



THE INSTITUTE OF CHARTERED ACCOUNTANTS OF INDIA
(Set up by an Act of Parliament)

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.

File No. PR/55/2015-DD/73/2015/DC/791/2018

In the matter of:

Shri B. Srinivas,
No. 89, Flat No. 202,
Habitat Maple, 43rd Main,
2nd Phase, Ideal Home Township,
Rajarajeshwarinagar
Bangalore-560098

.....Complainant

Versus

CA. Chandramohan Hande P. (M. No. 019633)

Sairam Complex,
Opp. To Sanskrit College,
Zakir Hussain Road,
Udupi-576101

.....Respondent

Members present :

CA. Atul Kumar Gupta, Presiding Officer
Smt. Anita Kapur, Member (Govt. Nominee)
Shri Ajay Mittal, Member (Govt. Nominee)
CA. Chandrashekhar Vasant Chitale, Member
CA. Manu Agrawal, Member

Date of Final Hearing: 17th August 2020 through Video Conferencing
Place of Hearing: Gurugram

Party Present:

CA. Chandramohan Hande P. (M. No. 019633) – Respondent

1. Vide report dated 7th January 2020 (copy enclosed) the Disciplinary Committee was of the opinion that **CA. Chandramohan Hande P. (M. No. 019633)** was **GUILTY** of Professional Misconduct falling within the meaning of Clause (7) of Part-I of Second Schedule to the Chartered Accountants Act, 1949 with respect to certifying compilation reports of Shri Venugopalakrishna Devasthanam Geernodhara Samithi [hereinafter referred to as the 'Samithi'] pertaining to the period from 15th July, 2007 to 31st October, 2013. It is noted that the Respondent is guilty under Clause (7) of Part I of Second Schedule to the Chartered Accountants Act, 1949 as per which the Respondent:

"does not exercise due diligence, or is grossly negligent in the conduct of his professional duties."



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2. An action under Section 21B (3) of the Chartered Accountants Act, 1949 was contemplated against the Respondent and communication dated 6th August 2020 was addressed to him thereby granting him an opportunity of being heard in person and/or to make a written representation before the Committee on 17th August 2020 through video conferencing.

3. The Respondent appeared before the Committee on 17th August 2020 through video conferencing from his personal location, and made oral submissions before the Committee. The Respondent, inter-alia, stated that the Samithi was an unregistered association of persons which was not subject to any statutory control and was not governed by any statutory authority. It was constituted with the sole object to mobilize funds and manage the renovation work of Shri Venugopalakrishna Temple and not to carry out any business activity. The Report dated 9.11.2013, prepared by him containing the financial statements of the said Samithi, were not subject to audit rather it was only a Compilation Report alongwith a Receipt and Payment account for the period 15.7.2007 to 31.10.2013 along with addendum to the Compilation Report dated 09.11.2013 disclosing the important findings in the accounting records and other documents produced before him simply for the internal consumption of the members of the Simithi. The Respondent submitted to have verified the records/ documents maintained by the Samithi, wherever required due clarifications were obtained. In this process, he also sought information about non-availability of receipt books for certain period when he was informed that the receipt books did not have any receipts of that period for which he also produced on record the receipts and management representation in the matter. Further, scope of the said report did not include reporting on any legal compliance, hence, in view of the Respondent the compilation report prepared by the Respondent was not covered by SRS 4410.

4. The Committee considered the oral and written submissions made by the Respondent and viewed that SRS 4410 deals with the practitioner's responsibilities when engaged to assist management with the preparation and presentation of historical financial information without obtaining any assurance on that information. Accordingly, in the extant case, when the respondent was dealing with historical financial information from 2007 to 2013 the compilation report was required to be prepared in accordance with SRS 4410. It was noted that although the Respondent has failed to report the limitations with respect to incomplete information available with him but it was also a fact that such report was prepared solely for the use of Samithi and that no loss has occurred to any of the stakeholders.

✓ (H)



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5. The Committee was thus of the opinion that the misconduct on the part of the Respondent has been held and established within the meaning of Clause (7) of Part-I of Second Schedule to the Chartered Accountants Act, 1949 and keeping in view the facts and circumstances of the case as aforesaid, ordered that the Respondent be reprimanded for the extant case.

Sd/-

[CA. Atul Kumar Gupta]
Presiding Officer

sd/-

[Smt. Anita Kapur]
Member, (Govt. Nominee)
(approved & confirmed through e-mail)

Sd/-

[Shri Ajay Mittal]
Member, (Govt. Nominee)
(approved & confirmed through e-mail)

sd/-

[CA. Chandrashekhar Vasant Chitale]
Member

sd/-

[CA. Manu Agrawal]
Member
(approved & confirmed through e-mail)

Date: 17th August 2020 through Video Conferencing

✓ (M)

Certified to be True Copy
Mohita Khanna
(Mohita Khanna)
Assistant Secretary —
Disciplinary Directorate
The Institute of Chartered Accountants of India

CONFIDENTIAL

DISCIPLINARY COMMITTEE [BENCH – II (2019-2020)]

[Constituted under Section 21B of the Chartered Accountants (Amendment) 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.

