

Chapter - 19 "PE and Liabilities of Auditor"

⑧ Part I, Second Schedule to CA Act, 1949 (Professional misconduct - Practising CA):

- Clause-1 : Breach of Confidentiality (Exception - (a) Client's Permission (b) Required by law)
- Clause-2 : Certification without examination (Examined by : Self, Partner, Employee, P. CA)
- Clause-3 : Permitting use of name in connection with Estimate of Earning (SAE-3400)
- Clause-4 : Expressing opinion on financial statements of an Entity (Sub. Intt - Self, firm, Partner)
Relative
- Clause-5 : Failure to disclose a material fact (Not disclosed in the F.S.)
- Clause-6 : Failure to report a material misstatement (Appeared in F.S.)
- Clause-7 : Failure to exercise due diligence (or Grossly Negligence)
- Clause-8 : Failure to obtain information, necessary for expression of opinion (or.)
- Clause-9 : Failure to invite attention to material departure from accepted auditing procedures.

Clause-10 : Failure to keep client's money in separate Bank A/c :

A member in practice is deemed to be guilty of professional misconduct, if he

(a) fails to keep client's money in separate bank A/c

(b) Uses the client's money for purposes other than those specified by the client.

ICAI Recommendations - from book -

(9) Part II of Second Schedule (Professional misconduct - Members Generally)

A Member of ICAI, whether in practice or not, is deemed to be guilty of Professional misconduct, if he -

✓ Clause - 1: Contravenes the provisions of this Act; (For Ex - 2(2); Sec. 6; Sec. 27)
Regulations made under this Act; (Reg. 189; 47, 48)
Guidelines issued by the Council. ↓
Stipend.
Premium from Articles
 (Council General Guidelines, 2008)

Clause - 2: Member of ICAI, being an employee, discloses the confidential information of Employer, unless permitted by employer; or required by law.

Clause - 3: provides false information to ICAI, its Council, Committee, Director Discipline; Board of Discipline, Disciplinary Committee or QRB.

Clause - 4: defalcates or embezzles the money recd. in professional capacity.

For Ex: CA X, employed with X Ltd. defalcates the money recd. from X Ltd. for purpose of office expenses.

ICAI - Inform teaching hrs.

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No reply → Clause-2 Part - III Sch - First

ICAI - Inform teaching hrs.

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10 hrs in a week
(Actual hrs - 40)

Clause 3, Part - II, 2nd sch.

Clause 10, Part I, and sch -

Practising CA; - Not depositing Money in separate A/c; Purpose

Clause 4, Part II, and sch. -

All Members; - Embezzlement
Defalcation

False Info. responding to tenders
- while issuing Advt.
- while requesting - CA

→ Cl. 3, Part - III, Ist Sch.

⑩ Council General Guidelines, 2008: (Chapter I to chapter XVII)

Chapter I: Council General Guidelines 2008 are applicable to all Members.

Chapter - II: A member of Institute, in employment, shall be guilty of professional misconduct, if he does not exercise due diligence or is grossly negligent.

Imp.

Chapter - V: Maintenance of records of Practice:

A member in practice or firm of CAs, shall maintain and keep proper books of accounts, in respect of professional work, including (a) CASH Book; and
(b) Ledger.