

**No. 635/FD/F2/2022**  
**Government of Puducherry**  
**Finance Department**

Puducherry, dt. 11/05/2022

**OFFICE MEMORANDUM**

**Sub:** Instructions on Appointment of Annual External and Tax Auditors for Autonomous Bodies/ Societies/ PSUs/ Corporations, etc.

**Ref:** I. D. Note / Memorandum No. 635/FD/F3/2021-22, dated 03/12/2022

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Attention is invited to the memorandum cited under reference wherein it was directed that the Autonomous Bodies/ Societies/ PSUs/ Corporations, etc. under the control of the Government of Puducherry, shall henceforth appoint their annual auditors only from the list of empanelled Auditors maintained by the CAG. In this regard, it is clarified that the CAG empanelled auditors for the UT of Puducherry, or nearby regions of Tamil Nadu, such as Villupuram, Cuddalore, etc., but having branch office in Puducherry, empanelled auditors in Tamil Nadu but with branch offices in Kumbakonam (nearest station for Karaikal), empanelled auditors in Kerala but with branch offices in Kannur (nearest station for Mahe), and empanelled auditors in Andhra Pradesh but with branch offices in Kakinada (nearest station for Yanam), may also be considered for appointment as Auditors by the Autonomous Bodies/ Societies/ Boards/ Corporations, etc. The latest station-wise list may be obtained from the Finance Department, Puducherry, by email to: [usfin.pon@nic.in](mailto:usfin.pon@nic.in)

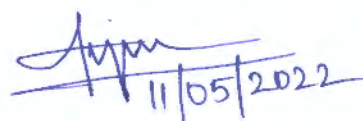
2. However, there is a huge backlog of audits in many of the Autonomous Bodies/ Societies/ Boards/ Corporations, etc., and the same has been adversely commented on by the office of CAG. The quality of audits also leaves much to be desired. Further, there is a clear conflict of interest in the Government agency to be audited, appointing its own auditor and paying for its services. Hence, the Government has decided that the appointment of annual auditors (external auditor<sup>1</sup> and tax auditor) for the Government entities shall henceforth be done by the Finance Department, and the payment of auditors' fees shall also be made from the Government budget.

3. Accordingly, all Autonomous Bodies/ Societies/ PSUs/ Corporations, etc. shall submit necessary proposals, with all relevant information/particulars furnished as per Annexure - I, through their Nodal Departments, at least one month before the due date of external audit, for the appointment of an external auditor and tax auditor, to the Finance Department. Such proposals shall comprise of a list of three Auditors selected from the list of CAG empanelled auditors, along with their willingness letters and fees quoted by the Auditors, and a certificate duly attested by the Head of the Department that the Auditors selected have not been engaged by the institution for more than two preceding accounting years/ financial years (FY). The Finance Department may normally choose and appoint the annual auditor from the list of the three Auditors suggested, and finalise the fee to be paid to the auditor. The fee payment thereof shall also be authorised against a suitable head in the Budget in the Demand of the concerned Department. The auditor fee shall henceforth be borne by the Government only. In case any CAG empanelled auditor refuses to undertake the audit of an entity, the name of the auditor may be communicated to the Finance Department.

4. The Finance Department has meanwhile held consultations with CAG empanelled auditors regarding suggestions for improving the quality and depth of audits for the Government entities. Based on the feedback received from the auditors, the following additional instructions are hereby issued:

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<sup>1</sup> May please note that an external auditor is not the same as a Statutory Auditor. The latter is appointed by CAG directly. The former will be appointed only in cases where there is no statutory audit by CAG.

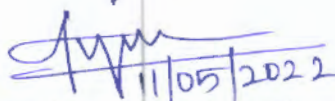
  
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- (i) The Autonomous Bodies/ Societies/ PSUs/ Corporations, etc. shall strictly adhere to the timelines laid down for the completion of the audit under the respective statutes applicable to them. An indicative list of the timelines to be complied with, under the different Statutes, is furnished in **Annexure-II**. Further, all the Auditee Entities shall comply with the Income Tax Return filing compliances/ MCA Filing compliances/ Society Return filing compliances within the due dates.
- (ii) To address the pendency in the compiling of annual accounts in Autonomous Bodies/ Societies/ PSUs/ Corporations, etc., well-qualified accounting professionals may be engaged on a contract/ retainer basis. For relatively smaller entities, the same professional may be allowed to take up the work in more than one entity.
- (iii) The same audit firm shall not be appointed as both the Internal Auditor and the External Auditor or Tax Auditor for a particular entity for the same accounting year. However, external auditor and tax auditor can be the same for that entity.
- (iv) External Auditors/ Tax Auditors may be appointed by the entity for a continuous period of 3 years (not beyond) to ensure continuity in the filing of returns and ensuring tax compliance.
- (v) While calling Expression of Interest (EoI) to appoint the external auditors/ tax auditors, the Government entity shall provide basic information as indicated in **Annexure-III** to the prospective auditors.
- (vi) Whenever there are changes in the constitution of the Board of Directors, the concerned entity shall ensure timely generation of DIN for the new Directors, and duly intimate/register the changes with the Ministry of Corporate Affairs (MCA).

