

**PROFESSIONAL ETHICS  
AND  
CODE OF CONDUCT**



**The Institute of Cost and Management  
Accountants of Bangladesh**

ICMA Bhaban, Nilkhet, Dhaka-1205

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PROFESSIONAL ETHICS AND CODE OF CONDUCT

**CHAPTER-1: INTRODUCTION**

- 1.1 As professionals in the field of Cost and Management Accounting, the members of the Institute are bound by a code of professional ethics. This code stipulates and binds them to the highest level of care, duty and responsibility to their employers and clients, the public and their fellow professionals.
- 1.2 ICMAB Guidelines are hereby setting standards for code of ethics of Cost and Management Accountant such that a member will:
- (i) maintain at all times independence of thought and action;
  - (ii) not express an opinion on cost / financial reports or statements without first assessing her or his relationship with her or his client to determine whether such Member might expect her or his opinion to be considered independent, objective and unbiased by one who has knowledge of all the facts; and
  - (iii) when preparing cost / financial reports or statements or expressing an opinion on cost / financial reports or statements, disclose all material facts known to such Member in order not to make such cost / financial reports or statements misleading, acquire sufficient information to warrant an expression of opinion and report all material misstatements or departures from generally accepted accounting principles.
  - (iv) not disclose or use any confidential information concerning the affairs of such Member's employer or client unless acting in the course of his or her duties or except when such information is required to be disclosed in the course of any defense of himself or herself or any associate or employee in any lawsuit or other legal proceeding or against alleged professional misconduct by order of lawful authority or any committee of the Society in the proper exercise of their duties but only to the extent necessary for such purpose;
  - (v) inform his or her employer or client of any business connections or interests of which such Member's employer or client would reasonably expect to be informed;
  - (vi) not, in the course of exercising his or her duties on behalf of such Member's employer or client, hold, receive, bargain for or acquire any fee, remuneration or benefit without such employer's or client's knowledge and consent; and
  - (vii) take all reasonable steps, in arranging any engagement as a consultant, to establish a clear understanding of the scope and objectives of the work before it is commenced and will furnish the client with an estimate of cost, preferably before the engagement is commenced, but in any event as soon as possible thereafter.
  - (viii) conduct himself or herself toward other Members with courtesy and good faith;
  - (ix) not accept any engagement to review the work of another Member for the same employer except with the knowledge of that Member, or except where the connection of that Member with the work has been terminated, unless the Member reviews the work of others as a normal part of his or her responsibilities;

- (x) not attempt to gain an advantage over other Members by paying or accepting a commission in securing management accounting work;
- (xi) not act maliciously or in any other way which may adversely reflect on the public or professional reputation or business of another Member.
- (xii) at all times maintain the standards of competence expressed by the Institute from time to time;
- (xiii) undertake only such work as he or she is competent to perform by virtue of his or her training and experience and will, where it would be in the best interests of an employer or client, engage, or advise the employer or client to engage, other specialists.

## **CHAPTER - 2: OBJECTIVES**

- 2.1 These guidelines recognize that the objectives of the accountancy profession are to work to the highest standards of professionalism, to attain the highest levels of performance and generally to meet the public interest requirement. These objectives require four basic needs to be met:
- (a) Credibility in information and information systems;
  - (b) Professionalism identified by employers, clients and other interested parties;
  - (c) Quality of service carried out to the highest standards of performance; and
  - (d) Confidence that there is a framework of professional ethics to govern the provision of services.
- 2.2 In order to achieving the objectives of the accountancy profession, Cost and Management Accountants have to observe fundamental principles, which are:
- (a) **Integrity**  
A cost and management accountant should be straightforward and honest in performing his services.
  - (b) **Objectivity**  
A cost and management accountant should be fair and should not allow prejudice or bias or the influence of others to override objectivity.
  - (c) **Competence**  
A cost and management accountant must refrain from performing any service which he is not competent to carry out unless proper advice and assistance is obtained to ensure that the service is performed to the satisfaction.
  - (d) **Confidentiality**  
A cost and management accountant must not disclose information acquired during the course of his engagement and should not use or disclose any such information without proper and specific authority or unless there is a legal or professional right or duty to disclose.
  - (e) **Professional Behaviour**  
A cost and management accountant should act in a manner consistent with the good reputation of the profession.
- 2.3 In addition to the fundamental principles above a cost and management accountant in practice, should be and appear to be free of any interest which might be regarded, whatever its actual effect, as being incompatible with integrity, objectivity and independence.

## CHAPTER – 3

### COMPLIANCE WITH RELEVANT PROVISIONS OF CMA ORDINANCE AND REGULATIONS

3.1 There are Ordinance and regulations for administering the profession of Cost and Management Accountants. The regulation is exercised through the Institute of Cost and Management Accountants of Bangladesh. For the management of the affairs and for discharging the functions assigned to it by the Cost and Management Accountants Ordinance, there is a Council of the Institute. The Council has been empowered to institute any enquiry into cases where it is prima facie of the opinion that a member is guilty of professional or other misconduct.

#### 3.2 Members who are deemed to be in practice

3.2.1 Every member of the Institute is entitled to designate himself as a Cost Accountant or a Management Accountant or a Cost and Management Accountant. There are two classes of members, those who are in practice and those who are otherwise occupied.

3.2.2 To fulfill the purpose of the Ordinance, the term "to be in practice" has been defined as follows:

A member of the Institute shall be deemed to be in practice when individually or in partnership with Cost and Management Accountants in practice, he in consideration of remuneration received or to be received

- (a) engages himself in the practice of cost and management accountancy; or
- (b) offers to perform or performs service involving the costing or pricing of goods or services or the preparation, verification or certification of cost accounting and related statements or holds himself out to the public as a cost and management accountant in practice; or
- (c) renders professional services or assistance in or about matters of principle or details relating to cost accounting procedure or the recording, presentation or certification of costing facts or data; or
- (d) renders such other services as, in the opinion of the Council, are or may be rendered by a Cost and Management Accountant in practice: and the words "to be in practice" with their grammatical variations and cognate expressions shall be construed accordingly.

