

REVISED CODE OF ETHICS

SIGNIFICANT CHANGES

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Disclaimer

The views expressed are those of the presenter and, therefore, do not necessarily represent the views of either the Council or any Committee(s)/Board(s) of the Council of the Institute of Chartered Accountants of India (ICAI).

This is a standardized presentation of Ethical standards Board of the Institute and Some slides are added by presenter.

CODE OF ETHICS
(Revised 2019)



The Institute of Chartered Accountants of India
(Incorporated under the Companies Act of 1956)
New Delhi

CODE OF ETHICS
Volume-II
(Revised 2020)



The Institute of Chartered Accountants of India
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CODE OF ETHICS
Volume-III
[CASE LAWS REFERENCER]



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What are the three Volumes of revised Code of Ethics?

Volume	Contents	Revised counterpart of
Volume-I	As converged with provisions of International Ethics Standards Board for Accountants	Part-A of Code of Ethics, 2009
Volume-II	Domestic provisions governing chartered accountants	Part-B of Code of Ethics, 2009
Volume-III	Disciplinary Case Laws (called as “Case Laws Referencer”)	New

Ethical Standards Board

- Code of Ethics Volume – I <https://resource.cdn.icai.org/55133CodeofEthics-2019.pdf>
- Code of Ethics Volume – II <https://resource.cdn.icai.org/60018code-of-ethics-2020vol2.pdf>
- Code of Ethics Volume –III <https://resource.cdn.icai.org/59111esb48239.pdf>
- FAQs relating to professional Ethics of members pertaining to Bank Assignments <https://resource.cdn.icai.org/59065esb48189.pdf>
- FAQs on Communication with Retiring Auditor <https://resource.cdn.icai.org/59445esb48371.pdf>
- FAQs on Books, Articles and Presentation <https://resource.cdn.icai.org/60255esb49076.pdf>
- ANNOUNCEMENT OF KYC NORMS <https://www.icai.org/resource/44207esb-kyc-guidelines.pdf>
- General Awareness platforms - Know Your Ethics in CA Journal, Website of ESB esb.icai.org and ESB webpage on www.icai.org

Ethical Standards Board

COUNCIL GUIDELINES FOR ADVERTISEMENT including website (Updated up to February, 2020)

<https://resource.cdn.icaai.org/60968esb49621.pdf>

“FAQs on Ethical Issues” <https://resource.cdn.icaai.org/63083esb51033.pdf>

Audio Book and Presentation on Code of Ethics <https://learning.icaai.org/iDH/icaai/>

Creatives on Code of Ethics on social media



[@icaiesb](https://www.instagram.com/icaiesb)

www.esb@icaai.in

E-Code to be available soon





Compliance

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 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 CA 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



VOLUME - I

New pattern of structuring of each section



- No such structuring of Sections in 2009 Code.

In revised Code, each section is structured, where appropriate, as follows:-

- Introduction – sets out the **subject matter** addressed and introduces the requirements and application material in the context of the conceptual framework.
- Requirements - Designated by the Letter “R” – Includes the word “shall” which imposes an obligation on PA to comply. The requirements contain general and specific obligations w.r.t the subject matter addressed
- Application material – Designated by the letter “A” - Provides context, explanations , suggestions for actions , or matters to consider, illustrations and other guidance to assist in complying with the requirements

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

PART 1

**Complying with the Code, Fundamental Principles
and Conceptual Framework**

(Sections 100 to 199)

(All Professional Accountants)

PART 2

**Professional Accountants
in Business (PAIBs)**

(Sections 200 to 299)

*(Part 2 is also applicable to
individual PAPPs when
performing professional
activities pursuant to their
relationship with the firm)*

PART 3

**Professional Accountants
in Public Practice (PAPPs)**

(Sections 300 to 399)

PARTS 4A & 4B

**International Independence
Standards**

Part 4A—Independence for Audits & Reviews

(Sections
400 to 899)

Part 4B—Independence for Assurance Engagements
Other than Audit & Review Engagements

(Sections
900 to 999)

GLOSSARY

(All Professional Accountants)

What are the five major changes in Volume-I ?



Major five changes in Volume-I are :-

1. NOCLAR for members in practice and Service
2. Changes in Provisions of Taxation Services to the Audit clients
3. Prohibition on Management Responsibilities to the audit clients
4. Separate Independence requirements for Audit and Review Engagements and other Assurance engagements
5. Requirements distinguished from other provisions, and drafting change from “should” to “shall”
6. Duty of Accountant in case of unintentional breach of *Independence Standards*



