

Company Audit

Retirement of an auditor

1. The first auditor appointed by the board of directors retires at the conclusion of the first annual general meeting.
2. The subsequent auditor appointed by the shareholders at the annual general meeting retires at the conclusion of the next annual general meeting since he is appointed only for one year.
3. However, an auditor (the first or a subsequent auditor) who retires at an annual general meeting may be reappointed by the shareholders at the annual general meeting unless-
 - a) He is not qualified for reappointment or
 - b) He has given to the company, a notice in writing, of his unwillingness to the effect that the retiring auditor should not be reappointed or
 - c) A resolution is passed to the effect that the retiring auditor should not be reappointed.
4. It may be noted that if on the retirement of an auditor, on the conclusion of an annual general meeting no new auditor is appointed by the shareholders then the retiring auditor will continue to be the auditor of the company for another term of one year.

Remuneration of an auditor:

The remuneration of the first auditor is fixed by the board of directors as he is appointed by it. If the auditor is appointed by the Central government under certain special circumstances, his remuneration is fixed by the Central government. If auditor is appointed by the shareholders at the general meeting, his remuneration is fixed by the company in the general meeting. If the remuneration of the auditor is not fixed by the company (i.e., by shareholders in the general meeting) and if the company in the general meeting delegates the power of fixing his remuneration to someone else eg. the Board of Directors, then the persons who have been empowered in this connection, fix the remuneration of the auditor.