

# From the President



**CA. Manoj Fadnis, President, ICAI**

“ I am happy to note the successful completion and enthusiastic participation of our members in a free and fair polling for our 23<sup>rd</sup> Council and 22<sup>nd</sup> Regional Councils on 4-5 December in major parts of the country and 18-19 in flood-ravaged Chennai and adjoining areas. This success across India not only amply demonstrated our professional traits but also our faith in our internal democracy and our commitment to take forward our great tradition of autonomy, independence and integrity to the next level. ”

**Dear Friends,**

**A**t the outset, I wish you a professionally promising and prosperous New Year. The New Year is of course an occasion to celebrate but at the same time also an occasion to ponder over the year gone by and plan for the coming year. Indeed we should learn to fulfill the resolution within the set time-frame, but one should not get disheartened if that does not happen. We should cheer to a new year as another chance for us to get it right with full fervor and enthusiasm.

And let's remember, that a Year's end is neither an end nor a beginning but a going on, with all the wisdom that experience can instill in us. It's time that we resolve to continue the glorious journey of our profession- the journey of knowledge, excellence, integrity and ethics, with aplomb. Let's resolve to become the best in different aspects of our profession, particularly ethics because that is a very crucial enhancer of the value of our knowledge, skill and wisdom in public eye.

It is frequently said that 'Stronger the foundation, higher the building'. This is especially true for us who have seen our Institute go from strength to strength in the past year. In fact, each and every aspect of our Professional and Institutional life has been raised to a level higher than ever before. We have taken our Institute to greater heights of glory only because we are focused and work together as one united family.

Now let me update you on most important developments concerning our profession over the past month.

## **Successful Polling for ICAI Elections 2015**

I am happy to note the successful completion and enthusiastic participation of our members in a free and fair polling for our 23<sup>rd</sup> Council and 22<sup>nd</sup> Regional Councils on 4-5 December in major parts of the country and 18-19 in flood-ravaged Chennai and adjoining areas. This success across India not only amply demonstrated our professional traits but also our faith in our internal democracy and our commitment to take forward our great tradition of autonomy, independence and integrity to the next level.

What was particularly noteworthy was the commitment and enthusiasm of our members and candidates in Chennai and adjoining areas

and some other booths of Southern Region who defied all odds in the wake of flood fury to come out and cast their votes on the rescheduled dates. Another highlight of the polling process, a first in the history of the ICAI, was the uploading of the data of votes polled in each polling booth every two hours or so, which added to the transparency of the entire process. I congratulate and thank all candidates, members and particularly our official machinery and staff for ensuring smooth conduct of this mammoth nation-wide exercise.

As the counting of votes continues, I look forward to the outcome of the intelligent choices made by our members. Since the precedence has always been on our side, we will soon have one of the brightest, most efficient and altruistic teams of professionals at both Central as well as Regional Councils. Very soon, we will have one more opportunity to celebrate.

## Extending a Helping Hand to TN Flood Victims

As you are aware the flood fury in Chennai and other parts of Tamil Nadu has wreaked unprecedented havoc on life and property of millions of people. At this moment, the affected people in Tamil Nadu need help to tide over this natural calamity that has fallen upon them, to survive and to rebuild their lives. As such, in line with our established tradition to stand by the victims of natural calamities, we have decided to extend our help to our distressed fellow countrymen in Tamil Nadu. For this purpose, ICAI has opened a bank account exclusively for the purpose of collecting donations from members, students and other stakeholders. I fervently appeal to all of you to donate generously for this noble cause through DD/ Cheque payable at New Delhi and drawn in favour of ICAI Tamilnadu Flood Relief Fund. A detailed announcement has also been hosted on ICAI website in this regard.

Meanwhile, we have also decided to replace the study material of flood affected CA students free of cost.

## Global Initiatives

**New Chapters at Ras-al-khaimah and Auckland:** With a view to make our presence on global map more visible, we at the Council have recently decided to open a new ICAI Chapter in

Auckland (New Zealand). Meanwhile, stage is set for inauguration of our Ras-al-Khaimah chapter in UAE in January 2016. I am sure these two new chapters, in addition to 26 already existing, will go a long way in achieving our global objectives.

