

AUDITING

B.COM.(HONS.) (PART-I)

APPOINTMENT OF AUDITORS

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APPOINTMENT OF AUDITORS

The Provision of appointment of auditor is vested in Company Act 2013 (section, 139). The brief of these provisions are as follows :-

A. Appointment of First Auditor :-

i. In case of a Non-government Company [section 139 (6)]:-

- Auditor can be appointed by Boards of Directors within 30 days of registration of the company.
- If the Board of Directors can not appoint auditor within during period, they should inform the members of the company.

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- The members of the company will appoint the First Auditor within 90 days in Extraordinary General Meeting.
- The working period of First Auditor will end by the first Annual General Meeting.

II. In Case of Government Company [section 139 (7)] :-

- Any government company or other company which is direct or indirect, partially or fully controlled by Central Government or any State or States are included in this section.
- In such company, First Auditor is appointed within 60 days of registration of the company by Comptroller and Auditor General, CAG of India.

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- If First Auditor is not appointed by CAG during the period, then the Board of Directors will appoint First Auditor within 30 days.
- If Board of Directors can not appoint First Auditor during period then they will notice the members of the company, after that the members will appoint the First Auditor within 60 days in Extraordinary General Meeting.
- The working period of First Auditor will be till the end of first Annual General Meeting.

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B. Appointment of Subsequent Auditor :-

I. In Case of Non-government Company :-

- Every company should appoint any Individual or Firm as auditor in their First Annual General Meeting.
- The working period of such appointed auditors will should be from the end of the First Annual Meeting up to the end of the 6th Annual Meeting of the company and then at the end of each 6th Annual General Meeting of company.

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Note :-

- (a) As per section 141, a certificate regarding acceptance of terms and conditions got signed by the Auditor before such appointment.
- (b) The notice of appointment should be sent to the concerned auditor by the company as well as in the office of the registrar for registration within 15 days of the Annual General Meeting in which the auditor is appointed.
- (c) The appointment of Auditor should be rectified by the members of the company in each Annual General Meeting.

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II. In Case of Government Company :-

- Auditor must be appointed by the CAG within 180 days of starting of the Financial Year.
- The working period of the auditor will be the end of the Annual General Meeting of company.

THANK YOU

