

# NFRA finds lapses in auditing of IL&FS

**FE BUREAU**

New Delhi, June 22

**THE NATIONAL FINANCE** Reporting Authority has found a number of gaping holes in the audit of Infrastructure Leasing & Financial Services (IL&FS) for the year 2017-18. These include failure to comply with the basic requirements of audit and violation of norms on quality control and auditor independence. The auditor was SRBC & Co.

In its report released on Tuesday, NFRA has also found lapses in the audit on loans & advances. The report observed that the initial appointment of SRBC & Co and the continuation of the firm as statutory auditor of IL&FS was violative of the norms of inde-



pendence. This is because its network (Ernst & Young Global/EY) provided prohibited services to the IL&FS group and also had a business relationship with the auditee. SRBC, its partners and employees have been using the brand, name, email domain, policy documents etc of the EY.

SRBC had also admitted that it is a part of the network of EY. Therefore, the report says, there is no doubt that SRBC is a network firm of EYG. EYG entities have been earning significant non-audit revenues from IL&FS which is audited by one of its network firms — SRBC. Even SRBC, too, has directly earned non-audit revenue from IL&FS group entities.