

Fundamental Principles

Integrity	<ul style="list-style-type: none"> Be straightforward & honest in all professional relationships.
Objectivity	<ul style="list-style-type: none"> Judgments - not be compromised due to bias, conflict of interest or undue influence.
Professional Competence & Due Care (PCDC)	<ul style="list-style-type: none"> Continuing duty to attain and maintain professional knowledge and skill required to ensure that client receives competent professional service; Act diligently and in accordance with applicable technical and professional standards.
Confidentiality	<ul style="list-style-type: none"> Respect confidentiality of information acquired as result of professional relationships.
Professional Behaviour	<ul style="list-style-type: none"> Comply with relevant laws & regulations; Avoid any conduct that might discredit the profession.

Threats, Circumstances creating threats and Related Safeguards

Threats	Self Interest Threats	<p>Threat that a financial or other interest will inappropriately influence a professional accountant's judgment or behaviour.</p> <p>Examples:</p> <ul style="list-style-type: none"> (a) Having a direct financial interest in a client (b) Quoting a low fee to obtain a new engagement and it might be difficult to perform services as per technical and professional standards for that price. (c) Having a close business relationship with a client. (d) Access to confidential information that might be used for personal gain.
	Self Review Threats	<p>Threat that a professional accountant will not appropriately evaluate results of a previous judgment made; or an activity performed by the accountant.</p> <p>Examples:</p> <ul style="list-style-type: none"> (a) Issuing an assurance report on effectiveness of financial systems after implementing the systems. (b) Having prepared the original data used to generate records that are the subject matter of the assurance engagement.
	Advocacy Threats	<p>Threat that a professional accountant will promote a client to the point that the accountant's objectivity is compromised.</p> <p>Examples:</p> <ul style="list-style-type: none"> (a) Promoting shares of a client. (b) Acting as an advocate on behalf of a client in litigation or disputes. (c) Lobbying in favor of legislation on behalf of a client.
	Familiarity Threats	<p>Threat that due to a long or close relationship with a client, a professional accountant will be too sympathetic to their interests.</p> <p>Examples:</p> <ul style="list-style-type: none"> (a) Having a close or immediate family member - director or officer of the client. (b) Director or officer of the client - in a position to exert significant influence over the subject matter of the engagement. (c) Audit team member having a long association with the audit client.

	Intimidation Threats	<p>Threat that a professional accountant will be deterred from acting objectively because of actual or perceived pressures.</p> <p>Examples:</p> <p>(a) Threatened with dismissal from engagement.</p> <p>(b) Feeling pressured to agree with the judgment of a client.</p> <p>(c) Being informed that a planned promotion will not occur.</p> <p>(d) Being threatened that acceptance of any gift in past will be made public.</p>
Evaluation of Threats	When professional accountant identifies a threat to compliance with the fundamental principles, the accountant shall evaluate whether such a threat is at an acceptable level .	
Addressing Threats	<p>If identified threats are not at an acceptable level, accountant shall address threats by eliminating them or reducing them to an acceptable level by:</p> <p>(a) Eliminating circumstances, including interests or relationships, that are creating the threats;</p> <p>(b) Applying safeguards to reduce the threats to an acceptable level; or</p> <p>(c) Declining or ending the specific professional activity.</p>	
Safeguards	<p>Actions that professional accountant takes to effectively reduce threats to an acceptable level.</p> <p>Examples:</p> <p>(a) Assigning additional time and qualified personnel to required tasks - might address a self-interest threat.</p> <p>(b) Having an appropriate reviewer - might address a self-review threat.</p> <p>(c) Using different partners and ETs with separate reporting lines for non-assurance services - might address self-review, advocacy or familiarity threats.</p> <p>(d) Involving another firm to perform part of the engagement - might address self-interest, self-review, advocacy, familiarity or intimidation threats.</p> <p>(e) Separating teams when dealing with matters of a confidential nature - might address a self-interest threat.</p>	

Non-compliance with Laws and Regulations (NOCLAR)

