

# DR. H. GORDON ROBERTS HOSPITAL

(Khasi Jaintia Presbyterian Hospital)



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Regd . Under Societies Registration Act XXI of 1860 Vide No. 87 of 1967 – 1968

## ANNEXTURE – 1

### Subject: Appointment of external auditor

#### I. CONDITIONS FOR THE HOSPITAL

1. While the auditor is responsible for forming and expressing an independent opinion on the financial statements, the responsibility for their preparation is that of the management of the Hospital. The audit of the financial statements does not relieve the management of its responsibilities relating to the maintenance of adequate accounting records, internal controls and safeguarding of the assets of the Hospital. The Hospital should submit to the auditors the Balance Sheet and Profit & Loss account duly approved by the management for their report thereon.
2. The books of accounts and vouchers may be made available to the Auditors. A suitable program of audit in consultation with the statutory auditors be drawn up so as to complete the audit within the prescribed time schedule. Details of transactions or explanation called for by the Statutory Auditors must be furnished expeditiously.
3. (i) The remuneration payable to the Auditors is fixed by the Hospital Governing Board.  
(ii) While fixing the Auditor's remuneration, due consideration might be given to the volume of work involved, amount of time normally spent by the Audit firm's partners/chartered accountant employees and the Audit clerks.  
(iii) In cases where audits are allotted to the Branch office of the CA Firm no TA/DA should be paid by the Hospital for the audit of the units located at the same station of the branch.
4. In the interest of maintaining the independence of auditors, no assignment for consultancy or internal audit or any other services of the Hospital may be provided to the firm or its partners or relatives (husband, wife, brother, or sister or any lineal ascendant or descendant) of partners of the firm or its Associates during the year of audit and for one year **(to be counted from the date of conclusion of the relevant Annual General Meeting of the Hospital)** after the firm ceases to be auditor. Non-audit assignments that involve performing management functions or making management decisions are also prohibited during the year of audit and for one year after the firm ceases to be auditor. The condition would not apply in case of auditors being entrusted assignments for the Tax audit under Income Tax Act, review of Quarterly/half yearly accounts as per SEBI guidelines, VAT audit required under various State Legislations and other statutory certificates related to the audit assignment.
5. The Hospital should confirm past audit details including audit fees. Any other remuneration like TA/DA, Certification fees etc. (Tax/Management consultancy fees paid to the Statutory/Branch Auditors in addition to the audit fees in the last three years and in future may also be intimated. The remuneration for other work like review of quarterly accounts, fees for tax audit, other statutory certificates etc. should be

restricted to a reasonable percentage of the total audit fee payable to the auditors and which in total should not exceed the fee payable for carrying out the statutory audit.

## II. CONDITIONS FOR THE AUDITORS

1. The Auditors will intimate their acceptance as auditors of the Hospital within 3 (three) weeks of receipt of this appointment letter to the Hospital. If, for any reason the Auditors are not in a position to accept the appointment, they may intimate the Hospital immediately along with their reason for their decision.
2. The appointment/re-appointment of auditors is subject to their performance in the previous years' audit being adjusted as satisfactory by the Hospital Governing Board.
3. The appointment/re-appointment of auditors is subject to the auditors making the following declarations/undertakings:
  - (i) that no partner of the firms of the Auditors is related to any of the members of the Hospital Governing Board;
  - (ii) that neither the firm or its Partners or Associates have any interest in the business of the Hospital;
  - (iii) that no TA/DA, out of pocket expenses will be claimed from the Hospital;
  - (iv) that during the year of audit, and for one year after (to be counted from the date of conclusion of the relevant Annual General Meeting of the Hospital) the firm ceases to be Auditor, no assignment for internal audit or consultancy or other services to the Hospital will be accepted, either by the firm or by its partners or relatives (husband, wife, brother, or sister or any lineal ascendants or descendant) of partners of the firm or by its associates\*. Non-audit assignments that involve performing management functions or making management decisions are also prohibited during the year of audit and for one year after the firm ceases to be auditor. This condition would not apply to assignments for the tax audit under Income Tax Act, VAT audit required under various State legislations, review of Quarterly/half yearly accounts as per SEBI guidelines and other statutory certificates related to the audit assignment.
  - (v) That no partner/chartered accountant employee of the firm of auditors has been held guilty of professional misconduct by the Institute of chartered Accountants of India during last year (in case any partner of the firm has been held guilty of professional misconduct by the Institute of Chartered Accountant of India, please furnish details thereof)
  - (vi) **The audit would not be done by a person who is neither a partner nor an employee of the CA firm to which the audit has been allotted nor who was earlier associated with the audit of the said Hospital as a partner/employee of the retiring auditor.**
  - (vii) No partner of the Chartered Accountant firm should hold a post of Director (**except in the case of financial companies**) or undertake audit or any other job/assignment of any Private organization/company which is in the same line of business or industry as that of the Hospital.
- 4 (a) The auditors may start the audit of the Hospital immediately on receipt of the accounts of the Hospital. However, they should certify the accounts for the year only after the audited accounts for the previous year has been laid before the AGM for their consideration. In case audited accounts for the previous years has been considered but finally not adopted by the Hospital Governing Board, the auditor can certify the accounts of the succeeding year indicating the fact of the non-adoption of the previous year's accounts in their report.

(b) The time schedule for conducting the audit may be drawn up with scheduling of audit i.e. indicating the period of audit of different departments/units of the Hospital and also the name of Personnel & their qualification who will be deployed for audit of each unit. A copy of the time schedule so fixed may be sent by the auditor or the management of the Hospital.

(c) The auditor must complete the audit of the units/branches allotted to them within the time schedule stipulated by the management so that the statutory time schedule for placing the accounts in the AGM could be adhered to.

5. Record of audit work done in the form of working papers should be retained with sufficient information so as to support the auditors' significant conclusions and judgements.

**6. The selected firm should deploy at least one partner/employee having ISA/CISA qualification to conduct the audit.**

7. The Auditors should also certify the audit report.

*\* The term 'Associates' includes (a) other firms of Chartered Accountants in which any employee of partner of the Audit firm has an interest and (b) any employee or partner of the audit firm practicing as a Chartered Accountant in his/her individual capacity.*

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