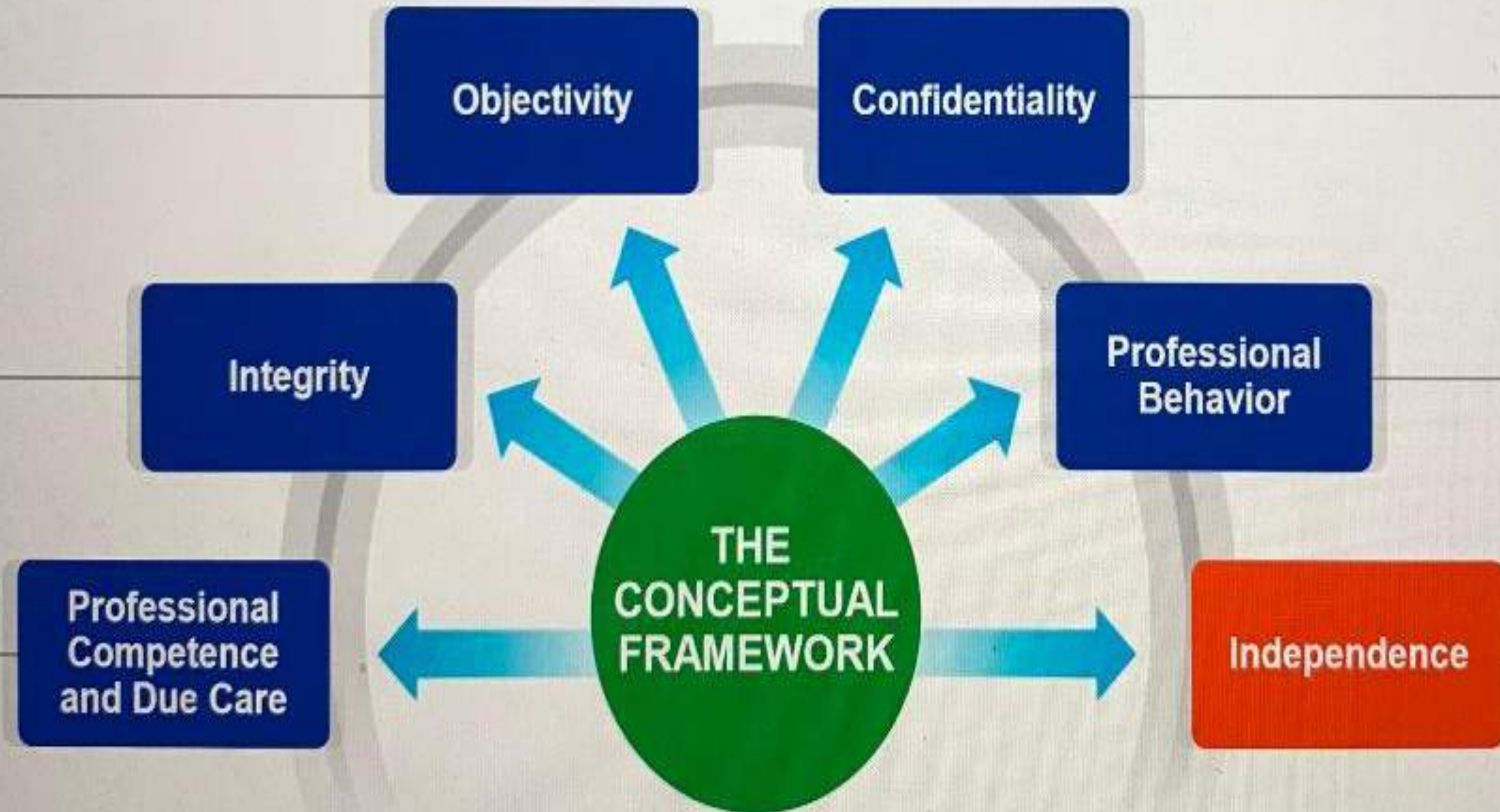
Certain Provisions deferred due to Covid-19

The Council at its 393rd Meeting held on 30th June to 1st July, 2020 has decided that due to the prevailing situation due to Covid-19, the following provisions of Volume-I of Code of Ethics, 2020 be deferred till further notification :-

- 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. Taxation Services to Audit Clients [Subsection 604]**

With the exception of aforesaid provisions, all other provisions of revised Code of Ethics are applicable w.e.f 1st July, 2020.

The Fundamental Principles, Conceptual Framework and Independence



General Application of the Code Threats & Safeguards

Threats

Self Interest Threats

Self –review Threats

Advocacy

Familiarity Threats

Intimidation Threats

Identification of threats to Auditors' independence



General Application of the Code- Threats & Safeguards

Safeguards

Education, Training & Experience

CPE

Corporate Governance

Professional Standards

Regulatory Monitoring &

Disciplinary Mechanism

External Review

Conceptual Framework



Identify threats to
fundamental principles

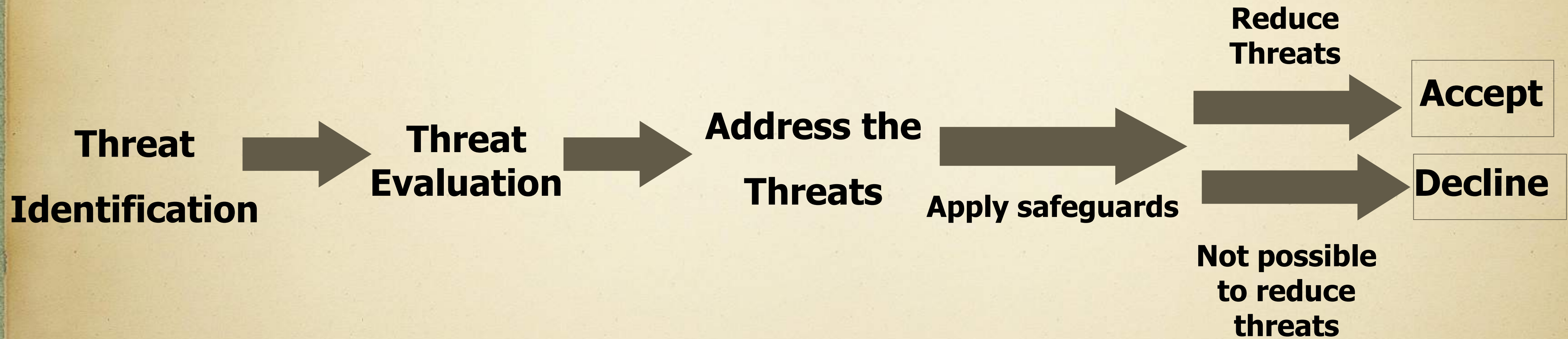


Evaluate the threats



Apply safeguards to
eliminate or reduce threats

Conceptual Framework Approach



Are there any circumstances or relationships that create any threats to compliance with the fundamental principles?

