



Q1. What are the professional reasons for not accepting Audit?

- A. The professional reasons for not accepting an audit are:
- (i) Non-compliance of the provisions of the Companies Act as mentioned in Clause (9) of Part-I of First Schedule to the Chartered Accountants Act, 1949;
 - (ii) Non-payment of undisputed audit fees by auditees other than in case of sick units; and
 - (iii) Issuance of a qualified report.

In the first two cases, an auditor who accepts the audit would be guilty of professional misconduct.

In the last case, however, he may accept the audit if he is satisfied that the attitude of the retiring auditor was not proper and justified. If, on the other hand, he feels that the Retiring auditor had qualified the report for good and valid reasons, he should refuse to accept the audit.

Q2. Whether communication with previous auditor is necessary in case of appointment as statutory auditor by nationalized and other Banks?

- A. Yes, Clause (8) of Part I of the First Schedule to the Chartered Accountants Act, 1949 is equally applicable in case of nationalized and other Banks and also to Government agencies.

Q3. Whether a Chartered Accountant can accept an appointment as auditor of a company without first ascertaining from it whether the requirements of the Companies Act, in respect of such appointment have been duly complied with?

- A. No, a Chartered Accountant in practice shall be deemed to be guilty of professional misconduct if he accepts an appointment as auditor of a company without first ascertaining from it whether the requirements of sections 139 and 141 of Companies Act, 2013 in respect of such appointment have been duly complied with. In this regard, the Council has laid down detailed guidelines that are appearing in commentary under Clause (9) of Part I of the First Schedule to the Chartered Accountants Act, 1949 in Code of Ethics.

Q4. Whether a statutory auditor of a company can be appointed in the adjourned meeting in place of existing statutory auditor where no special notice

for removal or replacement of the retiring auditor is received at the time of the original meeting?

- A. No, if any annual general meeting is adjourned without appointing an auditor, no special notice for removal or replacement of the retiring auditor received after the adjournment can be taken note of and acted upon by the Company, since in terms of Section 115 of the Companies Act, 2013, special notice should be given to the Company at least fourteen clear days before the meeting in which the subject matter of the notice is to be considered. The meeting contemplated in Section 115 undoubtedly is the original meeting. Where at any annual general meeting, no auditor is appointed or re-appointed, the existing auditor shall continue to be the auditor of the company mentioned in Section 139.

Q5. What are the examples of actions that might be safeguards to address a self-interest threat before acceptance of appointment of a particular engagement?

- A. Following are examples of actions that might be safeguards to address such a self-interest threat include: a. Asking the existing or predecessor accountant to provide any known information of which, in the existing or predecessor accountant's opinion, the proposed accountant needs to be aware before deciding whether to accept the engagement. For example, inquiry might reveal previously undisclosed pertinent facts and might indicate disagreements with the existing or predecessor accountant that might influence the decision to accept the appointment. b. Obtaining information from other sources such as through inquiries of third parties or background investigations regarding senior management or those charged with governance of the client.

Q6. Whether the auditor should periodically review whether to continue with the recurring client engagement?

- A. A professional accountant shall periodically review whether to continue with the engagement. Potential threats to compliance with the fundamental principles might be created after acceptance which, had they been known earlier, would have caused the professional accountant to decline the engagement. For example, a self-

interest threat to compliance with the principle of integrity might be created by improper earnings management or balance sheet valuations.

Q7. Whether there are any Know Your Client (KYC) Norms to be followed by members in practice?

A. Yes, members in practice are required to comply with the following Know Your Client (KYC) Norms, which are mandatory w.e.f. 1.1.2017. These are applicable for all attest functions.

“Attest Functions” for this purpose include services pertaining to Audit, Review, Agreed upon Procedures and Compilation of Financial Statements.

The Announcement issued in this regard is as under:-

1. Where Client is an individual /proprietor

A. General Information

- Name of the Individual
- PAN or Aadhar Card of the Individual
- Business Description
- Copy of last Audited Financial Statement

B. Engagement Information

- Type of Engagement

2. Where Client is a Corporate Entity

A. General Information

- Name and Address of the Entity
- Business Description
- Name of the Parent Company in case of Subsidiary
- Copy of last Audited Financial Statement

B. Engagement Information

- Type of Engagement

C. Regulatory Information

- Company PAN
- Company Identification No.
- Directors’ Names & Addresses
- Directors’ Identification No.

3. Where Client is a Non- Corporate Entity

A. General Information

- Name and Address of the Entity
- Copy of PAN
- Business Description
- Partner’s Names & Addresses (with their PAN/ Aadhar Card/DIN)
- Copy of last Audited Financial Statement

B. Engagement Information

- Type of Engagement



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(Set up by an Act of Parliament)



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For Registration

**13th, 14th, 19th
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June 2026**

**10:00 am to
05:00 pm**

Note: Registration of members shall be done on first-cum-first-serve basis. For any clarification, please write at sustainability@icai.in