

**THE CHARTERED ACCOUNTANTS
ORDINANCE, 1961**

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**THE CHARTERED ACCOUNTANTS
ORDINANCE, 1961**

ORDINANCE NO. X OF 1961

[10th March, 1961]

**An Ordinance to make provision for the regulation of
the profession of accountants. ***

WHEREAS it is expedient to make provision for the regulation of the profession of accountants and for that purpose to establish an Institute of Chartered Accountants;

NOW, THEREFORE, in pursuance of the Proclamation of the seventh day of October, 1958, and in exercise of all powers enabling him in that behalf the President is pleased to make and promulgate the following Ordinance:-

CHAPTER I

PRELIMINARY

Short title,
extent and
commencement

1. (1) This Ordinance may be called the Chartered Accountants Ordinance, 1961.

(2) It extends to the whole of Bangladesh.

(3) It shall come into force on such date as the Government may, by notification in the *official Gazette*, appoint in this behalf.

Definitions

2. (1) In this Ordinance, unless there is anything repugnant in the subject or context,-

(a) “associate” means an associate member of the Institute;

(b) “chartered accountant” means a person who is a member of the Institute;

* Throughout this Ordinance, the words “Bangladesh” and “Government” were substituted for the words “Pakistan” and “the Central Government”, respectively by Article 5 and Article 8 of the Bangladesh (Adaptation of Existing Laws) Order, 1972 (President’s Order No. 48 of 1972).

- (c) "Council" means the Council of the Institute;
- (d) "Institute" means the Institute of Chartered Accountants of Bangladesh constituted under this Ordinance;
- (e) "prescribed" means prescribed by the bye-laws of the Institute;
- (f) "Register" means the Register of the Members of the Institute maintained under this Ordinance;
- (g) "registered accountant" means any person who has been enrolled on the Register of Accountants maintained by the Government under the Auditors' Certificates Rules, 1950;
- (h) "year" means the period commencing on the first day of July of any year and ending on the thirtieth day of June of the succeeding year.

(2) A member of the Institute shall be deemed "to be in practice", when individually or in partnership with chartered accountants in practice, he, in consideration of remuneration received or to be received,-

- (i) engages himself in the practice of accountancy, or
- (ii) offers to perform or performs services involving the auditing, or verification of financial transactions, books, accounts, or records or the preparation, verification or certification of financial accounting and related statements or holds himself out to the public as an accountant; or
- (iii) renders professional services or assistance in or about matters of principle or detail relating to accounting procedure or the recording, presentation or certification of financial facts or data; or
- (iv) renders such other services as, in the opinion of the Council, are or may be rendered by a chartered accountant in practice; and the words "to be in practice" with their grammatical variations and cognate expressions shall be construed accordingly.

Explanation.- An associate or a fellow of the Institute who is a salaried employee of a chartered accountant in practice or a firm of such chartered accountants shall, notwithstanding such employment, be deemed to be in practice for the limited purpose of the training of articled clerks.

CHAPTER II

THE INSTITUTE OF CHARTERED ACCOUNTANTS OF BANGLADESH

Incorporation of
the Institute

3. (1) All persons whose names are entered in the Register at the commencement of this Ordinance and all persons who may hereafter have their names entered in the Register under the provisions of this Ordinance, so long as they continue to have their names borne on the said Register, are hereby constituted a body corporate by the name of the Institute of Chartered Accountants of Bangladesh, and all such persons shall be known as members of the Institute.

(2) The Institute shall have perpetual succession and a common seal and shall have power to acquire, hold and dispose of property, both movable and immovable, and shall by its name sue and be sued.

