



ETHICAL STANDARDS BOARD OF ICAI

FAQ Series on Ethics related to Bank Assignments

Ethical Standards Board(ESB)
The Institute of Chartered Accountants of India

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FAQs relating to professional Ethics of members pertaining to Bank Assignments

Q.1 Whether a Firm of Chartered Accountants can accept Audit of a branch of a bank, while one of the partners of the said Bank have taken loan from a different branch of the Bank ?

A. No, the Firm of Chartered Accountants cannot accept branch Audit of the Bank if one of the partners have taken the loan from any branch of that bank. The members should not place themselves in position which would either compromise or jeopardize their independence.

Q.2 Whether a member can accept appointment as Statutory Auditor of certain branch(es) of a Bank, while he is the Revenue Auditor of different branch(es) of the same Bank ?

A. No, a member is not permitted to accept the appointment as Statutory Auditor of certain branch(es) of a Bank while he is the Revenue Auditor of different branch(es) of the same Bank.

Q.3 Whether a member can do Concurrent audit and Quarterly review of the same Bank?

A. No, Concurrent audit and the assignment of Quarterly review of the same entity cannot be taken simultaneously as the Concurrent Audit being a kind of internal audit and the Quarterly Review being a kind of Statutory audit undertaken simultaneously are prohibited under the provisions of 'Guidance Note on Independence of Auditors'.

Q.4 Whether it is permissible to accept Concurrent Audit of a Bank branch by the Statutory Auditor of 3 different Branches of the same Bank?

A. In line with the principle of strict independence, it is not permissible to accept Concurrent Audit of one of the branches of a bank by the Statutory auditor of 3 different branches of the same bank.



Q.5 Whether the Internal Auditor of an entity/Bank can undertake Consultancy work of the same Bank?

A. A. There is no restriction for the consultancy work if it is undertaken by a member along with the assignment of Internal Audit.

Q.6 Whether the Statutory Auditor of a Bank can undertake Concurrent audit of its Sponsor Bank?

A. No, the Statutory Auditor of a Bank cannot be the Concurrent Auditor of its Sponsor Bank, since the relationship between them may be likened to Holding and subsidiary companies under Companies Act, 2013.

Q.7 Whether the Statutory Auditor of a Bank can accept Stock audit of the same branch or different branch of the same Bank?

A. The Stock Audit and Statutory Audit are not permissible to be done simultaneously since Stock Audit is kind of management function, which cannot be done simultaneously with the Statutory Audit (whether pertaining to the same branch or different branch).

Q.8 Whether the Concurrent Auditor of a Bank can accept Tax audit of the same Bank?

A. No, the Concurrent Auditor of a Bank cannot accept the Tax audit assignment of the same Bank, as it would affect independence in terms of the provisions of Code of Ethics that Statutory Audit and Internal Audit cannot be done together, as also in terms of the provisions of Section 288 of the Income Tax Act, 1961 which prohibits undertaking Concurrent Audit and Tax Audit simultaneously.

Q.9 Whether the Concurrent Auditor of a Bank can accept Limited Review of the Same Bank?

A. No, the Concurrent Auditor of a Bank cannot accept Limited Review of the same Bank?





Q.10 Whether a member can simultaneously be the Certified Information System Auditor (CISA) and Credit Appraiser of the same Bank?

A. A member can simultaneously be the Certified Information system Auditor (CISA) and Credit Appraiser of the same Bank; however, he should ensure at his end that there is no conflict of interest involved.

Q.11 Whether the Auditor of a Bank can hold Credit card of the same Bank?

A. There is no prohibition in holding credit card of bank where a CA Firm is Auditor of the Bank. Indebtedness will apply if there is outstanding balance of Rs. 10, 000/-* beyond prescribed credit period limit on credit card given to holder of credit card.

*As per the limit of indebtedness existing as on date.

Q.12 Whether the Concurrent Auditor of a Bank can accept the assignment of its Statutory Audit, after relinquishing the assignment of the Concurrent Audit of the Bank?

A. Yes, the Concurrent Auditor of a Bank can choose to relinquish the Concurrent Audit, and accept the assignment of Statutory Audit. He can, of course, also choose to continue with the Concurrent Audit assignment, without accepting the Statutory Audit.

Provided where the Concurrent Audit Assignment for the relevant year has already been commenced at the time of acceptance of Statutory Audit, the Statutory Audit for the said year should not be accepted.

Q.13 Whether the Statutory Auditor of a Bank can accept assignments like Internal Audit, system Audit and Management Consultancy services?

A. No, as per the provisions of Guidance Note on Independence of Auditors, the Statutory Auditor of a Bank should not accept any other assignments such as Internal Audit, System audit and Management Consultancy services within one year from the completion of audit assignment.

Q.14 Whether the Incoming Auditor of an entity can communicate with the retiring auditor vide email?

A. Yes, the Incoming Auditor of an entity can communicate with the retiring auditor vide email. However, the positive proof of delivery to the previous auditor will be reckoned on the receipt of acknowledgement of the communication from retiring auditor's vide email address registered with the Institute or his last known official email address.