

Financial Reporting Review Board (FRRB)

An Overview



The Institute of Chartered Accountants of India

(Setup by an Act of Parliament)



Formation of the Financial Reporting Review Board

The Council of the ICAI constituted the Financial Reporting Review Board (FRRB) in July 2002.



- Review of General Purpose Financial Statements of enterprises selected suo motto or as a special case.
- Creating awareness regarding compliance with ASs, SAs, Statement on CARO and other reporting obligations relevant to various enterprises among the preparers and auditors of financial statements.
- Organizing Awareness Programmes / Webcasts / Seminars/Training Programmes.



Partner In Nation Building Supporting Regulators

ICAI is constantly making endeavours to contribute towards Nation Building and foster enriching relationship with its members, government and public at large. ICAI's alliance with regulators would prove to be instrumental in improving the financial reporting practices in India.



Election Commission of India:

Working closely with ECI to improve the transparency in the financial statements of political parties

- To enhance the financial reporting skills of the auditors of Political Parties, a “Programme on Financial Reporting Practices for Political Parties” was organized in the year 2015 at New Delhi. Dr. Nasim Zaidi, Chief Election Commissioner of Election Commission of India and Shri. P.K. Dash, Director General (Election Expenditure) of Election Commission of India graced the event.
- Review financial statements of political parties referred by ECI from time to time.



Supported QARC-SEBI:

- Played a key role in supporting Securities and Exchange Board of India (SEBI) in its endeavour to improve financial reporting practices of listed enterprises. FRRB submitted its views on the specific audit qualification(s) of all the cases referred by QARC of SEBI (112 enterprises) along with additional information, if any received by the company and /or the auditor, as the case may be.
- FRRB also provided comments on SEBI's proposal to improve its mechanism for dealing with the qualified audit reports filed in SEBI by the listed entities.



Composition And Independence of The Board

The Board comprises of the members from Central Council of the ICAI, Government nominees and representatives from Securities and Exchange Board of India (SEBI), office of Comptroller and Auditor General of India (C&AG), Insurance Regulatory and Development Authority of India (IRDAI) and Central Board of Direct Taxes (CBDT) from time to time.



- Entities whose equity or debt securities are listed or are in the process of listing on any stock exchange, whether in India or outside India.
- Banks (including co-operative banks), financial institutions or entities carrying on insurance business.
- All commercial, industrial and business reporting entities, whose turnover (excluding other income) exceeds rupees fifty crore in the immediately preceding accounting year.
- Holding and subsidiary entities of any one of the above.
- Such other enterprise or category of enterprises, for which any information relating to non-compliance of generally accepted accounting principles in the preparation and presentation of financial statements, non-compliance of the disclosure requirements prescribed by regulatory bodies, statutes and rules and regulations relevant to the enterprise and non-compliance of the reporting obligations of the enterprise and the auditor brought to its notice, which in the opinion of the Board may be undertaken for public interest, including the enterprises mentioned in paragraph 3 of Terms of Reference.

Review of General Purpose Financial Statements



The FRRB reviews the general purpose financial statements of certain enterprises and auditor's report thereon with a view to determine, to the extent possible:

- Compliance with the ***generally accepted accounting principles*** in the preparation and presentation of financial statements;
- Compliance with the ***disclosure requirements*** prescribed by regulatory bodies, statutes and rules & regulations relevant to the enterprise; and
- Compliance with the ***reporting obligations*** of the auditor.

