

**GOVERNMENT OF INDIA  
FINANCE  
LOK SABHA**

UNSTARRED QUESTION NO:4668  
ANSWERED ON:04.05.2012  
AUDIT OF LLPS QUESTION  
Nishad Capt.(Retd.) Jainarayan Prasad

**Will the Minister of FINANCE be pleased to state:**

- (a) whether the Government/any agency of the Government has formulated a scheme to audit all Limited Liability Partnerships (LLPs) of the country;
- (b) if so, the details thereof and the time by which this audit is likely to be undertaken;
- (c) whether a number of foreign audit companies are operating in the country;
- (d) if so, the details thereof, companywise; and
- (e) the details of foreign and domestic audit companies found guilty of financial crimes from 1 April, 2002 to 29 February, 2012 alongwith the details of action taken against each such company?

**Answer**

MINISTER OF STATE FOR FINANCE (SHRI NAMO NARAIN MEENA)

(a) & (b) Yes. The provisions for audit of the accounts of LLP are prescribed in Rule-24 of LLP Rules, 2009. As per Rule-24 (8) (9) (10) of LLP Rules, 2009, the Statement of Accounts & Solvency of LLP shall be mandatorily audited by a qualified Chartered Accountant in practice if the turnover exceeds Rs.40 lakhs in the financial year or contribution exceeds Rs.25 lakhs. Statement of Accounts & Solvency of LLP shall be filed on or before 30th October of the year after closure of financial year. If audit of accounts of LLP is mandatory then audit should be completed before due date filing of form-8.

(c) Certain multinational companies, commonly known as Multinational Accounting firms, are registered as consultancy companies under the Companies Act, 1956. Under the Chartered Accountants Act, 1949, companies barring LLPs, are prohibited from practising the profession of Chartered Accountants. Consequently, only firms of Chartered Accountants and LLPs, both registered with ICAI fall within ICAI regulatory and ethical framework and they are only entitled to practise the profession of Chartered Accountants in India.

(d) Not applicable in view of answer to (c) above.

(e) Since the Multinational Accounting Firms are outside the jurisdiction of ICAI regulatory and ethical framework, ICAI can not take any action against such companies. As for domestic accounting firms registered with ICAI, it may be mentioned that the existing scheme of the Chartered Accountants Act, 1949, the Regulations and Rules framed there under, do not provide for taking any action against firms of Chartered Accountants per se. However, in the event of a complaint/information being filed against a firm, then, after seeking the name(s) of the member/partner answerable to the professional misconduct attributable against the firm, disciplinary actions are initiated only against such individual member(s) and not against the firms per se, in terms of the said Act/Regulations/Rules.