

First NFRA Annual Report on Eight Audit Firms by November

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New Delhi: The National Financial Reporting Authority (NFRA) will wrap up its first annual inspection of eight audit firms – including the Big Five – and reveal its findings by October or November, people aware of the auditing regulator's plans said.

The inspection, focused on the processes and standards adopted by auditors, could reveal how

NFRA plans to bolster the country's audit and accounting ecosystem to curb corporate frauds and uphold shareholders' interests in a fast-growing economy, one of the persons said. The inspection reports will also reveal the Big Five's compliance with suggestions made in the regulator's December 2023 reports that had flagged deficiencies in their work processes.

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THE BIG FIVE



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tors to the same companies for whom they are also the statutory auditors.

"There shouldn't be any conflict of interests involving any auditor," said one of the persons cited above, highlighting that the conduct of auditors should be beyond suspicion. Top five firms – EY, Deloitte, KPMG, PwC and Walker Chandniok & Co – dominate the Indian audit ecosystem, having overseen assignments of three out of five Nifty-500 companies as

of March 2023, according to a primeinfobase.com report. The regulator's inspection is in sync with global best practices. The Public Company Accounting Oversight Board of the US, for instance, inspects each public accounting firm either annually or once in three years, depending on the number of companies they audit.

Any efforts toward early detection of stress in listed companies or curbing corporate frauds – which can be done through accu-

rate and transparent auditing of the company's financials – will serve the interest of both retail and other investors. The move comes amid a heightened focus on the part of authorities on protecting retail stock investors. Last month, finance minister Nirmala Sitharaman exhorted market intermediaries to help preserve the trust of Indian households that have made a "generational shift" in deploying a larger part of their savings in the stock markets.