Meaning	<p>Acts of omission or commission, which are contrary to laws or regulations committed by:</p> <ul style="list-style-type: none"> a client/professional accountant's employing organisation; TCWG/Management of a client or employing organisation; other individuals working for or under the direction of a client/employing organisation. 										
Applicability	<p>⇒ Audits assignment of entities listed in India having NW ≥ 250 Cr.</p> <p>⇒ Senior Professional Accountants (KMP), being employees of listed entities.</p>										
Responsibility of Senior Professional Accountant	<p>(1) Obtaining an Understanding of the Matter;</p> <p>(2) Addressing the Matter;</p> <p>(3) Determining whether further action is needed;</p> <p>(4) Seeking Advice; and</p> <p>(5) Determining Whether to Disclose the Matter to an Appropriate Authority.</p>										
NOCLAR vs. SA 250	<table border="1"> <thead> <tr> <th data-bbox="336 1780 531 1832"></th> <th data-bbox="531 1780 986 1832">SA 250</th> <th data-bbox="986 1780 1476 1832">NOCLAR</th> </tr> </thead> <tbody> <tr> <td data-bbox="336 1832 531 1917">Applicability</td> <td data-bbox="531 1832 986 1917">On Audit engagements</td> <td data-bbox="986 1832 1476 1917">On Professional Accountants in service and in practice.</td> </tr> <tr> <td data-bbox="336 1917 531 2076">Scope</td> <td data-bbox="531 1917 986 2076">Deals with auditor's responsibilities for laws having direct effect on determination of amounts & disclosures and Other Laws.</td> <td data-bbox="986 1917 1476 2076">NOCLAR also considers non-compliance that causes substantial harm resulting in serious consequences.</td> </tr> </tbody> </table>			SA 250	NOCLAR	Applicability	On Audit engagements	On Professional Accountants in service and in practice .	Scope	Deals with auditor's responsibilities for laws having direct effect on determination of amounts & disclosures and Other Laws.	NOCLAR also considers non-compliance that causes substantial harm resulting in serious consequences.
	SA 250	NOCLAR									
Applicability	On Audit engagements	On Professional Accountants in service and in practice .									
Scope	Deals with auditor's responsibilities for laws having direct effect on determination of amounts & disclosures and Other Laws.	NOCLAR also considers non-compliance that causes substantial harm resulting in serious consequences.									

	Coverage	Does not define stakeholders	Related to effect of non-compliance on investors, creditors, employees & also general public.
--	----------	-------------------------------------	--

Membership of the Institute

Disabilities - Sec. 8	A person shall not be entitled to have his name entered in or borne on the Register if he- (i) has not attained the age of 21 Years ; or (ii) is of unsound mind ; or (iii) is an undischarged insolvent ; or (iv) being a discharged insolvent , has not obtained from the Court prescribed certificate; or (v) has been convicted by a competent Court , of an offence involving moral turpitude; or (vi) has been removed from membership - found guilty of professional or other misconduct.
---------------------------------	--

Chartered Accountants in Practice

Sec. 6	<ul style="list-style-type: none"> No member shall be entitled to practice unless he has obtained a COP. Once a person becomes a member, he is bound by provisions of CA Act and its regulations. If he appears before Income Tax Tribunal as an Income tax representative after becoming a member he could appear so only in his capacity as a CA and a member of ICAI. A member not in practice cannot accept any engagement for services prescribed for a practicing CA. Therefore, if a CA has surrendered his COP due to misconduct, he cannot in any other capacity take up any practice separable from his capacity to practice as a member of the institute. 						
Sec. 2(2)(iv)	<p>A member shall be deemed "to be in practice" if he in consideration of remuneration renders Management Consultancy and other Services as may be rendered by a CA in practice, which shall, among others, include the following:</p> <ul style="list-style-type: none"> Personnel recruitment and selection. Acting as Registered Valuer under the Companies Act, 2013. Acting as advisor or consultant to an issue. <p>Explanation - Activities of broking, underwriting & portfolio management are not permitted.</p> <ul style="list-style-type: none"> Acting as Insolvency Professional. 						
Sec. 7	<ul style="list-style-type: none"> Every member in practice shall use the designation of a chartered accountant. No member using such designation shall use any other description. 						
Sec. 27	<table border="1"> <tr> <td>Name Board</td> <td>Name board can be put in place of residence of member provided it is a name board of individual member and not of firm.</td> </tr> <tr> <td rowspan="2">Requirement of Separate In-charge</td> <td>If a Practicing CA has more than one office, every such offices shall have a separate charge - Member, either partner/employee; actively associated with such office.</td> </tr> <tr> <td colspan="2">Exemption from Separate In-charge</td> </tr> </table>	Name Board	Name board can be put in place of residence of member provided it is a name board of individual member and not of firm.	Requirement of Separate In-charge	If a Practicing CA has more than one office, every such offices shall have a separate charge - Member, either partner/employee ; actively associated with such office.	Exemption from Separate In-charge	
	Name Board	Name board can be put in place of residence of member provided it is a name board of individual member and not of firm.					
	Requirement of Separate In-charge	If a Practicing CA has more than one office, every such offices shall have a separate charge - Member, either partner/employee ; actively associated with such office.					
Exemption from Separate In-charge							
<table border="1"> <tr> <td>Members practicing in Hilly area</td> <td> <p>Subject to following conditions:</p> <ul style="list-style-type: none"> Temporary office in plains may be opened for a period not exceeding 3 Months in winter season. Name board to be displayed only during these 3 months. Temporary office should not be mentioned as place of Business. Regular office need not be closed., Before commencement of winter and at close of such temporary office, it shall be obligatory on member to inform ICAI. </td> </tr> </table>	Members practicing in Hilly area	<p>Subject to following conditions:</p> <ul style="list-style-type: none"> Temporary office in plains may be opened for a period not exceeding 3 Months in winter season. Name board to be displayed only during these 3 months. Temporary office should not be mentioned as place of Business. Regular office need not be closed., Before commencement of winter and at close of such temporary office, it shall be obligatory on member to inform ICAI. 					
Members practicing in Hilly area	<p>Subject to following conditions:</p> <ul style="list-style-type: none"> Temporary office in plains may be opened for a period not exceeding 3 Months in winter season. Name board to be displayed only during these 3 months. Temporary office should not be mentioned as place of Business. Regular office need not be closed., Before commencement of winter and at close of such temporary office, it shall be obligatory on member to inform ICAI. 						