Explanation:- A member of the Institute who is a whole-time salaried employee of any person shall not be deemed to be in practice within the meaning of the above definition.

3.2.3 Regulation 121 attached to the Ordinance expresses that no Cost and Management Accountant who is not a member of a firm of Cost and Management accountants shall practice under any source or style other than his own name. In pursuant to regulation 122 a cost and management accountant in practice shall not engage in any business or occupation other than the profession of Cost and Management accounting unless it is permitted by a general or specific resolution of the Council. Other functions of Cost and Management Accountants stipulated in Regulation 123 are as follows that an Management accountant may act as liquidator, trustee, executor, administrator, arbitrator, receiver, adviser or as representative for costing financial matters, company law and taxation matters or may take up an appointment that may be made by the Government or a court of law or any other authority established under any law, or may act as the Secretary of a company in his professional capacity not being a whole-time employees.

3.2.4 Pursuant to regulation 123 a Cost and Management Accountant can also render entire range of management accounting and other services.

3.2.5 The definition of the expression the “Management Accounting and other Services” is given below:

The expression ‘Management Accounting and other Services’ shall not necessarily include the function of cost audit, cost accounting records maintenance or advice concerning cost records maintenance but shall include the following:

- (a) Employment under Cost Accountants or firms of Cost Accountants.
- (b) Maintaining books of accounts of any commercial, non-commercial, financial, non-financial organizations.
- (c) Undertaking audit of any nature, not statutorily debarred, in any commercial, non-commercial, financial, non-financial organizations.
- (d) Practicing as Management Consultant
- (e) Practicing as Tax Consultant, tax advocate.
- (f) Private tutorship.
- (g) Authorship of books and articles
- (h) Holding of Life Insurance Agency License for the limited purpose of getting renewal commission.
- (i) Attending classes and appearing for any examination, academic or professional.
- (j) Honorary office-bearership of charitable, educational or other non-commercial organizations.
- (k) Acting as Notary Public, Justice of the Peace, Special Executive Magistrate and the like.
- (l) Tutorship for courses under the aegis of the Institute or of the Regional Councils.
- (m) Valuation of papers, acting as paper-setter, head-examiner or a moderator for any examination.
- (n) Acting as surveyor and Loss Assessor under the Insurance Act, 1938.
- (o) Acting as Recovery consultant in the Banking Sector.
- (p) Holding Public Elective Office such as M.P., Mayor, Pauroshova Chairman, Minister, Prime Minister, President of the country, etc.
- (q) Doing business or profession of any kind,
- (r) Acting as liquidator, trustee, executor, administrator, arbitrator or receiver.

3.2.6 In order to remove any ambiguity under the above regulation and the same can be elaborated that the expression ‘Management Consultancy Services’ shall not include the function of statutory periodical audit, but shall include besides all functions done as cost accountant the following:

- (a) Financial management planning and financial policy determination.
- (b) Cost management planning and costing policy determination.
- (c) Capital structure planning and advice regarding raising finance.
- (d) Working capital management.
- (e) Preparing project reports and feasibility studies.
- (f) Preparing cash budget, cash flow statements, profitability statements, statements of sources and application of funds.
- (g) Budgeting including capital budgets and revenue budgets.
- (h) Inventory management, material handling and storage.
- (i) Market research and demand studies.
- (j) Price- fixation and other management decision making.

- (k) Management accounting systems including total quality management, cost control and value analysis.
- (l) Control methods and management information and reporting.
- (m) Personnel recruitment and selection.
- (n) Setting up executive incentive plans, wage incentive plans, etc.
- (o) Management, operational, quality, environmental and energy audits, green house effect audit, etc.
- (p) Valuation of shares and business and advice regarding amalgamation, mergers and acquisitions, etc.
- (q) Business policy, corporate planning, organisation development, growth and diversification.
- (r) Organisation structure and behaviour, development of human resources including design and conduct of training programmes, work study, time study, job-description, job evaluation and evaluation of work loads.
- (s) Systems analysis and design and computer related services including selection of hardware and development of software in all areas of services which can otherwise be rendered by a cost accountant in practice and also to carry out any other professional services relating to EDP, e-filing, etc.
- (t) Acting as advisor or consultant to an issue, including such matters as:-
  - (i) drafting of prospectus and memorandum containing salient features of prospectus. Drafting and filing of listing agreement and completing formalities with Stock Exchanges, Registrar of Joint Stock Companies and Firms.
  - (ii) Preparation of publicity budget, advice regarding arrangements for selection of (i) ad-media, (ii) centres for holding conferences of brokers, investors, etc., (iii) bankers to issue, (iv) collection centres, (v) brokers to issue, (vi) underwriters and the underwriting arrangement, distribution of publicity and issue material including application form, prospectus and brochure and deciding on the quantum of issue material (In doing so, the relevant provisions of the Code of Conduct must be kept in mind).
  - (iii) Advice regarding selection of various agencies connected with issue, namely Registrar to issue, printers and advertising agencies.
  - (iv) Advice to the post issue activities, e.g., follow up steps which include listing of instruments and dispatch of certificates and refunds with the various agencies connected with the work.

Explanation: For removal of doubts, it is hereby clarified that the activities of broking, underwriting and portfolio management are also permitted.
- (u) Investment counseling in respect of securities (In doing so, the relevant provisions of the Code of Conduct must be kept in mind).
- (v) Acting as registrar to an issue and for transfer of shares / other securities. (In doing so, the relevant provisions of the Code of Conduct must be kept in mind).
- (w) Acting as recovery consultant in Banking Sector.
- (x) Insurance Financial Advisory services including Insurance Brokerage.