5. The Administrative Departments/ Autonomous Bodies/ Societies/ PSUs/ Corporations, etc. shall ensure strict compliance with the above instructions. Any delay in providing information to the Finance Department, as per para 3 above, shall be viewed adversely.

6. As regards the Cooperative Societies, the Secretary (Cooperation) shall undertake the same task as proposed for the Finance Department here, and direct the payment of the fees of external auditors and tax auditors from the appropriate head of the Cooperative Department. In the case of smaller Cooperative Societies, the same auditor may be tasked with the audit of more than one society to create a sizeable volume of work.

//By Order//

  
Arjun Ramakrishnan)  
Under Secretary (Finance)

All Secretaries to Government/Special Secretary (Cooperation)/ All Secretariat Departments  
All Heads of Directorates/Offices  
All Heads of PSUs/Autonomous Bodies/Societies/Boards/Corporations  
The P.S. to the Chief Secretary

**Information to be provided by Societies/ Boards/ PSUs/Corporations while forwarding the list of External Auditors / Tax Auditors for appointment by the Finance Department**

S.N	Information Sought	
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1	Name & Designation of Accounts Head	
2	Designation of other Accounts officers (only for filled up posts)	
3	Financial Statements, including Balance Sheet, Profit & Loss Statement, Cashflow Statement, etc. completed till which FY	
4	Name of Internal Auditor, if any	
5	Internal audit completed till which FY	
6	Name of Company Secretary, if any	
7	External Audit completed till which FY (attach a copy of the report)	
8	Fee Paid to External Auditor for that FY	₹.....
9	Has the last Audited Financial Statement Report been shared with proposed Auditors?	Yes/ No
10	Name of the last External Auditor	
11	Last External Auditor continuing since which FY	
12	Was External Auditor also used for Compilation of Accounts?	Yes/ No
13	Were any specific parameters and issues spelt out for last to the Auditor?	
14	Have recommendations of the last statutory/external auditor been approved by Board?	
15	Name of Tax Auditor	
16	Tax Auditor since which FY	
17	Last Tax Audit done for which FY	
18	Last Tax Audit Filed for which FY	
19	TDS Exemption last claimed for which FY	
20	Fee Paid to Tax Auditor for that FY	₹.....
21	Has Director Identification Number (DIN) been obtained for all Directors?	
22	Has Digital Signature Certificate (DSC) been taken for all Directors?	
23	Have changes in the latest Constitution of the Board been registered with MCA?	
24	Annual renewal of KYC norms of Directors done for which FY	
25	Revenue/ Gross Receipts for the year (₹)	
26	Expenses/ Outgo for the year (₹)	
27	Approximate Number of Bank Transactions	

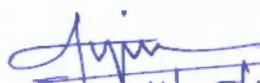
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- Receipts
- Payments

28 Approximate Number of Cash Transactions

- Receipts
- Payments

29 Attach the names of External, Tax, and Internal auditors in last 10 financial years

  
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**Timelines for Compliance under the different Statutes**

<b>(1) Under the Companies Act, 2013</b>	
<b>Particulars</b>	<b>Due Date</b>
Annual KYC of Directors	30th Sep of Every Year
Appointment / Changes in Directors	Within 30 Days from the Change
Annual General Meeting for Adoption of 'Audited' Accounts	6 months from the close of the Financial Year
Filing of E-Form AOC-4	30 days from the date of the Annual General Meeting
Filing of E-Form MGT-7/7A	60 days from the date of its Annual General Meeting
Other Information based forms / Event Based Filings	As prescribed for the relevant event

<b>(2) Under Income Tax Act, 1961</b>	
<b>Particulars</b>	<b>Due Date</b>
Filing of Tax Audit Report, wherever applicable	30th September
Filing of Income Tax Returns, where Tax Audit is applicable and where Accounts of the Assessee is subject to Audit under Any law	31st October
Filing of Income Tax Returns - Other Cases	31st July

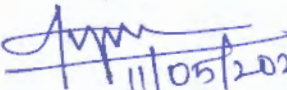
<b>(3) Under Societies Registration Act</b>	
<b>Particulars</b>	<b>Due Date</b>
Annual list of managing body to be filed.	Within 14days from the Date on which the AGM is to be held.

*[Signature]*  
11/05/2022

**Annexure-III**

**Basic information to be shared by the Autonomous Bodies/ Societies/ PSUs/ Corporations, etc. while calling Expression of Interest (EoI) to appoint auditors:**

Revenue/ Gross Receipts for the year (₹)	
Expenses/ Outgo for the year (₹)	
Approximate Number of Bank Transactions	
- Receipts	
- Payments	
Approximate Number of Cash Transactions	
- Receipts	
- Payments	

  
11/05/2022