Yes

Are these threats at an acceptable level?*

No

Are there available safeguards that would eliminate threats or reduce threats to an acceptable level?

No

Decline or discontinue the professional service or resign from the engagement or the employing organisation

No

Yes

Yes

Proceed/continue with the professional service, engagement or with the employing organisation

Apply safeguards so that threats are eliminated or reduced to an acceptable level

*'Acceptable level' in the Code is defined by using the third party test. It means a level at which a reasonable and informed third party would be likely to conclude – weighing all the specific facts and circumstances available to the Member at that time – that compliance with the fundamental principles is not compromised.

PART 3 – PROFESSIONAL ACCOUNTANTS IN PUBLIC PRACTICE

↻ **SECTION 300 APPLYING THE CONCEPTUAL FRAMEWORK**

↻ **SECTION 310 CONFLICTS OF INTEREST**

↻ **SECTION 320 PROFESSIONAL APPOINTMENTS**

↻ **SECTION 321 SECOND OPINIONS**

↻ **SECTION 330 FEES AND OTHER TYPES OF REMUNERATION**

↻ **SECTION 340 INDUCEMENTS, INCLUDING GIFTS AND HOSPITALITY**

↻ **SECTION 350 CUSTODY OF CLIENT ASSETS**

↻ **SECTION 360 RESPONDING TO NON-COMPLIANCE WITH LAWS AND REGULATIONS
DURING THE COURSE OF AUDIT ENGAGEMENTS OF LISTED ENTITIES**

SECTION 320 PROFESSIONAL APPOINTMENTS

Changes in a Professional Appointment

- Subject to compliance with the provisions of Clause (8) of Part-I of First Schedule to The Chartered Accountants Act, 1949, and Council directions thereunder, a professional accountant , shall determine whether there are any reasons for not accepting an engagement when the accountant:
 - (a) Is asked by a potential client to replace another accountant;
 - (b) Considers tendering for an engagement held by another accountant subject to compliance with council guidelines dated 7 th April, 2016 issued in this regard, as amended from time to time; or
 - (c) Considers undertaking work that is complementary or additional to that of another accountant.

SECTION 320 PROFESSIONAL APPOINTMENTS

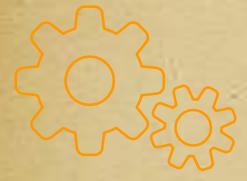
Changes in a Professional Appointment

Communicating with the Existing or Predecessor Accountant (except in case of Audit, Review, Report or any other assignment, as may be prescribed by ICAI from time to time and governed with the provisions of Clause (8) of Part I of First Schedule to The Chartered Accountants Act, 1949, and Council directions thereunder) 320.5

A1 A proposed accountant will usually need the client's permission, preferably in writing, to initiate discussions with the existing or predecessor accountant.

If unable to communicate with the existing or predecessor accountant, the proposed accountant shall take other reasonable steps to obtain information about any possible threats.

Changes in Professional Appointment



Communicating with the Proposed Accountant

When an existing or predecessor accountant is asked to respond to a communication from a proposed accountant, the existing or predecessor accountant shall:

- (a) Comply with relevant laws and regulations governing the request; and
- (b) Provide any information honestly and unambiguously

Client and Engagement Continuance

Using the Work of an Expert

Communication requirements in case of Audit and Non-Audit Assignments differentiated

SECTION 321 SECOND OPINIONS

- Providing a second opinion to an entity that is not an existing client might create a self-interest or other threat to compliance with one or more of the fundamental principles. This section sets out specific requirements and application material relevant to applying the conceptual framework in such circumstances
- When Permission to Communicate is Not Provided

Inducements, Including Gifts and Hospitality (Sections 250 and 340)



Code of Ethics, 2009

- Offer of gifts/hospitality ordinarily gives rise to threats to fundamental principles
- Significance of such threats depend on the nature, value and intent behind the offer.
- Reasonable and Informed Third Party Test – If its within normal course of business without the specific intent to influence decision making or to obtain information, may conclude that it is acceptable
- If threats other than significant, must take safeguards
- Total prohibition in case of Assurance clients (except if inconsequential)

Code of Ethics, 2019 (Volume –I)

- Inducements elaborated
- To first see whether prohibited by Laws and Regulations
- Offering also prohibited
- Reasonable and Informed Third Party Test – To see whether it is with the intent to improperly influence the behaviour of the recipient or of another individual.
- Clarifications about appropriate boundaries for offering and accepting of inducements
- Extended to PAs in service also
- Total prohibition in case of Audit/Assurance clients to continue

SECTION 350 CUSTODY OF CLIENT ASSETS

➤ **Before Taking Custody** A professional accountant shall not assume custody of client money or other assets unless permitted to do so by law and in accordance with any conditions under which such custody may be taken.