3.2.7 A Cost and Management Accountant, whose name has been removed from the membership register for professional and/or other misconduct, during such period of removal, will not appear before the various tax authorities or other bodies before whom he could have appeared in his capacity as a member of this Institute.

### **3.3 A Member in practice is prohibited from using a designation other than Cost and Management Accountant.**

3.3.1 A member in practice cannot use any designation other than that of a Cost and Management Accountant, nor can he use any other description, whether in addition thereto or in substitution therefore, but a member who is not in practice and does not use the designation of a Cost and Management Accountant may use any other description. Nevertheless a member in practice may use any other letters or description indicating membership of Accountancy Bodies which have been approved by the Council or of bodies other than, Accountancy Institutes so long as such use does not imply adoption of a designation and/or does not amount to advertisement or publicity.

For example, though a member cannot designate himself as a Chartered Accountant, he can use the letters A.C.A./ F.C.A after his name, when he is a member of that Institute.

3.3.2 Section 4 of the Ordinance express that any person who has passed such examinations and completed such training as may be prescribed by the Council for membership of the Institute may be registered as member of the Institute and his name then be entered into the membership register.

### **3.4 Disabilities for the purpose of Membership**

3.4.1 Section 5 of the Ordinance enumerates the circumstances under which a person is debarred from having his name entered in or borne on the Register of Members circumstances are as follows:

- (a) If he has not attained the age of twenty one years at the time of his application for the entry of his name in the Register; or
- (b) If he is of unsound mind and stands so adjudged by a competent court; or
- (c) If he is an undischarged insolvent; or
- (d) If he being a discharged insolvent, has not obtained from the court a certificate stating that his insolvency was caused by misfortune without any misconduct on his part; or
- (e) If he has been convicted by a competent court whether within or outside Bangladesh, of an offence involving moral turpitude and punishable with transportation or imprisonment or of an offence, not of a technical nature, committed by him in his professional capacity unless in respect of the offence committed he has either been granted a pardon or, on an application made by him in this behalf the Government has, by an order in writing, removed the disability; or
- (f) If he has been removed from membership of the Institute on being found on inquiry to have been guilty of professional or other misconduct:

3.4.2 A person who has been removed from membership for a specified period, shall not be entitled to have his name entered in the Register until the expiry of such period.

3.4.3 Failure on the part of a person to disclose the fact that he suffers from anyone of the disabilities aforementioned would constitute professional misconduct. The name of the person, who is found to have been subject at any time to any of the disabilities aforementioned, can be removed from the Register of Members by the Council. Besides the above, according to section 20 of the Ordinance the Council may remove from the register the name of any member who has not paid any prescribed fee payable by him for a period of three years from the date it fell due.

### **3.5 Disciplinary matters**

3.5.1 Regulation 98 laid down the matters to be brought before the disciplinary committee:

- (a) It shall be the duty of the Secretary and the right of any member or of any aggrieved person to lay before the Disciplinary Committee any fact indicating that a member has become liable to exclusion, suspension or reprimand under any provision of the Ordinance or the regulations or has been guilty or misconduct.
- (b) Where a complaint has been received by the Institute or the Council or the Secretary that any member has become liable as aforesaid, the complaint shall forthwith be laid before the Disciplinary Committee.

3.5.2 According to Regulation 99, the Disciplinary committee would dispose of disciplinary cases in the following manner:

- (a) The Disciplinary Committee shall consider the facts or complaint laid before it under the provisions of regulation 98 and where it is of the opinion that the facts or complaint require investigation it shall forthwith give to the member notice of its intention to consider the complaint. The Disciplinary Committee shall give such member an opportunity of being heard and shall, if the member so desires, permit such member to be represented before it by a counsel or solicitor or another member of the Institute. The Disciplinary Committee shall thereafter report the result of its inquiry to the Council.
- (b) The Disciplinary Committee may, at the request of any member, advise such member in regard to any matter of professional conduct.
- (c) The Disciplinary Committee submits its report to the Council.

3.5.3 The Council shall dispose of the cases in the following manner:

- (a) Where the report of the Disciplinary Committee is that the member is guilty of professional and/or other misconduct, a copy of the Report of the Disciplinary Committee is furnished to the member and he is given the opportunity of hearing by the Council.
- (b) The Council considers the report of the Disciplinary Committee alongwith the representation of the member, if any, and if in its opinion, a further enquiry is necessary, causes such further enquiry to be made whereupon a further report is submitted by the Disciplinary Committee.
- (c) The Council on consideration of the Report, the further Report, if any, and the representation of the member, if any, records its findings. If the report of the Disciplinary Committee is that the Respondent is not guilty of any professional or other misconduct, the Council shall record its finding accordingly and direct that the proceedings shall be filed or the complaint shall be dismissed, as the case may be.
- (d) If the Council, on receipt of the said report, finds that a formal complaint has been proved, it shall record its finding to that effect and shall afford to the member, either personally or through a counsel or solicitor or another member of the Institute, an opportunity of being heard before orders are passed against him on the case and may thereafter make any of the following orders, namely –
  - (i) reprimand the member; or
  - (ii) suspend the member from membership for such period not exceeding five years, as the Council may think fit; or
  - (iii) exclude the member from membership.