Entry of names
in Register

4. (1) Any of the following persons shall be entitled to have his name entered in the Register, namely, -

- (i) any person who is a registered accountant at the commencement of this Ordinance;
- (ii) any person who has passed such examination and completed such training as may be prescribed;
- (iii) any person who has passed such other examination and completed such other training outside Bangladesh as is recognised by the Government or the Council with the approval of the Government as being equivalent to the examination and training prescribed for members of the Institute:

Provided that in the case of any person who is not permanently residing in Bangladesh, the Government or the Council, with the approval of the Government, as the case may be, may impose such further conditions as it may deem fit;

- (iv) any person domiciled in Bangladesh, who at the commencement of this Ordinance is studying for any foreign examination and is at the same time undergoing training, whether within or without Bangladesh, or, who, having passed such foreign examination, is at the commencement of this Ordinance undergoing training whether within or without Bangladesh:

Provided that any such examination or training was recognised before the commencement of this Ordinance for the purpose of conferring the right to be registered as an accountant under the Auditors' Certificates Rules, 1950, and provided further that such person passes the examination or completes the training.

(2) The name of every person belonging to the class mentioned in clause (i) of sub-section (1) shall be entered in the Register without the payment of any entrance fee or any application being made in that behalf and shall, for the purpose of sub-section (1) of section 3, be deemed to have been so entered at the commencement of this Ordinance.

(3) Every person belonging to any of the classes mentioned in clauses (ii), (iii) and (iv) of sub-section (1) shall have his name entered in the Register on application being made and granted in the prescribed manner and on payment of the prescribed fee, which shall not exceed rupees five hundred in any case.

(4) The Government shall take such steps as may be necessary for the purpose of having the names of all persons belonging to the class mentioned in clause (i) of sub-section (1) entered in the Register.

5. (1) The members of the Institute shall be of two classes designated respectively as associates and fellows.

Associates and
Fellows

(2) Every person shall, on his name being entered in the Register, become an associate member of the Institute and be entitled to use the letters A.C.A. after his name to indicate that he is an associate member of the Institute of Chartered Accountants.

(3) A member, being an associate who has been in continuous practice in Bangladesh for at least five years, whether before or after the commencement of this Ordinance, or whether partly before and partly after the commencement of this Ordinance, and a member who has been a registered accountant or an associate for a continuous period of not less than ten years whether before or after the commencement of this Ordinance or whether partly before or partly after the commencement of this Ordinance shall, on payment of the

prescribed entrance fee, which shall not exceed rupees five hundred in any case, and on an application made and granted in the prescribed manner, have his name entered in the Register as a fellow of the Institute and shall be entitled to use the letters F.C.A. after his name to indicate that he is a fellow of the Institute of Chartered Accountants.

Explanation.- For the purpose of this sub-section two years as a non-practising registered accountant or as a non-practising associate shall be counted as one year of practice of such registered accountant or associate.

Certificate of
practice

6. (1) No member of the Institute shall be entitled to practise as an auditor of a public company as defined in the Companies Act, 1913, unless he has obtained from the Council a certificate of practice:

Provided that nothing contained in this sub-section shall apply to any person who, immediately before the commencement of this Ordinance, has been in practice as a registered accountant until one month has elapsed from the date of the first meeting of the Council.

(2) Every such member shall pay such annual fee for his certificate as may be prescribed, and such fee shall be due on the first day of July in each year.

Members to be
known as
Chartered
Accountants

7. Every member of the Institute in practice shall, and any other member may, use the designation of a Chartered Accountant and no member using such designation shall use any other designation, whether in addition thereto or in substitution therefore:

Provided that nothing contained in this section shall be deemed to prohibit any such person from adding any other description or designatory letters to his name, if entitled thereto, to indicate membership of such other institute of accountancy, whether in Bangladesh or elsewhere as may be recognised in this behalf by the Council, or any other qualification that he may possess, or to prohibit a firm, all the partners of which are members of the Institute and in practice, from being known by its firm name as Chartered Accountants.

