

TECHNICAL STANDARDS AND REPORTING
REQUIREMENTS
&
CODE OF ETHICS 2019

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TECHNICAL STANDARDS AND REPORTING REQUIREMENTS

COMMON OMISSIONS NOTICED

SPECIFIC NON COMPLIANCE GENERALLY NOTICED IN RESPECT OF FINANCIAL STATEMENTS (FOR MORE DETAILED NON COMPLIANCE ON ACCOUNTING STANDARD PLEASE READ THE PUBLICATIONS OF FRRB)

- ADHERE TO SCHEDULE III FORMAT OF FINANCIALS.
- FIGURES FOR PREVIOUS YEAR IS GIVEN AS A ONE LINER IN PROPERTY PLANT AND EQUIPMENT SCHEDULE. THE CORRECT POSITION WOULD BE DISCLOSE THE ENTIRE SCHEDULE OF THE PREVIOUS YEAR.
- STILL THE WORDS FIXED ASSETS IS USED.
- MANY OF THE ACCOUNTING POLICIES ARE NOT DISCLOSED. LIKE HAVING A FOREX TRANSACTION BUT NO DISCLOSURE OF ACCOUNTING POLICIES, RENT PAID IS DEBITED TO P&L BUT NO POLICY ON LEASING, INVESTMENTS ARE SHOWN IN THE FINANCIALS BUT NO POLICY ON INVESTMENTS.

TECHNICAL STANDARDS AND REPORTING REQUIREMENTS

- GLARING ERRORS NOTICED IN DISCLOSURE OF ACCOUNTING POLICIES LIKE ABSENCE OF COST FORMULA IN INVENTORY, REVENUE IS RECOGNIZED ON RAISING AN INVOICE, NON BIFURCATION OF EMPLOYEE BENEFITS INTO DEFINED CONTRIBUTION OR DEFINED BENEFIT PLANS. MENTIONING OF ADOPTING THE ACCOUNTING STANDARDS ISSUED BY ICAI IN NOTES TO ACCOUNTS OF CORPORATES.
- A DISCLOSURE THAT THE COMPANY IS NEWLY INCORPORATED AND GRATUITY WILL BE PROVIDED AT THE END OF FIVE YEARS.
- EPS NOT PRESENTED ON THE FACE OF THE PROFIT AND LOSS ACCOUNT
- TRADE PAYABLE SPLIT ON THE FACE OF THE BALANCE SHEET.
- DEFERRED TAX IS ONLY SHOWN AS DTA/DTL INSTEAD OF PROPER DISCLOSURE ON WHAT ACCOUNT DTA/DTL ARISES.
- TAX PROVISIONS NOT SET OFF AGAINST TDS/ADVANCE TAX BUT SHOWN AT GROSS LEVEL.
- GOING CONCERN ASSUMPTION NOT CONSIDERED EVEN IN SITUATION WHERE THE NETWORTH IS NEGATIVE AND COMPANY OPERATES WITH PERSISTENT LOSSES.

CODE OF ETHICS-COMMON MISTAKES NOTICED & PRECAUTIONS TO BE FOLLOWED

- FINANCIAL STATEMENTS DO NOT MENTION THE DATE OF SIGNING OF THE AUDITOR, PLACE OF SIGNING OF THE AUDITOR, MEMBERSHIP NUMBER AND FIRM REGISTRATION NUMBER NOT MENTIONED.
- IT DOES NOT DRAW A REFERENCE TO THE REPORT ISSUED.
- NOTES ON ACCOUNTS NOT FOUND MANY OF THE TAX AUDIT FINANCIAL STATEMENTS. IN RESPECT OF NON CORPORATES, AS PER ICAI, AS IS APPLICABLE TO A FINANCIAL STATEMENTS WHERE AN AUDIT IS MANDATED. FOR EXAMPLE, TAX AUDIT, 10B AUDIT REPORTS ETC., IN MANY CASES NOTES ON ACCOUNTS NOT FOUND.
- IN STOCK AUDIT THE SCOPE OF APPOINTMENT AND AUDIT REPORT FORMAT ARE DIFFERENT, BUT INSTEAD OF REPORTING AS NOT REPORTABLE, IT IS REPORTED AS YES/NO IN MANY INSTANCES. FOR EXAMPLE, FUND DIVERSION

