



## **The Institute of Chartered Accountants of India**

*[Set up by an Act of Parliament]*

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### **PRESS RELEASE**

#### **Training of Articled Assistants – Proposal to increase entitlement**

For the purpose of smooth and effective administration of the engagement and training of articled assistants the Council of ICAI has decided to recommend to the Central Government the following proposal:-

- The classification of members in practice (based on standing in the profession) and the members who are full-time salaried employees of a chartered accountant in practice eligible to train articled assistant(s) or of a firm of such chartered accountants as well as their respective entitlement to train such articled assistant(s) be as under:-

(i) For members in practice

<b>Proposed provisions</b>		<b>Existing provisions</b>	
<b>Period of continuous practice</b>	<b>Entitlement of articles</b>	<b>Period of continuous practice</b>	<b>Entitlement of articles</b>
An associate or fellow in continuous practice for a period of upto 3 years	1	Continuous practice for a period of not less than 3 years	1
An associate or fellow in continuous practice for any period from 3 to 5 years	2	Continuous practice for a period of not less than 5 years	2
An associate or fellow in continuous practice for any period from 5 to 10 years	5	Continuous practice for a period of not less than 7 years	3
An associate or fellow in continuous practice for any period from 10 years	10	NA	NA

(ii) For full-time salaried employees–

<b>Total number of members – irrespective of whether associate or fellow, who are full-time salaried employees</b>	<b>Entitlement for articled trainees</b>	<b>Existing provisions</b>
Upto 100	1 articled assistant per employee	A member who is in salaried employment under a chartered accountant in practice or a firm of such chartered accountants shall not be eligible to train articled clerks.
Between 101 and 500	100 articled assistants + 50% of the number of such employees above 100 (i.e., a maximum of 300)	
From 501 or more	300 articled assistants + 20% of the number of such employees above 500	

- Engagement of articled assistant(s) should continue to be related to the eligible member only – be it a proprietor, partner or a full-time salaried employee as against the proposal of the Government of relating the same to the firm.
- The requirement earlier proposed by the Council of continuance of the full-time salaried employee with the same employer at least for a period of 12 months as on the date of registering as articled assistant should be retained.
- The proposal of the Government to dispense with the cap earlier proposed by the Council, i.e., the total number of articled assistants to be engaged by the full-time salaried employees shall not exceed the entitlement of the chartered accountant in practice or of all partners taken together of a firm of such chartered accountants be accepted.

### **Career prospects for Newly Qualified CAs – New CAs get upto Rs. 38 Lakhs p.a.**

The ICAI arranges Campus interviews for young qualified Chartered Accountants so as to provide an opportunity for both, employing organisations as well as the young Chartered Accountants to meet and explore the possibilities of taking up positions in Industry and other organisations.

The recent campus placement programme of the ICAI is being held during February-March 2007 for those candidates who qualified in November, 2006 examination. Campus interviews are being organized at fourteen centres namely Baroda, Bhilai, Coimbatore, Indore, Jaipur, Kanpur, Pune, Ahmedabad, Bangalore, Hyderabad, Chennai, Kolkata, Mumbai and New Delhi.

264 interview panels from more than 100 reputed Corporates, including companies from overseas, are interviewing about 4298 candidates; who registered for the campus placements programme. The companies participating in the current campus placement programme are from various sector like BPO, Banking, Insurance, IT, Manufacturing, Infrastructure, Telecom, Oil and Gas, FMCG and Non Banking Financial Companies. A large majority of the companies are regulars in the campus interview which shows the growing demands for Chartered Accountants in Industry.

The highest remuneration package offered so far at the latest Campus Placements programme going on is US\$ 85000.00 p.a. (about Rs. 38.0 lakhs) to four candidates, two each at Delhi and Chennai centres. The average salary at various centres all over the country at which the candidates are getting placement is Rs. 6.00 lacs p.a.

During the last round of campus interviews held August/September, 2006, the fresher were able to get salary upto a maximum of Rs.27/- lacs p.a. indicating thereby that value of accounting professionals in India and abroad has gone up and that Indian CA. is most sought after because of his domain knowledge, competence and ability to perform.

### **Logo for the CA Profession**

The ICAI has taken a number of initiatives to enhance the brand image of the profession like the chartered accountants have been allow to prefix CA. to their names and a dress code has also been recommended for Chartered Accountants. The Institute has also finalized a logo to represent the profession, the design of which is based on alphabets and signs – associated with the profession of chartered accountancy and familiar with stakeholders and public i.e CA and a tick mark. A member of the Institute's is popularly known as CA and within the fraternity, the symbol '√' symbolizes the task being performed by a Chartered Accountants /Auditor.

### **Two new Standards on Internal Audit**

The Institute approved two new Standard on Internal Audit, one on the **Basic Principles of Internal Audit** and the other one being **Documentation in Internal Audit**. It is felt that the Standards will help the members in enhancing the efficiency and effectiveness of the internal audit work performed by them and ready them for global acceptability. The Standard on Documentation in internal audit deals crystallizes some of the fundamental issues involved such as what constitutes internal audit documentation, form and content of internal audit documentation, factors affecting form and content, essential features of a working paper, aspects relating to file assembly and subsequent modifications to the internal audit documentation and documentation retention and access. The Standard on basic principles deals with the fundamental postulates of internal audit viz., integrity, objectivity and independence of internal auditor, confidentiality, due professional care

and skills, documentation, planning, work performed by others, internal control and risk management system, evidence and finally, reporting.