8. Notwithstanding anything contained in section 4, a person shall not be entitled to have his name entered in or borne on the Register if he-

Disabilities

- (i) 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
- (ii) is of unsound mind and stands so adjudged by a competent Court; or
- (iii) is an undischarged insolvent; or
- (iv) having been discharged of insolvency, has not obtained from the Court a certificate stating that his insolvency was caused by misfortune without any misconduct on his part; or
- (v) has been convicted by a competent Court, whether within or without 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
- (vi) has been removed from the membership of the Institute on being found on inquiry to have been guilty of such professional or other misconduct, as may be prescribed:

Provided that a person who has been removed from the membership of the Institute for a specified period, shall be entitled to have his name entered in the Register after the expiry of such period.

CHAPTER III

COUNCIL OF THE INSTITUTE

9. (1) There shall be a Council of the Institute for the management of the affairs of the Institute and for discharging the functions assigned to it under this Ordinance.

Constitution of
the Council of
the Institute

(2) The Council shall be composed of the following persons, namely,-

- (a) the prescribed number of persons, not being less than six, elected from the three regional constituencies to be specified by the Government, by notification in the *official Gazette*, by the members of the Institute belonging to such constituencies from among such members of at least three years' standing, the number of members to be elected from a constituency being such as may be fixed therefore by the Government; and
- (b) not less than seven persons nominated by the Government, of whom not less than three shall be qualified accountants representing each of the said regional constituencies.

Explanation.- In computing the period of a person's standing with the Institute for purposes of clause (a), the period for which he has been a registered accountant before the commencement of this Ordinance shall be reckoned as period of membership of the Institute.

(3) Notwithstanding anything contained in sub-section (2), all the members of the first Council to be constituted under this Ordinance shall be nominated by the Government.

Mode of election to the Council

10. (1) Elections under clause (a) of sub-section (2) of section 9 shall be conducted in the prescribed manner.

(2) Where any dispute arises regarding any such election, the matter shall be referred by the Council to a Tribunal appointed by the Government in this behalf and the decision of such Tribunal shall be final:

Provided that no such reference shall be made except on an application made to the Council by an aggrieved party, within thirty days from the date of the declaration of the result of the election.

(3) The expenses of the Tribunal shall be borne by the Institute.

Nomination in default of election

11. If any body of persons referred to in section 9 fails to elect any of the members of the Council which it is empowered under that section to elect, the Government may nominate a

person duly qualified to fill the vacancy, and any person so nominated shall be deemed to be a member of the Council as if he had been duly elected.

12. (1) The Council shall elect from among its members a President and one or, if the Council so decides, more than one Vice-Presidents of the Institute, who shall also be the President and Vice-President or Vice-Presidents of the Council respectively and so often as the office or offices of the President or the Vice-President or Vice-Presidents becomes vacant, the Council shall choose from among its members a President or a Vice-President or Vice-Presidents, as the case may be:

President and
Vice-President
or Vice-
Presidents

Provided that on the first constitution of the Council, members of the Council nominated in this behalf by the Government shall discharge the functions of the President and the Vice-President for the term of the first Council.

(2) The President shall be the chief executive authority of the Council.

(3) The President and the Vice-President or Vice-Presidents shall hold office for a period of one year from the date on which they are chosen but so as not to extend beyond their term of office as members of the Council, and, subject to their being members of the Council at the relevant time, they shall be eligible for re-election for a total period not exceeding three consecutive years.

(4) On the dissolution of the Council, the President of the Council at the time of such dissolution shall continue to hold office and discharge such administrative and other duties as may be prescribed until such time as a new President shall have been elected and shall have taken over charge of his duties.

13. (1) Any member of the Council may at any time resign his membership by writing under his hand addressed to the President and the seat of such member shall become vacant when such resignation is notified in the *official Gazette*.

Resignation of
membership and
casual vacancies

(2) A member of the Council shall be deemed to have vacated his seat if he is declared by the Council to have been absent without sufficient excuse from three consecutive meetings of the Council, or if his name is, for any cause, removed from the Register under the provisions of section 19.

