auditor of companies under this Act, within a period of one hundred and eighty days from the commencement of the financial year, who shall hold office till the conclusion of the annual general meeting.





139 (7) of Companies Act 2013

Notwithstanding anything contained in sub-section (1) or sub-section (5), in the case of a Government company or any other company **owned or controlled, directly or indirectly**, by the Central Government, or by any State Government, or Governments, or partly by the Central Government and partly by one or more State Governments, the first auditor shall be appointed by the Comptroller and Auditor-General of India within sixty days from the date of registration of the company and in case the Comptroller and Auditor-General of India does not appoint such auditor within the said period, the Board of Directors of the company shall appoint such auditor within the next thirty days; and in the case of failure of the Board to appoint such auditor within the next thirty days, it shall inform the members of the company who shall appoint such auditor within the sixty days at an extraordinary general meeting, who shall hold office till the conclusion of the first annual general meeting.





143 (5) of Companies Act 2013

In the case of a Government company, the Comptroller and Auditor-General of India shall appoint the auditor under sub-section (5) or sub-section (7) of section 139 and direct such auditor the manner in which the accounts of the Government company are required to be audited and thereupon the auditor so appointed shall submit a copy of the audit report to the Comptroller and Auditor-General of India which, among other things, include the directions, if any, issued by the Comptroller and Auditor-General of India, the action taken thereon and its impact on the accounts and financial statement of the company.





Section 19 A of CAG's (DPC) Act, 1971

Laying of reports in relation to accounts of Government companies and corporation -

(1) The reports of the Comptroller and Auditor-General, in relation to audit of accounts of a Government company or a corporation referred to in section 19, shall be submitted to the Government or Governments concerned.

(2) The Central Government shall cause every report received by it under sub-section (1) to be laid, as soon as may be after it is received, before each House of Parliament

(3) The State Government shall cause every report received by it under sub-section (1) to be laid, as soon as may be after it is received, before the Legislature of the State.

Explanation : For the purposes of this section "Government or "State Government" in relation to a Union Territory having a Legislative Assembly, means the Administrator of the Union territory.





CAG's Audit Authority under the Companies Act 2013 *re-look* 143(6)(a)&(b)

The Comptroller and Auditor-General of India shall conduct a supplementary audit of the **financial statement** of the company by **such person or persons as he may authorise** in this behalf; and for the **purposes of such audit, require information or additional information** to be furnished to any person or persons, so authorised, on **such matters**, by such person or persons, **and in such form**, as the Comptroller and Auditor-General of India may direct and comment upon or supplement such audit report.

- ☐ The statutory auditor has to adhere to Auditing standards.....no such compulsion for CAG auditors under the Act. In my opinion the internal standards and manuals are applicable eg. Our own auditing standards, ISSAIs, Financial attest audit manual, etc.
- ☐ Authority given to ask for information/ additional information
- ☐ On matters to be decided by the CAG auditor
- ☐ Information to be given by the company in the form asked.