

Code of Ethics - Recent amendments and some decisions of Ethical Standards Board

2009 Edition Vs Revised Edition

- ❖ Code of Ethics, 2009 had parts – “A” & “B”. Was valid till 30.6.2020.
- ❖ “Part-A” was based on IESBA Code suitably incorporated; “Part-B” on domestic provisions governing members
- ❖ The subsequent 12th edition of Code of Ethics for the first time segregated in different volumes
- ❖ Code of Ethics, 2019 or **Volume - I** - revised counterpart of Part-A - based on IESBA Code of Ethics, 2018. Effective w.e.f 1.7.2020 (except certain provisions mentioned subsequently)
- ❖ Code of Ethics **Volume –II** - revised counterpart of Part-B - Effective w.e.f 1.7.2020.
- ❖ Updated relevant Disciplinary Case laws issued as Code of Ethics **Volume-III**
- ❖ All three Volumes available at www.icaai.org

Five Most Important Substantive Changes in Volume-I

2009 Code	Volume-I of New Code
No such provision	Responding to Non-Compliance of Laws and Regulations (NOCLAR)
No prohibition on Tax services to Audit clients	Restrictions on Tax services to Audit clients
No such provision	Prohibition on Management Responsibilities to the audit clients
Recommendatory 40% restriction on Fees from an audit client	Safeguards on Fees from single client –if its is consecutively for 2 years. Requirement of disclosure to the Institute if exceeds prescribed threshold limit (Appearing on subsequent slides)
No such provision	Duty of Accountant in case of breach of <i>Independence Standards</i>

Five Most Important Structural Changes in volume-I

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2009 Code	Volume-I of New Code
Independence for Assurance Engagements	Independence requirements for Audit and Review Engagements and other Assurance engagements differentiated
No characterization as Standards	Independence sections re-characterized as “ <i>Independence Standards</i> ”
Use of “Should”	Change in the drafting conventions e.g. “should” to “shall”
No such restructuring of Sections	New pattern of structuring of sections – Requirements distinguished
Lack of clarity for each entity	Increased clarity of responsibility for compliance - Firms, network firms, individuals within firms

Overview of the Structure of Code of Code of Ethics, 2019 (Volume-I)

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Part 1 (Applicable to all Professional Accountants)

Complying with the Code, Fundamental Principles and Conceptual Framework

Part 2

Professional Accountants in Service

Part 3

Professional Accountants in Public Practice

Independence

Standards (Parts 4A & 4B)

Part 4A—Independence for Audits & Reviews
(Sections 400 to 899)

Part 4B—Independence for Other Assurance Engagements
(Sections 900 to 999)

Glossary (All Professional Accountants)

Compliance of the Code of Ethics

- ❖ Part-A of ICAI Code of Ethics, 2009 (based on 2005 IESBA Code) was issued as a Guideline of the Council.
- ❖ Code of Ethics, 2019 (Volume – I) also issued as a Guideline of the Council. Further, there is change in drafting from “should” to “shall”, and requirements are clearly demarcated
- ❖ As a result, the non-compliance of provisions of the Code will be deemed as violation of Clause (1) of Part-II of Second Schedule of 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 –

(1) contravenes any of the provisions of this Act or the regulations made thereunder, or any guidelines issued by the Council

- ❖ **Further, as per Section 15 of Chartered Accountants Act, 1949, as amended by Chartered Accountants (Amendments) Act, 2022, there is express authority to Council to issue guidelines :-**

Section 15 of the Chartered Accountants Act, 1949 “Function of the Council”

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(fa) to issue guidelines for the purpose of carrying out the objects of this Act;”;

Professional Accountant (hereinafter referred to as “PA”)

