

**Dear CA Pariwar,**

By the time you read this communication, the election process would well be underway and many of you would have discharged your duty towards the country by exercising your franchise. Going by media reports, it is the educated and the urban middle class that would make the difference this time as they have apparently shed their indifference and are coming out in large numbers to vote. This news is indeed heartening as I am sure that our campaign this year to urge our members and students to vote has had a positive impact. The collective wisdom of not only our Pariwar but also our inner circle of influence is a vote powerhouse that can truly impact the future course of our great country. We are indeed true partners in nation building as we have taken up the responsibility to bring about betterment of society at large.

### **Satyam Fiasco**

To update all of you about developments on this front, it is for the first time in the 60-year history of our Institute that the powers vested with the Council under Section 15 of the Chartered Accountants Act, 1949 were invoked and interrogation of members by ICAI team, other than the Disciplinary Committee, was permitted by a competent court, on an application filed by the Institute under Sections 167 and 267 of Code of Criminal Procedure, 1973.

I myself, along with another member of the High Powered Committee, examined and recorded the statements of CA. Vadlamani Srinivas, CA. S. Gopalakrishnan and CA. Talluri Srinivas, the three accused members lodged in Chanchalguda Central Prison, Hyderabad on 5th April, 2009. Within hours of the interrogation, three more key functionaries of Satyam were also arrested in connection with Satyam fiasco.

On the same day a report prepared by an ICAI Group, constituted to assist the Multidisciplinary Investigation Team of the CBI, particularly on the role of auditors in compliance with the Auditing and Assurance Standards issued by the Council, was submitted to the CBI investigation team. The details of the report are not being disclosed since the investigation by the CBI is still on.

Further, a Panel of Reviewers as constituted by the Financial Reporting Review Board (FRRB) has considered the general purpose financial statement of Satyam Computer Services Ltd. for the year ended 31st March, 2008 and has started examining hard copy of audit evidences as submitted by the PWC. The Panel had requested the auditors for certain additional information for further verification and the same has been received.

As a proactive measure, the FRRB also decided to select appropriate number of enterprises wherein the Independent Directors have resigned in the Post- Satyam period.

### **The Future is Here**

Our CA *Pariwar* has grown manifold during recent years and I felt the need of such a new technology through which communication within the Pariwar may be improved. There was a need of a technology through which the vast experience and knowledge of

limited available experts could be shared with a large number of members and students at reduced costs, cutting across geographical boundaries.

In this direction, we took a th revolutionary technological step on 17 April, 2009 by communicating with our members through first ICAI National Webcast, starting a new chapter of new generation e-learning CA. Mohan Das Pai, Director, Infosys Technology also addressed the members through webcast on the topic 'Global Economic Crisis – Changing Role of CAs'. The event received an overwhelming response from members from all over the country. I compliment CA. K. Raghu, Chairman IT Committee and our IT Directorate for this path-breaking initiative.

As such, our Institute has become pioneer in using this technology for distance learning, which would not only result in considerable savings of travel costs and time but also offer an opportunity to members across the globe to participate in ICAI events, which otherwise remain out of bounds because of their geographical locations. Many more such webcasts will be organised regularly, on a fortnightly and monthly basis, wherein we would invite industry leaders to discuss matters of topical interest. I hope that more and more of you will become part of this futuristic experience.

### **Better Services Through Technology**

In keeping with my mission to provide better services to members and students, more and more initiatives are being taken to keep our Institute at the forefront of technology.

Last year, I observed that many members found it extremely difficult to submit their empanelment form online because of certain issues with technology involved. That is why this year we have taken initiative to simplify the online Multipurpose Empanelment Form (MEF). The new empanelment form eliminates the need for a member to go through the technical manual and settings required in downloadable version of the form which existed till last year. This year the system clearly distinguishes an Individual from Sole Proprietor and Partnership firms. An Individual shall always enter the system with membership number and a sole proprietor or partnership firm shall enter the system with a Firm Registration Number. The system is ready and would be operational by the time you read this message.

I had noticed that many of our members, particularly those serving in industry and those who stay in smaller cities/mofussil areas, found it difficult to get our publications. Besides this, it was noticed that physical cheques sent by the members towards membership and other fee were sometimes lost in the transit causing undue hardship to them. To overcome these problems we have launched yet another important IT initiative – online payment of membership fees and online ordering of Institute's publications.

A new user friendly web interface has been introduced to enable members to pay their membership fees online and order Institute's publications online using the Institute's website [www.icaai.org](http://www.icaai.org). The new interface allows online payment using Axis Bank and ICICI Bank payment gateway facilities and Net Banking facility from 13 banks. Further a user friendly web interface has been developed to enable Regional Offices, Noida Store and Committee Secretaries to view all successful online payments on day-to-day basis.