	Second office	If it is situated in: <ul style="list-style-type: none"> • same premises in which first office is situated, or • in the same city, or • within 50 kms. from the municipal limits of city in which first office is situated. 		
	Reg. 189 requires that Council need to be informed within one month of opening or closing of a branch office.			
KYC NORMS	Keeping in mind highest standards of CA Profession in India, Council of ICAI recommended KYC norms to be observed by the members of the profession who are in practice.			
		Individual Client	Corporate Entity	Non-Corporate Entity
	General Information	<ul style="list-style-type: none"> • Name of Individual • PAN or Aadhaar No. • Business Description • Last Audited F.S. 	<ul style="list-style-type: none"> • Name and Address • Business description • Name of Parent Company • Copy of Last Audited F.S. 	<ul style="list-style-type: none"> • Name and address • PAN No. • Business Description • Partner's Name & address • Copy of Last Audited F.S.
	Engagement Information	Type of Engagement	Type of Engagement	Type of Engagement
Regulatory Information		<ul style="list-style-type: none"> • Company PAN No. • Company Identification No. • Director's Name & address • Director's identification No. 		

First Schedule - Part I - Professional Misconduct for a Member in Practice

A CA in Practice is deemed to be guilty of professional Misconduct if he:

Clause 1	Allows any person to practice in his name as a CA , unless such person is also a Chartered Accountant in practice, and is in partnership with, or employed by himself.
Clause 2	<p>Pays any share, commission or brokerage in fees or profits of professional business to any person other than</p> <ul style="list-style-type: none"> • a member of the Institute, or • partner/retired partner, or • legal representative of deceased partner (If partnership deed provides), or • member of professional bodies (ICSI, ICWAI, Bar Council of India, Indian Institute of Architects, Institute of Actuaries of India) or • persons having prescribed qualifications (CS, CWA, Actuary, B.E. B. Tech, B. Arch, LLB, or MBA).
Sale of Goodwill	<p>Sale of goodwill shall be permitted in case of death of proprietor provided:</p> <ul style="list-style-type: none"> • ICAI's permission to practice is sought within a year of death. • In case there exist a dispute as to legal heir, information as to existence of dispute is received by the Institute within a year of the death.
Clause 3	Accepts any part of profits of the professional work of a person who is not a member of ICAI or any other professional bodies (as specified in Cl. 2) or with other persons having prescribed qualifications (as specified in Cl. 2).
Clause 4	Enters into partnership in or outside India, with any person other than the following: <ol style="list-style-type: none"> 1. C.A. in practice, or 2. Member of any other professional body having prescribed qualifications, or 3. a person whose qualifications are recognized by C.G. or Council.

Persons Qualified in India for purpose of Membership (Regulation 53A): CS, CWA, Actuary, B.E., B. Tech, B. Arch, LLB or MBA (from recognised Universities or Institutes).

Permitted memberships for Partnership (Regulation 53B): Members of ICSI, ICWAI, Bar Council, Institution of Engineers, IIA, IAI and professional Bodies outside India whose qualifications are recognised.

Clause 5 **Secures any professional business through the services** of a person who is not an employee or not his partner or by means which are not open to a CA.

Clause 6 **Solicits clients or professional work, either directly or indirectly, by circular, advertisement, personal communication or by any other means.** However, solicitation is relaxed in following cases:
 → Securing professional work from another CA in practice.
 → **Responding to tenders** issued by various users of professional services.