- ❖ IESBA Code of Ethics uses the term “Professional Accountant”
- ❖ Same term was adopted in 2009 edition of the Code , also continued in 2019 (Volume-I) of the Code of Ethics
- ❖ Defined in the Code of Ethics as *“An individual who is a member of the Institute of Chartered Accountants of India.”*
- ❖ IESBA Code of Ethics uses the term “professional accountants in business” implying members who are employees. Modified to “professional accountant in service” in our Code in line with usage in Chartered Accountants Act, 1949

Management Responsibilities (Sections 607 – 608)

- Did not find mention in Code of Ethics, 2009. In 2019 edition (Volume-I), there is a new section dealing with 'Management Responsibilities'. As per the same, the firm shall not assume a management responsibility for an audit client.
- However, providing advice and recommendations to assist the management of an audit client in discharging its responsibilities is not assuming a management responsibility. Providing administrative services to an audit client does not usually create a threat. Examples of administrative services include:-
 - *Word processing services.*
 - *Preparing administrative or statutory forms for client approval.*
 - *Submitting such forms as instructed by the client.*
 - *Monitoring statutory filing dates and advising an audit client of those dates.*

Public Interest Entity

- 2019 edition contains a new term “Public Interest Entity” (PIE)
- Enhanced independence requirements for PIE clients in the new Code
- PIE is defined as :-

(i) A listed entity; or

(ii) An entity:

- *Defined by regulation or legislation as a public interest entity; or*
- *For which the audit is required by regulation or legislation to be conducted in compliance with the same independence requirements that apply to the audit of listed entities. Such regulation might be promulgated by any relevant regulator, including an audit regulator.*

For purpose of this definition, it may be noted that Banks and Insurance Companies are to be considered as Public Interest Entities.

Other entities might also be considered by the Firms to be public interest entities, as set out in paragraph 400.8.

Documentation

- **2009 Code required Firms to document as to their conclusions regarding compliance with independence requirements (290.27)**
- **In the 2019 Code, the requirements of Documentation given in greater detail. PA encouraged to document:**
 - The facts.
 - The accounting principles or other relevant professional standards involved.
 - The communications and parties with whom matters were discussed.
 - The courses of action considered.
 - How the accountant attempted to address the matter(s).
- **Requirements for NOCLAR – has to be sufficient to enable an understanding of significant matters arising during the audit, the conclusions reached, and significant professional judgments made in reaching those conclusions. Thus, documentation is of critical importance in manifesting compliance with NOCLAR.**

Contingent Fees (Sections 330, 410.9, 905.6)

- Code of Ethics, 2009 (Paragraph 290.197) - fees based on percentage of profits or contingent upon the findings, or results of such work not allowed (as per Clause 10 of Part-I of First Schedule to CA Act) except as permitted under Regulation 192
- Code of Ethics, 2019 (Volume – I) mentions general description of Contingent fees and the general prohibition
- Regulation 192 reproduced – further , the activities where Council has permitted Contingent fees under 192 (h) i.e *“any other service or audit as may be decided by the Council”* :-
 - Charging of Fees by Members enrolled as Insolvency professional rendered either individually or as an entity under Insolvency and Bankruptcy Code, 2016 and rules made thereunder.
 - Fee for rendering Non-assurance services to non-audit clients

**Provisions deferred earlier (on 1.7.2020) and have
come into effect w.e.f 1.10.2022**

Applicability of certain provisions of Code of Ethics

- 12th edition of Code of Ethics (in three Volumes) was applicable from 1st July, 2020
- However, the following provisions in Volume-I were deferred a couple of times due to situation prevailing due to Covid-19:-
 1. Responding to Non-Compliance of Laws and Regulations (NOCLAR) [Sections 260 and 360]
 2. Fees - Relative Size [Paragraphs 410.3 to R410.6]
 3. Tax Services to Audit Clients [Subsection 604]
- **Deferred provisions have been made applicable w.e.f 1st October , 2022 vide Announcement dt. 29th September , 2022 with certain amendments.**

Amendments in Fees-Relative Size

[Paragraphs 410.3 to R410.6]

Amendments in newly applicable provisions

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Fees - Relative Size

Earlier

Disclosure required where for two consecutive years, the gross annual professional fees from audit client represent more than 15% of the total fees of the firm.