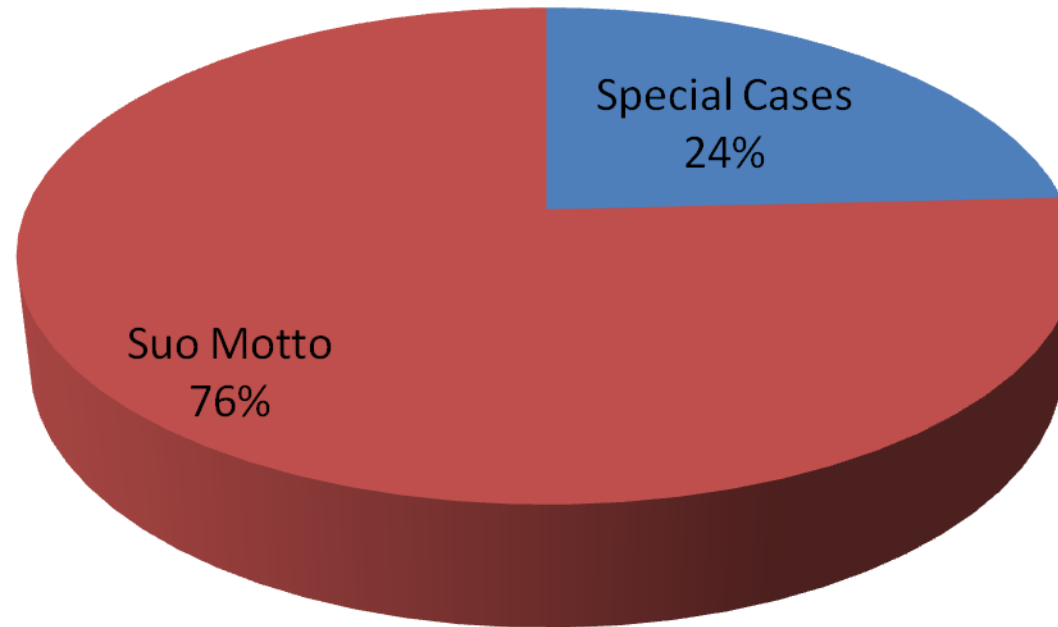


The FRRB may review the general purpose financial statements and the auditor's report of the following enterprises:

- Enterprises selected either *suo motto* or
- Enterprises *referred to it by any regulatory body* like, Reserve Bank of India, Securities and Exchange Board of India, Insurance Regulatory and Development Authority, Ministry of Corporate Affairs, etc. or
- Enterprises *wherein serious accounting irregularities* have been highlighted by the media reports.



Segregation of reviews undertaken by the Board so far





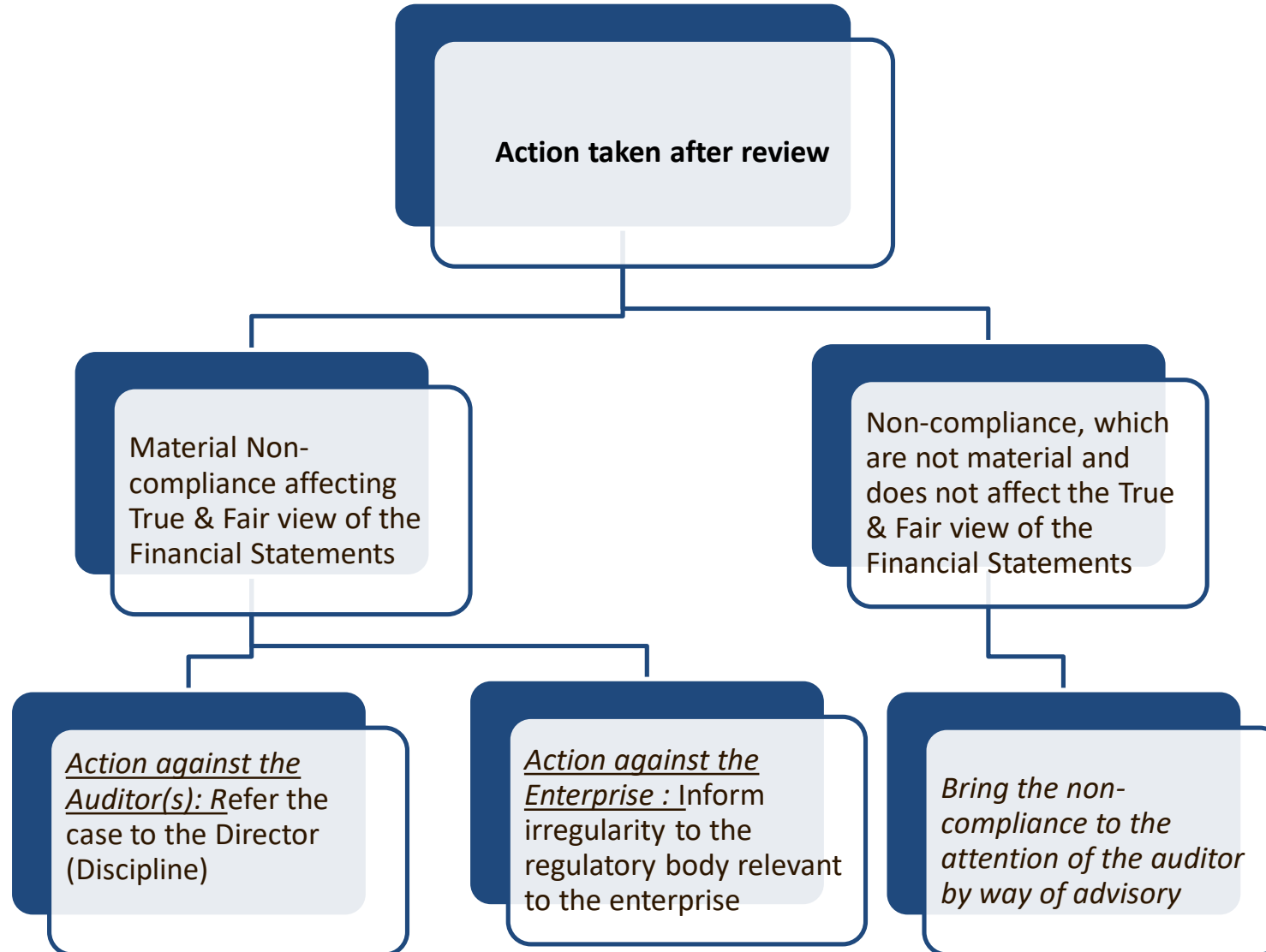
Conducting Review:

