

" CHAPTER → 13 "

" SECRETARIAL AUDIT "

Secretarial Audit Process -

- 1) Appointment
- 2) Escalator Incumbment
- 3) Acceptance

① Appointment

- 4) Preliminary Discussion
- 5) Preliminary Meeting
- 6) Planning & briefing the staff

② Planning

- 7) Testing & Interviews Analysis
- 8) Working Papers
- 9) Audit Summary Discussion

③ Actual Working

- 10) Submission Report
- 11) A.S. → IC&I follow

④ Submission

Ans 3rd. Appair

Difference Between ASCR & SAR
 Annual Secretarial Compliance Report → Sec. Audit Report

ASCR	SAR
1) No specific form name but the format is same	MR-3

2) Due Date → within 60 days from end of FY.	Due Date → within 60 days from end of FY.
3) Who will sign → CRP	Who will sign → CRP
4) Only SEBI related regulation points	All applicable laws points
5) Kind of a detailed checklist format	Brief Summary format of the report

Net Worth Definition

① Add ⁿ	② Less
a) Share Capital	a) Accumulated losses
b) Reserves & Surplus	b) Amortisation - not written off
c) P/L - Cr/Dn balance	→ Balance sheet - Current Assets/CA
d) Security Premium	c) Deferred expenditure

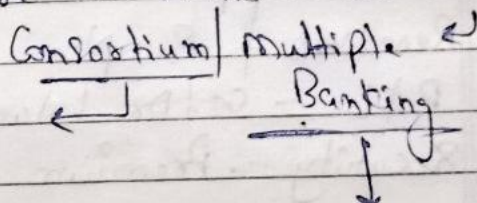
Reserves & Surplus
 ↳ Not to include

- ↓
- a) Amalgamation created reserve - AS 14
 - b) Revaluation Reserves
 - c) Written back of depreciation

Previous Incumbent

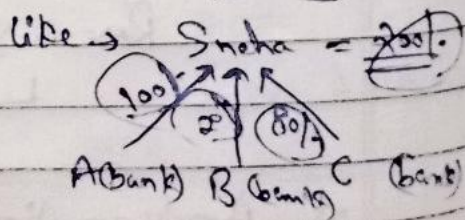
↓
In the following cases it is mandatory

- 1) Annual Return (AR) → MGT - 7
- 2) AR → MGT - 8
- 3) Sec. Audit → 204 Co. Act, 2013
- 4) Sec. Audit → 24A SEBI (LODR), 2015
- 5) ASCR
- 6) Internal Audit → Depositories
- 7) ————— → SCRA - Sub Broker / Broker
- 8) Certificate → SEBI (LODR) - Director
↓
Disqualified ✓
- 9) Certificate → SEBI (LODR) → Share Certificate
- 10) Due Diligence → Report - Bank - Borrower



[If borrower & Bank ka para jata hai but us pr sufficient asset na hata toh bo or banki banks se sth milke use loan dete hai]

[If borrower ko aty-aty banks se loan leta hai]