Council Guidelines w.r.t. Permitted and Prohibited forms of Solicitation

Empanelment for allotment of audit	⇒ In respect of organisations, where a panel exists, member is free to request to place his name on the panel. ⇒ Roving enquiries for existence of such panel is not permitted.
---	---

Responding to Tenders	⇒ Member shall not respond to any tender in exclusive areas of services. Such restriction shall not be applicable where minimum fee is prescribed. ⇒ EMD/Security Deposit: Council is of the view that interference with practices prevailing for requirement of EMD/Deposit is not required.
------------------------------	---

Publication of Books	⇒ Mentioning any professional attainment(s) , whether of member or firm of CAs, with which he is associated – is not permitted. ⇒ Designation “Chartered Accountant” and name of the firm – Permitted.
-----------------------------	--

Issue of Greetings cards	Use of designation “Chartered Accountant” & Firm’s name in greeting cards, invitations etc. is permitted – if sent to clients, relatives & friends of member.
---------------------------------	--

Advertisement for celebrations	To advertise the events is not permitted. However, advertisement for such Silver, Golden jubilee celebrations may be published in newspaper or newsletter.
---------------------------------------	---

Sponsoring Activities	Sponsoring permitted only for events conducted by a Programme Organizing Unit (PoU) of the ICAI, provided such event has the prior approval of Continuing Professional Education (CPE) Directorate of the ICAI.
------------------------------	--

Roving enquiries	Not permissible
-------------------------	-----------------

Scope of Representation u/s 140(4)	⇒ Representation should not be used to secure needless publicity and soliciting for continuance as an auditor. ⇒ May set out in a dignified manner how he has been acting independently through his term of office and his willingness to continue as an auditor.
---	--

Acceptance of original professional work	⇒ Emanating from a client introduced by another member is not permitted. ⇒ However, if any professional work of such client comes to him directly, it should be his duty to ask the client that he should come through the other member dealing generally with his original work.
---	---

Public Interviews	⇒ Permitted subject to condition that it should not result in publicity.
--------------------------	--

Guidelines for Posting the particulars on Website

- No standard format is prescribed and no restriction on use of colours.
- Website should run on ‘pull’ model not on ‘push’ model of technology.
- Mention of Website Address on professional stationery is permitted.
- Members are not allowed to use logo (other than prescribed by ICAI) on website.

- *Photographs of any sort (other than passport size photo of member) is not permitted.*
- *Educational videos on topics of professional relevance are permissible.*
- *Chat rooms can be provided which permit chatting amongst members and between Firms and its clients. Confidentiality protocol would have to be observed.*
- *Document management facility with distinct log in & password can be provided to clients.*
- *Firm can provide link of its page on Social Networking site.*
- *Details should be so designed that it does not amount to soliciting client or professional work.*
- *Website may provide a link to the website of ICAI, its regional councils and branches and also to the websites of Government/Government departments/Regulatory Authorities only.*
- *Address of website should be as near as possible to individual name/trade name or firm name.*
- *Name of clients and fees charged is not permitted to be given on website, **except when required by any regulator.***

Clause 7

Advertises his **professional attainments or services**, or uses any designation or expressions other than CA on professional documents, visiting cards, letter heads or sign boards.

- Words like income-tax consultant, cost consultant or management consultant - not allowed.*
- Member empanelled as Insolvency Professional or Registered Valuer can mention "Insolvency Professional" or "Registered Valuer" respectively on his visiting card and letter head.*
- Persons eligible otherwise, subject to permission may practice as advocates but can't use designation "Chartered Accountant" and "Advocate" simultaneously.*
- Name of CA acting as director in the company is permissible to appear in the prospectus of the company, however descriptions regarding his expertise, specialisation and knowledge in any particular field is not permitted.*
- 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 etc. be prohibited.*
- Common logo is prescribed by ICAI. Any other logo is not permissible.*

Clause 8

Accept a position as Auditor, previously held by another CA, without **first communicating** with him, in writing.

- Professional reasons for not accepting Audit:*
 - Non-compliance of provisions of Secs. 139 & 140 of Companies Act, 2013.*
 - Non-payment of undisputed audit fee (except sick unit).*
 - Issuance of a qualified Report.*

In first two, acceptance of audit amounts to professional misconduct. In (iii), member may accept audit if he thinks that attitude of retiring auditor wasn't proper and justified.
- If Previous Auditor is not available for accepting payment of undisputed audit fees, and it is not otherwise possible to transfer payment to him electronically, client may purchase Demand Draft of the amount equivalent to undisputed Audit Fees.*
- Mode of communication:*
 - *Registered post acknowledgement due;*
 - *By hand against an acknowledgement in writing;*
 - *Acknowledgement of communication from retiring auditor's vide regd. e-mail address; or*
 - *Unique Identification Number (UDIN) generated on UDIN portal.*
- Mere posting of a letter under certificate of posting is not sufficient.*
- Communication received back with "Office found Locked" written on A.D. shall be deemed as delivered.*
- If Communication received back with remarks "No such office exists at this address", and the address is same as registered with Institute, letter will be deemed to be delivered.*
- Requirement for communicating would apply to all types of audit i.e. statutory audit, tax audit, internal audit, concurrent audit or any other kind of audit.*