- 3.5.4 Notice of the finding and decision of the Council shall forthwith be given to the member concerned and the decision shall thereupon take effect.
- 3.5.5 When the Council finds that a formal complaint has been proved it shall, in the case of suspension or exclusion of a member from the Register, cause its finding and decision to be published in the official Gazette and in such journal as it may think desirable and as soon as practicable after such findings and decisions are pronounced. The publication shall, in all cases, include the name of the member concerned unless, in a particular case, the Council considers that there exist special circumstances which justify the omission of the name from such publication.
- 3.5.6 Regulation 102 expresses that in the event of the suspension or exclusion of a member, every certificate of membership or fellowship or practice then held by him shall be deemed to be cancelled from the date on which and during the period for which the name of its holder is excluded from the Register and shall be delivered up by the member to the Secretary, in the case of suspension, to be retained by him during the period of suspension or in the case of exclusion, to be cancelled.
- 3.5.7 The Council may, on an application received in this behalf from a person whose name has been permanently or temporarily removed from the Register under section 20, restore his name if he is otherwise eligible to such membership:
- 3.5.8 He shall have to pay before such restoration the annual fee or fees for the year during which his name is restored and all arrears on account of annual membership fee, subject to a maximum of five years' annual membership fee, according to the scale applicable to him.
- 3.5.9 The restoration of a name to the Register shall be notified in the official Gazette and in such journal as the Council may think desirable and shall also be communicated in writing to the person concerned.

### **3.6 Professional misconduct defined**

- 3.6.1 Regulation 104 of the CMA Regulations, 1980 read with the Schedule-IV to the Ordinance contains an illustrative, though not exhaustive definition of "Professional misconduct". These constitute the Code of professional conduct applicable to Cost and Management Accountants.
- 3.6.2 For the purpose of the Ordinance and the regulations, the expression "professional and other misconduct" shall be deemed to include any act or omission specified in Schedule IV but nothing in the regulation shall be construed to limit or abridge in any way the power conferred or duty imposed on the Council or the Disciplinary Committee under the regulations to inquire into the conduct of any member in any other circumstances.

### **3.6.3 Other Misconduct**

- 3.6.3.1 A member is liable to disciplinary action under the Ordinance if he is found guilty of any professional or "other misconduct". "Other misconduct" has not been elaborated in the Ordinance. This provision empowers the Council to enquire into any misconduct of a member even if it does not arise out of its professional work. This is considered necessary because a Cost and Management Accountant is expected to maintain the highest standards of integrity even in his personal affairs and any deviation from these standards, even in his non-professional work, would expose him to disciplinary action. For example, a member who is found to have forged the will of a relative, would be liable to disciplinary action even though the forgery may not have been done in the course of his professional duty.
- 3.6.3.2 "Other misconduct" would also relate to conviction by a competent court for an offence involving moral turpitude punishable with transportation or imprisonment or to an

offence not of a technical nature committed by the member in his professional capacity.

3.6.3.3 Schedule-IV attached to Regulation 104 is as follows:

A member of the Institute shall be guilty of professional and other misconduct, if he-

- (a) places his professional service at the disposal of or enters into partnership with, an unqualified person or persons in a position to obtain business of the nature in which cost and management accountants, engage by means which are not open to be a member of the Institute;
- (b) allows any person to practice in his name as a cost and management accountant in practice unless such person is also a cost and management accountant and is in partnership with or employed by him;
- (c) pays or allows or agrees to pay or allow directly or indirectly a share, commission or brokerage in the fees or profits of his professional business, to any person other than a member of the Institute or a partner or a retired partner or the legal representative or widow of a deceased partner;
- (d) accepts or agrees to accept any part of the profits of the professional work of a lawyer, income-tax practitioner, auctioneer, broker or other agent or any other person other than a member of the Institute;
- (e) accepts a position as a cost and management accountant in practice previously held by some other members without first communicating with him in writing;
- (f) accepts an appointment as a cost and management accountant with a concern without first ascertaining from it whether the legal requirements, if any, have been duly complied with;
- (g) accepts a position as a cost and management accountant in practice previously held by some other member in such conditions as constitute under-cutting;
- (h) publishes or sanctions the publication of expressions of thanks or appreciation by clients or promotes in any way laudatory notices with regard to professional matters;
- (i) solicits clients or professional work either directly or indirectly by circular, advertisement, personal communication or interview or by any other means partaking of the nature of advertisement;
- (j) advertises his professional attainments or services or uses any designation or expressions other than cost and management accountant on professional documents, visiting cards, letter heads or sign boards unless it be a degree of a University established by law in Bangladesh or recognized by the Government or a title indicating membership of the Institute of Cost and Management Accountants or any other Institution that has been recognized by the Government or may be recognized by the Council;
- (k) allows his name to be inserted in any directory either in the main section or in classified list, whether, printed or not, so as to appear in leaded type or in any manner which could be regarded as of an advertising character;
- (l) certifies or submits in his name or in the name of his firm a report of an examination of cost accounting and related statements, unless the examination of such statements has been made by him or by a partner or any employee in his firm or by another cost and management accountant in practice;
- (m) permits his name or the name of his firm to be used in connection with an estimate of cost or earnings contingent upon future transactions in a manner which may lead to the belief that he vouches for the accuracy of the forecast;

- (n) charges or offers to charge, accepts or offers to accept in respect of any professional employment fees which are based on a percentage of profits or which are contingent upon the findings or results of such employment;
- (o) engages in any activities including publication of leaflets, booklets, brochures, papers etc., either signed or unsigned or banami which may be considered as affecting the Institute or the profession of Cost and Management Accountants;
- (p) allows a person not being a member of the Institute or a member not being his partner to sign on his behalf or on behalf of his firm any report or cost or pricing statement or any other document required by his client;
- (q) discloses information acquired in the course of his professional engagement to any person other than his clients without the consent of his client or otherwise than as required by any law for the time being in force;
- (r) express his opinion on cost or pricing statement of any business or any enterprise in the which he, his firm or a partner in his firm has a substantial interest unless he discloses interest also in this report;
- (s) fails to disclose a material fact known to him which is not disclosed in a cost or pricing statement but disclosure of which is necessary to make such statement not misleading;
- (t) fails to report a material mis-statement known to him to appear in a financial statement with which he is concerned in professional capacity; or fails to invite attention to any material departure from the generally accepted procedures of costing and pricing applicable to the circumstances;
- (u) is grossly negligent in the conduct of his professional duties;
- (v) fails to obtain sufficient information to warrant the expression of an opinion or his qualifications are sufficiently material to negate the expression of an opinion;
- (w) fails to keep moneys of his client in a separate banking account or to use such moneys for purposes for which they are intended;
- (x) has been guilty of any act or default discreditable to a member of the Institute;
- (y) contravenes any of the provisions of the Ordinance or the regulations made thereunder;
- (z) is guilty of such other act or omission as may be specified by the Council in this behalf, by notification in the official Gazette;
- (aa) not being a fellow styles himself as a fellow;
- (bb) does not supply the information called for by, or does not comply with the directions of, the Council or any of, the Council or any of its Committees;
- (cc) includes in any statement, return or form to be submitted to the Council any particulars knowing them to be false;
- (dd) does not pay any money he is ordered to pay by the Tribunal appointed under section 10 of the Ordinance;
- (ee) adopts one or more of the practices specified in regulation 23.