Revised

Differentiated disclosure requirements:-

For non Public Interest Entities (non-PIE)- Disclosure required where for two consecutive years, the gross annual professional fees from an audit client represent more than 40% of the total fees of the firm.

For public interest entities (PIE)

Disclosure required where for two consecutive years, the gross annual professional fees from an audit client represent more than 20% of the total fees of the firm.

Amendments in newly applicable provisions

Fees - Relative Size (Paragraph R410.4)

Earlier

Exemption from the applicability of the provision in the case of audit of government Companies, public undertakings, nationalised banks, public financial institutions or where appointments of auditors are made by the Government.

Revised

In addition to these categories, **'Regulators'** has been added.

Earlier

Disclosure to Those Charge with Governance of audit client

Revised

Disclosure **to the Institute** (and not to Client). Format of disclosure to institute is being approved by Institute.

Earlier

Total gross annual professional fees ("total fees") from the **audit client** and its related entities to be reckoned

Revised

Total gross annual professional fees ("total fees") from the **client** and its related entities to be reckoned

Amendments in newly applicable provisions

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Fees - Relative Size

Earlier

Exemption from applicability of the provision where total fees received by Firm **does not exceed 5 lacs of rupees.**

Revised

Exemption from applicability of the provision where total fees received by Firm **does not exceed 20 lacs of rupees.**

Earlier

Safeguards of Pre-issuance Review and Post -Issuance Review to be applied

Revised

The requirements of Pre-issuance Review and Post -Issuance Review repealed.

Amendments in Tax Services to Audit Clients
[Sub section 604]



Amendments in newly applicable provisions Tax Services to Audit Clients (Sub section 604)

In case of Assistance in the resolution of Tax disputes:-

Earlier

This Sub-section uses the word “Court”. This further says that “What constitutes a “Court” depends on how tax proceedings are heard in India”

Revised

Revised Sub-section reads as under:-

“For the purpose of this subsection, “Court” does not include a "Tribunal”.

Amendments in NOCLAR
[Section 260 & 360]



Responding to Non-Compliance with Laws and Non-Compliance with Laws and Regulations (NOCLAR) - Sections 260 and 360

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- ❖ Refers to any act of omission or commission, committed by a client or employer contrary to prevailing laws or regulations.
- ❖ Recognizing that such a situation can often be a difficult and stressful one for the member and accepting that he has a prima facie ethical responsibility not to turn a blind eye to the matter, NOCLAR was introduced to help guide him in dealing with the situation and in deciding how best to serve the public interest in these circumstances.

NOCLAR – Scope of Laws and Regulations

- Laws and regulations that have a nexus to PAs' professional training and expertise, i.e.:-
 - Laws and regulations that have a direct effect on the determination of material amounts and disclosures in the financial statements
 - Other laws and regulations, compliance with which may be fundamental to the entity's business and operations or to avoid material penalties.
- Examples of laws and regulations required to be addressed are :- Fraud, corruption and bribery, Money laundering, terrorist financing and proceeds of crime, Securities markets and trading, etc.

NOCLAR – Scope of Laws and Regulations

- Following matters are not in scope of NOCLAR:-
 - Matters clearly inconsequential
 - Personal misconduct unrelated to the business activities of the client or employer
 - Non-compliance other than by the client or employer, or those charged with governance, management or other individuals working for or under the direction of the client or employer
- PA required to address NOCLAR **only when, and if**, he encounters the same **in the course of providing a professional service**
- Appropriate authority for the purpose of disclosure will depend on the nature of the matter. For example, the appropriate authority would be SEBI in the case of fraudulent financial reporting

