

Know Your Ethics

- Q. Whether a Chartered Accountant will be deemed to be guilty of professional misconduct if he accepts his appointment as an auditor immediately after intimating his appointment over the phone to the previous auditor?**
- A. Yes, the member would be held guilty of professional misconduct for the following reasons:
- That he had failed to communicate with the retiring auditor in writing; and
 - That he did not wait for a reasonable length of time for a reply to be received from him.
- Q. Whether a Chartered Accountant who is appointed as tax auditor for conducting special audit under the Income-tax Act by the IT Authorities is required to communicate with statutory auditor?**
- A. Yes, Council direction under Clause (8) of Part I of First Schedule to the Chartered Accountants Act, 1949, prescribes that it would be a healthy practice if a tax auditor appointed for conducting special audit under the Income-tax Act, communicates with the member who has conducted the statutory audit.
- Q. Whether communication by the Incoming auditor is mandatory with the previous auditor in respect of various audit assignments, like the concurrent audit, revenue audit, tax audit and special audits etc.?**
- A. Yes, the requirement for communicating with the previous auditor would apply to all types of audits viz., statutory audit, tax audit, internal audit, concurrent audit or any other kind of audit. The Council has laid down detailed guidelines in this regard and the same are appearing in the Code of Ethics, 2009 edition.
- Q. Whether a member in practice can be a director of a company?**
- A. Yes. a member in practice is permitted generally to be a Director Simplicitor in a company provided he is not a Managing Director or Wholtime Director and is required only in the Board Meetings of the company and not paid any remuneration except for attending such meetings.

* Contributed by the Ethical Standards Board of the ICAI

Let's Contribute to CABF



(CA. K. Raghu, President ICAI, accepting cheque of ₹50 lakh from CA. T. V. Mohandas Pai, Chairman, Manipal Global Education towards contribution to CABF at Bengaluru, 18th December 2014

Established in 1962, our CABF is one of the largest modes providing welfare and support to the Chartered Accountants fraternity. It provides financial assistance for medical treatment, education, maintenance or any other similar purpose to necessitous persons. Financial assistance in lump sum is also given to the widows/relatives of the deceased member in case of accidental/unnatural death at age

As an effective mode of fulfilling our social responsibility towards our profession, the Chartered Accountants Benevolent Fund(CABF) has been our effective answer to the calls of our members in distress.

CA. T. V. Mohandas Pai, Chairman, Manipal Global Education has recently contributed ₹50 lakh out of his commitment of ₹1 crore for the CABF to strengthen the corpus of this fund to help the families of our members in need. Let's keep up this benevolent trend and enthusiastically contribute to the cause of the needy amongst us.

below 55 years. A considerable number of members/family is already getting such assistance from CABF.

The contribution can be made in the form of 'Life Membership' (₹2500), 'Ordinary Membership' (₹500 annually), or 'Voluntary Contribution' (an amount up to any extent). All subscription and contribution made towards CABF is eligible for deduction under Section 80 (G) of Income Tax Act, 1961.

For more details, please click <http://220.227.161.86/35639mss25103.pdf> ■

Know Your Ethics

Q. Can a Chartered Accountant in practice disclose information acquired in the course of his professional engagement?

A. No, as per Clause (1) of Part I of Second Schedule to the Chartered Accountants Act, 1949, a Chartered Accountant in practice shall be deemed to be guilty of professional misconduct, if he discloses information acquired in the course of his professional engagement to any person other than his client so engaging him, without the consent of his client or otherwise than as required by any law for the time being in force.

Q. Whether a Chartered Accountant in practice can use the designation 'Corporate Lawyer'?

A. No, a Chartered Accountant in practice is not permitted to use the designation 'Corporate Lawyer'.

Q. Whether the office of a Chartered Accountant is permitted to go in for ISO 9001: 2000 certification or other similar certifications?

A. Yes, there is no bar for a member to go in for ISO 9001:2000 certification or other similar certifications. However, the member cannot use the expression like "ISO Certified" on his professional documents, visiting cards, letter-heads or sign boards etc.

Q. Whether communication with previous auditor is necessary in case of appointment as statutory auditor by nationalised and other Banks?

A. Yes, Clause (8) of Part I of the First Schedule to the Chartered Accountants Act, 1949 is equally applicable in case of nationalised and other Banks and also to Government agencies.

Q. Whether a Chartered Accountant in practice is entitled to accept teaching assignment?

A. Yes, a Chartered Accountant in practice is allowed to accept teaching assignment in university, affiliated colleges, educational institution, coaching organisation, private tutorship, provided the direct teaching hours devoted to such activities taken together do not exceed 25 hours a week with effect from 1.4.2005.

Q. Whether an auditor is required to provide to the client or to main auditor of the Head Office of the same enterprise access to his audit working papers?

A. No, working papers are the property of an auditor. An auditor is not required to provide the client access to his audit working papers. The main

auditors of an enterprise do not have right of access to the audit working papers of the branch auditors, except in case it is required by the Regulatory norms.

Q. Can a Chartered Accountant in Service accepts or agrees to accept any part of fees, profits or gains from a lawyer, a Chartered Accountant or broker engaged by such company, firm or person or agent or customer of such company, firm or person by way of commission or gratification?

A. No, Clause (2) of Part II of First Schedule to the Chartered Accountants Act, 1949, prohibits a member in service from accepting or agreeing to accept any part of fees, profits or gains from a lawyer, a Chartered Accountant or broker engaged by such company, firm or person or agent or customer of such company, firm or person by way of commission or gratification.

Q. Whether a Member of the Institute shall be deemed to be guilty of professional misconduct, if he includes in any statement, return or form to be submitted to the Council any particulars knowing to be false?

A. Yes, as per Clause (3) of Part III of the First Schedule to the Chartered Accountants Act, 1949, a member of the Institute, whether in practice or not, shall be deemed to be guilty of professional misconduct if he includes in any statement, return or form to be submitted to the Council any particulars knowing them to be false.

Q. Can a practicing Chartered Accountant accept a position as auditor previously held by some other Chartered Accountant in such conditions as to constitute undercutting?

A. Yes, a Chartered Accountant in practice can accept a position as auditor previously held by some other Chartered Accountant in such conditions as to constitute undercutting.

Q. Whether a member of the Institute shall be deemed to be guilty of professional misconduct, if he does not supply the information called for, or does not comply with the requirements asked for, by the Institute?

A. Yes, a member of the Institute shall be deemed to be guilty of professional misconduct if he does not supply the information called for, or does not comply with the requirements asked for by the Institute. (As per Clause (2) of Part-III of the First Schedule to the Chartered Accountants Act, 1949). ■