

Auditing and Corporate Governance

Dr. Ganesh R

Assistant Professor

PG & Research Department of Commerce

St.Mary's College, Sulthan Bathery

Topics Covered Today

- Major Corporate Failure case studies
- Common Governance Problems noticed in various corporate failures
- Code and Standards on Corporate Governance

Major Corporate Failure case studies

- BCCI (UK)
- Maxwell Communication
- Enron USA
- Satyam Computers Services Ltd
- Tata Finance
- Kingfisher Airlines

Common Governance Problems

- Regulators Mistake
- Supremacy of the CEO
- Lack of vigilance by Auditors
- Individuals/concentrated ownership
- Incompetent Board
- Misleading Accounting principles
- Insider Trading
- Poor Investment Policies
- Exorbitant Rate of Borrowing

Code and Standards on Corporate Governance

- Cadbury Report (1992)
- Greenbury Report (1995)
- Hampel Report (1998)
- UK Combined Code (1998)

Code from International Agencies

- OECD (Organisation for Economic Development and Corporation)
- ICGN (International Corporate Governance Network) and
- Commonwealth Association for Corporate Governance are three agencies proposed various recommendations on corporate governance.

PRINCIPLES OF CORPORATE GOVERNANCE PROPOSED BY OECD

- Effective and efficient Governance framework
- Protect the shareholders right
- Equitable treatment of all kinds of shareholders
- Role of all stakeholders should be recognised
- Disclosure and transparency.

Corporate Governance code in India

- CII Code (1998)
- Kumar Mangalam Birla Committee (1999)
- Naresh Chandra Committee (2002)
- Narayana Murthy Committee (2003)
- J J Irani Committee (2005)
- Uday Kotak Committee (2017)

THANK YOU