

ICAI to soon issue guidance note on reporting frauds

Chartered accountants' body ICAI today said it would soon come out with a guidance note for its members on fraud reporting, a day after the Lok Sabha cleared amendments to the companies law.

One of the amendment is to introduce a minimum threshold level for reporting frauds at companies by auditors to the central government.

Yesterday, the Lok Sabha cleared the Companies (Amendment) Bill, 2014 to effect 14 changes in the new companies law, whose many provisions came into force from April this year.

The Institute of Chartered Accountants of India (ICAI) had represented to the Corporate Affairs Ministry saying that a minimum threshold limit should be specified for reporting on fraud by an auditor.

Welcoming the amendment, ICAI President K Raghu said that now auditors would be required to report fraud to the government above the mandated threshold limit.

"Any fraud below the threshold limit would have to be reported to the audit committee/board," he said in a statement.

Under existing norms, statutory auditors are required to report on frauds/suspected frauds in certain situations laid down in the section.

The amendment also provides for companies to disclose details about frauds, that are not reported to the central government, in the board's report.

"We would soon come out with the guidance note on fraud reporting for our members," Raghu said.

(Business Standard)