(3) A casual vacancy in the Council shall be filled by fresh election from the constituency concerned or by nomination by the Government, as the case may be, and the person elected or nominated to fill the vacancy shall hold office until the dissolution of the Council:

Provided that no election shall be held to fill a casual vacancy occurring within six months prior to the date of the expiry of the duration of the Council, but such a vacancy may be filled by nomination by the Government after consultation with the President of the Council.

(4) No act done by the Council shall be called in question on the ground merely of the existence of any vacancy in, or defect in the constitution of, the Council.

Duration and
dissolution of
Council

14. (1) The duration of the Council constituted under this Ordinance shall be three years from the date of the first meeting of the Council on the expiry of which it shall stand dissolved and a new Council constituted in accordance with the provisions of this Ordinance.

(2) Notwithstanding the expiry of the duration of the Council it shall continue to function until a new Council is constituted in accordance with the provisions of this Ordinance, and upon such constitution, the Council so functioning shall stand dissolved.

Functions of the
Council

15. (1) The duty of carrying out the provisions of this Ordinance shall be vested in the Council.

(2) In particular, and without prejudice to the generality of the foregoing provision, the duties of the Council shall include-

- (a) the examination of candidates for enrolment and the prescribing of fees therefore;
- (b) the regulation of the engagement and training of articled and audit clerks;
- (c) the prescribing of qualifications for entry in the Register;
- (d) the recognition of foreign qualifications and training for purposes of enrolment;

- (e) the granting or refusal of certificates of practice under this Ordinance;
- (f) the maintenance and publication of a Register of persons qualified to practise as chartered accountants;
- (g) the levy and collection of fees from members, examinees and other persons;
- (h) the removal of names from the Register and the restoration to the Register of names which have been removed;
- (i) the regulation and maintenance of the status and standard of professional qualifications of the members of the Institute;
- (j) the carrying out, by financial assistance to persons other than members of the Council or in any other manner, of research in accountancy;
- (k) the maintenance of a library and publication of books and periodicals relating to accountancy;
- (l) the exercise of such disciplinary powers over the members and servants of the Institute as may be prescribed;
- (m) the formation of such Standing Committees as may be prescribed; and
- (n) such other powers as may be conferred on the Council by the Government.

16. For the efficient performance of its duties, the Council may-

Staff,
remuneration
and allowances

- (a) appoint a full-time Secretary who may also, if so decided by the Council, act as Treasurer;
- (b) appoint such other officers and servants as it deems necessary;
- (c) require and take from the Secretary or from any other officer or servant of the Council such security for the due performance of his duties, as the Council considers necessary;

- (d) fix salaries, fees, allowances and other conditions of service of the officer and servants of the Council;
- (e) with the previous sanction of the Government, fix the allowances of the President, Vice-President or Vice-Presidents and other members of the Council and members of its Committees.

Finances of the Council

17. There shall be established a fund under the management and control of the Council into which shall be paid all monies received by the Council and out of which shall be met all expenses and liabilities properly incurred by the Council.

CHAPTER IV

REGISTER OF MEMBERS

Register

18. (1) The Council shall maintain in the prescribed manner a Register of the Members of the Institute.

(2) The Register shall include the following particulars about every member of the Institute, namely,-

- (a) his full name, date of birth, domicile, residential and professional addresses;
- (b) the date on which his name is entered in the Register;
- (c) his qualifications;
- (d) whether he holds a certificate of practice; and
- (e) any other particulars which may be prescribed.

(3) The Council shall cause to be published, in such manner as may be prescribed, a list of members of the Institute as on the first day of July of each year, and shall, if requested to do so by any such member, send to him a copy of such list.

(4) Every member of the Institute shall, on his name being entered in the Register, pay such annual membership fee, as may be prescribed and different fees may be prescribed for associates and for fellows.

