

**SUPER QUICK REVISION**

**CA FINAL- ADVANCED AUDITING  
PROFESSIONAL ETHICS –  
PART 2**

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## SCHEDULE II – PART I

- **CAiP**
- ***Professional Misconduct***

## SII.PI

## CONFIDENTIALITY

### CLAUSE 1

- ☐ 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

S2-P2-C2

**SII.PI**

## **CERTIFIES / REPORTS WITHOUT EXAMINATION**

### **CLAUSE 2**

- ☐ certifies or submits in his name, or in the name of his firm,
- ☐ a report of an examination of financial statements
- ☐ unless the examination of such statements and the related records has been made by him or by a partner or an employee in his firm or by another chartered accountant in practice

**SII.PI**

## **CERTIFIES ON ACCURACY OF FORECASTS**

### **CLAUSE 3**

- permits his name or the name of his firm to be used in connection with an estimate of earnings contingent upon future transactions in a manner which may lead to the belief that he vouches for the accuracy of the forecast

**SII.PI**

## **SUBSTANTIAL INTEREST**

### **CLAUSE 4**

- 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;

## SII.PI FAILS TO DISCLOSE A MATERIAL FACT KNOWN TO HIM

### CLAUSE 5

- fails to disclose a material fact known to him which is not disclosed in a financial statement, but disclosure of which is necessary in making such financial statement not misleading, where he is concerned with that financial statement in a professional capacity;

**SII.PI**

**FAILS TO DISCLOSE MISSTATEMENT KNOWN TO HIM**

**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;



**SII.PI**

## **DUE DILIGENCE / GROSSLY NEGLIGENT**

**CLAUSE 7**

- does not exercise due diligence, or is grossly negligent in the conduct of his professional duties;

**SII.PI**

## **FAILS TO OBTAIN SUFFICIENT INFO**

### **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

**SII.PI**

**FAIL TO INVITE ATTENTION TO SAs**

**CLAUSE 9**

- fails to invite attention to any material departure from the generally accepted procedure of audit applicable to the circumstances

**SII.PI**

## **FAILS TO KEEP MONEY OF CLIENT SEPARATE IN BANK**

### **CLAUSE 10**

- fails to keep moneys of his client other than fees or remuneration or money meant to be expended in a separate banking account or to use such moneys for purposes for which they are intended within a reasonable time



## SCHEDULE II – PART II

- *All Members*
- *Professional Misconduct*

SII.PII

CONTRAVENES PROVISION OF THE ACT, ETC.

CLAUSE 1

- contravenes any of the **provisions of this Act** or **the regulations** made thereunder or **any guidelines** issued by the Council

## SII.PII

## CONFIDENTIALITY - CAiS

### CLAUSE 2

- being an employee of any company, firm or person, discloses confidential information acquired in the course of his employment except as and when required by any law for the time being in force or except as permitted by the employer

Similar to Clause 1, Part 1, Schedule 2 meant for CAiP

## **SII.PII**

## **SUPPLIES INCORRECT INFO TO ICAI, ETC.**

### **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, Quality Review Board or the Appellate Authority any particulars knowing them to be false;



**SII.PII**

## **DEFALCATES OR EMBEZZELS MONEY**

**CLAUSE 4**

- defalcates or embezzles moneys received in his professional capacity



## SCHEDULE II – PART II

- *All Members*
- *Other Misconduct*

## SII.PIII

## OTHER MISCONDUCT

### CLAUSE

- A member of the Institute, whether in practice or not, shall be deemed to be guilty of other misconduct, if he is held guilty by any civil or criminal court for an offence which is punishable with imprisonment for a term exceeding 6 months



## COUNCIL GENERAL GUIDELINES 2008

*These guidelines shall be applicable to all the Members of the Institute whether in practice or not wherever the context so requires*

# CGG



## ▣ Chapter I

- Preliminary

## ▣ Chapter II

- Conduct of a Member Being an Employee
  - ▣ (CAiS not to be grossly negligent & exercise due diligence)

## ▣ Chapter III

- Appointment of a Member as Cost Auditor
  - ▣ (Not relevant anymore)

## ▣ Chapter IV

- Opinion on Financial Statements when there is Substantial interest
  - ▣ Substantial Interest as defined in the CA Act and Relatives as per AS18

## ▣ Chapter V

- Maintenance of Books of Accounts
  - ▣ Maintain Cash Book and Ledger

## ▣ Chapter VI

- Tax Audit Assignments u/s 44AB of income Tax Act
  - ▣ Maximum 60 audits per AY per partner who is a CAiP. Including Branch audit.

## Chapter VII

- Appointment of an Auditor in case of Non Payment of Undisputed fees
  - (Not permitted except in Sick units i.e. where Liabilities > Assets)

## Chapter VIII

- Specified Number of Audit Assignments
  - Max 30 Company Audit assignments at any point of time per partner who is CAiP. Branch Audit included

## Chapter IX

- Appointment as Statutory Auditor
  - Not to accept if fees > audit fees
  - Covers CA firm as well as network firms
  - Applies on audit of Listed Cos, PSU, Cos with turnover > =50 Crores

| S.No. | Name of the Company | Registration Number | Date of Appointment | Date of Acceptance | Date on which Form 23-B filed with Registrar of Companies |
|-------|---------------------|---------------------|---------------------|--------------------|---|
| 1     | 2                   | 3                   | 4                   | 5                  | 6   |

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## ▣ Chapter X

### ■ Appointment of Auditor when he is indebted to a Concern

- Limit > 10,000 unless other limit prescribed under law
- Covers debt as well as guarantees given

## ▣ Chapter XI

### ■ Directions in case of Unjustified Removal of Auditors

- Not to accept Audit

## ▣ Chapter XII

### ■ Minimum Audit Fee in respect of Audit (Deleted Now)