**New Global Roles:** Meanwhile I am humbled to inform you that I have been elected as the member of the International Federation of Accountants' (IFAC) SMP Committee while chairman of AASB, CA. Abhijit Bandyopadhyay has also been elected as a member of IAASB of IFAC for the period from January 1, 2016 to December 31, 2018. I fervently hope that these positions will prove to be immensely beneficial to further the views and interest of Indian accountancy profession globally.

## Monitoring of Tax Audit

As the members are aware that pursuant to C&AG's Report 'Performance Audit on Appreciation of Third Party (Chartered Accountants) - Reporting in Assessment Proceedings' for the year ended March, 2014, a group headed by one of my Council colleague is actively working on the relevant issues. A Tax Audit Monitoring Cell, supervised by the aforesaid group, is also functioning. While information has been called from members, the Group is also in dialogue with the offices of CBDT and C&AG seeking requisite details to suggest appropriate action against the erring members, if any.

To maintain a better control over the tax audit assignments undertaken by the Chartered Accountants, the group has, through the Direct Taxes Committee, recommended to the Directorate of Income tax (Systems), changes in the tax audit form/utility for adherence to ceiling on number of tax audits. The matter is being followed up by the Direct Taxes Committee.

Further, in terms of decision of the Council, the cases being examined are being simultaneously reported to the Disciplinary Directorate, for further appropriate action, within the framework provided in the Chartered Accountants Act and the Misconduct Rules framed thereunder. After hearing in one particular case, the member has also been found guilty of professional misconduct.

## ICAI ARF

ICAI ARF is *inter alia* working on the Project "Study of existing Budgeting and Costing

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System and Proposal for Outcome Budgeting and Integrated Cost Accounting Architecture in line with Indian Railway Budget Announcement of 2015-16". A Concept Paper on Outcome Budgeting has also been submitted to the Indian Railways. The same has been hosted on Indian Railways website.

## **e-Hearing of ICAI Disciplinary Cases**

The technology is aiding all spheres of life. Overcoming the need for physical presence, e-benches have been set up by some of the courts and tribunals such as ITAT in Delhi and Mumbai where involved parties join and appear from different cities using video conferencing. Following the example, I am happy to inform that our Institute has also decided to initiate e-hearing for its disciplinary cases very soon. This initiative would help in effective hearing and disposal of disciplinary cases in the Institute across the country reducing the overall cost and time for all concerned.

## **Technical Publications to Assist Members in Practice**

I am happy to inform you that our Council has diligently considered the drafts of many technical publications in the best interests of our members. Most notably, it accorded its approval to the draft of Guidance Note on Schedule III to the Companies Act, 2013, in a recent meeting. I am sure, other drafts relating to technical publications would also be available to our members very soon.

## **Section 13 and 14 of Companies Act, 2015 Made Applicable**

The Companies Amendment Act, 2015 which introduced materiality concept for reporting on fraud by the auditor as per Section 143 (12) and omnibus approval by Audit Committee for Related Party transactions as per Section 177 was notified and made applicable from 29<sup>th</sup> May, 2015 except Section 13 (related to Reporting on fraud by auditor) and Section 14 (related to Omnibus approval by Audit Committee) of the said Amendment Act, 2015. The Act provided that a threshold limit would be prescribed upto which the fraud would be reported by the auditor to the Audit Committee/ Board and above the

threshold the fraud would be reported to the Central Government. Further, Audit Committee can give omnibus approval for Related Party Transactions.

This is to inform you that the Section 13 (related to Reporting on fraud) and Section 14 (Omnibus approval by Audit Committee) of Companies Amendment Act, 2015 has been made applicable from 14<sup>th</sup> December, 2015 and auditors need not report all the frauds to the Central Government. Also, for all the Related Party Transactions a company need not go to Audit Committee for approval which is a step towards ease of business. As you are aware, we had been giving representations to the Ministry for introducing the materiality concept for reporting on fraud and prescribing a threshold limit for the same and also giving representations for giving power to the Audit Committee for giving omnibus for Related Party Transactions for ease of doing business.