You will recall that in my last communication to you, I had mentioned that in order to provide better and user-friendly services to our members and students, we would introduce IT enabled systems under the project 'Parivartan'. The aim is to re-look at our business processes and in this regard I am pleased to inform you that Infosys Technologies has been awarded the contract for the study of Enterprise IT Architecture for ICAI. As a part of the study, Infosys will deliver enterprise IT strategy, blueprint of enterprise IT infrastructure and IT Roadmap documents. The study will prepare the Institute to develop and implement next generation Information and Communication Technology to provide web enabled IT services and world class IT education to members and students.

### **Peer Review**

In order to ensure quality and bring about greater transparency and accountability, the Council had taken a very pro-active step in 2007 and recommended to SEBI that the auditor of listed companies appointed for accounting periods commencing on or after 01-04-2009, must have a certificate from Peer Review Board. Accordingly, 1,240 more firms which were auditors of Listed Companies but not yet been covered by the Peer Review process were also identified with the aim to fast track their Peer Review so as to comply with the SEBI's recommendations. With this further inclusion of 1,240 auditor firms of listed companies, total firms selected under the Peer Review Process now stands at 11,234.

### **Accounting Standard-11**

Despite our efforts to convince the members of NACAS as to why the change/modification in Accounting Standard (AS) 11 should not be brought about by fully apprising them of various issues involved and giving detailed reasoning during our meeting, NACAS preferred to take a decision otherwise.

The Institute's position was subsequently made known to the public by me through the media. I stressed the fact that the Institute has all along played a very proactive role in the matter for resolving the issues of the industry and that all the members of the Council were in support of the process initiated for the purpose of the revision of the accounting standards.

But vide a notification, a new Paragraph-46 was inserted in the AS-11 as a result of which AS-11 as issued by the Institute shall continue to apply to only those entities other than those registered under the Companies Act, 1956. Now that the change has been effected, we have formed a group to study the impact of this change.

### **Statutory Bank Audits**

We have sent a very comprehensive letter to the Executive Director of RBI citing various anomalies observed while implementing managerial autonomy by the Board of Public Sector Banks in the matter of appointment of their statutory auditors.

The allocation list, which has been recommended by the RBI for branch statutory audit assignments, contains a larger number of names as compared to last year.

I had also advised all the allottees against completing the assignments in undue haste under unnecessary pressure from the Banks and signing documents prepared by the branch without checking them thoroughly. The haste in completing the audit and signing the reports would not only defeat the very purpose of audit but would also fail to do the desired value addition to the banks.

Though banks often impress upon Branch Statutory Auditors to complete the audit in the first fortnight of April, 2009, it is necessary that the audit is conducted in the most diligent manner within a reasonable time frame by applying appropriate professional skill and judgment and making ample use of various types of guidance provided by the Institute like guidance note on bank audit, standards on auditing, etc.

### **CAs – Always in Demand**

At a time when one hears of retrenchment all around, salary cuts and poor response to campus placements of even the institutions of international repute, it gives me great pride to inform you that despite the slowdown, in our Campus Placement programme we could get as high as 48 recruiting entities with 89 interview panels. Three of our young members were offered a starting remuneration of Rs. 22 lakhs per annum.

This is indeed a defining moment for the Institute and a true reflection of the confidence our profession enjoys in the industry and the corporate world. The Institute has proved itself as an important destination to recruit entry level finance, audit and compliance executives.

### **Reaching Out**

I am glad to inform you that a T-20 Day & Night Diamond Jubilee Cricket Match between Team-ICAI and Team-IRS officers was organised on 4th April, 2009 at Ferozeshah Kotla, New Delhi. It is a matter of happiness that our Member team won a keenly fought match and defeated Team-IRS. Earlier a Ceremonial Match between ICAI Council Members and CBDT functionaries was also played. The entire event was covered live on DD Sports which provided opportunity for many of our members, who could not come to the venue, to watch the match live from within the comforts of their home or office. There was also repeat telecast for the benefit of those who missed the live telecast of the match. The match received an enthusiastic and overwhelming response.

An invitation was extended to Shri S.S.N. Moorthy, Chairman, Central Board of Direct Taxes (CBDT) to address to the Council on 17th April, 2009 which he graciously accepted. I emphasised the need for better co-operation between us and extended an invitation to the nominees of CBDT on the *Direct Taxes Committee and Committee on International Taxation* of ICAI. The CBDT Chairman appreciated the ICAI's role as a regulator of accounting and auditing profession and its endeavour to uplift the quality of education and profession. He appreciated the efforts of ICAI as an Institution of prominence in the global arena to promote Corporate Governance and professional excellence. He said that the Income-tax Department placed great reliance on the various reports and certificates given by the Chartered Accountants under the Income-tax Act, 1961.<

Shri S.S.N. Moorthy was also apprised of the need of e-filing the tax audit report, the practical difficulties regarding section 145A of the Act and about the procedural problems faced and the need to ensure quality of assessments to which he assured the Council that he would look into the issues.