3.6.3.4 Members are urged in their own interest to keep the aforesaid provisions in view and maintain requisite standards both in their professional and other conduct.

### **3.7 Penalty for falsely claiming to be a Member, etc.**

3.7.1 Section 21 of the Cost and Management Accountants Ordinance, 1977 provides:

Any person who -

- (a) not being a member of the Institute -
  - (i) represents that he is a member of the Institute; or
  - (ii) uses the designation Cost Accountant; Cost and Management Accountant, Management Accountant, Industrial Accountant or Works Accountant, or any abbreviation thereof in a manner as to impress that he is a Cost and Management Accountant, or uses the letters ACMA or FCMA.
- (b) being a member of the Institute, but not having a certificate of practice, represents that he is in practice or practices as a Cost and Management Accountant, Industrial Accountant or Works Accountant or in some similar profession in the field of Cost and Management accounting shall be punishable on first conviction with fine which may extend to one thousand taka, and on any subsequent conviction with imprisonment which may extend to six months or with fine which may extend to five thousand taka, or with both.

### **3.8 Particulars of offices and firms:**

3.8.1 Every cost and management accountant in practice and every firm of such accountants shall submit to the Council the particulars of his office, or as the case may be, of the firm within three months from the date of commencement of practice or formation of the firm. Any subsequent change in the particulars submitted should be sent so as to reach the Institute within thirty days after the change was effected. A register of offices and firms shall be maintained by the Institute.

3.8.2 Every member in practice shall have a place of business in Bangladesh in his own charge or in charge of another member. Particulars of such place of business shall be supplied by the member to the Council initially and whenever there is a change of such place of business:

In the case of a member who is a salaried employee of cost and management accountant or a firm of such accountants, the place of business of his employer shall be deemed to be his place of business for the purposes of regulation 115.

### **3.9 Professional misconduct in relation to Cost and Management Accountants in practice**

3.9.1 A Cost and Management Accountant in practice shall be deemed to be guilty of professional misconduct, if he:

- (a) allows any person to practice in his name as a Cost and Management Accountant unless such person is also a Cost and Management Accountant in practice and is in partnership with or employed by himself;

The above clause is intended to safeguard the public against unqualified accountants practicing under the cover of qualified cost accountants. It ensures that the work of the cost and management accountant will be carried out by a Cost and Management Accountant who may be his partner or his employee and who would work under his control and supervision.

- (b) pays or allows or agrees to pay or allow, directly or indirectly, any share, commission or brokerage in the fees or profits of his professional business, to any person other than a member of the Institute or a partner or a retired partner or the legal representative of a deceased partner;

It is in order for a member to share his fees or profits with another member of the Institute or a firm of Cost and Management Accountants. However, it would not be permissible for a member to share his fees or profits with a person who is not a member of the Institute-say an Advocate or an Estate Agent. This rule is directed

against arrangements or understandings, whereby for a consideration, professional work will be introduced to a member by a third party.

- (c) accepts or agrees to accept any part of the profits of the professional work of a lawyer, auctioneer, broker, or other agent who is not a member of the Institute;

Just as a member cannot share his fees with a non member, he is also not permitted to receive and share the fees of others such as lawyers, engineers, brokers, etc. Such a restriction is necessary so that a Cost and Management Accountant who is often required to engage or to recommend for engagement by his clients, the services of the members of other professions, such as, lawyers, engineers, etc., may not share the fees received by other professional persons.

- (d) enters into partnership with any person other than a Cost and Management Accountant in practice or a person resident outside Bangladesh.

A Cost and Management Accountant is not permitted to enter into-partnership with any person other than a Cost and Management Accountant in practice.

- (e) secures, either through the services of a person not qualified to be his partner or by means which are not open to a Cost and Management Accountant, any professional business;

"A man must stand erect, and not be kept erect by others" is a dictum by Marcus Aurelius which though applicable for a man in every walk of life is more so in the case of a professional. He must seek work not through any agency, but by the respect that he is able to command for his professional talent and skill and by the confidence he is able to inspire by his reputation. All forms of canvassing on that account are regarded unethical and are prohibited.

- (f) solicits clients or professional work either directly or indirectly by circular, advertisement, personal communication or interview or by any other means;

3.9.2 It is an elaboration of the principle propounded in the preceding clause enjoining that for securing professional work the help of others should not be sought. This clause further enjoins on a member not to solicit professional work by means of advertisement, circular, personal communication or interview or by any other means. The members should not adopt any indirect methods to advertise their professional practice with a view to gain publicity and thereby solicit clients or professional work. Such a restraint must be practiced so that members may maintain their independence of judgment and may be able to command the respect of their prospective clients.

