

CAs should audit social welfare schemes: ICAI

The Centre and the state governments must allow certified Chartered Accountants to audit the financial expenses of social welfare schemes and cooperative societies, said G Ramaswamy, president, Institute of Chartered Accountants of India (ICAI).

"We have sent the proposal to respective state governments as well as the Union government. Few states have allowed co-operative societies to be audited by CAs, but many have not responded. We have also requested the state governments to engage CAs to audit the Mahatma Gandhi National Rural Guarantee Scheme," said Ramaswamy at an ICAI summit here.

As per the current practice, state cooperative societies are audited by department officers, while societies with multi state presence appoint CAs for auditing.

However, states like Maharashtra, Gujarat and West Bengal have allowed CA professionals to audit there cooperative societies.

Similarly, the MNREG Act says the power to conduct a social audit is entirely the domain of the Gramsabha under the state government.

However, the Union rural development ministry in April notified a draft rule that brought the audit of the rural job guarantee scheme under the ambit of comptroller and auditor general (CAG) of India after reports of corruption in implementing the scheme. Currently, the Central Bureau of Investigation is investigating one such case in Orissa.

The draft proposal states that audit for each district for each year will be carried out either by local fund audit or equivalent authority or by chartered accountants to be appointed by the state government and recommended by CAG.

The ICAI officials defended CAs when asked about the involvement and integrity of auditors in Satyam fiasco, saying the matter was a one-off case.

"The Satyam case was an aberration, we should not generalise the situation with all auditors.

"We have taken disciplinary action against the Satyam auditors and moreover, have recommended to the government to include audit firms and independent directors liable for such cases," Ramaswamy said.

The auditors' regulator has also taken steps to make all auditors subject to quality review over a fixed period of time, he added.

Taking the regulatory and licensing body's recommendation, the Union government has included the term to make audit firms along with auditors liable in case of financial offenses, in the draft Companies Bill 2011, which will be tabled in the current monsoon session of the Lok Sabha.

Earlier, addressing the meet, chief minister Naveen Patnaik welcomed the proposal of ICAI to set up a centre of excellence in the state.

He said, the state government will provide all support for establishment of such an institute.