SA 250 and NOCLAR – Comparison

SA 250	NOCLAR
Applicable to audit only, and not on other Assurance engagements.	Applicable on PAs in service, and in practice. Among those in practice, it applies to Auditors, as well as professional services other than Audit. However, degree of responsibility of the professional accountant varies as per the role. In India, it has been made applicable to Audit only.
Talks of auditor's responsibilities for laws having direct effect on the determination of material amounts and disclosures in the financial statements	NOCLAR, while being alike to SA 250 till this point, is further ahead of it in that it takes into account non-compliance that causes substantial harm resulting in serious consequences in financial or non-financial terms.
SA 250 does not define stakeholders.	NOCLAR is related to affect of non-compliance on investors, creditors, employees as also the general public.
The auditor is not responsible for preventing non-compliance and cannot be expected to detect non-compliance with all laws and regulations	As per R 360.13 of NOCLAR, Auditor shall advise client to rectify, remediate consequences of non-compliance, and also deter the non-compliance.
Other laws EXAMPLES given e.g. compliance with the terms of an operating license, compliance with regulatory solvency requirements, or compliance with environmental regulations)	No examples in NOCLAR
If the auditor concludes that the non-compliance has a material effect on the financial statements, and has not been adequately reflected in the financial statements, the auditor shall, in accordance with Proposed SA 705, express a qualified or adverse opinion on the financial statements.	SA 250 duty is mainly of reporting in Audit Report. NOCLAR duty comprises of steps to be taken otherwise than reporting in Audit Report
If the auditor has identified or suspects non-compliance with laws and regulations, the auditor shall determine whether the auditor has a responsibility to report the identified or suspected non-compliance to parties outside the entity	R 360.21 mentions that the determination of further action (including the disclosure) will depend on whether a reasonable and informed third party would conclude that he has acted appropriately in public interest
SA 250 mentions that the Auditor will determine whether to disclose outside the entity (No parameter given for such consideration)	

Amendments in newly applicable provisions

NOCLAR – Senior Professional Accountants (Members) in service Section 260

Earlier provision

- Applicable to all professional accountants in service , being employees of listed entities.

Revised Provision

- Applicable to **senior** professional Accountants in service, being employees of listed entities.

Meaning – “Senior Professional Accountants”

Earlier provision

- ❖ Senior professional accountants in service are directors, officers or senior employees able to exert significant influence over, and make decisions regarding, the acquisition, deployment and control of the employing organization’s human, financial, technological, physical and intangible resources.
- ❖ Duties of professional Accountants other than Senior Professional Accountants differentiated.

Revised Provision

- ❖ No Change in above. It is further explained that the **senior professional accountants refer to key managerial personnel.**
- ❖ Provisions pertaining to professional Accountants other than Senior Professional Accountants **not applicable**

Amendments in newly applicable provisions

NOCLAR for members in practice – Applicability (Section 360)

Earlier Provision:

- **Applicable to Audit Engagements of all listed entities.**

Revised Provision:

- **Applicable to Audit Engagement of entities having net worth of Rs. 250 crores or more and where shares are listed on recognised stock exchange(s) in India.**
- **The applicability of Section 360 will subsequently be extended to all listed entities, at the date to be notified later.**

Amendments in newly applicable provisions

NOCLAR for members in practice (Section 360)

NOCLAR – Audit Engagement

Earlier Provision

The term “Audit Engagement” **appearing in Volume-I of Code of Ethics** means “A reasonable assurance engagement in which a professional accountant in public practice expresses an opinion whether financial statements are prepared, in all material respects (or give a true and fair view or are presented fairly, in all material respects), in accordance with an applicable financial reporting framework, such as an engagement conducted in accordance with Standards on Auditing. This includes a Statutory Audit, which is an audit required by legislation or other regulation”

Revised Provision

- ❖ No change in above definition in Code except for Section 360
- ❖ “For the purpose of Section 360, “Audit” or “Audit engagement” shall mean a reasonable assurance engagement in which a member in practice expresses an opinion whether financial statements give a true and fair view in accordance with an applicable financial reporting framework”.