3.9.3 In the early years of their professional career, members may find this restraint inconvenient and irksome. A question may arise in their minds as to how they would be able to find professional work if they are not permitted to advertise or solicit work. A little reflection would show that professional work cannot be secured either by advertisement or by circulars or by solicitation. It can only be obtained by a member gradually building confidence in his ability and integrity. The service rendered by an accountant is of a personal and intimate nature and its value can be appraised only by personal contact and experience. A public advertisement is likely to lead to an impression that the professional person is over-anxious to win confidence which however will have the opposite effect. The satisfaction of clients would be the best advertisement which would lead to other clients. Unabashed advertisement would affect the public esteem in which the profession is held and would act to the disadvantage of its members. An advertisement is not a key to success in the profession. It is the quality of service which attracts and retains the clients.

3.9.4 Some forms of soliciting work are discussed below:

**(a) Advertisement and Notes in the press**

Members should not advertise for soliciting work or advertise in a manner which could be interpreted as soliciting or offering to undertake professional work. They are also not permitted to use the less open method of circulating letters to a small field of possible clients. Personal canvassing or canvassing for clients of a previous employer through the help of the employees are also not permitted.

The exceptions to the above rule are:

- (i) A member may advertise changes in partnerships or dissolution of a firm, or of any change in the address of practice and telephone numbers. Such announcements should be limited to a bare statement of *facts* and consideration given to the appropriateness of the area of distribution of the newspaper or magazine and number of insertions.
- (ii) A member is permitted to issue a classified advertisement in the Journal/Newsletter of the Institute intended to give information *for* sharing professional work on assignment basis or *for* seeking professional work on partnership basis or salaried employment in the field of accounting profession provided it only contains the accountant's name, address, telephone, *fax* number and E-mail address.

**(b) Application for empanelment for allotment of audit and other professional work.**

The government departments, government companies/ corporations, courts, co-operative societies and banks and other similar institutions prepare panels of Cost and Management Accountants *for* allotment of audit and other professional work. Where the existence of such a panel is within the knowledge of a member, he is *free* to write to the concerned organization with a request to place his name on the panel. However, it would not be proper *for* the Cost and Management Accountant to make roving enquiries by applying to any such organization *for* having his name included in any such panel.

It is permissible to quote *fees* on enquiries being received *from* the above bodies which maintain such panel. It is, however, not proper *for* the members to send printed or cyclostyled copies of the scales of *fees* in reply to such enquiries.

Members are also advised that they should not respond to such empanelment in which the payment of any registration or other *fee* or deposit is required.

An advertisement *for* any part-time work undertaken by practicing Cost and Management Accountants would not be permissible because it would essentially be an offer of professional services and therefore would offend the rule.

**(c) Publication of Name or Firm Name by Cost and Management Accountant in the Telephone or other Directories published by Telephone Authorities or Private Bodies**

It would not be proper for a Cost and Management Accountant to have entries made in a Telephone Directory either by making a special request or by means of an additional payment. Such entries may be subject to the following restrictions:

- (i) The entry should appear in the section/category of "Cost and Management Accountants".
- (ii) The member/firm should belong to the town/city in respect of which the directory is being published.
- (iii) The entry should be in normal type of letters. Entry in bolder type or abnormal type of letters or in a box is not permissible.

- (iv) The order of the entries should be alphabetical and logical.
- (v) The entry should not appear in a manner giving the impression of publicity/advertisement. Entry should not be given in a manner which gives prominence to it as compared to other entries.
- (vi) The payment, if any, for the entry should not be unreasonable.
- (vii) The entries should not be restricted and should be open to all the Cost and Management Accountants/firms of Cost and Management Accountants in the particular city/town in respect whereof the directory is published.
- (viii) Subject to the above conditions, the members can also include their names in trade directories which are published and/or otherwise available such as electronic media e.g. internet, telephone services like "Ask Me Services", etc.

**(d) Responding to Tenders, Advertisements and Circulars Members should not:**

- (i) respond to advertisements inviting applications for appointment of auditors;
- (ii) respond to tenders or circulars inviting quotations for professional services restricted to Cost and Management Accountants either by statute or in terms of tender or circular; and
- (iii) respond to an enquiry asking for quotation of fees in circumstances indicating that such enquiry has been made to more than one members and as such the same partakes the nature of a circular or tender.

While no relaxation may be given in the matter of responding to tenders in the audit field which is exclusive to Cost and Management Accountants, in other areas where members competed with non-Cost and Management Accountants, the restrictions be relaxed. Further, members are permitted to respond to tenders even in the audit field outside the country if permitted under the local laws provided the professional fees are received in foreign currency.

**(e) Issuing Hand Bills**

A member is prohibited from distributing hand bills ostensibly for the guidance of persons other than his regular clients in matters such as changes in tax laws.

**(f) Publication of Books or Articles**

A member is not permitted to indicate in a book or an article, published by him, the association with any firm of Cost and Management Accountants.

**(g) Issue of greeting cards or invitations**

It is not proper to issue greeting cards or personal invitations by members indicating their professional designation, status and qualifications, etc. However, the designation "Cost and Management Accountant" as well as the name of the firm may be used in greeting cards, invitations for marriages and religious ceremonies and any invitations for opening or inauguration of office of the members, change in office premises and change in telephone numbers, provided that such greeting cards or invitations, etc. are sent only to clients, relatives and friends of the members concerned.

**(h) Soliciting professional work by making roving enquiries**

It is not permissible for a member to address letters or circulars to persons who are likely to require services of a Cost and Management Accountant since it would tantamount to advertisement.

**(i) Seeking work from professional colleagues**

The issue of an advertisement or a circular by a Cost and Management Accountant, seeking work-from professional colleagues on any basis whatsoever except as provided in (a) (ii) above would be in violation of this Clause.

**(j) Acceptance of original professional work by a member emanating from the client introduced to him by another member**

A member should not accept the original professional work emanating from a client introduced to him by another member. If any professional work of such client comes to him directly, it should be his duty to ask the client that he should come through the other member dealing generally with his original work.