➤ **After Taking Custody** A professional accountant entrusted with money or other assets belonging to others shall: (a) Comply with the laws and regulations relevant to holding and accounting for the assets (b) Keep the assets separately from personal or firm assets; (c) Use the assets only for the purpose for which they are intended; and (d) Be ready at all times to account for the assets and any income, dividends, or gains generated, to any individuals entitled to that accounting



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

- **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 PA, 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 the PA in dealing with the situation and in deciding how best to serve the public interest in these circumstances.**

Non-Compliance of Laws and Regulations (NOCLAR)



Examples -----Fraud, Corruption and bribery,

-Money Laundering, Terrorist financing and proceeds of crime

Securities Market and Trading

Banking and other Financial products & Services

Data Protection

Tax & Pension liabilities & Payments

Environmental Protection

Public Health and Safety

Independence Standards



- 2009 Code has Section 290 i.e. *“Independence – Assurance Engagements”*
- 2019 Code (Volume – I) based on 2018 IESBA Code has Independence Standards as under :-
 - Part 4A : Independence for Audit and Review Engagements*
 - Part 4B : Independence for Assurance Engagements other than Audit and Review*
- Characterized as *“International Independence Standards”*, as against *“Section”* earlier.
- Most bulky change as a number of similar provisions/compliances are common to both Parts 4A and 4B but given separately in the Code under both parts

Feature - Breaches of the Code – New Provision



➤ Mechanism of self-correction prescribed in the Code in case the PA on his own discovers an unintentional violation

➤ Mentions steps to be taken in **case of breach of *Independence Standards i.e. Parts 4A and 4B. A PA who identifies a breach shall evaluate significance of*** breach and its impact on PA's ability to comply with the fundamental principles.

➤ If a firm concludes that a breach of a requirement in this Part has occurred, it shall take prescribed steps therein e.g.:-

- End, suspend or eliminate the interest that created breach
- Consider applicable legal or regulatory requirements and apply them

SECTION 410 FEES

- Fees – Relative Size When the total fees generated from an audit client by the firm expressing the audit opinion represent **a large proportion of the total fees of that firm**, the dependence on that client and concern about losing the client create a self-interest or intimidation threat.
- Fees – Overdue 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. It is generally expected that the firm will require payment of such fees before such audit report is issued.
- Contingent Fees The fees which are based on a percentage of profits or which are contingent upon the findings, or results of such work, is not allowed except in cases which are permitted under Regulation 192 of The Chartered Accountants Regulations, 1988,

INDEPENDENCE FOR AUDIT AND REVIEW ENGAGEMENTS

- SECTION 540 LONG ASSOCIATION OF PERSONNEL (INCLUDING PARTNER ROTATION) WITH AN AUDIT CLIENT When an individual is involved in an audit engagement over a long period of time, familiarity and self-interest threats might be created
- SECTION 550 AUDITOR ROTATION (FIRM ROTATION)

Key Audit partner



Not mentioned in ICAI Code of Ethics, 2009

Used in 2019 Code (Volume-I) . Defined as under:-

“The Engagement partner, the individual responsible for the engagement quality control review, and other audit partners, if any, on the engagement team who make key decisions or judgments on significant matters with respect to the audit of the financial statements on which the firm will express an opinion. Depending upon the circumstances and the role of the individuals on the audit, “other audit partners” might include, for example, audit partners responsible for significant subsidiaries or divisions.”



Partner rotation as per other acts and regulations



New incorporations in 2019 Code

- Under Companies Act, 2013, partner rotation is done on behest of Company only.
- In case of Companies, where members of Company prescribe a shorter time on period, such shorter period shall prevail
- Similarly, partner rotation requirements prescribed by certain regulators such as RBI, certain NBFCs, etc. shall prevail



Changes in partner rotation (Section R 540.5 – R 540.23)



2009 Code	Revised - 2019 Code
7-year time-on	No change
2-years cooling-off	5-years cooling-off: EP 3-years cooling-off: EQCR 2-years cooling-off: all other KAPS



Restrictions on Activities During Cooling-off (w.r.t partner rotation – Section 540)



New Introductions in the 2019 Code

- Prohibition on consulting with engagement team regarding technical or industry-specific issues, transactions or events
- Prohibition on leading or coordinating the professional services provided by the firm to the audit client, or overseeing the relationship of the firm with the audit client
- Prohibition on undertaking any other role or activity that would result in the individual: (i) Having significant or frequent interaction with senior management or those charged with governance; or (ii) Exerting direct influence on the outcome of the audit engagement.

Firm rotation



2009 edition of Code of Ethics contains requirements relating to partner rotation.
(No Firm rotation requirements exist in this edition)

Companies Act, 2013 has stipulated Firm rotation

Under the revised code, partner rotation will co-exist along with Audit Firm rotation (wherever prescribed by a statute)

2019 Code incorporates Firm rotation requirements vide a separate section (550) to make the guidance comprehensive for members

INDEPENDENCE FOR AUDIT AND REVIEW ENGAGEMENTS

SECTION 600 PROVISION OF NON-ASSURANCE SERVICES TO AN AUDIT CLIENT

↳ SUBSECTION 601 – ACCOUNTING AND BOOKKEEPING SERVICES self-review threat

↳ SUBSECTION 602 – ADMINISTRATIVE SERVICES Providing administrative services to an audit client does not usually create a threat.

↳ SUBSECTION 603 – VALUATION SERVICES self-review or advocacy threat.

↳ **SUBSECTION 604 – TAX SERVICES** Providing tax services to an audit client might create a selfreview or advocacy threat

↳ SUBSECTION 605 – INTERNAL AUDIT SERVICES Prohibited

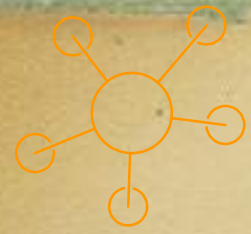
↳ SUBSECTION 606 – INFORMATION TECHNOLOGY SYSTEMS SERVICES self- review threat.