File No. : File No. [PR/55/2015-DD/73/2015/DC/791/2018]

In the matter of:

Shri B. Srinivas,
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Sairam Complex,
Opp. To Sanskrit College,
Zakir Hussain Road,
Udupi-576101

.....Respondent

MEMBERS PRESENT:

CA. Atul Kumar Gupta, Presiding Officer
CA. Amarjit Chopra, Member (Govt. Nominee)
CA. Chandrasekhar Vasant Chitale, Member

DATE OF FINAL HEARING : 15.10.2019

PLACE OF FINAL HEARING : ICAI Bhawan, Chennai





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PARTIES PRESENT :

Complainant : Not Present
 Respondent : CA. Chandramohan Hande P.
 Counsel for Respondent : Shri Jayaram Hiregange (Advocate)
 : CA Sandeep Hande (Respondent's Son)

Charges in Brief:-

1. The Committee noted that in the Prima-Facie Opinion formed by Director (Discipline) in terms of Rule 9 of the Chartered Accountants (Procedure of Investigations of Professional and Other Misconduct and Conduct of Cases) Rules, 2007, the Respondent is guilty under Clause (7) of Part I Second Schedule of Chartered Accountant Act 1949 which states that :-

"(7) does not exercise due diligence, or is grossly negligent in the conduct of his professional duties;"

2. Briefly stated this case relates to an allegation by the Complainant that the Respondent has signed balance sheet of Shri Venugopalakrishna Devasthanam Geernodhara Samithi [hereinafter referred to as the 'Samithi'] for the period from for the period 15th July, 2007 to 31st October, 2013 though the accounts were not being properly maintained and did not comply with the certain provisions of law.

Brief facts of the Proceedings:

3. On the day of hearing, the Committee noted that Complainant was not present; on other side, the Respondent with his Counsels appeared before the Committee. The Respondent was put on oath. In the absence of the Complainant and with consent of Respondent, the charges were taken as read. On being asked to the Respondent whether he pleads guilty, he replied in negative. Thereafter, the Committee sought whether he wish to proceed with his defence. Thereafter, the respondent placed his defence on table. After considering all papers available on record, the Committee decided to proceed with the matter. ✓

Findings of the Committee

4. On the matter stated above the Committee enquired the status of the Respondent whether he is being the statutory auditor or internal auditor i.e. the capacity under which the said financial statements were signed by him. The Respondent submitted that the financial statements of the said Samithi were not subject to Audit rather only a Compilation Report dated 9.11.2013 alongwith a Receipt and Payment account for the period 15.7.2007 to 31.10.2013 was issued by him along with addendum to the Compilation Report dated 09.11.2013 disclosing the important findings in the accounting records and other documents produced before him.
5. The Committee noted that the accounting records of the Samithi consisted of Ledger maintained under single entry method, Receipts for collection of donation, Invoices and vouchers for expenses and Bank pass book and the Respondent had verified all the above records and had not found any difference between the ledger and the Receipt and Payment Account. Hence due to non-availability of entire set of Receipt books printed and other related accounting deficiencies, the Respondent had issued only a Compilation Report.
6. The Committee noted that the Respondent has not compiled with the requirement of Standard on Related Services (SRS) 4410 titled 'Engagements to Compile financial Information' issued by the ICAI which deals with the practitioner's responsibilities when engaged to assist management with the preparation and presentation of historical financial information without obtaining any assurance on that information, and to report on the engagement in accordance with the said SRS. Contextually, the SRS 4410 which states as under:-

'Compiling the Financial Information'

"32. If, in the course of the compilation engagement, the practitioner becomes aware that the records, documents, explanations or other information, including significant judgments, provided by management for the compilation engagement are

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incomplete, inaccurate or otherwise unsatisfactory, the practitioner shall bring that to the attention of management and request the additional or corrected information.

7. Under this SRS 4410, the practitioner is obliged to Report on which provisions of applicable law, the financial information which is required and the level of risk likely to be associated with it for the users of compiled financial information as it can be seen from the requirements. It is the responsibility of such practitioner who reviewed the various records of accounts being maintained along with the compliance of various provisions of law so that there should not be any violation of accounting principles and disclosure of risk associated can be brought on the report associated therewith. More so, there need to be a disclaimer in line with the SRS 4410 so that the user of the financial statement can understand the associated risk with the compilation report and should not assume the same as audit report.
8. The Committee noted that the Respondent has not followed SRS 4410 as the Respondent has failed to bring in to the attention of management the limitations and prepared compilation report from incomplete information available with him. This is substantiated by the Complainant's letter dated 25.12.2014 to Respondent that he has not seen the books of accounts and other documents before signing the balance sheet. Thereafter, after pointing out by the Complainant, the Respondent provided to the Complainant an addendum to the Compilation report. Moreover, the defence of the Respondent that only Compilation Report was given by him and not an Audit Report, but at the same time the Respondent has failed to give any disclaimer in his Compilation Report.

Conclusion

9. Thus, upon consideration of all facts, circumstances, record and law, the Committee is of the opinion that as far as SRS 4410 issued by ICAI has not been followed by the Respondent and there are serious lapse in the

overall compilation and non-review of the various legal provisions to be compiled with by the Samithi (Committee) which reflects the casual approach towards handling his professional assignment and grossly negligent in the conduct of his professional duties. In terms of the reasoning as above, in the considered opinion of the Committee, the Respondent is held **GUILTY** in under Clause (7) of Part I of Second Schedule to the Chartered Accountant Act, 1949.



Sd/-
(CA. ATUL KUMAR GUPTA)
PRESIDING OFFICER

Sd/-
(CA. AMARJIT CHOPRA)
GOVERNMENT NOMINEE

Sd/-
(CA. CHANDRASEKHAR VASANT CHITALE)
MEMBER

DATE:07.01.2020
PLACE: Mumbai

Certified True Copy

Mukesh Kumar Mittal
Assistant Secretary
Disciplinary Directorate
The Institute of Chartered Accountants of India