Amendments in newly applicable provisions

NOCLAR for members in practice (Section 360)

Communication with Respect to Groups

Earlier Provision

Where a professional accountant becomes aware of non-compliance in relation to a component of a group where the parent company is listed (in India) or the component is a listed entity, the accountant shall communicate the matter to the group engagement partner

Revised Provision

Where a professional accountant **during the audit of consolidated financial statements** becomes aware of noncompliance in relation to a component of a group, where the parent company is listed (in India) or the component is a listed entity , the accountant shall communicate the matter to the group engagement partner

Amendments in newly applicable provisions

NOCLAR for members in practice (Section 360)

Imminent Breach

Earlier Provision

R360.26 In exceptional circumstances, the professional accountant might become aware of actual or intended conduct that the accountant has reason to believe would constitute an imminent breach of a law or regulation that would cause substantial harm to investors, creditors, employees or the general public. Having first considered whether it would be appropriate to discuss the matter with management or those charged with governance of the entity, the accountant shall exercise professional judgment and determine whether to disclose the matter immediately to an appropriate authority in order to prevent or mitigate the consequences of such imminent breach.

Revised Provision

Paragraph R360.26 repealed

Recent Decisions of Ethical Standards Board

Services of skill development council of Government of India allowed to members

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Ethical Standards Board clarified that broadly, the services of the assessment work under the Skill Development Council of Govt. of India fall under the section 2(2)(iv) of Management Consultancy and other services of Chartered Accountants Act, 1949 under following:-

(xiv) “Management and operational audits

(xvii) Organisation structure and behaviour, development of human resources including design and conduct of training programmes, work study, job-description, job evaluation and evaluation of workloads.

(xxii) Quality Audit

Hence it is permissible to members in practice to engage in the services assessment/performance audit of the centers of skill development council of Government of India.

SEBI Advisor License

- ❖ **Members in practice are allowed to take license/registration of investment advisors from SEBI. However, member is not allowed to engage in services of broking, underwriting, portfolio management and cannot take agency of mutual funds etc.**

Special Invitee of University

The Board was of the view that since the appointment as special invitee is honorary, and it is not of the nature of an office bearership or employment on salary on full time basis, it would not come within the ambit of prohibition of Clause (11) of Part-I of First Schedule of Chartered Accountants Act, 1949.

Hence, it is permissible for members in practice to accept the position of special invitee in Board of studies of a University.

Auditor not to engage in assignment of compilation of financial statements

Compilation engagement is an engagement in which a member applies accounting and financial reporting expertise to assist management in the preparation and presentation of financial information of an entity in accordance with an applicable financial reporting framework, and reports as required by the SRS 4410.

The auditor should not allow a conflict of interest to compromise professional or business judgment. Accepting the assignment of Compilation engagement would create self-review threat. Accordingly, it would not be permissible for the statutory auditor of an entity to engage in assignment of compilation engagement as per SRS 4410.

Member may be a professional Director in Board of a Co-operative Bank

It was noted that nomenclature of a particular assignment may be different, however it is the objective which should be seen. Accordingly, it was decided that it is permissible for members in practice to be professional director in the Board of Management of a Co-operative Bank.

Services pertaining due to cyber security

- 1. Cyber Security Audit** - Activity of cyber security audit falls under the purview of Section 2(2) Chartered Accountants Act, 1949, hence it is permissible to take the assignment.
- 2. Data Governance and Classification Audit** - Data governance and classification audit is permissible to members in practice on the same lines as it is allowed in case of cyber security audit.
- 3. Cyber-security Consultant** - There is no issue in providing consultancy services to clients.
- 4. Cyber Security Trainer** - Providing training is covered under Guidelines for Management Consultancy and other Services. Hence it is permissible for members in practice to take up the assignment.
- 5. Computer Forensic Analysts-** Services of computed forensic analysts are covered under the entry number (xviii) of Guidelines for Management Consultancy and other services . Hence it is permissible for members in practice to engage in such services.

