

## **Comments on “Proposed Changes to Certain Provisions of the Code Addressing Non Assurance Services for Audit Clients”**

We agree with the new examples of activities incorporated in the ‘Management Responsibilities’ in Sections 290.163 (Audit clients) and 291.144 (Assurance clients).

We are o.k. with the proposed deletion of emergency situation provisions pertaining to bookkeeping (Para 290.174). In this regard, it may be mentioned that in India, as per the provisions of the “Guidance Note on Independence of Auditors”, issued by The Institute of Chartered Accountants of India (ICAI) , it is not permitted for an auditor to undertake the bookkeeping work of the Audit client (even in normal situations).

It may further be mentioned that as per the Section 144 of the Companies Act, 2013 which has become effective from 1<sup>st</sup> April, 2014, an auditor is not permitted to render the following services to an audit client:

- (a) accounting and book keeping services;
- (b) internal audit;
- (c) design and implementation of any financial information system;
- (d) actuarial services;
- (e) investment advisory services;
- (f) investment banking services;
- (g) rendering of outsourced financial services;
- (h) management services; and
- (i) any other kind of services as may be prescribed.

Further, it may also be mentioned here that the ICAI has mandated the stipulation contained in Chapter – IX of ICAI Council General Guidelines, 2008 to all the auditors, as per which a member of the Institute in practice shall not accept the appointment as statutory auditor of Public Sector Undertaking(s)/ Government Company(ies)/Listed Company(ies) and other Public Company(ies) having turnover of Rs. 50 crores or more in a year where he accepts any other work(s) or assignment(s) or service(s) in regard to the same Undertaking(s)/ Company(ies) on a remuneration which in total exceeds the fee payable for carrying out the statutory audit of the same Undertaking/company. The term “other work(s)” or “service(s)” or “assignment(s)” shall include Management Consultancy and all other professional services permitted by the Council pursuant to Section 2(2)(iv) of the domestic Chartered Accountants Act, 1949 .

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