भारत के नियंत्रक-महालेखापरीक्षक का कार्यालय
9, दीन दयाल उपाध्याय मार्ग,
नई दिल्ली-110 124

OFFICE OF THE COMPTROLLER &
AUDITOR GENERAL OF INDIA
9, DEENDAYAL UPADHYAYA MARG,
NEW DELHI - 110 124

सत्यमेव जयते

No.156./CA-II/08-2015/CARO
11 August 2016
दिनांक / DATE

To

All MsAB, MAB, Bangalore

Subject: Companies (Auditor's Report) Order, 2016

Sir/Madam,

The Ministry of Corporate Affairs has notified the Companies (Auditor's Report) Order (CARO), 2016 on 29 March 2016, which is applicable for the financial years commencing on or after 1 April 2015 by which the Auditors' Report shall contain the matters specified in paragraphs (3) and (4) of this Order, as may be applicable. The Institute of Chartered Accountants of India has also issued a Guidance Note highlighting the reporting requirements of CARO, 2016.

2. It has been observed that the reporting requirements of this Order read with the Guidance Note have not been followed by the Statutory Auditors in many CPSEs to the extent that the amount deposited under protest is not being disclosed separately, as required under Para 3(vii) of the Order and Para 43 of the Guidance Note on CARO, 2016 issued by the Institute of Chartered Accountants of India. Hence, all the MsAB are requested to examine this aspect and take up with the Statutory Auditors in case of non-compliance. However, non-compliance to CARO by the Statutory Auditors may not be considered for evaluating their performance during the current year (2015-16), since this is the first year.

3. In case of persistence non-compliance, the issue may be highlighted as audit comment from the accounting year 2016-17 onwards.

Yours faithfully,

Parama Sen

(Parama Sen)
Principal Director (Commercial)

Copy forwarded to:

(1) PD (Report Central)
(2) PD (Railways)
(3) PD (Def. & Comm.)
(4) All desk officers of CA-III Section.

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