↳ SUBSECTION 607 – LITIGATION SUPPORT SERVICES self-review or advocacy threat.

↳ SUBSECTION 608 – LEGAL SERVICES Self review or advocacy threat.

↳ **SUBSECTION 609 – RECRUITING SERVICES** self-interest, familiarity or intimidation threat.

↳ SUBSECTION 610 – CORPORATE FINANCE SERVICES self-review or advocacy threat.



Management Responsibilities (Sections 607 – 608)

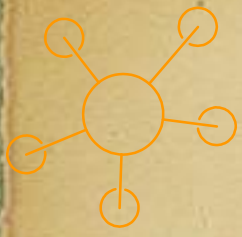


Does not find mention in Code of Ethics, 2009. In 2019 edition (Volume-I), there is a new section dealing with 'Management Responsibilities'. As per the same, the firm shall not assume a management responsibility for an audit client.

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. E.g.

- *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.*



Non - Assurance Services (Sections 600 / 950)

- Existing prohibitions (in 2009 Code) on provision of certain types of Non assurance services to Audit clients to continue in 2019 Code (e.g. Internal audit, Accounting and Book keeping services, partial prohibitions in valuation services, IT Systems Services , etc.)

- New prohibitions of recruiting services in 2019 Code:-
 - ✓ Enhanced general description of recruiting services
 - ✓ Clearer guidance on types of recruiting services prohibited
 - ✓ New provisions to help avoid assuming management responsibilities when providing recruiting services—Similar to IT and internal audit
 - ✓ Prohibition on providing certain recruiting services now applies to all entities –Searching for or seeking out candidates
 - ✓ Undertaking reference checks of prospective candidates

What are differences in new Code in providing Taxation services to Audit Client?



Code of Ethics 2009 edition

Code of Ethics, 2020 edition (This provision deferred for now)

Tax Return Preparation - Allowed to Audit Clients

Allowed

Tax Calculations – Allowed

Self-Review Threat

Tax planning -Allowed

Threats - appropriate safeguards to be adopted

Tax Services Involving Valuations - Allowed

Might perform only where the result of the valuation will not have a direct effect on the financial statements

Assistance in the Resolution of Tax Disputes - Allowed

Might create threat – appropriate safeguards to be adopted – Not to provide if involves acting as advocate for the audit client OR amounts involved are material to the financial statements on which the firm will express an opinion



Close and Immediate Family

In Part-A of 2009 Code, “close family” and “immediate family” were replaced with “relative” (as defined in Section 6 of Companies Act, 1956.)

In the 2019 edition (Volume –I), for companies, “relative” of partner refers to definition given under Section 2(77) of the Companies Act, 2013.

For clients other than Companies, “Immediate family”/ “close family”, as appearing in IESBA Code is applicable.

Close family - A parent, child or sibling who is not an immediate family member.

Immediate family - A spouse (or equivalent) or dependent.



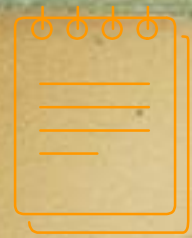
Documentation

2009 Code - Firms to document conclusions on compliance with independence requirements (290.27)

2019 Code - 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.



Criteria of Indebtedness



➤ No concept of materiality of Loans and Guarantee in the IESBA Code of Ethics, 2005 and in ICAI Code of Ethics, 2009

➤ The IESBA Code of Ethics, 2018 introduces the **concept of materiality** of Loans and Guarantees. In determining whether such a loan or guarantee is material to an individual, the combined net worth of the individual and the individual's immediate family members may be taken into account.

➤ Concept adopted in Code of Ethics, 2019 (Volume – I)



Contingent Fees

- **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**

What should be done in case of overdue Fees from client , except in case of change of Auditor ?

The steps to be taken in case of undisputed Audit Fees pending from client in case of change of auditors is clearly given in Volume-II of code of Ethics.

However, in case of continuing auditor, the steps to be taken in case of overdue Fees from client are given in Volume-I of 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.

Applicability of provisions for members in service to members in practice



- **No corresponding provisions in Code of Ethics, 2009**
- **Revised 2019 Code contains clear guidance for PAs in practice that relevant provisions with regard to PAs in service in Part 2 are applicable to them when they perform professional activities pursuant to their relationship with the firm whether as contractors, employees or owners of the firm**
- **Illustrations of situations in which provisions in Part 2 apply to PAs in practice. Would apply for example to an employee of a Firm , who is holding certificate of practice**



VOLUME - II

Five most important substantive Changes over 2009 Code



- **Changes due to CA (Amendment) Act, 2011, amendment in CA Regulations, 1988, changes in Council Guidelines, changes in Auditing and Accounting Standards , Companies Act, 2013 & changes due to Code of Ethics, 2019**
- **Council Decisions and Clarifications given by ESB and other Committees (having ethical repercussions) since 2009**
- **Changes in Advertisement Guidelines & Council General Guidelines**
- **Changes in commentary under Clauses (6) and (7) of Part- I of First Schedule pertaining to Solicitation and Advertisement**
- **Changes in commentary under Clause (8) of Part- I of First Schedule pertaining to communication**

Five most important Structural Changes over 2009 Code



- **All paragraphs numbered**
- **Titles of all provisions**
- **New Appendices**
- **All disciplinary cases removed – will form part of Volume-III**
- **Alignment with Code of Ethics, 2019**



MCS - Insurance Financial Advisory services



2009

- (xxvi) Insurance Financial Advisory Services under the Insurance Regulatory & Development Authority Act, 1999 , including Insurance Brokerage.