Clause 9	Accepts an appointment as auditor of a company, without ascertaining whether requirements of Secs. 139 & 140 read with Sec. 141 of Companies Act 2013, have been duly complied with.
Clause 10	Charges the professional fee which is based on a %age of profits or which are contingent upon findings , or results of such employment, except as permitted under regulations.
Reg. 192	<p>In respect of below mentioned cases fees may be fixed as specified below:</p> <ul style="list-style-type: none"> • Receiver or liquidator: %age of realisation or disbursement of assets. • Co-operative society: %age of PUC or working capital or gross/net income or profits. • Valuer for purposes of direct taxes and duties: %age of value of property valued. • Management consultancy services: %age which may be contingent upon the findings, or results of such work. • Fund raising services: %age of the fund raised; • Debt recovery services: %age of debt recovered. • Services related to cost optimization: %age of the benefit derived. • Other service or audit: as may be decided by the Council - (i) Acting as Insolvency Professional (ii) Non-Assurance Services to Non-Audit Clients.
Clause 11	Engages in any Business or occupation, other than profession of C.A. , unless permitted by council. Note: A member may become director (not being M.D. or Whole-time director) in a company provided he or any of his partner is not interested in such company as an auditor.
Occupations for which permission granted generally	<ol style="list-style-type: none"> 1. Employment under C.A. in practice or firms of such CAs. 2. Private tutorship. 3. Authorship of Books/Articles. 4. Part time tutorship under coaching organization of institute. 5. Editorship of professional journal. 6. Acting as Surveyor/Loss Assessor under Insurance Act. 7. Acting as Recovery Consultant in the Banking Sector. 8. Owning agricultural land and carrying out agricultural activity.
Occupations for which specific and Prior approval is required	<ol style="list-style-type: none"> 1. Full time/Part time employment in Business concerns provided he/his relative do not hold substantial interest in such concerns. 2. Full time/Part time employment in non-business concern. 3. Office of MD/WTD of a body corporate provided that the member and/or any of his relatives do not hold substantial interest in such concern. 4. Interest in family business concerns. 5. Part time/Full time lectureship for courses other than ICAI Examinations. 6. Part time/Full time tutorship under any educational institution other than coaching organisation of institute. 7. Editorship of journals other than professional journals. 8. Any other Business/Occupation for which Executive Committee considers that permission may be granted.
General permission (for private tutorship, and part-time tutorship) and specific permission (for part-time or full-time tutorship) is subject to the condition that the direct teaching hours should not exceed 25 hours in a week in order to be able to undertake attest functions.	
Clause 12	Allows a person not being a member of Institute in practice or a member not being his partner, to sign on his behalf or on behalf of his firm, any Balance Sheet, P&L A/c, Report or Financial Statements
	<p>Power to sign routine documents on which a professional opinion or authentication is not required may be delegated and such delegation will not attract provisions of this clause. Examples are:</p> <p>(i) Issue of audit queries.</p> <p>(ii) Asking for information or issue of questionnaire.</p>

- (iii) Letter forwarding draft observations/financial statements.
- (iv) Initiating and stamping of vouchers and of schedules prepared for purpose of audit.
- (v) Acknowledging and carrying on routine correspondence with clients.
- (vi) Issue of memorandum of cash verification and other physical verification.
- (vii) Issuing acknowledgements for records produced.
- (viii) Raising of bills and issuing acknowledgements for money receipts.
- (ix) Attending to routine matters in tax practice.

First Schedule - Part II - Professional Misconduct for a Member in Service

A Member in Service, shall be deemed to be guilty of professional misconduct if he:

- | | |
|-----------------|--|
| Clause 1 | Pays to any person any share in the emoluments of the employment undertaken by him. |
| Clause 2 | Accepts any part of fees, profits or gains from a Lawyer, a CA or broker engaged by employer or agent or customer of employer by way of commission or gratification . |

First Schedule - Part III - Professional Misconduct for a Member Generally

A member, whether in practice or not, shall be deemed to be guilty of other misconduct, if he:

- | | |
|-----------------|--|
| Clause 1 | Not being a fellow of the Institute but acts as a fellow of the Institute. |
| Clause 2 | Does not supply information called for/does not comply with requirements asked for by Institute, Council or its committees, Director (Discipline), Board of Discipline, Disciplinary Committee, QRB or appellate authority. |
| Clause 3 | While inviting professional work from another CA or while responding to tenders or while advertising as provided for in clauses (6) & (7) of Part I of this schedule, gives information knowing it to be false . |

First Schedule - Part IV - Other Misconduct for a Member Generally

A member of the Institute, whether in practice or not, shall be deemed to be guilty of other misconduct, if he:

