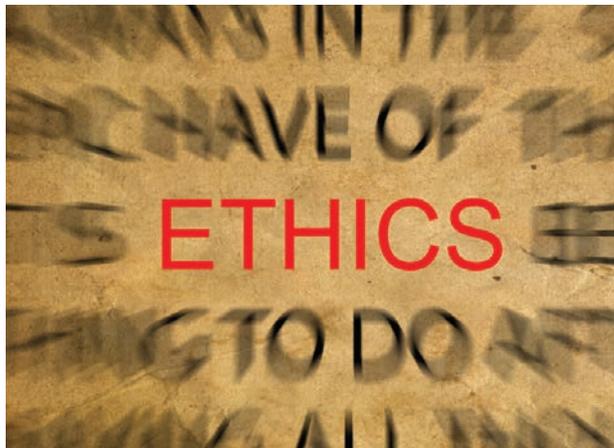


# Know Your Ethics

Ethical Issues in Question-Answer Form\*



**Q. Whether public notice published in the newspaper by a Chartered Accountant individually or jointly with an Advocate in respect of acquisition of land by their client is permitted?**

A. Yes, in terms of the Council Guidelines under Clause (7) of Part I of the First Schedule to the Chartered Accountants Act, 1949, a Chartered Accountant may, individually or jointly with an advocate, publish a public notice in the newspaper in respect of acquirement of land by his client.

**Q. Whether a Chartered Accountant/Firm is permitted to use logo on letter-heads, stationery, etc.?**

A. No, the use of logo/monogram of any kind/form/style/design/colour etc. whatsoever on any display material or media e.g. paper stationery, documents, visiting cards, magnetic devices, internet, and signboard by the Chartered Accountant or firm of Chartered Accountants is prohibited. Use/printing of member/firm name in any other manner tantamounting to logo/monogram is also prohibited. However, a common CA logo has been allowed to the members, provided it is used in the correct manner within terms of the Council guidelines.

**Q. Whether a Chartered Accountant in practice can accept a position as auditor previously held by another Chartered**

**Accountant without first communicating with him in writing?**

A. No, a Chartered Accountant in practice cannot accept a position as auditor previously held by another Chartered Accountant without first communicating with him in writing. It will be in violation of Clause (8) of Part I of First Schedule to the Chartered Accountant Act, 1949.

**Q. Whether a Chartered Accountant in practice can accept audit in case the audit fee of the previous auditor remains unpaid.**

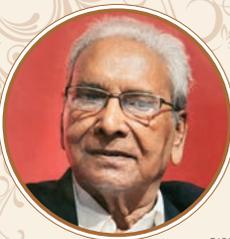
A. No, in case the undisputed audit fees for carrying out the statutory audit under the Companies Act or various other statutes has not been paid, the incoming auditor should not accept the appointment unless such fees are paid. In respect of other dues, the incoming auditor should in appropriate circumstances use his influence in favour of his predecessor to have the dispute as regards the fees settled. In this connection, attention of members is invited to the Chapter VII of the Council Guidelines No. 1-CA/(7)/02/2008 dt. 8.8.2008 wherein it is mentioned that the provisions of audit fee made in accounts signed by both the auditor and the auditee shall be considered as 'undisputed' audit fees.

**Q. Whether posting of a letter under "Certificate of Posting" is sufficient to establish communication with retiring auditor?**

A. No, a mere posting of a letter "Under Certificate of Posting" is not sufficient to establish effective communication with the retiring auditor unless there is some evidence to show that the letter has in fact reached the person communicated with. Members should therefore communicate with a retiring auditor in such a manner as to retain in their hands positive evidence of the delivery of the communication to the addressee. Communication by a letter sent "Registered Acknowledgement due" or by hand against a written acknowledgement would in the normal course provide such evidence.

\* Contributed by the Ethical Standards Board of ICAI

## ICAI Past President CA. Salil Kumar Gupta Passes Away



With profound grief, we inform that ICAI past President (1973-74), fourth from the Eastern Region, CA. Salil Kumar Gupta passed away on 6<sup>th</sup> March 2018. As a mark of respect for the leader, condolence meetings were held on that day at the offices. The profession that has been forged on the vision of our leaders from the past, paid its sincere condolences on that day remembering CA. Gupta's professional contribution during 1973-74.

Born in 1928 in the-then East-Bengal (i.e. now Bangladesh), CA. Gupta qualified as Chartered Accountant in the year 1951. After serving the industry for the first three years after the qualification, he came back to the profession in 1954 starting his own independent practice. He got elected to the Central Council of the Institute for five times, i.e. in the years 1958, 1961, 1964, 1970 and 1973. Having served the profession for more than 60 years and then efficiently in all Standing Committees and some Non-Standing Committees of the ICAI Council, CA.

Gupta got elected Vice-President of the Institute in 1972. Same year, he got appointed member of the Company Law Advisory Committee by the Govt. of India. Having served as Director on the Boards of various companies, he also served as Chairman of the West Bengal Industrial Development Corporation.

Having serious concerns for the growing social responsibilities on the accountancy profession, CA. Gupta had said: *We have won our autonomy and present status through concerted efforts of our dedicated elders who worked for the cause, and let our endeavour be not only to preserve what has been handed down to us but even to enrich and develop our profession so that it exhibits adaptability to the current streams of thought and marches forward to attain new heights.* Shri Gupta felt the need of having a purposeful and continuing professional programme for the members.

The Institute expresses its deepest gratitude to all for expressing their kindness and sharing our emotions and respect for our past President CA. Salil Kumar Gupta. *May his noble soul rest in peace!* Our heart goes out to the members of his family and we sincerely wish that they have courage to bear with this irreparable loss of theirs, at this critical hour of grief.

## Know Your Ethics

**Q. Whether communication with previous auditor is necessary in case of banks other than nationalised banks also?**

A. Yes, the requirement of communication with previous auditor under 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 .

**Q. Can a member accept an assurance assignment at fees significantly lower than what was charged by the predecessor?**

A. Accepting an assurance assignment at significantly lower fees than that of predecessor may give rise to self-interest threat. Para 290.196 of the Part A of Code of Ethics mentions that when a firm obtains an assurance engagement at a significantly lower fee level than that charged by the predecessor firm, or quoted by other firms, the self-interest threat created will not be reduced to an acceptable level unless:

(a) The firm is able to demonstrate that appropriate time and qualified staff are assigned to the task; and

(b) All applicable assurance standards, guidelines and quality control procedures are being complied with.

**Q. Can a Chartered Accountant in practice use/fix a monogram of the Institute on any column/wall located inside the office or on professional documents?**

A. No, in view of the Council directions under Clause (7) of Part I of First Schedule to the Chartered Accountants Act, 1949, a chartered accountant in practice is not permitted to use/fix a monogram of the Institute on any column/wall located inside the office or on any professional documents.

**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. ■