I am also pleased to inform you that I have been recently appointed by the Government as a member of the Disciplinary Committee of the Institute of Actuaries of India.

### **Widening the Scope of Profession**

I had the opportunity to attend the meeting of the Governing Board of National Institute of Public Finance and Policy (NIPFP) as a member wherein I made the recommendations that they should consider appointing such persons having our Accounting Technician Course certificate instead of only graduates for their accounting related vacancies and to consider the feasibility of having joint programmes with us on areas of mutual interest. I am pleased to inform you that both the suggestions were accepted by the NIPFP. This would create professional job opportunities for those who have qualified under our Accounting Technician Course.

### **International Opportunities**

It has been my constant endeavour to create more international opportunities for our members. In this regard, I am pleased to inform you that the notification process to Australia's competition regulator, the Australian Competition & Consumer Commission has been completed and Mutual Recognition Agreement (MRA) with CPA of Australia has become effective from 1st April 2009. As regards the fees to be charged from CPA Australia members it has been decided in principle to charge fees on equitable basis as being charged from ICAEW members in order to become member of ICAI.

We have also decided that all applications in regard to Certificate of Good Standing, CPE Credits and request of transcripts shall be processed only after receiving the consent from the chapter of which the applicant is a member. This would increase the visibility and ensure the effectiveness of our overseas chapters.

### **Building Infrastructure**

You would recall that my major thrust this year is on developing infrastructure. It is my vision to see that the entire network of our Institute across the length and breadth of the country has the best of infrastructure and facilities.

I met Hon'ble Governor of Karnataka, CA. Rameshwar Thakur on 21st March 2009 at Raj Bhavan, Bangalore in connection with the land allotted for the Centre of Excellence at Bangalore.

It is also heartening to share with you that we have been able to lay foundation stones for two more of our branches at Baroda and Hubli. I may also mention here that Hubli Dharwad Development Association has allotted the land at Hubli measuring 4,305 sq. yards for Rs. 22 lakhs as against the market price of Rs. 8 crore. I may further inform you that the land at Baroda measuring 2,934 sq.m. has been acquired at a cost of Rs. 75 lakhs.

The Pune Branch of WIRC of ICAI has also acquired a building measuring 5,800 sq. ft. built up area for the branch. The registration and physical possession of the building has also been completed.

Further, a plot of land measuring 1277.75 sq. ft. area has also been acquired from Urban Improvement Trust by the Kota branch of CIRC of ICAI at a cost of about Rs. 22 lakhs.

### **Students –My Top Priority**

I am happy to inform that a number of students took the Online CPT examination for the second time at eight centres across the country. Two more Online CPT examinations are scheduled before the next CPT paperpencil examination is held in June 2009.

To ensure that all our students are provided with adequate facilities nearer to their homes we are constantly opening more ITT Laboratories. Two ITT Laboratories were recently inaugurated by me - one a state-of-the-art ITT Lab measuring 5,400 sq. ft. area at Kandivali East, Mumbai with 180 installed computers and an additional seating capacity of 50, a small computer library-cum-study room with a seating capacity of 20 students along with extension counters and another ITT lab at Anand.

With these two additions we now have 131 ITT labs operational, with a total of 3,770 computers installed at 112 branches out of a total of 118. We have imparted training to 61,915 students till 31st March 2009 through these Labs.

In order to mitigate the transitional difficulties being experienced by members and students in the matter of transfer of articles, effected on or prior to 27th March, 2009 it has been decided, as a special case, that Form 109, complete in all respects received in the Institute up to 30th April, 2009 be processed as per the norms in place prior to the publication of the announcement dated 27th March, 2009. Therefore, any Form 109 received on or after 1st May 2009 shall not be taken on record, irrespective of the reason(s) for delay in submission. This information was put up on our Institute website for the benefit of affected members and students.

Many of us must have made plans for beating the sweltering summer heat by going on vacations during the holidays announced by schools and colleges. It is indeed a good opportunity to spend quality time with the family and loved ones. However, I sincerely hope that all of you have planned your holidays around the elections so that you would be able to cast your valuable vote before you go on vacation. Only then one can justify taking that much needed break.

In the words of Grenville Kleiser, *"You were intended not only to work, but to rest, laugh, play, and have proper leisure and enjoyment. To develop an all-around personality, you must have interest outside of your regular vocation that will serve to balance your responsibilities."*

**With pranaams to all,**

**CA. Uttam Prakash Agarwal**