CODE OF ETHICS-COMMON MISTAKES NOTICED & PRECAUTIONS TO BE FOLLOWED

- NET WORTH CERTIFICATE ISSUED WITHOUT PROPER VERIFICATION. FOR EXAMPLE A LAND AFTER PURCHASE IMMEDIATELY REVALUED AT A HIGHER AMOUNT BY A VALUER AND A CA ISSUED A CERTIFICATE BASED ON THE VALUATION REPORT OF A CERTIFIED VALUER. SUGGESTION: DON'T CERTIFY IF YOU ARE NOT AUDITOR.
- WHILE CERTIFYING THE EXPENDITURE OR CAPITAL CONTRIBUTION, PLEASE MENTION THE PURPOSE IN THE CERTIFICATE CLEARLY, PLEASE ENSURE THE SOURCE OF FUNDS FOR THE PROMOTERS WHO HAVE INFUZED THE SAME. CORRELATE THE EXPENDITURE WITH THE TDS, COMPLIANCE WITH GST ETC., THESE WILL PROVIDE ADDITIONAL EVIDENCES.
- GET A TERMS OF ENGAGEMENT OR APPOINTMENT LETTER FOR EVERY WORK YOU DO.
- DON'T TAKE SIDES IN A FIGHT BETWEEN PARTNERS, DIRECTORS OR BETWEEN HUSBAND AND WIFE

CODE OF ETHICS-COMMON MISTAKES NOTICED & PRECAUTIONS TO BE FOLLOWED

- PLEASE READ THE PARTNERSHIP DEED/TRUST DEED AND FULFILL THE CONDITIONS LAID DOWN IN THOSE. FOR EXAMPLE, AUDITED FINANCIALS TO BE SIGNED BY ALL PARTNERS, INTEREST TO BE PAID ALL PARTNERS ETC.,
- DON'T SIGN FINANCIALS BEFORE THE CLIENT SIGNS.
- IN CONCURRENT AUDIT, IF ANY SYSTEMS/SOFTWARE NOT ALLOWED ACCESS PLEASE IMMEDIATELY REPORT IN WRITING AND OBTAIN ACKNOWLEDGEMENT.
- DON'T SIGN THE FINANCIALS OF YOUR RELATIVES EVEN IF IT IS FOR FREE.
- IF YOU ARE CERTIFYING ROC FORMS, KINDLY CHECK ALL THE PARAMETERS LIKE NOTICE OF THE MEETING, ITS SERVICE ON ALL CONCERNED, ATTENDANCE REGISTER, COPY OF THE MINUTES DULY SIGNED. IF POSSIBLE OBTAIN REPRESENTATION FROM ALL DIRECTORS CONCERNED IF IT INVOLVES SOMEONE'S RESIGNATION OR APPOINTMENT.

CODE OF ETHICS-COMMON MISTAKES NOTICED & PRECAUTIONS TO BE FOLLOWED

- OBTAIN A LETTER FROM THE CLIENT THAT HE HAS HANDED OVER THE DIGITAL SIGNATURE FOR A SPECIFIC PURPOSE. BECAUSE BASED ON IP ADDRESS COMPLIANTS ARE FILED.
- IF YOU WANT ENSURE THAT YOUR OBSERVATIONS, CERTIFICATE HAS A RESTRICTED USE PLEASE MENTION THE SAME CLEARLY AND OBTAIN CLIENT'S ACKNOWLEDGEMENT FOR HIS CONCURRING TO RESTRICTED USE.
- IF YOU SUSPECT YOUR SIGNATURE IS FORGED, DON'T STOP WITH WRITING ONLY TO ICAI. PLEASE FILE AN FIR.
- KEEP WORKING PAPERS COPY PRESERVED ATLEAST FOR 7 YEARS AFTER ANY WORK IS DONE.

CODE OF ETHICS-COMMON MISTAKES NOTICED & PRECAUTIONS TO BE FOLLOWED

- IF POSSIBLE, OBTAIN WRITTEN REPRESENTATION SIGNED BY ALL DIRECTORS OR ALL PARTNERS AT THE AUDIT CONCLUSION.
- IN TAX AUDIT RELIANCE ON A PARTICULAR DECISION IS NOT CITED.
- VERIFY THE BANK STATEMENTS IN FULL AT LEAST FOR A COUPLE OF MONTHS AND KEEP IT IN YOUR WORKING FILES. BETTER TO TAKE CONFIRMATION FROM BANK DIRECTLY BY THE AUDITOR.
- DEMONSTRATE ATTITUDE OF PROFESSIONAL SKEPTICISM APPLIED IN THE AUDIT