**(k) Giving public interviews**

While giving any interview or otherwise furnishing details about themselves or their firms in public interviews or to the press or at any forum, the members should ensure that, it should not result in publicity. Due care should be taken to ensure that such interviews or details about the members or their firms are not given in a manner highlighting their professional attainments.

**(l) Members and/or firms who publish advertisements under Box numbers**

Members/Firms are prohibited from inserting advertisements for soliciting clients or professional work under box numbers in the newspapers. This practice is in violation of this clause.

**(n) Website:**

(i) Members are permitted to have their Web pages in their trade name or individual name.

(ii) The Cost and Management Accountants would also not issue any circular or any other advertisement or any other material of any kind whatsoever by virtue of which they solicit people to visit their Web site. The Cost and Management Accountants would, however, be permitted to mention their Web site address on their professional stationery.

(iii) The following information may be allowed to be displayed on the Firms / Members' Web sites:

- Member / Trade / Firm name.
- Year of establishment.
- Member / Firms' Address (both Head Office and Branches)  
Tel. No(s)  
Fax No(s)  
E-mail ID(s)
- Nature of services rendered.
- Partners' Name, etc.
- Job vacancies for the Cost and Management Accountant / firm of Cost and Management Accountants
- Nature of assignments handled. Names of clients and fee charged cannot be given.

(iv) Display of Passport size photograph is permitted.

- (v) The members may include articles, professional information, professional updation and other matters of larger importance or of professional interest.
  - (vi) No Advertisement in the nature of banner or any other nature will be permitted on the Website.
  - (vii) The Website should be befitting the profession of Cost and Management Accountants and should not contain any information or material which is unbecoming of a cost accountant.
  - (viii) The Website may provide a link to the Website of the Institute, its Branches and also the Website of Govt. / Govt Departments / Regulatory authorities / other Professional Bodies, such as, CIMA.
  - (ix) The address of the Website can be different from the name of the firm. But it should not amount to soliciting clients or professional work or advertisement of professional attainments or services. The Website address should be as near as possible to the individual name / trade name, firm name of the Cost and Management Accountant in practice or firm of Cost and Management Accountants in practice.
  - (x) The address of the Website should be intimated to the Institute within 30 days.
  - (xi) The Website should mention the date up to which it is updated and the information should not be at material variance from the information provided to ICMAB.
- 3.9.5 accepts a position as auditor previously held by another Cost and Management Accountant without first communicating with him in writing;
- 3.9.6 allows a person not being a member of the Institute in practice or a member not being his partner to sign on his behalf or on behalf of his firm any cost or pricing statements or any other statements relate thereto.
- 3.9.7 The foregoing clauses are intended to empower the Council to enforce discipline over the members, and for obtaining information from members or requiring compliance with any directions issued by the Council.

## Chapter-4

### Legal Obligations

4.1 Professional misconduct in relation to Cost and Management Accountant in practice requiring action by a High Court will be as follows:

A Cost and Management Accountant in practice shall be deemed to be guilty of professional misconduct, if he-

- (a) Discloses information acquired in the course of his professional engagement to any person other than his client, without the consent of his client or otherwise than as required by any law for the time being in force;

An accountant, in public practice, has access to a great deal of information of his client which is of a highly confidential character. It is important for the work of an accountant and for maintaining the dignity and status of the profession that he should treat such information as having been provided to him, only to facilitate the performance of his professional duties for which his services have been engaged. To divulge such information would be a breach of professional confidence which may give rise to the most serious consequences, even to an action by the client for the loss suffered by him through such a breach. But for this confidence that the public has developed in the integrity of accountants, it would not be possible for persons in a similar trade or industry to appoint the same accountant. The accountant's duty not to disclose continues even after the completion of his assignment.

If disclosure is required as a part of performance of professional duty by a practicing member in relation to a client, the fact that such performance is required by the client would itself amount to the client consenting to such disclosure.

If disclosure is required in other cases, it would be necessary to ensure that the consent of the client is given by a person who is competent to accord such consent. Thus, in the case of a sole-proprietary concern, the consent may be given by the proprietor or his constituted attorney who is legally empowered to give such consent. In the case of a partnership firm, since in turn, every partner has the authority to bind the firm by his acts, the consent may be given by any partner.

An auditor is not required to provide the client or the other auditors of the same enterprise or its related enterprise such as a parent or a subsidiary, access to his audit working papers. The main auditors of an enterprise do not have right of access to the audit working papers of the branch auditors. In the case of a company, the statutory auditor has to consider the report of the branch auditor and has a right to seek clarifications and/or to visit the branch if he deems it necessary to do so for the performance of the duties as auditor. An auditor can rely on the work of another auditor, without having any right of access to the audit working papers of the other auditor. For this purpose, the term 'auditor' includes 'internal auditor'.

However, the auditor may, at his discretion, in cases considered appropriate by him, make portions of or extracts from his working papers available to the client.

It is not possible to set out all the circumstances under which disclosure of information may be required by law. If under any legal compulsion and if it is not legally permissible to claim privilege under the Evidence Act, 1972, the disclosure made by a member of such information may not be considered as misconduct. However, such matters involve niceties of law and expert legal advice may be sought prior to such disclosure.

The only circumstances in which this duty of confidence may give rise to a

difficulty is where the accountant has reason to believe that the client has been guilty of some unlawful act or default.