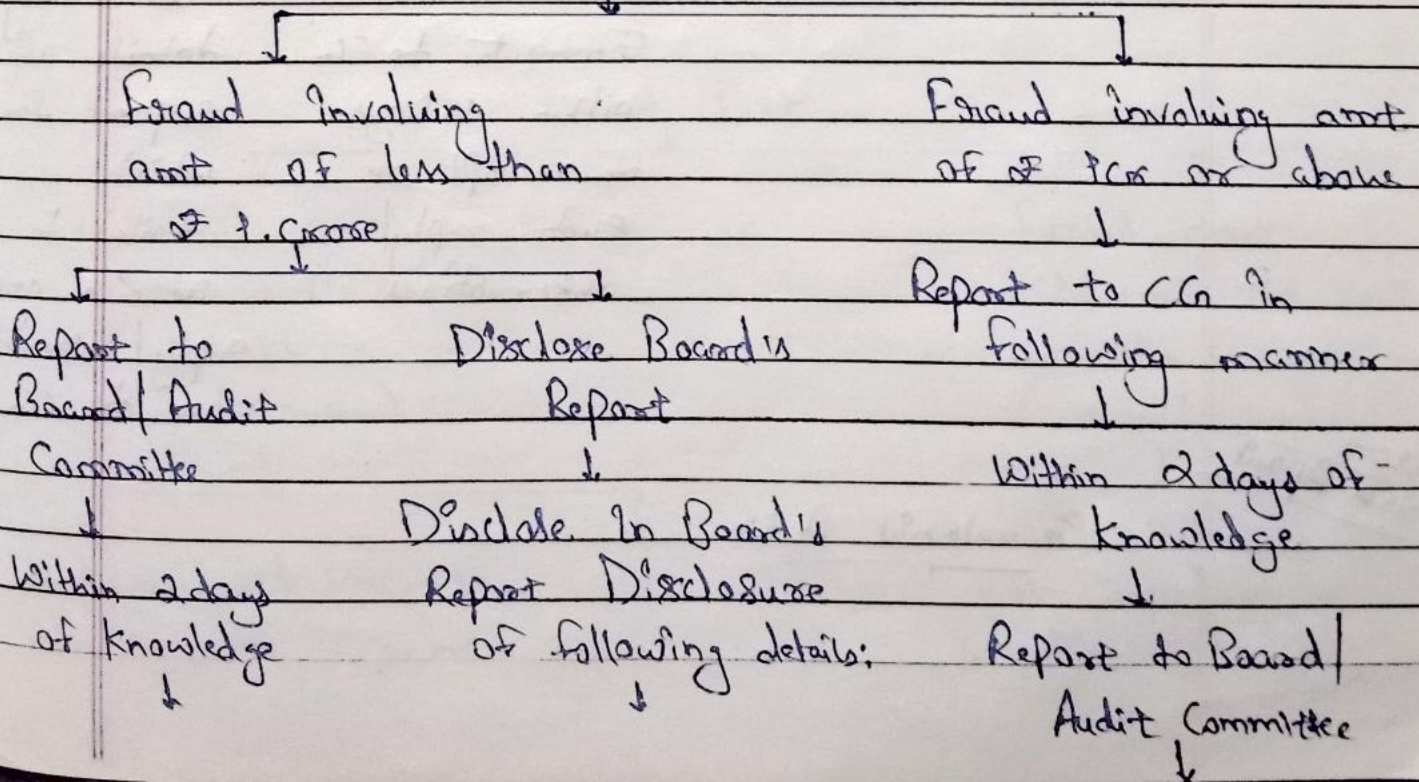
(462 Pg. no)

Ques - What do you mean by Technical Standard ?

Ans - Technical Standards - Means it includes :

- 1) Auditing Standards issued by ICAI
- 2) Compliance of the guidance Notes issued by ICAI which are applicable in the context of specific engagements being reviewed.
- 3) Compliance of the provisions of the various relevant Statutes & / or regulations, which are applicable in the context of specific engagements being reviewed.
- 4) Notifications / Directions issued by the Council of ICAI.

Fraud Reporting [Sec. 143(12) & Rule 13]



↓
Report the following matters:

- ↓
- a) Nature of fraud with description
- b) Approximate amt involved
- c) Parties involved

↓
a) Nature of fraud with description

b) Approximate amt involved

c) Parties involved, if remedial action not taken;

d) Remedial actions taken

← (Seeking reply within 15 Days)

↓
Reply/ observations received within stipulated time

↓
Forward Report +

Reply/ observation +
Comments to CG within 15 Days of receipt of such reply/ observations

↓
Reply/ observations not received within stipulated time

↓
Forward Report +

Note
Containing details of report for which failed to receive any reply/ observation - on to CG

