

## **Govt panel on audit firms gets more time to submit report**

A government appointed three-member panel looking into various issues related to audit firms has been given more time till January 15 to submit its report.

The group, headed by TERI Chairman Ashok Chawla, was set up by the Corporate Affairs Ministry in September following representations from several domestic audit firms about the negative impact on them due to various practices that lead to circumvention of regulations.

Initially, the panel was given two months time to submit report to the Ministry. RBI Deputy Governor N S Vishwanathan and Jubilant Life Sciences Co-Chairman and Managing Director Hari S Bhartia are also part of the group. It is chaired by Chawla, who is former Finance Secretary and had also served as Competition Commission of India (CCI) Chairman. Among others, the panel would look at whether there is an adverse impact on Indian audit firms from restrictive shareholder covenants and through the manner in which audit rotation is being implemented by companies.

"The time period provided to the expert group constituted for looking into the issues related to audit firms and submitting its report is extended till January 15, 2017," the Ministry said in a communication dated December 2. The panel would also examine whether joint audit could be introduced in cases where there are restrictive covenants and other specified cases where there is a multinational audit firm as the auditor.

In case a joint audit is to be implemented, then the legal and regulatory steps towards the same would be looked into.

"Several audit firms have represented about adverse impact on Indian audit firms due to the structuring of certain audit firms leading to circumvention of various regulations and imposition of restrictive conditions by foreign investors with regard to auditor appointment by companies," the Ministry had said while announcing constituting the panel in September.

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