

भारत के नियंत्रक एवं महालेखापरीक्षक का कार्यालय

9, दीन दयाल उपाध्याय मार्ग, नई दिल्ली-110 124

OFFICE OF THE
COMPTROLLER & AUDITOR GENERAL OF INDIA
9, Deendayal Upadhyay Marg, New Delhi - 110 124

दिनांक / DATE 17-8-2016



To,

All MsAB

Subject: Sub-directions to be issued under section 143(5) of Companies Act, 2013.

Madam/Sir,

Reference is invited to the Audit Board Meeting held on 29 June 2016 wherein it was decided to lay down the criteria/principles to be followed while forwarding sub-directions to Hqrs. Accordingly, the following criteria/principles are laid down to be followed by Field offices while proposing sub-directions to Hqrs for approval:

- Issues which are required to be examined and reported by the Statutory Auditor under any law like Company law, regulatory guidelines, CARO, Accounting Standards/Indian Accounting Standards, and Standards on Auditing need **not** be included and issued as sub-directions. These issues needs to be verified by Government audit and commented suitably.
- Sub directions must indicate clearly the specific issues/areas expected to be looked into by the statutory auditor and should not be generally and loosely worded.
- The issues referred to statutory auditor should as far as possible, be quantifiable in nature and should be possible to be subsequently verified by the audit teams.
- Sub-directions may not be proposed on issues involving disputed liabilities/pending court cases.
- In case of three phase audit, wherein we are yet to firm up our view on an issue and our requirements are not clear, we may only issue a preliminary observation to the auditor as in phase II seeking his views instead of issuing a sub direction.

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दूर भात / Phone : 23509600

फैक्स / Fax : 91-11-23234014

- vi. Sub-direction proposed for approval should not be more than five in total in respect of each CPSE. The MsAB may propose more than five sub directions in special cases only. However, special circumstances requiring more than five sub directions shall be included in the proposal.
- vii. Sub-directions relating to audit of accounts of a particular financial year should be forwarded to Hqrs by December and the same may be issued in the months of January of that financial year after approval of Hqrs, so that Statutory Auditors have sufficient time to verify issues highlighted by sub-directions.

The above instructions may kindly be adhered to while proposing sub-directions for the year 2016-17.

Yours faithfully,

Sd/-

(V. Kurian)

Director General (Commercial)

Copy to: All Desk officers (CA-III)

The following instructions are to be adhered to by all desk officers in addition to above mentioned principles/criteria:

- i. Common points proposed to be included in CPSEs of a sector should be seen across MsAB at the Hqrs to maintain uniformity.
- ii. Concerned desk officers shall examine/process the Sub directions for the financial year 2016-17 and onwards and route through the technical section to ensure uniformity.



((V. Kurian)

Director General (Commercial)

स. नि/2016-17/218

दिनांक 25.8.16

उपरोक्त पत्र को एक पत्र आवेदन कार्यवाही हेतु ज. ल. व. अ. (रि) और सभी LAR/KAR (निलेखन विभाग) को अग्रोहित को जा रही है।

वेडोदय
ज. ल. व. अ. (रि)

To,

All S&AO/AOs of Inspection Sec
S. AO (R) ✓