Lec-4
25th April

Secretarial Audit

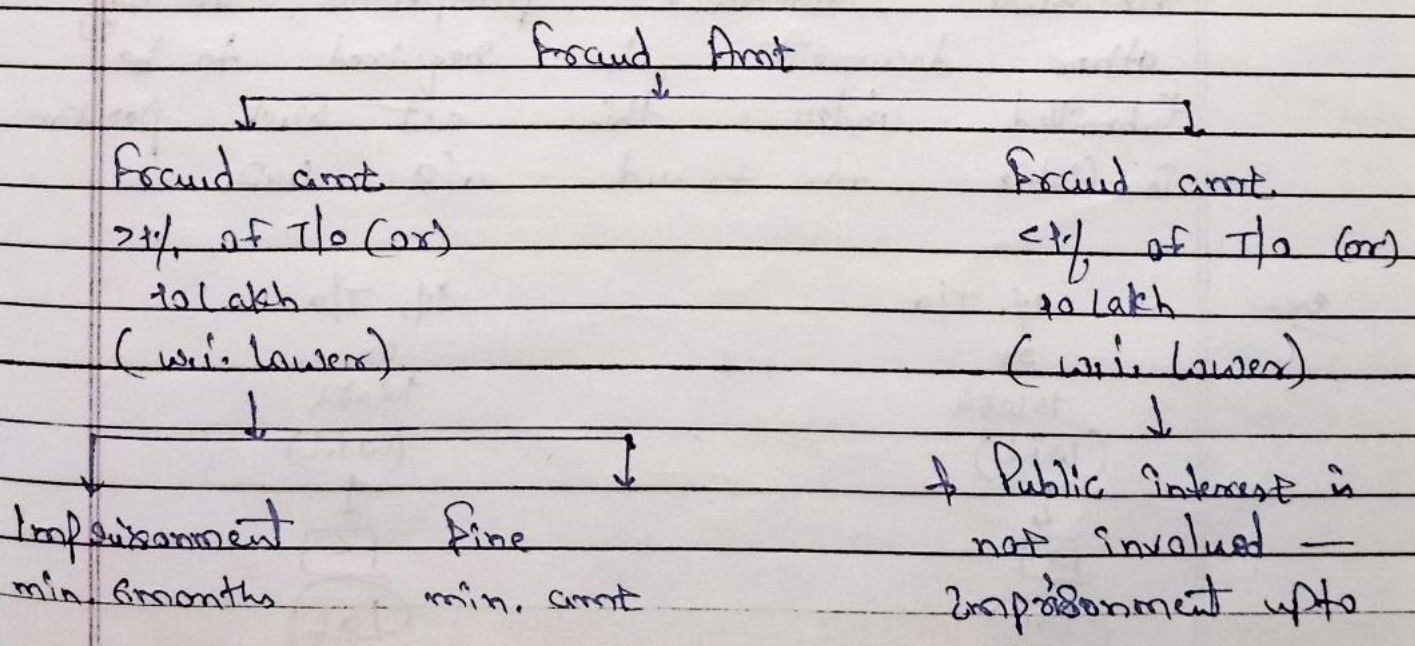
Advantages / Benefits of Sec. Audit

- 1) Investor
 - ① Better Quality of Service
 - ② Safeguarding their Interest / Stakeholders

- 2) Company
 - ① Self-Regulation
 - ② Non-Compliance Protection
 - ③ Early Detection of non-Compliance

- 3) Directors
 - NED / ID / ED → Assurance
 - Other Directors → Assurance

[Sec. 447] Punishment for fraud



(but in case of public int. involved then 3yrs.)

involved in fraud
Max. 3 times of the amt

5yrs. or fine - up to 50 lakhs or both.

Max. 10yrs.

involved in fraud

Sec. 448 [Punishment for false statement]

If any person makes -

False statement in material particulars knowing it to be false.

(or)

Omits any material facts knowing it to be material

In any return, report, certificate, financial statement, prospectus, or any other document is required to be submitted under this act such person is liable for fraud u/s 447.

