

**CONFIDENTIAL**

**DISCIPLINARY COMMITTEE [BENCH – II (2017-2018)]**

**[Constituted under Section 21B of the Chartered Accountants Act, 1949]**

**Findings under Rule 18(17) of the Chartered Accountants (Procedure of Investigations of Professional and Other Misconduct and Conduct of Cases) Rules, 2007**

**Ref. No. PR- 86/14-DD/115/2014/DC/622/2017**

**In the matter of:**

**The Deputy General Manager**

**State Bank of India**

Agri Business (Network-I)

Local Head Office

III/1, Pandit Jawaharlal Nehru Marg

**BHUBANESWAR 751 001 (ODISHA)**

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**Complainant**

**-vs.-**

**CA. Rajib Lochan Jena (M. No. 056618)**

M/s. Jena & Co

Chartered Accountants

Plot No. N-5/348

IRC Village, Nayapalli

**Bhubaneswar 751 015**

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**Respondent**

**MEMBERS PRESENT:**

**CA. Naveen ND Gupta, Presiding Officer**

**Shri Amit Chatterjee, Government Nominee**

**CA. Sanjay Kumar Agarwal, Member**

**CA. Manu Agarwal, Member**

**DATE OF FINAL HEARING : 10.01.2018**

**PLACE OF FINAL HEARING : ICAI, Russel Street, KOLKATA**

**PARTIES PRESENT:**

**Complainant : Sri Bijan Kumar Parhi, Assistant General  
Manager, State Bank of India, Bhubneswar**

**Respondent : CA. Rajib Lochan Jena**

**Counsel for the Respondent : CA. A. P. Singh**

**Committee witness : Shri M. K. Behera, Deputy Branch Manager,  
State Bank of India, Jharsuguda branch**

### **Finding of the Committee**

1. The Committee noted that charge against the Respondent is that he was the branch statutory auditor of Jharsuguda branch of SBI (Odisha) for the financial year 2009-10. He also certified the consolidated claim statements pertaining to Agricultural Debt Waiver & Debt Relief Scheme, 2008 (ADW & DRS, 2008) as on 31<sup>st</sup> March 2010. During re-verification exercise to ascertain the correctness of the said consolidated claim statement of ADW&DRS, 2008, the following irregularities were found in the consolidated claim:-

(a) Under Debt Waiver Scheme six (6) ineligible accounts of farmers have got benefits amounting to Rs.2,13,932/-

(b) Under Debt Relief Scheme two (2) ineligible accounts of farmers have got benefits amounting to Rs.59,606/- and excess benefit amounting to Rs.8,730/- in respect of one (1) eligible account has been extended.

2. The Committee considered the submissions of the Complainant and the Respondent and also considered various documents made available on record by both the parties.

3. The Committee noted that the Respondent was statutory auditor of Jharsuguda branch of SBI (Odisha) for the financial year 2009-10. He also certified the consolidated claim statements pertaining to Agricultural Debt Waiver & Debt Relief Scheme, 2008 as on 31<sup>st</sup> March 2010.

4. The Committee noted that at the time of hearing held on 15/09/2017, the Respondent was directed to provide the following documents/information:-

(i) Copy of covering letter of his report in which he had mentioned the limitation of scope of his work as claimed by him during his submissions before the Committee.

(ii) Number of accounts test checked by him.

(iii) List of accounts where he pointed out the irregularities, if any.

However, the Respondent was able to provide just list of 45 accounts which he has claimed to be checked/verified. The Committee noted that as per submissions of the Respondent there were 471 loan accounts, but he has just checked/verified only 45 accounts which is less than 10% of total accounts. Thus, sample chosen by the Respondent was not appropriate in size.

5. Further, the Committee noted that during the hearing, the Counsel for the Respondent had taken a plea that this work was not covered in the scope of audit nor was there any appointment letter for this work, however, he could not clarify that if both were not there, what was the need for the Respondent to verify such statement.

6. Moreover, the Committee directed the Complainant bank to submit within one week's time action (s) being taken by them against erring officials of bank. However, the Committee noted with concern that the Complainant bank failed to bring on record the same, thereby not effectively perusing its Complaint.

7. Further, the Committee perused the defence of the Respondent in which he has submitted that it was not possible to check 100% of all transactions. Thus, he exercised test check method as and when required.

8. In view of this defence of the Respondent, the Committee was of the view that as this matter related to certification of statement, hence he had to verify all the transactions/accounts related to this statement. Test check concept applies in those cases where the auditor had to express his opinion on true and fair view of financial statements of the auditee entity. As this was a particular assignment of certification, hence, said plea of the Respondent is not acceptable.

**Conclusion**

9. Thus in the considered opinion of the Committee, the Respondent is **GUILTY** of professional misconduct falling within the meaning Clause (7) of Part I of the Second Schedule to the Chartered Accountants Act, 1949.