## **Assisting Government in Pre-Budget Exercise**

In line with our traditional role of helping the Government in the Budget making exercise, we have submitted a well-thought out Pre-Budget Memorandum to the Ministry of Finance for Union Budget 2016-17. The Memorandum has been prepared after incorporating suggestions from membership and stakeholders at large in the interest of the nation. The suggestions given by us do not only relate to fiscal laws and taxation but also pertain to overall economic development. I am sure our memoranda would prove to be highly useful to the Government.

## **ICAI Acts on SEBI Request over Ind AS Implementation Issues**

In response to the Securities Exchange Board of India (SEBI) request to provide suggestions on issues arising out of Ind AS implementation, we have sent the draft of the format for quarterly financial results as prescribed under Clause 41 of Listing Agreement to SEBI. We have also made our recommendations to SEBI regarding modifications required in the SEBI's Issue of Capital and Disclosure Requirements (ICDR) related to financial statements as a result of Ind AS implementation.

# From the President

## New Window of Opportunity for CAs

Opening yet another window of professional opportunity for CAs, the Delhi Assembly has recently passed Delhi School (Verification of Accounts and Refund of Excess Fee) Bill, 2015 besides two other related bills to bring a major reform in education system by amending the 42-year-old Delhi School Education Act, 1973. The Bill will regulate and refund excess fees in private institutions and is aimed at ensuring that private schools show greater accountability in fees accepted and money spent. The State Government will now form a committee which will get accounts of private schools audited through Chartered Accountants. I am sure that with the able assistance of our members, this Bill will achieve its objectives for the good of Delhi education system.

## ICAI Developing Draft of New CARO for MCA

As you may be aware, the Ministry of Corporate Affairs had constituted a Committee to develop a new Companies (Auditor's Report) Order (CARO) to be made applicable for financial year 2015-16 onwards. At its recent meeting, the Committee has requested us to prepare the draft of the proposed new CARO on behalf of the Committee. We have already started process in this regard.

## Curbing the Black Money Menace: New Certificate Course

As part of our efforts to help Government initiatives to curb the generation of the black money and closely work to achieve the objective of Prevention of Money Laundering, our Committee on Economic, Commercial Laws & WTO has launched a 6 days Certificate Course on Anti Money Laundering Laws (Anti-Money Laundering Specialist). The objective of the course is to equip our members in this field with the necessary expertise. Faculties from the Enforcement Directorate, Financial Intelligence Unit of India and other regulatory and investigation organizations have been invited to address the members during the Course.

## All set for Mega Corporate Forum and XBRL Asia Conference

Continuing with our tradition, the stage is set for the mega two days 9<sup>th</sup> ICAI- CMII Corporate Forum on 15<sup>th</sup> & 16<sup>th</sup> January, 2016 in New Delhi. This high-profile event will comprise Corporate Conclave, Financial Services Expo and ICAI Awards 2015. The ICAI awards would honour the exemplary work of Chartered Accountants in Industry by recognizing those who have demonstrated excellence in their professional life, personal life and are the role models for others in industry. Shri Suresh Prabhu, Hon'ble Minister of Railways will be the Chief Guest for the ICAI Awards 2015. There is a seventeen member Jury under the Chairmanship of Shri Kumar Mangalam Birla, Chairman of Aditya Birla Group for judicious selection of winners. The Jury met recently to decide the awardees.

In another prestigious event, XBRL India, facilitated by the ICAI will organize XBRL Asia Roundtable, a closed door workshop with the representatives from Asian Countries which includes Singapore, Japan, China, UAE, Australia, Korea, Malaysia and India, on 21<sup>st</sup> of January, 2016 in Mumbai. Let's take some time out and make these events a big success.

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Friends, Christmas has marked the onset of a mood of festivals and celebrations— The New Year, Lohri in Punjab, *Makar Sankranti* in North, East, West and Central India and *Pongal* in the South, Kite Festival in Gujarat, Camel Festival in Rajasthan and of course, the National Festival, the Republic Day on 26<sup>th</sup> January. Let's enjoy the peak of winter when a large part of North India wakes up to foggy mornings and the fragrance of wood smoke from bonfires. I extend my very warm greetings and good wishes to you and to your near and dear ones for these festivals, particularly our Republic Day.

Best wishes,



CA. Manoj Fadnis  
President, ICAI

Kolkata, 23<sup>rd</sup> December 2015