- Stage I: by a Chartered Accountant, ***Technical Reviewer***
- Stage II: by a group of Chartered Accountants, generally based at common city, ***Financial Reporting Review Group***
- Stage III: by the ***Board***



Action, if any, Non-Compliance observed:

In case, the FRRB finds any non-compliance, it is classified in the following categories:



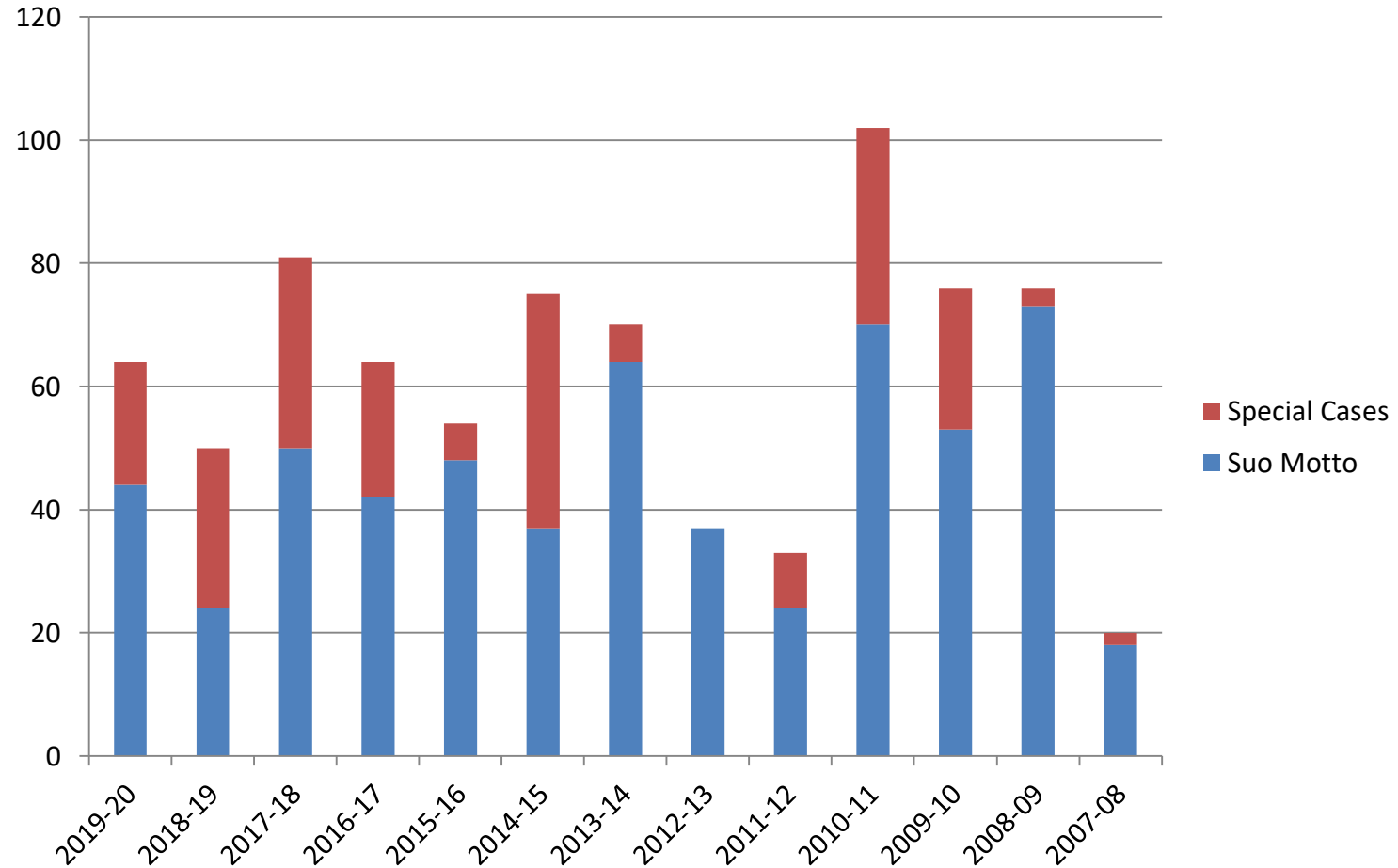


Total cases reviewed since inception

Cases considered and finalised by the Board till date	Cases referred to Director (Discipline) of ICAI for further action where serious non-compliances observed	Cases referred to Regulators (MCA, SEBI, IRDAI) relevant to the enterprises	Reports sent to ECI on financial statements of political parties	Issued advisories to Auditors where major non-compliances observed
882	145	139	35	555