New

- (xxvi) Insurance Financial Advisory Services under the Insurance Regulatory & Development Authority Act, 1999 including Insurance Brokerage (not including Insurance Agency)



MCS - Valuation



2009

(xv) Valuation of shares and business and advice regarding amalgamation, merger and acquisition.

New

(xv) 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.



Commentary under Clauses (3) and (4) – Part - I, First Schedule



Referral fees amongst members

Existing - Silent

New - Permitted under commentary to Clause (3)

MDPs

Despite Regulations 53 A(3) and 53B, MDPs not allowed till Regulators of other professions also allow , and ICAI issues modalities

Guidance on Tenders



2009

It is not prohibited to respond to tenders of professional Assignments

New

- Guidance in view of 7.4.2016 Guideline on Tenders No. no 1-A(7)/03/2016 - a member of the Institute in practice shall not respond to any tender issued by an organization or user of professional services in areas of services which are exclusively reserved for chartered accountants, such as audit and attestation services. However, such restriction shall not be applicable where minimum fee of the assignment is prescribed in the tender document itself or where the areas are open to other professionals along with the Chartered Accountants.
- FAQs on tenders
- Exorbitant EMD – ESB may look in case to case basis



Visiting cards



Existing position in Code of Ethics, 2009 under commentary in clause (7) of Part-I of First Schedule to The Chartered Accountants Act, 1949

The members are not permitted to use the initials 'CPA' (standing for Certified Public Accountant) on their visiting cards.

Revised Code

Mentioning qualifications of Accounting Institutes which have MRA/MOU with ICAI permitted.

Sponsoring Activities



Existing

· Silent

Revised Code

- Member or Firm not permitted to sponsor an event. However, may sponsor an event conducted by a Programme Organizing Unit (POU) of ICAI , provided it has prior approval of CPE
- Members sponsoring activities relating to CSR may mention their individual name with the prefix “CA”. However, the mention of Firm name or CA Logo is not permitted.

Advertisement of Teaching/Coaching activities



Existing

Teaching is other “occupation/business” in terms of Appendix (9) of CA Regulations, 1988. However, Code of Ethics is silent on advertisement of teaching/coaching activity

New

Provisions of ICAI Announcement dt. 18.5.2017 of bar on Advertisement of Coaching /teaching activities incorporated

Existing

Code of Ethics silent on **sharing of educational videos**

New

Educational videos may be uploaded by members; however, no reference should be made to the CA Firm wherein he may be a partner/proprietor.

Advertisement – Other Changes



Movie /TV Credits

- **Existing** : Code of Ethics is silent
- **New** : Member's / firm's name allowed in TV/Movie Credits , provided not mentioned differently from other persons

Sharing Firm details in an Interview

- **Existing:** Sharing of Firm details during interview not to result in publicity (Page 139, COE, 2009)
- **Addition:** Any detail to be given only on a specific question , and of factual nature only

Advertisement – Other Changes



Authorship of Books

- **Existing** : Firm name not permitted while authoring a book
- **New** : Articles and presentations also included in commentary.....professional attainments prohibited.....however use of prefix of “CA” **or name of Firm permitted**

Advertisement of silver etc. celebrations

- **Existing:** Silent
- **New** : Considering the need of interpersonal socialization / relationship of members through such get together occasions , advertisement for Silver, Golden, Diamond, Platinum or Centenary celebrations of CA Firms may be published in newspaper



Size / illumination of Sign Board

Existing provision

With regard to the size of sign board for his office that a member can put up, it is a matter in which the members should exercise their own discretion and good taste. Use of glow signs or neon lights on large-sized-boards as is used by traders or shop-keepers would not be proper.

Added in Revised Code:-

.....while keeping in mind the appropriate visibility and illumination of the sign Board

Network and Logo



Provisions in the Revised Code

Network

- Reference of Revised Network Guidelines
- Not permissible for Firms to join Networks not registered with the Institute (by whichever name called)

Logo

- Continuing prohibition on Firm logo
- Reference of permission to use common CA Logo incorporated
- CA Logo Guidelines added as vide a new Appendix



CA CONNECT

Search Engine Portal for CA Firms

The search portal of the Institute is an indigenous system of listing of CA Firms on the platform of the Institute.

The objective of this portal is to provide an effective platform for listing due to limitations on such listing through online aggregators.

The norms of such online aggregators do not comply with the Institute's norms; further, there is no assurance as to how far they would continue as per Institute's norms.

Therefore, this Search Engine Portal shall provide the essential bridge between clients & Chartered Accountants.

This portal is in addition to the existing modes of listing, which will continue to be functional.

This portal will be named as caconnect.icai.org.

This Search portal has following key features :-

- ▶ Member/Firm name
- ▶ Year of establishment
- ▶ Membership No./FRN
- ▶ Member/Firm's Address (both Head Office and Branches)
- ▶ Member/ Firm's Telephone Number, Fax Number and E-mail id.
- ▶ Recognized qualifications of proprietor/partner
- ▶ Date from which Certificate of practice held by proprietor/partner
- ▶ Nature of assignments handled e.g. Corporate taxation
- ▶ No. of partners



Modes of Communication

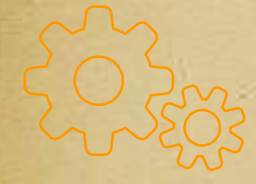


2009 Code

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. In the opinion of the Council, communication by a letter sent “Registered Acknowledgement due” or by hand against a written acknowledgement would in the normal course provide such evidence.

