

Shailesh Haribhakti on



Topic of discussion:

DISQUALIFY AUDIT QUALIFICATIONS?

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YH Malegam, Chairman Emeritus, SB Billimoria & Co says don't disqualify audit qualifications. But does the rest of his fraternity agree?

Experts express their views to Isha Dalal on The Firm aired exclusively on CNBC-TV18

Shailesh Haribhakti, Chairman, BDO India says, "As we read auditors' reports from the western world, especially the United States and UK, the question of qualification happens in very rare and extreme situations. Otherwise, the interaction between the auditor and auditee results in respect for accounting standards and an adjustment to the accounts to make sure that the auditor can express a true and fair opinion."

PR Ramesh, National Director- Audit, Deloitte says, "Normally, it is the auditors' way or the highway!"

Ravi Ramu, CFO, Puravankara says, "An audit opinion is, lets face it, a judgmental opinion. It's a view of an auditor on the financial statements. So it can't be black and white."

Vishesh Chandiok, Managing Partner, Grant Thornton says, "I think the current standards contain guidance and examples on what sort of wording can be used. There is some flexibility that is permitted within the standards and I don't think that flexibility should be taken away from a professional to whom you go to to express an opinion. You don't do that in case of doctors or lawyers where you standardize every kind of agreement or you standardize every prescription."

Paritosh Basu, Group Controller, Essar Group says, "Instead of making 5-7 lines of qualifications and dealing with a few lines in the directors' report, what an organization can do in terms of the ICAI jointly after public debate, they can suggest a set of guidelines in terms of content of the note on accounts which will deal with aspect of qualification."

Vishesh Chandiok, Managing Partner, Grant Thornton says, "We can dispense with audit qualifications in the long run, once we have a strong QRB- a strong quality review board that is independent, that proactively monitors the audit working papers that support that opinion but without that if you were to say no qualifications, auditors could simply drop the qualification or what will happen is companies will start forcing auditors to drop qualifications because the regulator will not



be accepting qualified reports.”

PR Ramesh, National Director- Audit, Deloitte says, “It’s an ideal end state not to have qualifications and ensure that all adjustments are carried out. But I don’t believe we are ready at this point in time, because there is considerable action required at this point by the regulators.”

Paritosh Basu, Group Controller, Essar Group says, “If you feel that we bring in another regulator – that regulator be either part of ICAI or an independently formed body, what will it lead to? When we are in a time-bound regime to publish annual account, this kind of thing will bring in time constraints for the auditor and auditee.”

Shailesh Haribhakti, Chairman, BDO India says. “I quite appreciate that while we are transitioning and creating the roadmap for eliminating audit qualifications, it is useful and appropriate to have this intermediate step of formalizing and removing the amount of choice available in terms of how qualifications should be drafted. But I think we should view it as part of a voluntary code, as part of a stepping stone towards the ultimate Shangri-La so to speak, of there being only unqualified audit reports.”