The members of the ICAI have always been the front-runners in providing value added services to the clients and hence contributing to the growth of the economy. Internal audit is one such area whereby the chartered accountants have been proving immensely useful to the clients, especially, the Industry. Internal audit services provided by the members whether as an in-house internal audit department or as a practitioner have gone a long way in improving the efficiency and effectiveness of the processes and functions in an entity by providing strong support in the form of relevant, reliable and timely information to the managements for decision making. Over the years, internal audit has evolved from being a mere sibling of the financial statement audit to an active contributor in strengthening the risk management processes. It has also established itself as an indispensable for good governance practices

The ICAI on its part has always played a proactive role in equipping its members in playing a dynamic role as internal auditors. For this purpose, the Institute has, from time to time, been issuing a number of publications on internal audit, from as early as 1983. A vast majority of these publications are industry specific. With the constitution of the Committee on Internal Audit in 2004, the Institute has also taken a lead and has begun issuing Standards on Internal Audit. These Standards represent a codification of the best practices in the area of internal audit. The first such Standard was issued by the Institute 2006, *Planning an Internal Audit*.

### **ICAI surges ahead on the path of benchmarking with International Standards**

The Council of ICAI cleared the revised *Preface to the Standards on Quality Control, Auditing, Review and Other Assurance and Related Services* as well as the *Due Process of the Auditing and Assurance Standards Board*. The revised Preface, which replaces the existing Preface to the Statements on Standard Auditing Practices (issued in 1983), paves way for total revamp of the existing structure of the Auditing and Assurance Standards (AASs) issued by the Institute on the lines of the International Standards issued by the International Auditing and Assurance Standards Board and helps the Institute to surge ahead in complying with its membership obligations to the International Federation of Accountants (IFAC).

The AASs would now be **renamed and categorised** into four, based on the types of engagements they cover *viz.*, one, *Standards on Auditing*, to be applied to audits of historical financial information, two, *Standards on Review Engagements*, to be applied to review of historical financial information, three, *Standards on Assurance Engagements*, to be applied to assurance engagements dealing with subject matters other than historical financial information; and four, *Standards on Related Service*. All the Standards would be collectively known as the Engagement Standards. The most significant aspect of the revised Preface is the requirement that the Standards on Quality Control that would apply to all types of engagements. At this juncture it is also important

to note that the Institute has already in place a standard on quality control (AAS) 17 and had last year also issued the exposure draft of the proposed mother Standard on Quality Control. The Institute had also issued an exposure draft of the framework of assurance engagements last year. Both the exposure drafts also would soon be considered by the Council for final issuance.

Another important feature of the revised Preface are the paragraphs dealing in details with the **objectives of issuing a Standard on Auditing**. The revised Preface also builds foundation for the **new format in which the auditing standards would be henceforth be issued by the Institute**. Under the new format, in line with the Clarity Project undertaken by the International Auditing and Assurance Standards Board, a Standard would have two sections – requirements and application. The revised Preface aptly explains the significance of each section. The other significant aspects covered by the revised Preface are the **authority attached** to the Standards, Statements, General Clarifications, Guidance Notes and other documents issued by the Auditing and Assurance Standards Board under the authority of the Council.

The new Preface is much in line with the Preface to the International Standards issued by the IAASB of the International Federation of Accountants.

In addition to the revised Preface, the Council at the said meeting also cleared the “Due Process” of the Auditing and Assurance Standard Board (AASB). The aim of such formal and detailed due process is to strengthen transparency, enhance objectivity, fix accountability and also act as a one stop reference in case of doubt. The Due Process contains the detailed procedures whereby the Standards/ Statements/ Guidance Notes etc., would be issued by the Board. In it also contains the brief history of the Auditing and Assurance Standards Board contains the objectives and functions of the Auditing and Assurance Standards Board. The Due Process also contains the basis of composition of the AASB. A significant proposal in the Due Process are as under:

- Term of the Chairman to the AASB would be three years *vis a vis* the present one year. This is aimed to provide continuity to the thought and working of the AASB.
- Consideration of a technical document such as Standard/ Guidance Note, etc., requires attendance of at least two-third members of the Board.
- Exposure period of a Standard would be at least 60 days as against the existing 45.
- Comments received on the exposure drafts would be a matter of public record and hosted on the website of the Board.
- AASB meetings would be open, subject to certain conditions, for public participation as observers.
- Clearance of a Standard/ Statement/ Guidance Note etc., would require voting.

### **ICAI to Assist Government in Concept and Format of Outcome Budget**

In its endeavour to help the Government towards proper accountability and reporting, the Institute through ICAI-ARF has setup a Committee under the chairmanship of Shri Suresh Prabhu former Minister of the Government of India and for strengthening the system of outcome budget so that it can be more meaningful and achieve the intended

purpose. The Committee has participation from a cross section of experts representing organization like C & AG, NCAER, NIFP, IIN Ahmedabad, select CMDs of PSU's, Chartered Accountants and ICAI.

The Committee was constituted in the backdrop of the statement made by Hon'ble Finance Minister in the Parliament that Government's attempt to present outcome budget is only a beginning of the initiatives and the attempts would be made to improve upon the process and the format of Outcome budget so that it fully achieve the intended objective.

The committee has deliberated extensively on the concept and format of the outcome budget followed in India and contemporary experience in other countries. The Committee has also undertaken case studies in respect of three programmes /projects of the Government of India in order to develop a conceptual framework for the outcome budget, make recommendations on the processes and institutional support required. The Committee would also discuss its finding and recommendations with the cross section of stakeholder.

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