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- 1. Certification - ISO, SOC** - Chartered accountants in practice **are not permitted** to get accreditation from the international bodies for providing the certificates of ISO, SOC etc.

Submitting Client information for past assignments

Since confidentiality is applicable even on past assignments, the member should not submit client information on his own behest. The client information can be provided only if the client permits, or law requires, or Court/Regulator requires in lawful exercise of its authority prescribed under the enabling law. If the above conditions are not met, disclosure of client information amounts to violation of provisions of clause (1) of Part -I of the Second Schedule to the Chartered Accountants Act, 1949.

Internal Auditor of a PSU can undertake GST Audit of one of the Subsidiary Companies of the same PSU

Since the Institute has prohibited Internal Audit to be done along with GST Audit of the same entity, there will be chances, howsoever small, of independence of Auditor being effected in case a member is the Internal Auditor of the holding company and GST Auditor of subsidiary company. Therefore, it is not permissible.

It would however be permitted if he is the Internal Auditor of one subsidiary, and GST Auditor of another subsidiary of the same holding company.

CA can sign valuation report for issue of FCGPR/FCTRS/RBI Compliances

As per entry no. (xv) of Guidelines for Management Consultancy and other Services, "valuation of shares and business and advice regarding amalgamation, merger and acquisition, Acting as Registered Valuer under the Companies Act, 2013 read with The Companies (Registered Valuers and Valuation) Rules, 2017" is allowed for a practicing Chartered Accountant.

CA firm can provide due diligence services

Due diligence is used to investigate and evaluate a business opportunity. It implies a general duty to exercise care in any transaction. Performing due diligence examining of financial records and involves identifying whether the conditions of a company are consistent with what has been presented about it before acquiring a controlling stake in the company. Due diligence services can be provided by the members or firms.

Designation or designatory letter “CA.” cannot be mentioned as prefix before the trust name being formed by the member.

The term “Chartered Accountants” or prefix ‘CA’ can be used by members or Firm of Chartered Accountants only. Hence, it is not permissible to use prefix ‘CA’ before the trust name, as it would be the violation of provisions of Section 7 of the Chartered Accountants Act, 1949.

Auditor of a Provident Fund and Pension Fund Trust cannot provide investment advisory services to the trust

Auditor of a Provident Fund and Pension Fund Trust should not provide investment advisory services to the said trust since the Audit of trust requires the auditor to comment on how funds have been utilized/invested by the trust. Giving an advisory on the same would create the threat of self-review and dilute the independence of auditor.

Firm of Chartered Accountants can undertake the assignment of Mystery Audits

Mystery Audits is management function and not an assurance function. It is mainly done for customer satisfaction survey. It is not an assurance service, but rather a service that has been done as per agreed upon procedures. It is permissible for a member in practice to accept the assignment of Mystery Audit.

Whether undercutting is violative ?

- ❖ No, it is not violative as of now.
- ❖ Earlier, the provisions of Clause (12) of Part-I of First Schedule to The Chartered Accountants Act, 1949 restrained a member from offering to render professional service for a fee lower than that charged by his predecessor (referred to as “undercutting”).
- ❖ The provision has been repealed vide The Chartered Accountants (Amendment) Act, 2006.
- ❖ As per the provisions of Volume-I of Code of Ethics, a member might quote whatever fee is considered appropriate. Quoting a fee lower than another accountant is not in itself unethical. However, the level of fees quoted creates a self-interest threat to compliance with the principle of professional competence and due care if the fee quoted is so low that it might be difficult to perform the engagement in accordance with applicable technical and professional standards.

Whether there is minimum fees for Audit assignments?