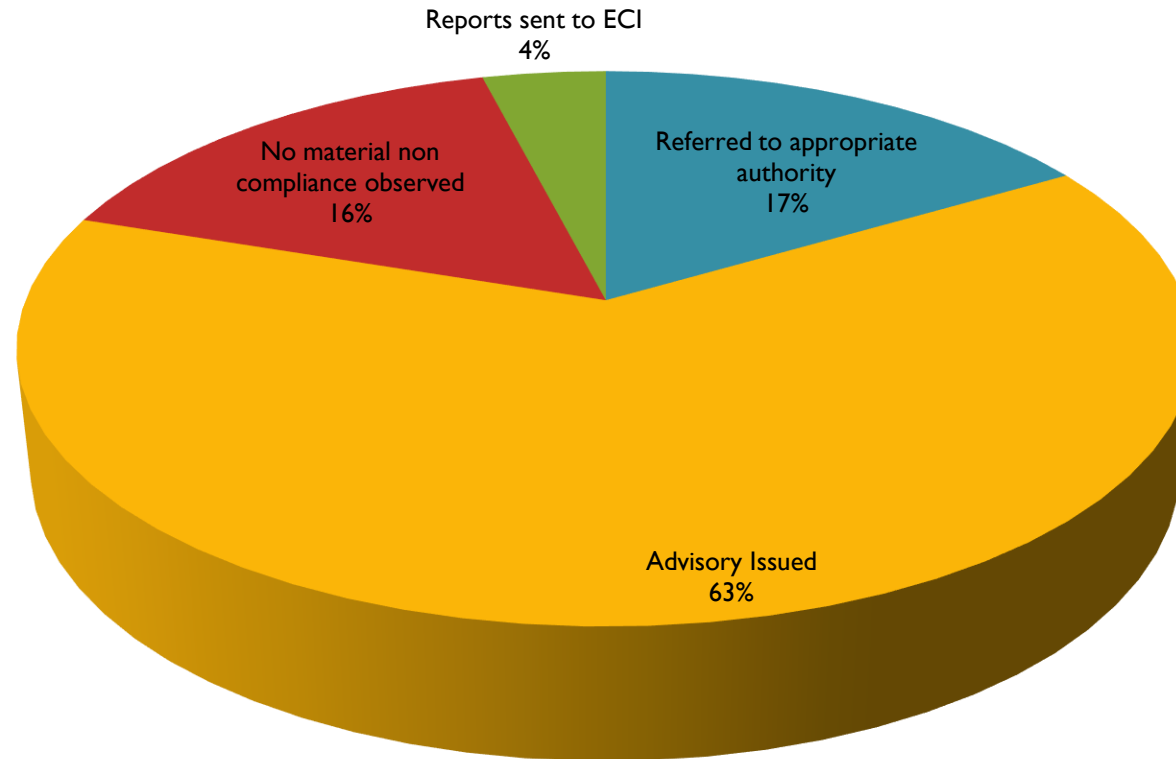


Major Milestones Of The Board Break-up of cases reviewed by the Board



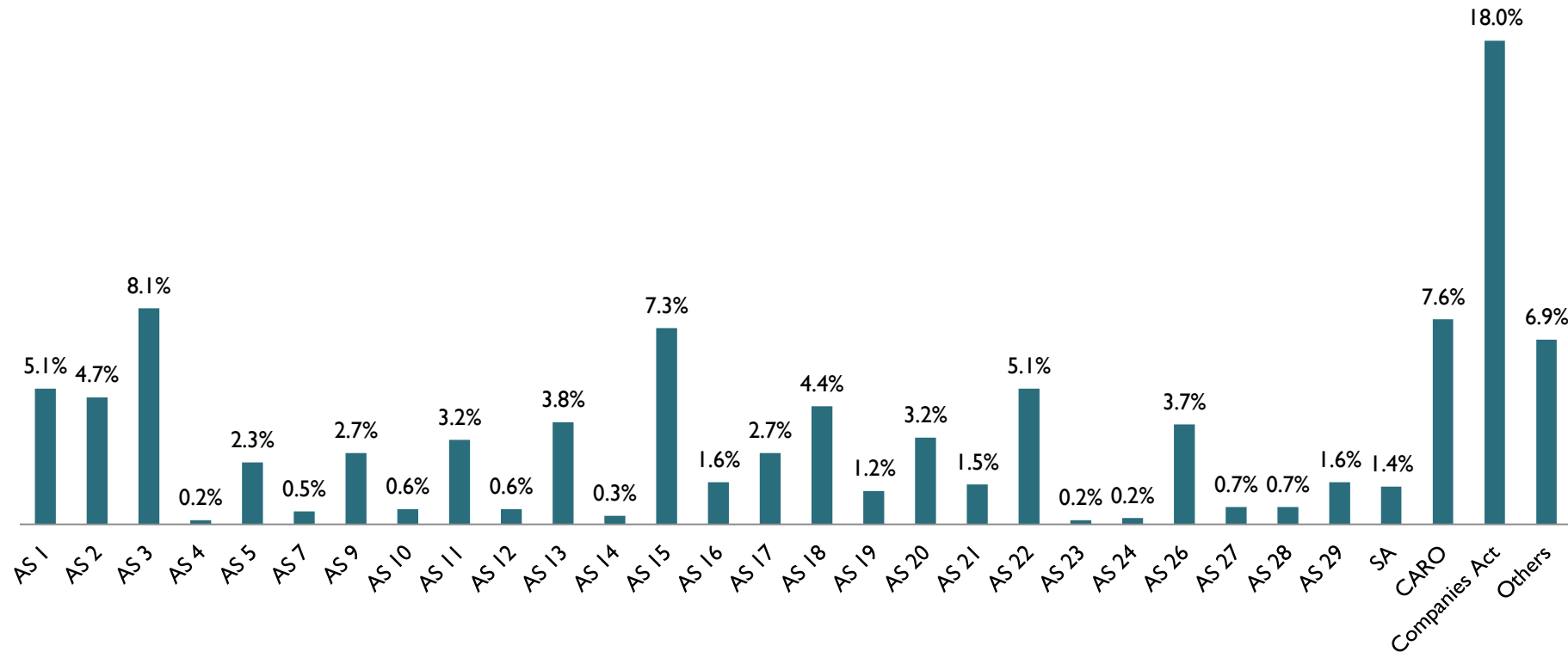


Summary of action taken by the Board so far





At a Glance: Non-compliances Observed by the Board During the Course Review



Detailed observations are available in “Study on Compliance of Financial Reporting Requirements, Volume III” at https://www.icai.org/new_post.html?post_id=969&c_id=61



