



NFRA recommends revision of the Standard quality control (SCQ1) and Standard quality management (SQM1 and SQM2), on the lines of the global Standards

Standard on Auditing (SA) also revised and aligned to global standards

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The National Financial Reporting Authority (NFRA) held its 18th Meeting on 11th and 12th November 2024 and approved its standards on quality control.

It recommended revision of the Standard on Quality Control (SQC1), as Standards on Quality Management (SQM 1 and SQM 2) on the lines of the global Standards on Quality Management (ISQM1 and ISQM2), with minor contextual changes, to the Central Government for notifying under Section 143 (10) of the Companies Act 2013.

Also, it recommended SA 600 (Revised) on the lines of the global Standard ISA 600, with some minor contextual changes, to the Central Government for notifying under Section 143(10) of the Companies Act 2013. The SA 600 (Revised) and relevant conforming adjustments in the other SAs are proposed to be applicable only to Public Interest Entities (PIEs) except Public Sector Banks, PSUs (including public sector insurance companies) and their branches, respectively.

Adding to the above, it also recommended conforming adjustments with the SA 600 (Revised) in the liability of joint auditors under SA 299, for consistency, by making the joint auditors jointly and severally responsible, on the lines of the standard international practices, and recommend the same to the Central Government for notifying under Section 143(10) of the Companies Act, 2013.

The three SAs, SA 800 (Revised) (Special Considerations-Audits of Financial Statements Prepared in Accordance with Special Purpose Frameworks, SA 805 (Revised) (Audits of Single Financial Statements and Specific Elements, Accounts or Items of a Financial Statement, SA 810 (Revised) (Engagements to Report on Summary Financial Statements) also for notifying under Section 143(10) of the Companies Act, 2013 also recommended.

Out of 11 Members of NFRA attending the meeting, 8 Members-the representatives of CAG, RBI, SEBI, two independent experts Prof Narayanswamy, Retired Professor IIM Bangalore, Professor Sanjay Kallapur, Professor ISB, Hyderabad, two Full-Time Members of NFRA and Chairperson of NFRA were in support of these four proposals. The three ICAI representatives expressed their disagreement to the above four proposals.

The Authority also approved the other 33 Auditing Standards on lines of corresponding Global Standards.

In line with the practice followed globally in countries such as UK, Australia, Singapore, the Authority also decided to recommend to Central Government to name the Auditing Standards as IndSAs.

Upon the approval of the Central Government, these Standards are recommended to be effective from 1.04.2026.

NB/AD

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