- | | |
|-----------------|---|
| Clause 1 | is held guilty of offence which is punishable with imprisonment for a term ≤ 6 months . |
| Clause 2 | brings disrepute to the profession or the Institute as a result of his action whether or not related to his professional work. |
| | Illustrative Cases of Other Misconduct |
| | <ol style="list-style-type: none"> 1. <i>Retaining of books of account and documents of the client without a reasonable cause.</i> 2. <i>Misappropriation by office-bearer of a Regional Council, of funds for his personal use.</i> 3. <i>Adopting coercive methods on a bank for having a loan sanctioned to him.</i> 4. <i>Non-replying to a letter of public authority without sufficient cause.</i> 5. <i>Using Article Services for personal work.</i> |

Second Schedule - Part I - Professional Misconduct for a Member in Practice)

A CA in Practice is deemed to be guilty of professional Misconduct if he:

- | | |
|-----------------|---|
| Clause 1 | Discloses information , acquired in course of his professional engagement to any person other than his client - without the consent of his client or otherwise than as required by any law . |
| Clause 2 | Certifies or submits a report of an examination of F.S. unless examination of such statements and related records has been made by him or by a partner or employee or by another CA in practice. |
| Clause 3 | Permits his name to be used in connection with estimate of earnings contingent upon future transactions in manner which may lead to the belief that he vouches for the accuracy of the forecast . |

	<p>Participation in preparation of forecasts & their review: SAE 3400 "Examination of PFI" allow to member to participate in preparation of profit or financial forecasts & can review subject to following:</p> <p>(a) Source of information is indicated.</p> <p>(b) Basis of forecasts are indicated.</p> <p>(c) Major assumptions made in arriving at the forecasts are disclosed.</p> <p>(d) It is been stated that no vouch done for the accuracy of the forecasts.</p>
Clause 4	<p>Expresses his opinion, on financial statements of any business or enterprise in which he, his firm or a partner in his firm has a substantial interest.</p> <p>(1) A member cannot express the opinion in the following cases:</p> <p>(a) Where the member himself is owner/partner of concerned business.</p> <p>(b) Where the partner/relative of CA has substantial interest in concerned business.</p> <p>(c) Where the member himself or his partner or relative is a director.</p> <p>(2) A statutory auditor cannot be the internal auditor of the same entity.</p> <p>(3) A member shall not accept the assignment of audit of a Company for a period of 2 years from date of completion of his tenure as Director, or resignation as Director of the said Company.</p>
Clause 5	Fails to disclose a material fact , known to him, not disclosed in F.S. , but disclosure of which is necessary, in making such F.S. not misleading, where he is concerned with F.S. in professional capacity.
Clause 6	Fails to report a material misstatement , known to him, to appear in a financial statement with which he is concerned in a professional capacity.
Clause 7	Does not exercise due diligence, or is grossly negligent in the conduct of his professional duties.
Clause 8	Fails to obtain sufficient information, which is necessary for expression of an opinion or its exceptions are sufficiently material to negate the expression of an opinion.
Clause 9	Fails to invite attention to any material departure from the generally accepted procedure of audit.
Clause 10	<p>Fails to keep client's moneys, other than fees or remuneration, in a separate banking account or to use such moneys for purposes for which they are intended within a reasonable time.</p> <p>(a) Any advance received against services to be rendered does not fall under Clause (10).</p> <p>(b) Moneys received for expenses to be incurred which are intended to be spent within a reasonably short time need not be put in a separate bank account.</p> <p>(c) Moneys received for expenses to be incurred which are not intended to be spent within a reasonably short time, should be put in a separate bank account immediately.</p>

Second Schedule - Part II - Professional Misconduct for a Member Generally

A member, whether in practice or not, shall be deemed to be guilty of other misconduct, if he:

Clause 1	<p>Contravenes any provisions of this Act or regulations made thereunder or guidelines issued.</p> <p>Reg. 47 - Premium from Articled Clerks - prohibited</p> <p>Reg. 48 - Stipend to Articled Clerks - stipend to be paid on monthly basis.</p>
Clause 2	Being an employee, discloses confidential information acquired in course of his employment except as and when required by any law or except as permitted by the employer.
Clause 3	Includes in any information, statement, return or form to be submitted to the Institute, Council or any of its committees, Director (Discipline), Board of Discipline, Disciplinary Committee, QRB or the Appellate Authority, any particulars knowing them to be false .
Clause 4	Defalcates or embezzles money received in his professional capacity.


