

ANNOUNCEMENT

Responding to empanelment wherein the empanelling/ appointing authorities charge a reasonable amount towards processing/administrative cost or towards stationery/ application form for the purpose of empanelment.

As you are aware, under Clause (6) of Part I of the First Schedule to the Chartered Accountants Act, 1949, the members are prohibited from soliciting clients or professional work either directly or indirectly by circular, advertisement, personal communication or interview or by any other means. In the Code of Ethics, 2001 edition, the Council laid down its guidelines/directions for application for empanelment for allotment of audit and other professional work. The same are published in para (b) under Clause (6) of Part I of the First Schedule to the Chartered Accountants Act, 1949 at page 59 of the Code of Ethics, 2001 edition.

In the said guidelines, members are advised, inter alia, that they should not respond to such empanelment in which the payment of any registration or other fee or deposit is required.

The Institute came across certain Notices/Advertisements/Circulars wherein empanelling/appointing authorities while inviting applications from members for the preparation of panel of auditors charge towards processing/administrative cost or towards stationary/application form for the purpose of empanelment.

Recently, the Council considered the issue and decided that the members are permitted to respond to such empanelment wherein the empanelling/appointing authorities charge a reasonable amount towards processing/administrative cost or towards stationary/application form for the purpose of empanelment.

The revised directions/guidelines in full issued by the Council are as under:

“(b) Application for empanelment for allotment of audit and other professional work.

The government departments, government companies/corporations, courts, co-operative societies and banks and other similar institutions prepare panels of chartered accountants for allotment of audit and other professional work. Where the existence of such a panel is within the knowledge of a member, he is free to write to the concerned organisation with a request to place his name on the panel. However, it would not be proper for the chartered accountant to make roving enquiries by applying to any such organisation for having his name included in any such panel.

It is permissible to quote fees on enquiries being received from the above bodies, which maintain such panel. It is, however, not proper for the members to send printed or cyclostyled copies of the scales of fees in reply to such enquiries.

Members are also advised that they should not respond to such empanelment in which the payment of any registration or other fee or deposit is required. However, the members are permitted to respond to such empanelment wherein the empanelling/appointing authorities charge a reasonable amount towards processing/administrative cost or towards stationery/application form for the purpose of empanelment.

An advertisement for any part-time work undertaken by practising chartered accountants, would not be permissible because it would essentially be an offer of professional services and therefore would offend the rule.”