Revised

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. In the opinion of the Council, (a) communication by a letter sent “Registered Acknowledgement due”, (b) by hand against a written acknowledgement, (c) acknowledgement of the communication from retiring auditor’s via email address registered with the Institute or the last known official email address; and (d) through Unique Identification Number (UDIN) generated on UDIN portal (subject to separate guidelines to be issued by the Council in this regard) would in the normal course provide such evidence.



Duty on Previous Auditor in case of change of Auditorship

Existing

No duty cast on Previous Auditor. The duty is cast only on Incoming auditor

Revised

- Aligned with Code of Ethics, 2019 (Volume-II)
- On the request of the Incoming Auditor to the retiring auditor for providing known information regarding any information of which, in the retiring auditors opinion, the Incoming auditor needs to be aware before deciding whether to accept the engagement, the retiring auditor shall provide the information diligently.



Addressing peculiar circumstances while communicating



Factor	2009 Code	Revised
Premises are locked	Silent	Communication received back by the Incoming Auditor with “Office found Locked” written on the AD shall be deemed as delivered
Firm not found at the given Registered address	Silent	If Communication sent by with remarks “No such office exists at this address”, and address is registered with Institute - deemed to be delivered, unless the retiring auditor proves that it was not really served and that he was not responsible for such non-service.



Definition of “Director Simplicitor” (Clause 11 of Part - I , First Schedule)

- **Existing definition** – “Ordinary/simple Director”
- **Amended as follows in Revised Code:-** “Director Simplicitor” means an ordinary/simple Director, who is not a Managing Director or Whole time Director and is required only in the Board Meetings of the company and not paid any remuneration except for attending such meetings.



HUF vis-à-vis member in practice

Position in the Revised Code

- **Guidance on a member in practice being member / Karta in a HUF doing business incorporated**
 - **Must result from inheritance/succession/partition of the family business**
 - **Only after specific and prior approval of the Council**
 - **Karta cannot have active role**
 - **Attest functions not permitted**

- **Clarification incorporated that a member engaged as Karta of a HUF doing family business, will be within the limit prescribed by Council if he makes investments from the funds pertaining to HUF only, provided, he is not actively engaged in the management of the said business.**



Amendment in Commentary under Clause (4) of Part - I of Second Schedule (On substantial interest)

Position in the Revised Code

- **Modification in the situations of Conflict of Interest in accordance with companies Act 2013**
- **Other situations of conflict based on Council decisions incorporated e.g. Internal auditor not to be the Tax auditor simultaneously**
- **Cooling off period after completion of tenure as Director - A member not to be the auditor of a Company for a period of two years from the date of completion of his tenure as Director**

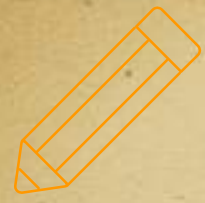


Generally Accepted Audit Procedure (Commentary in Clause 9 of Part - I of Second Schedule)



Changes in the Revised Code

- Requirement of Peer Review in case of Audit of Listed Companies
- Mandatory FRN/ Membership No.
- Requirement of UDIN w.e.f 1st July, 2019 on all Corporate/ Non- Corporate Audit, Attest and Assurance Functions.



Advertisement Guidelines



Changes in the Revised Code

- ▷ **“Write-up” to include Social Networking Websites also**
- ▷ **Changes in permissible details in a write-up :-**
 - (a) **“Web” replaced with “Website”**
 - (b) **“Name Chartered Accountant” to be replaced with “CA.....Name”**
 - (c) **“Passport size” replaced with “Passport style” (photograph)**
 - (d) **In case of individual members, allowing mentioning “Position held as Director or Managing Director in a Management Consultancy Company registered with the Institute”**
 - (e) **In case of Firms, to also allow mentioning “Affiliation with a Network registered with the Institute”**



Advertisement Guidelines



2009 Code

Revised

The write-up should not be false or misleading and bring the profession into disrepute.

It shall **be honest and truthful.**

The write-up should not claim superiority over any other Member(s)/Firm(s).

There shall **be no exaggerated claims** for the services offered by the member or the Firm, or the qualifications or experience of the member or any of the partners or any other person associated with the Firm.

The write-up should not be indecent, sensational or otherwise of such nature which may likely to bring the profession into disrepute.

The write-up should not be of a nature that may bring **the profession into disrepute**

The write-up should not contain testimonials or endorsements concerning Member(s).

The write-up **should not contain testimonials or endorsements concerning Member(s) or names of clients (both the past and present) or the fees charged.**

The write-up should not contain any other representation(s) that may like to cause a person to misunderstand and/or to be deceived.

The write-up should not violate the provisions of the 'Act', Rules made there under and 'The Chartered Accountants Regulations, 1988'.

It **must not be violative of any provisions of Chartered Accountants Act, 1949, Chartered Accountants Regulations, 1988, or Code of Ethics.**



Advertisement Guidelines



2009 Code	Revised
The write-up should not include the names of the clients (both past and present)	Covered at 4 in last slide
The write-up should not be of font size exceeding 14.	The write-up should not be of font size exceeding 14.
The write-up should not contain any information other than stated in Para 3 hereinabove.	----- (already covered in “write-up may include only the following information”)
The write-up should not contain any information about achievements/award or any other position held.	The write-up should not contain any information about achievements /awards (except the awards given by the Central or State Governments or Regulatory bodies) or any other position held , or any accreditations granted by any organisation. Monogram of any kind or use of any kind of catch words is not permissible.
The particulars of information required at para (ii) of 3(A) and para (ii) of 3(B) above is mandatory.	The membership no./FRN (as may be applicable) is mandatory to be mentioned in the write-up.
-----	The Institute of Chartered Accountants of India may issue directive for removal or withdrawal of the whole write-up or of any part(s) thereof.