Second Schedule - Part III - Other Misconduct for a Member Generally

A member of the Institute, whether in practice or not, shall be deemed to be guilty of other misconduct, if he:

Clause 1	is held guilty of offence which is punishable with imprisonment for a term > 6 months .
-----------------	---

Council General Guidelines, 2008

Chapter No.	Heading	Provision										
II	Conduct of a Member being an employee	A member who is an employee shall exercise due diligence and shall not be grossly negligent in the conduct of his duties.										
V	Maintenance of books	A member in practice or firm of CAs of which he is a partner, shall maintain and keep in respect of his/its professional practice, proper books of account including: (a) a Cash Book; (b) a Ledger.										
VI	Tax Audit assignments u/s 44AB of the I-tax Act	<ul style="list-style-type: none"> Specified number of tax audit assignments: (a) in the case of CA in practice or a proprietary firm - 60 tax audit assignments. (b) in the case of firm of Cas - 60 tax audit assignments per partner in the firm. Any partner in the firm can sign tax audit report on behalf of firm. 										
VII	Appointment in case of non-payment of undisputed fees	<ul style="list-style-type: none"> Member in practice shall not accept appointment as auditor in case undisputed audit fee of another CA for carrying out the statutory audit has not been paid. In the case of sick unit - above prohibition of acceptance shall not apply. "Sick unit" - A unit registered for not less than 5 years, which has at the end of any financial year accumulated losses equal to or exceeding its entire net worth. 										
VIII	Specified number of audit assignments	<ul style="list-style-type: none"> Specified number of audit assignments: ⇒ in the case of a CA or a proprietary firm - 30 audit assignments (Private and Public) - With exception of OPC and dormant companies. ⇒ in the case of CA in practice - 30 audit assignments per partner (Private and Public) - With exception of OPC and dormant companies. Maintain a record of audit assignments in the following format: <table border="1" data-bbox="523 1153 1362 1243"> <thead> <tr> <th>S. No.</th> <th>Name of the Co.</th> <th>Registration No.</th> <th>Date of Appointment</th> <th>Date of Acceptance</th> </tr> </thead> <tbody> <tr> <td> </td> <td> </td> <td> </td> <td> </td> <td> </td> </tr> </tbody> </table> 	S. No.	Name of the Co.	Registration No.	Date of Appointment	Date of Acceptance					
S. No.	Name of the Co.	Registration No.	Date of Appointment	Date of Acceptance								
IX	Appointment as St. Auditor	<ul style="list-style-type: none"> A member in practice shall not accept appointment as statutory auditor of PSU/Govt. Co./Listed Co. & Other Public Co. having turnover of ≥ ₹ 50 Cr. if he accepts any other work or assignment or service in same entity on a remuneration which exceeds the fee payable for carrying out the statutory audit. "Other work" or "Service" or "Assignment" shall include Management Consultancy & other professional services pursuant to Sec. 2(2)(iv) of the CA Act. 										
X	Appointment of an auditor when he is indebted	A Member in practice shall not accept appointment as auditor of a concern while indebted to the concern or given any guarantee or provided any security, <ul style="list-style-type: none"> for limits fixed in the statute and in other cases, for amount exceeding ₹ 1,00,000. 										
XIV	UDIN	A Member in practice shall generate UDIN for all kinds of certification, Tax Audit Reports & other Audit, Assurance and Attestation functions undertaken/signed by him.										
XV	Guidelines for Networking	<ul style="list-style-type: none"> ✚ Network is a Larger Structure, that is aimed at Co-operation and aimed at profit; or aimed at sharing of (a) Cost; (b) Ownership, control and management; (c) Quality Control Policies & Procedures;(d) Business Strategies; (e) Common Brand Name; (f) Significant Professional Resources ✚ A larger structure aimed only at facilitating referral of work does not create a network. Sharing of Immaterial Costs does not itself create a network. Sharing of only Audit methodology or Audit Manuals; Training Courses or Facilities will not be considered as significant professional resources. 										

		<ul style="list-style-type: none"> ✦ A Network can be constituted as a Partnership firm (upto 20 partners), LLP or company. A firm is allowed to join only one network. Firms having common partners shall join only one network. ✦ The word “& Affiliates” shall be used after the name of network. Registration of network with the institute is mandatory. ✦ Network shall comply with all relevant Ethical requirements prescribed by ICAI in general & in particular in cases, where rotation of firms is prescribed, no member firm of network can accept appointment as an auditor in place of any member firm of network which is retiring.
XVI	LOGO Guidelines 	<ul style="list-style-type: none"> ✦ Do not change the design and colours, including the white background. ✦ Refrain from rotating or tilting the logo.
XVII	Guidelines for corporate form of practice	<p>A member in practice is allowed to hold office of MD, WTD or Manager of a body corporate provided engaged exclusively in rendering Management Consultancy & Other Services in pursuant to Sec. 2(2)(iv) subject to following conditions:</p> <ul style="list-style-type: none"> ⇒ Management Consultancy Company (MCC) shall have a distinct name which shall be approved by the Institute. ⇒ MCC is required to be registered with the Institute. ⇒ MCC shall engage itself only in Management Consultancy & Other Services. ⇒ MCC shall give an undertaking that it shall comply with clauses (6) & (7) of Part I of the First Schedule to CA Act, 1949 and other directives as issued by the Institute.