- (b) Certifies or submits in his name or the name of his firm a report of an examination of cost accounting and related statements unless the examination of such statements has been made by him or by a partner or an employee in his firm or by another cost and management accountant in practice;
- (c) Permits his name or the name of his firm to be used in connection with an estimate of cost or earnings contingent upon future transactions in a manner which may lead to the belief that he vouches for the accuracy of the forecast.
- (d) Expresses his opinion on financial statements of any business or any enterprise in which he, his firm or a partner in his firm has a substantial interest, unless he discloses the interest also in his report ;

If the opinion of auditors are to command respect and the confidence of the public, it is essential that they must disclose every factor which is likely to affect their independence. Since financial interest in the business can be one of the important factors which may disturb independence, the clause provides that the existence of such an interest direct or indirect should be disclosed. This is intended to assure the public as regards the faith and confidences that could be reposed on the independent opinion expressed by the auditors.

The words "financial statements" used in this clause would cover both reports and certificates usually given after an examination of the accounts or the financial statement or any attest function under any statutory enactment or for purposes of income-tax assessments. This would not however, apply to cases where such statements are prepared by members in employment purely for the information of their respective employers in the normal course of their duties and not meant to be submitted to any outside authority.

Public conscience is expected to be ahead of the law. Members, therefore, are expected to interpret the requirement as regards independence much more strictly than what the law requires and should not place themselves in positions which would either compromise or jeopardize their independence.

- (e) Is grossly negligent in the conduct of his professional duties;
- (f) Fails to obtain sufficient information to warrant the expression of an opinion or makes exceptions which are sufficiently material to negate the expression of an opinion;
- (g) Fails to invite attention to any material departure from the generally accepted procedure of costing and pricing applicable to the circumstances;
- (h) Fails to keep moneys of his clients in a separate banking account or to use such moneys purposes for which they are intended.

4.2 Professional misconduct in relation to members of the Institute generally requiring action by a High Court will be as follows:

A member of the Institute whether in practice or not shall be deemed to be guilty of professional misconduct if he –

- (a) Contravenes any of the provisions of the Ordinance or the regulations made there under;
- (b) Is guilty of such other acts or omissions as may be specified by the Council in this behalf by notification in the official Gazette.

## CHAPTER-5

### Self Regulation Guidelines

- 5.1 Self Regulation Guidelines/directions in the context of use of designation, etc. and manner of printing letter-heads and visiting cards, of the President, Vice-Presidents, Secretary and Treasurer of the Institute, Members of the Council, Chairmen of various Non-Standing Committees of the Institute; Chairmen, other office bearers and Members of the Branch Councils; Chairmen, other office bearers and Members of the Chapters, which are given hereunder:-
- (a) The Institute will print the letter-heads for President, Vice- Presidents, Secretary and Treasurer of the Institute with their names, designation and address of the Institute with emblem. In these letter-heads personal addresses, including their professional and residential addresses shall not be printed.
  - (b) The Branch Councils and the Chapters shall print the letter- heads for official use of the Chairmen of the respective Branch Councils/Chapters with their designation, address of the Branch Council/Chapter concerned and the Institute's emblem without mentioning their names in the letter-heads. As far as other office-bearers of Branch Councils and Chapters are concerned, they should use the common letter-head bearing the name and address of the Branch Council or the Chapter, as the case may be, and their designation may be typed below their signatures.
  - (c) It is clarified that no member of the Council or any Branch Council or any Chapter shall print any letter-head in relation to the position he holds in various Committees or as a member of the Council/Branch Council/Chapter at his cost.
  - (d) The visiting cards may be printed for both the elected and nominated Council members. The visiting Cards be also printed for members of Branch Councils and the Chapters. The visiting cards will be used only for official work of the Institute. The Head office of the Institute will print the visiting cards for President, Vice-Presidents, Secretary, Treasurer and Members of Council. The offices of Branch Councils and Chapters will print the visiting cards for respective Branch Councils and Chapters. The members themselves will not print the visiting cards.
  - (e) In the visiting card, the designation, viz., President/Vice-Presidents/Secretary/Treasurer/ Member, Council/Chairman of the Branch Council/Chairman of the Chapter/Member of the Branch Council/Member of the Chapter will be used. There will not be any mention of any other designation like Chairman of particular Committee, etc.
  - (f) In the case of membership the full term of the Council/ Branch Council/Chapter will be mentioned for example 2009 to 2010. In case of the President/Vice-Presidents/Secretary/Treasurer/Chairman Branch Council and Chapter, the year of Presidentship/Vice-Presidentship/Secretaryship/ Treasurership/Chairmanship will be mentioned, for example, 2009 or 2010.
  - (g) The President, Vice-Presidents, Secretary, Treasurer, Chairmen of Branch Councils and Chapters will use their cards for the year in which they are elected. Cards with the designation/description, viz., former/past President, membership of national/international bodies even at personal cost will not be permitted.
  - (h) The address of the Institute in the case of Council member, that of the concerned Branch Council in the case of Branch Council member and that of the concerned Chapter in the case of Member of the Chapter will be printed. The Residential address of the members will not be printed. However, on the back of the visiting

cards the residential telephone number may be printed. The professional office address also will not be printed. The Telephone No., Fax No. & E-mail address of the Institute in the case of Council Member, those of concerned Branch Council in the case of the Branch Council Member and those of the concerned Chapter in the case of Member of the Chapter will be given.

- (i) The visiting Cards will be returned to the offices of the Institute as soon as the term of the President, Vice-Presidents, Secretary, Treasurer, the Membership of the Council/ Chairmanship/Membership of the Branch Council/Chapter expires.
- (j) The number of cards permissible to be printed for the Council member, Chairman and Member of Branch Council and Chairman and Member of the Chapter will be 400 per year. For President, Vice-Presidents, Secretary and Treasurer the number of cards to be printed will be left to be decided by them.
- (k) The visiting cards will be printed in the prescribed formats. The type of paper, printing, colour of ink of the visiting cards will be uniform and of the same type and manner.
- (l) In the visiting cards of Branch Councils and Chapters, the name of the respective Branch Council and Chapter will be printed in bold letters and the name of the Institute in normal letters.

**= THE END =**