Appendices to Code

App	Existing	Revised
A	Recognised bodies under Section 7	List of Engagement and Quality Control Standards
B	Announcement regarding withdrawal of Appendix no. (6) of the Institute's publication viz. the Chartered Accountants Act, 1949	List of Accounting Standards effective as on April 01, 2019
C	Announcement regarding withdrawal of Appendix no. (5) of the Institute's pub	Disciplinary Flow Charts
D	Guidelines of the Council in the context of use of designation etc. and manner of Printing of Letterheads/V. Cards	Guidelines for Practice in Corporate Form of Practice
E	ESB Mission stat. And Procedure for Removal of Un. Removal of auditors	Membership of Foreign bodies permitted under Clause (4)
F	Appendix (9) of CA Regulations, 1988	Guidelines of the Council in the context of use of designation etc. and manner of Printing of Letter-heads and visiting cards
G	-----	ESB Mission statement and Procedure for Removal
H	-----	Appendix (9) of CA Regulations, 1988
I	-----	Notification on UDIN
J	-----	Notification on Tenders
K	-----	Revised Guidelines of Network
L	-----	CA Logo Guidelines

ESB and Procedure of Unjustified Removal of Auditors



Changes in the Revised Code

- **Mission Statement of ESB now referred to as “Purpose”**
- **Purpose and Objective of ESB aligned as per IESBA**
- **As per new TOR, ESB will review the TOR every two years.**
- **Electronic filing of compliant of Unjustified removal of auditors allowed**
- **Submission of Fees of Rs. 1000 permitted by NEFT**



VOLUME - III



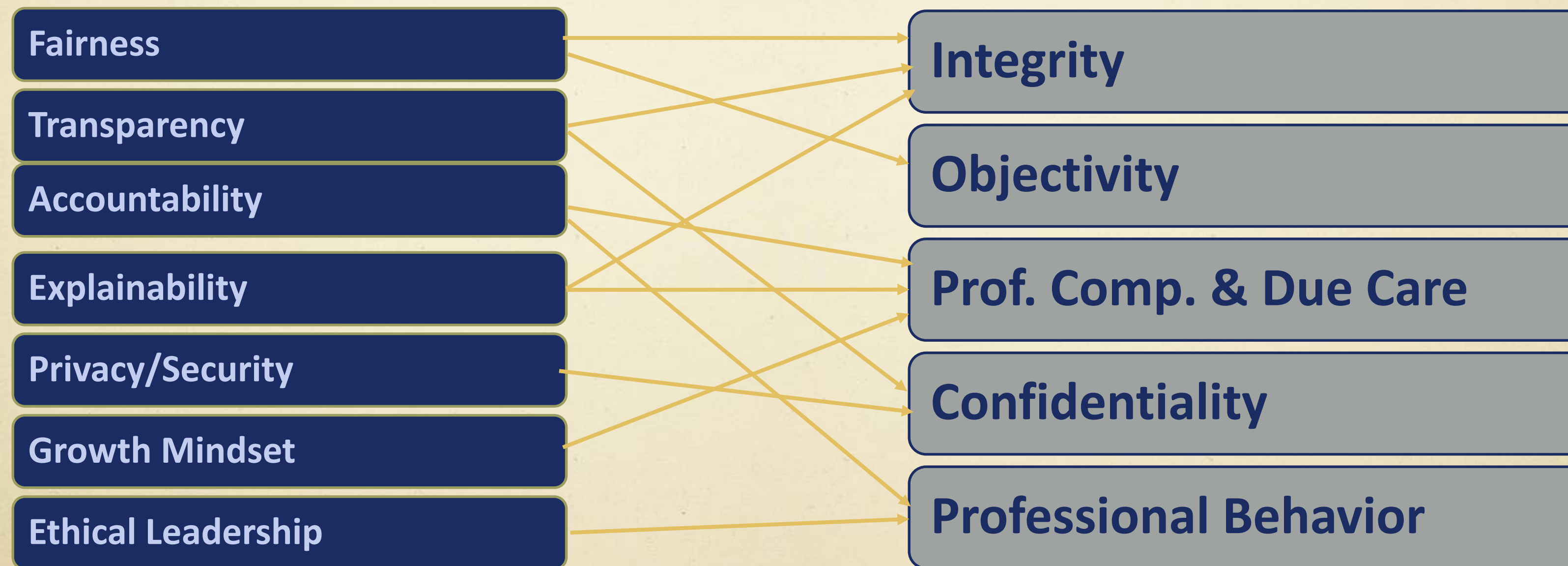
Highlights

- **All case laws appearing hitherto under commentary under Code of Ethics, 2009 shifted to “Case Laws Referencer”**
- **This appears as separate Volume of Code of Ethics (Volume –III)**
- **Incorporates relevant decided/published case laws of both the Schedules till 1st April, 2019.**
- **Cases segregated issue wise in the Index.**
- **All Case Laws have been numbered for easy reference**

KAL KI AUR – TOWARDS TOMMORROW

AI Ethics

FPS



Suitability of the Fundamental Principles

Key Principles in AI Ethics Framework

Fairness

Transparency

Explainability

Accountability

Privacy/Security

THANK YOU

PROGRESS ON THE ROAD TO QUALITY:
ETHICS, STANDARDS AND REGULATION



TIME
for
Change