Council Guidelines for Advertisement, 2008

Online Third-Party Platforms	Advisory services on taxation and other areas may be provided through websites of others, provided Contact address of CA is not provided nor such Website will contain any material which advertises professional achievements of such CA.
Publication of Name in Telephone Directories	<p>CAs and CA Firms may have entries made in a Telephone Directory either by making a special request or by means of an additional payment, subject to following restrictions:</p> <ul style="list-style-type: none"> (i) Entry should not appear in any other section/category except that of ‘CAs. (ii) Member/firm should belong to town/city in respect of which directory is being published. (iii) Order of the entries should not be in any manner other than alphabetical. (iv) Entry should not be made in a differential or prominent manner. (v) Entries should be open to all the CAs/firms of CAs in particular city/town.
App-Based Service provider	It is not permissible for members to list themselves with online Application based service provider Aggregators, wherein other categories like businessmen, technicians, maintenance workers, event organisers etc. are also listed.
Exemptions	<p>Publication of name and address of a member, with description CAs, in an advertisement appearing in press is allowed in following circumstances:</p> <ul style="list-style-type: none"> (a) Advt. for recruiting staff in member's own office; (b) Advt. on behalf of clients requiring staff or to acquire or dispose of business or property. (c) Advt. for sale of a business or property acting in a professional capacity as trustee, liquidator or receiver.

Self-Regulatory Measures

Branch Audits	<ul style="list-style-type: none"> • Branch audits of a company should not be conducted by its statutory auditors consisting of ≥ 10 members, but should be conducted by local firms consisting of < 10 members.
----------------------	---

	<ul style="list-style-type: none"> This restriction may not apply in the following cases. <ul style="list-style-type: none"> (a) where accounting records of branches are maintained at the H.O., and (b) where significant operations are carried out at branch office.
Joint Audit	In case of large companies, practice of associating a practicing firm with < 5 members as Joint auditors should be encouraged.
Ratio - Qualified & Unqualified Staff	At least 1 member for every 5 non-qualified members of the staff, excluding articled and audit assistants, typists, peons and other persons not engaged directly in such professional work.
Disclosure of Fees to ICAI	<p>(i) For Non-Public Interest Entities: Disclosure is required where for 2 consecutive years, gross annual professional fees from an audit client represents > 40% of the total fees of the firm.</p> <p>(ii) For Public Interest Entities (PIE*): Disclosure is required where for 2 consecutive years, gross annual professional fees from an audit client represents > 20% of the total fees of the firm.</p> <p><i>*Listed Entities, Banks and Insurance companies.</i></p> <p>Exemptions from Disclosure:</p> <ul style="list-style-type: none"> If total Fees received by Firm does \leq ₹ 20 lakh. Audit of Govt Companies, public undertakings, nationalised banks, PFI or regulators. Appointments of auditors made by Govt.

Recent Decisions of Ethical Standard Board

- It is **not permissible for a member to use Messaging Applications** to send messages to make people aware about his practice, and mention the services provided therein.
- A **Practicing CA being Director Simplictor in a Company cannot sign ROC Forms** of Company.
- If a Practicing CA is a non-executive director in a company, he or his Firm, should not accept appointment as a statutory auditor of a Company which is a joint venture of original Company, as it would impact independence.
- A Practicing CA may be an **equity research adviser, but he cannot publish retail report.**
- A CA can hold credit card of a bank when he is also the auditor, provided outstanding balance on the said card does not exceed ₹ 1,00,000 beyond the prescribed credit period limit on credit card.
- A Practicing CA is not permitted to accept audit assignment of a bank in case he has taken loan against a Fixed Deposit held by him in that bank.
- Statutory auditor/tax auditor cannot be the valuer of unquoted equity shares** of the same entity, if prohibited under statute.
- A Practicing CA cannot become Financial Advisors and receive fees/commission from Financial Institutions such as Mutual Funds, Insurance Companies, NBFCs etc.
- A CA **cannot exercise lien over the client documents**/records for non-payment of his fees.
- It is **not permissible for CA Firm to print its vision and values** behind the visiting cards, as it would result in solicitation and therefore would be violative of Clause (6), Part-I of First Schedule.
- A CA in service may appear as tax representative before tax authorities on behalf of his employer, but not on behalf of other employees of the employer.
- A CA who is statutory auditor of a bank cannot for same financial year accept stock audit of the same branch of the bank or any of the branches of the same bank or sister concern of the bank, for the same financial year.
- Concurrent auditor of bank 'X' cannot be appointed as statutory auditor of bank 'Y', which is sponsored by 'X'.
- Resident Director u/s 149(3) of the Companies Act, 2013 would be within scope of Director Simplictor**, if he is non-executive director, required in the Board Meetings only, and not paid any remuneration except for attending such Board Meetings.

It doesn't matter what others are doing, it matters what you are doing.