19. The Council may remove from the Register the name of any member of the Institute- Removal from the Register

- (a) who is dead, or
- (b) from whom a request has been received to that effect; or
- (c) who has not paid any prescribed fee required to be paid by him; or
- (d) who is found to have been subject at the time when his name was entered in the Register, or who at any time thereafter has become subject, to any of the disabilities mentioned in section 8, or who for any other reason has ceased to be entitled to have his name borne on the Register.

CHAPTER V

REGIONAL COMMITTEES

20. (1) For the purpose of advising and assisting it on matters concerning its functions, the Council may constitute such Regional Committees as and when it deems fit for one or more of the regional constituencies that may be specified by the Government under clause (a) of sub-section (2) of section 9. Constitution and functions of Regional Committees

(2) The Regional Committees shall be constituted in such manner and exercise such functions as may be prescribed.

CHAPTER VI

PENALTIES

21. Any person who-

- (i) not being a member of the Institute,-
 - (a) represents that he is a member of the Institute; or
 - (b) uses the designation Chartered Accountant, unless he is a member of any other Institute of Chartered Accountants; or
- (ii) being a member of the Institute, but not having a certificate of practice, represents that he is in practice or practises as a chartered accountant,

Penalty for falsely claiming to be a member, etc.

shall be punishable on first conviction with fine which may extend to one thousand rupees, and on any subsequent conviction with imprisonment which may extend to six months or with fine which may extend to five thousand rupees, or with both.

Penalty for using name of the council, awarding degree of Chartered accountancy, etc.

22. (1) No person shall-

- (i) use a name or a common seal which is identical with the name or the common seal of the Institute or so nearly resembles it as to deceive or as is likely to deceive the public;
- (ii) award any degree, diploma or certificate or bestow any designation which indicates or purports to indicate the possession or attainment of any qualification or competence possessed by a person by virtue of his being a member of the Institute; or
- (iii) seek to regulate in any manner whatsoever the profession of chartered accountants.

(2) Any person contravening the provisions of sub-section (1) shall, without prejudice to any other proceedings which may be taken against him, be punishable with fine which may extend on first conviction to one thousand rupees, and on any subsequent conviction with imprisonment which may extend to six months, or with fine which may extend to five thousand rupees, or with both.

Companies not to engage in accountancy

23. (1) No company, limiting the liability of its members, whether incorporated in Bangladesh or elsewhere, shall practise as chartered accountants.

(2) If any company contravenes the provisions of sub-section (1), then, without prejudice to any other proceedings which may be taken against the company, every director, manager, secretary and any other officer thereof, who is knowingly a party to such contravention, shall be punishable with fine which may extend on first conviction to one thousand rupees and on any subsequent conviction to five thousand rupees.

24. (1) No person other than a member of the Institute shall sign any document on behalf of a chartered accountant in practice or a firm of such chartered accountants in his or its professional capacity.

Unqualified persons not to sign documents

(2) Any person contravening the provisions of sub-section (1) shall, without prejudice to any other proceedings which may be taken against him, be punishable with fine which may extend on first conviction to one thousand rupees, and on any subsequent conviction with imprisonment which may extend to six months, or with fine which may extend to five thousand rupees, or with both.

25. No person shall be prosecuted under this Ordinance except on a complaint made by or under the order of the Council or of the Government.

Sanction to prosecute

CHAPTER VII

MISCELLANEOUS

26. (1) Where a chartered accountant in practice or a firm of such chartered accountants has more than one office in Bangladesh, each one of such offices shall be in the separate charge of a member of the Institute:

Maintenance of branch offices

Provided that the Council may in suitable cases exempt any chartered accountant in practice or a firm of such chartered accountants from the operation of this sub-section.

(2) Every chartered accountant in practice or a firm of such chartered accountants maintaining more than one office shall send to the Council a list of offices and the persons in charge thereof and shall keep the Council informed of any change in relation thereto.