**Sd/-  
(CA. NAVEEN ND GUPTA)  
PRESIDING OFFICER**

**Sd/-  
(SHRI AMIT CHATTERJEE)  
GOVERNMENT NOMINEE**

**Sd/-  
(CA. SANJAY KUMAR AGARWAL)  
MEMBER**

**Sd/-  
(CA. MANU AGARWAL)  
MEMBER**

**DATE : 08<sup>th</sup> February, 2018  
PLACE : New Delhi**

**DISCIPLINARY COMMITTEE [BENCH – I (2019-2020)]**  
**[Constituted under Section 21B of the Chartered Accountants Act, 1949]**

**ORDER UNDER SECTION 21B(3) OF THE CHARTERED ACCOUNTANTS ACT, 1949 READ WITH**  
**RULE 19(1) OF THE CHARTERED ACCOUNTANTS (PROCEDURE OF INVESTIGATION OF**  
**PROFESSIONAL AND OTHER MISCONDUCT AND CONDUCT OF CASES) RULES, 2007.**

**In the matter of:**

**The Dy. General Manager, State Bank of India, Agri Business (Network-I), Local Head Office,**  
**Bhubaneswar**

**-Vs-**

**CA. Rajib Lochan Jena (M.No. 056618), Bhubaneswar**

**[PR-86/14/DD/115/2014-DC/622/2017]**

**MEMBERS PRESENT:**

**Shri Jugal Kishore Mohapatra, I.A.S. (Retd.), Government Nominee & Presiding Officer**

**Ms. Rashmi Verma, I.A.S. (Retd.), Government Nominee,**

**CA. Babu Abraham Kallivayalil, Member**

**CA. Dayaniwas Sharma, Member**

1. That vide report dated 08.02.2018, the Disciplinary Committee was of the opinion inter-alia that **CA. Rajib Lochan Jena (M.No.056618)** (hereinafter referred to as the “**Respondent**”) was **GUILTY** of professional misconduct falling within the meaning of Clause (7) of Part I of the Second Schedule to the Chartered Accountants Act, 1949.

2. That pursuant to the said report, an action under Section 21B (3) of the Chartered Accountants (Amendment) Act, 2006 was contemplated against the Respondent and a communication dated 24<sup>th</sup> October, 2019 was addressed to him thereby granting an opportunity of being heard in person and/or to make a written representation before the Committee on 7<sup>th</sup> November, 2019 at Kolkata.

3. The Committee noted that on 7<sup>th</sup> November, 2019, the Respondent was present and he made his oral representations on the findings of the Disciplinary Committee. The Committee also noted that the Respondent also made his written representations on the findings of the Disciplinary Committee.

4. The Committee noted that the Respondent in his oral and written submissions inter-alia contended as under:-

4.1 Certification of the Respondent was for identifying farmers eligible for relief under Debt Waiver Scheme and Debt Relief Scheme.

4.2. The Respondent claimed that neither the mistake was detected by the Government of India, RBI, CAG nor any other audited agency. The Complainant bank itself detected the mistake only 9 numbers of accounts out of 672 numbers of accounts which was very negligible and immaterial. No auditor can detect it unless 100 % checking.

4.3 He claimed that he was never appointed as auditor under the said Scheme. He was requested by the Branch Manager to assist with the certification process.

4.4 He stated that no remuneration was paid to him for providing the test check of the claim statement.

4.5 The Respondent stated that it may be noted that there is no word "Certificate" used on the statement verified by him. The word used is "Audited by".

5. The Committee considered the reasoning(s) as contained in paras no.1 to 9 of the Disciplinary Committee report, holding the Respondent Guilty of professional misconduct falling within the meaning of Clause (7) of Part I of the Second Schedule to the Chartered Accountants Act, 1949.

6. The Committee considered the findings as contained in the Report along with oral and written representations of the Respondent.

7. Keeping in view the facts and circumstances of the case, material on record and oral and written representations of the Respondent made/submitted before it, the Committee is of the view that the professional misconduct on the part of the Respondent does not qualify for a severe sentence. Accordingly, **the Committee ordered that the Respondent i.e. CA. Rajib Lochan Jena (M.No. 056618) be reprimanded.**

**Sd/-  
(SHRI JUGAL KISHORE MOHAPATRA, I.A.S.(RETD.))  
GOVERNMENT NOMINEE & PRESIDING OFFICER**

**Sd/-  
(MS. RASHMI VERMA, I.A.S. (RETD.))  
GOVERNMENT NOMINEE**

**Sd/-  
(CA. BABU ABRAHAM KALLIVAYALIL)  
MEMBER**

**Sd/-  
(CA. DAYANIWAS SHARMA)  
MEMBER**

**DATE : 07<sup>th</sup> November, 2019  
PLACE : Kolkata**