GOVERNMENT OF INDIA
MINISTRY OF CORPORATE AFFAIRS
LOK SABHA
UNSTARRED QUESTION NO. 4555
ANSWERED ON FRIDAY, DECEMBER 19, 2014/
AGRAHAYANA 28, 1936 (SAKA)

NORMS OF CORPORATE FRAUD REPORTING

QUESTION

4555. KUNWAR HARIBANSINGH SINGH:
SHRI GAJANAN KIRTIKAR:

Will the Minister of CORPORATE AFFAIRS
कारपोरेट कार्य मंत्री
be pleased to state:

(a) the existing norms/guidelines for Corporate Fraud reporting by auditors
under the Companies Act, 2013;

(b) whether the Government proposes to relax/amend the said norms;

(c) if so, the details thereof and the reasons therefor along with the time
by which the new norms are likely to be implemented; and

(d) the other steps taken/being taken by the Government to check
corporate frauds in the country?

ANSWER

THE MINISTER OF CORPORATE AFFAIRS (SHRI ARUN JAITLEY)

cारपोरेट कार्य मंत्री (श्री अरुण जेटली)

(a) to (d):

Section 143 of Companies Act, 2013 read with Rule 13 of
Companies (Audit and Auditors) Rules, 2014 mandates that if an auditor
of a company, in the course of performance of his duties as an auditor,
encounters an offence involving frauds committed by officers or
employees of a company against such company he should immediately
report it to the Central Government.

In view of representations received from stakeholders, an
amendment of Section 143 of Companies Act, 2013 is included in the
Companies (Amendment) Bill, 2014 passed by the Lok Sabha on
17.12.2014. The amendment proposes to enable prescription or
thresholds beyond which fraud shall be reported to the Central
Government. Below such threshold, it will be reported to the Audit
committee.

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