27. (1) The Council may, by notification in the *official Gazette*, make bye-laws for the purpose of carrying out the objects of this Ordinance, and a copy of such bye-laws shall be sent to each member of the Institute.

Power to make bye-laws

(2) In particular, and without prejudice to the generality of the foregoing power, such bye-laws may provide for all or any of the following matters:-

- (a) the standard and conduct of examinations under this Ordinance;
- (b) the qualifications for the entry of the name of any person in the Register;
- (c) the conditions under which any examination or training may be treated as equivalent to the examination and training prescribed for the membership of the Institute;
- (d) the conditions under which any foreign qualifications may be recognised;
- (e) the manner in which and the conditions subject to which applications for entry in the Register may be made;
- (f) the fees payable for membership of the Institute and the annual fees payable by associates and fellows of the Institute in respect of their certificates;
- (g) the manner in which elections to the Council and the Regional Committees may be held;
- (h) the particulars to be entered in the Register;
- (i) the functions of Regional Committees ;
- (j) the training of articled and audit clerks, the fixation of limits within which premia may be charged from articled clerks and the cancellation of articles and termination of audit service for misconduct or for any other sufficient cause;
- (k) the regulation and maintenance of the status and standard of professional qualifications of members of the Institute;
- (l) the carrying out of research in accountancy;
- (m) the maintenance of a library and publication of books and periodicals on accountancy;
- (n) the management of the property of the Council and the maintenance and audit of its accounts;

- (o) the summoning and holding of meetings of the Council, the times and places of such meetings, the conduct of business thereat and the number of members necessary to form a quorum;
- (p) the powers, duties and functions of the President and the Vice-President or Vice-Presidents of the Council;
- (q) the functions of the Standing and other Committees and the conditions subject to which such functions shall be discharged;
- (r) the terms of office, and the powers, duties and functions of the Secretary and other officers and servants of the Council;
- (s) the rules of professional and other misconduct, and the exercise of disciplinary powers; and
- (t) any other matter which is required to be or may be prescribed under this Ordinance.

(3) All bye-laws made by the Council under this Ordinance shall be subject to the condition of previous publication and to the approval of the Government.

(4) Notwithstanding anything contained in sub-sections (1) and (2) the Government may frame the first bye-laws for the purposes mentioned in this section, and such bye-laws shall be deemed to have been made by the Council, and shall remain in force from the date of the coming into force of this Ordinance, until they are amended, altered or revoked by the Council.

28. (1) Where the Government considers it expedient so to do, it may, by order in writing, direct the Council to make any bye-law or to amend or revoke any bye-law already made within such period as it may specify in this behalf.

Powers of Government to direct bye-laws to be made or to make or amend bye-laws

(2) If the Council fails or neglects to comply with such order within the specified period, the Government may make or amend, with or without modifications, or revoke, any bye-laws, directed to be made, amended or revoked by that order.

29. Any reference to a chartered accountant or a registered accountant or a certified or qualified auditor in any other law or in any document whatsoever shall be construed as a reference to a chartered accountant in practice within the meaning of this Ordinance.

Reference to registered accountants, etc., to be construed as references to chartered accountants

Amendment of section 144 of the Companies Act, 1913 (Act No. VII of 1913)

30. In section 144 of the Companies Act, 1913, for sub-sections (1), (2), (2A) and (2B), the following sub-section shall be substituted, namely,-

“(1) No person shall be appointed as an auditor of any company other than a private company not being the subsidiary company of a public company, unless he is a chartered accountant within the meaning of the Chartered Accountants Ordinance, 1961:

Provided that a firm whereof all the partners practising in Bangladesh are chartered accountants may be appointed by its firm name to be auditors of a company and may act in its firm name.”

Saving

31. Notwithstanding the amendment of section 144 of the Companies Act, 1913, made by the preceding section, the Auditors' Certificates Rules, 1950, shall, so far as applicable, continue in force as if they are bye-laws made under this Ordinance.