- ❖ **No, there is no requirement as of now**
- ❖ **Earlier, Chapter XII of Council General Guidelines 2008 prescribed Minimum Audit Fee in respect of Audit for the Audit firms**
- ❖ **Chapter XII was repealed by the Council at its 306th Meeting held on 7th and 8th June, 2011.**
- ❖ **The Institute has issued revised Minimum scale of Fees for the professional assignments of the members. The recommended scale of Fees is to be charged as per the work performed for various professional assignments. The Fees has been recommended separately for Class-A, B and C cities.**

Pending Fees from the continuing client – whether a bar on signing of Audit?

- ❖ As per paragraph 410.7 A1 of the Volume-I of Code of Ethics, a self-interest threat might be created if a significant part of fees is not paid before the audit report for the following year is issued.
- ❖ As per paragraph 410.7 A2 of the Code, examples of actions that might be safeguards to address such a self-interest threat include:
 - Obtaining partial payment of overdue fees.
 - Having an appropriate reviewer who did not take part in the audit engagement review the work performed.
- ❖ As per paragraph R410.8 of the Code, when a significant part of fees due from an audit client remains unpaid for a long time, the firm shall determine:
 - (a) Whether the overdue fees might be equivalent to a loan to the client; and
 - (b) Whether it is appropriate for the firm to be re-appointed or continue the audit engagement.

There is however no bar in signing the financial statements in these circumstances

Whether members may engage in derivative transactions

- ❖ It is permissible for member in practice to engage in derivative transactions in his personal capacity
- ❖ Not permitted to engage in professional capacity i.e for clients.
- ❖ Such engagement in derivatives would not be violative of provisions of Clause (11) of Part-I of First Schedule to The Chartered Accountants Act, 1949.

Buying and selling of shares by members in practice

- ❖ **Engagement in the business of buying and selling shares amounts to be 'any business' within the meaning of Clause (11) of Part I of the First Schedule to The Chartered Accountants Act, 1949**
- ❖ **It is not generally permissible for the members in practice**
- ❖ **After discussions, the Board was of the view that the member may hold shares of a company as an investment only.**

Registration on GeM (Government e- marketplace) Portal

- ❖ **Government of India has mandated procurement of goods and services by Government Department/ organisations through GeM (Government e-marketplace) portal.**
- ❖ **Chartered Accountants in Practice/Firms of chartered accountants are permitted to register on GeM Portal for rendering professional services.**
- ❖ **The information being published on the portal should be in compliance with the provisions of Code of Ethics.**
- ❖ **Guidelines on Tenders dt. 7th April, 2016 issued by the Institute will be applicable to tender floated through GeM Portal also without any change.**
- ❖ **The members may refer to Announcement dt. 4th March, 2022 for more details**

Member acting as Mediator

- ❖ Yes, a member in practice can act as a mediator since acting as a 'mediator'
- ❖ Would be deemed to be covered within the meaning of 'arbitrator', which is *inter alia* permitted to members in practice as per Regulation 191 of the Chartered Accountants Regulations, 1988

- ❖ **191. Part-time employments a Chartered Accountant in practice may accept**

Notwithstanding anything contained in Regulation 190A but subject to the control of the Council, a Chartered Accountant in practice may act as a liquidator, trustee, executor, administrator, arbitrator, receiver, adviser or representative for costing, financial or taxation matter, or may take up an appointment that may be made by the Central Government or a State Government or a court of law or any other legal authority or may act as a Secretary in his professional capacity, provided his employment is not on a salary-cum-full-time basis.

Statutory Auditor of a Company giving feedback to Credit Rating Agencies about Auditee Client

- ❖ It was considered by the Institute as to whether Statutory Auditor of a Company can give feedback of the said Company to the Credit Rating Agencies (CRAs)
- ❖ It has been clarified that under the provisions of Chartered Accountants Act, 1949 it is not permissible to members to share client information with the CRAs, except if permitted by the Auditee client
- ❖ The Announcement dt. 5th January, 2021 on the issue may be referred

THANK YOU