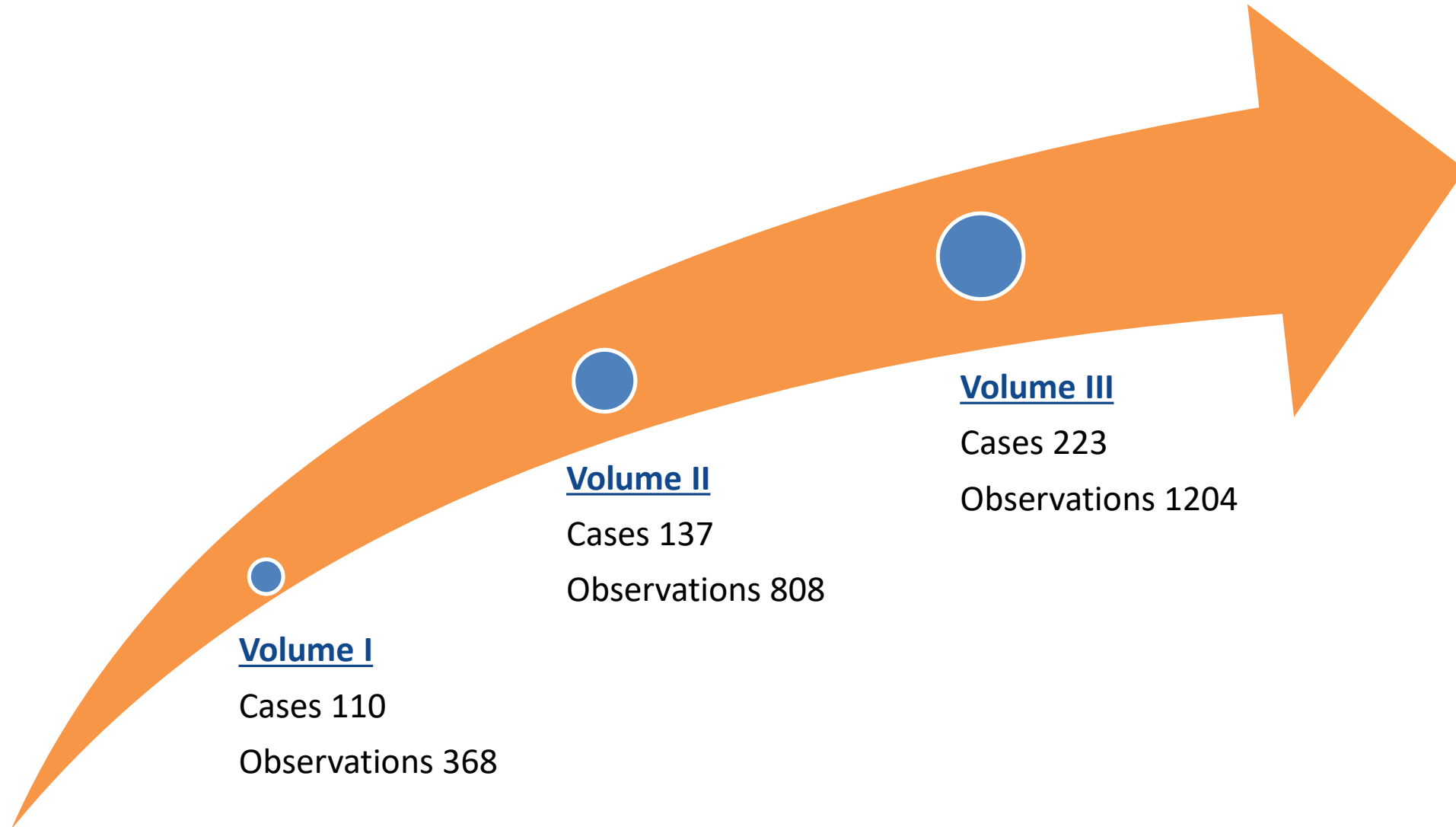
Articles in Journal:

With a view to apprise the members of the Institute and others concerned about the non-compliances observed during the review, note on non-compliances are published in the Institute's Journal, 'The Chartered Accountant'

Publication:

So far, following publications have been released which contains pertinent observations of the Board on compliance aspects of various Financial Reporting Requirements:

- *A Study on Compliance of Financial Reporting Requirements*
- *Study on Compliance of Financial Reporting Requirements (Volume II)*
- *Study on Compliance of Financial Reporting Requirements (Volume III)*





Programmes:

In its endeavour to improve financial reporting practices in the country, from the year 2007, FRRB initiated to organize Awareness Programmes on Financial Reporting Practices, updating the knowledge of the preparers of the financial statements and auditors with the amendments taking place in financial reporting framework and also to apprise them about the common non-compliances observed by the Board during review of various financial statements. Since the year 2007, Board has conducted 69 Seminars/ Awareness Programmes/ Training Programmes/ Workshops wherein 8649 participants have been benefited.

THANK YOU