



Dear Colleagues,

30th September marks the end of a very busy season for all our members in the profession and this year, very appropriately, the first of October marks the beginning of the festive season. It is only fitting therefore, that I begin my letter to you all with news of good cheer.

The first bit of news concerns empanelment for bank audit. Most of you are already aware that the complete Bank Branch Panel is now available on the Website. We had promised this earlier and certainly there is a certain amount of satisfaction in being able to bring about a higher degree of transparency. We have already asked the Reserve Bank of India to put up the allotment list on their Website and we are sure that this will also be done speedily.

Incidentally, I would also like to mention that over the past few years we have received quite a number of representations from members to the effect that they are not given sufficient time to complete bank audits on time. We had taken up this issue with the RBI and they have now informed us that they have written to all public sector banks to take suitable action in this matter.

Progress on the CPE front is something that concerns all of us. Not only because this is now mandatory, but much more importantly, it is necessary because of all the new kinds of things that our members are now required to do. The fact that many more members are now seen at CPE seminars, and the fact that most of these seminars are invariably overbooked, is news of good cheer indeed. From the Institute's side, we have been trying to ensure availability of good faculty for these seminars, and again, as many of you know, we had conducted a Training for Trainers program in Bangalore some time back. The second of these programs has just now concluded in Delhi, and therefore, now at least sixty faculty members are available all over the country who have undergone this training. This will be of great help to Program Organizing Units all over the country.

A further example of the intensification of the CPE movement is the number of requests that the Institute is receiving to allow the opening of CPE Chapters and Study Circles in different areas. I was privileged to inaugurate the CPE Chapters in Shimoga and Davangere a few days ago, and was extremely gratified to see the extent of enthusiasm that prevailed among the members.

For several years now, at the Institute we have been concerned with the overall welfare of our community, and especially of those of us who, for reasons beyond their control, become financially underprivileged. Mostly, this happens because during the initial years of practice, our members have little choice but to plough back all their earnings into their practice. This necessarily leaves very little room for comfort, as far as money is concerned, for their families. If for some reason, misfortune strikes, then, the families are in dire straits. For some time now, we have been trying to find a proper instrument for dealing with such situations. Demands on the Benevolent Fund have been increasing, and in any case it is not possible to really do justice to a given situation with limited means at our disposal. For that reason, we have turned to the possibilities of a Group Insurance Scheme for all char-



tered accountants and I am glad to inform you that we have now zeroed in on a specific scheme, which has also been reported to the Council. We are now in the process of finalizing the details and as soon as this is done, which should happen within a very short period of time, we shall report a complete scheme in the journal.

There is some more good news on the Professional Development front, and it comes from the State of Andhra Pradesh. Some time back the A.P. Government had constituted a group on internal audit, and the Institute was requested to provide a nominee. This group has now finalized its recommendations in terms of which the Internal and Concurrent Audit of the Government Treasuries, Sub-Treasuries and Pay & Accounts Offices, both at the State and the District levels will now be outsourced to Chartered Accountants. In addition, I have been informed that only over the last two days they have also decided to outsource the system and compliance audits of departments like education and health also to Chartered Accountants. What is further cause of satisfaction at our end is that the recommendation of this Group has already been accepted in principle by the Committee of Secretaries of the Andhra Pradesh Government headed by the Principal Finance Secretary and the program is likely to be launched in early October, 2003. In response to request received from Andhra Pradesh Government in this regard, Institute has already submitted a district-wise list of CA firms to Andhra Pradesh Government. About 300 CA firms in Andhra Pradesh are likely to be benefited in the first phase. The importance of what has been achieved lies in the fact that with this, the door is now open for the entry of our members in the core areas of Government to perform their assurance functions. With Andhra Pradesh taking a lead, we are sure that other State Governments will also now follow suit.

Talk about Andhra Pradesh leads me to some general observations. Over the last few months, I have seen that various State Governments as well as the Union Government have intensified their efforts at financial and accounting reforms. A number of indications have been there, ranging from intensive discussions in small groups with experts, to larger seminars and conferences. To give just one example, a meeting of some thirty top level officials called by the C&AG extensively debated on issues ranging from Changeover of the Governmental System from Cash to Accrual and the Need for Implementing Asset Accounting in Government. A group of Finance Controllers of various ministries have also debated extensively on the same issues, and we learn that the Government has decided to introduce Accrual Accounting in selected ministries and departments. I am referring to these occasions because in every case, the Institute was represented, and played a major role in the deliberations.

It is in the context of these winds of impending change, that the contribution of our profession becomes paramount. We have earlier in these pages reflected on this national need. However, I feel that the coordinated response from the side of the profession which needs to evolve and develop, is yet to take shape.

Clearly, as a community, our response to this challenge must not only be in terms of taking up assignments, but also in terms of the direct application of the considerable volume of knowledge that we have, collectively and exposing ourselves to the realities of the governmental situation so far as Financial Accounting is concerned, in depth. We must not forget that our interventions in this must include the re-training of the immense governmental manpower engaged in accounting. And if we are to do justice to the task then, we must also ensure

a high degree of uniformity in the training imparted to governmental personnel, all across the country. And for that, modules must be prepared, and members of our profession must participate in these modules so that the uniformity in application is increased. At the same time, the approaches to bringing about reforms in the governmental financial accounting system and capacity building for better financial management in Government, must also become standardized. This is because at the end of the day, Governments across the country must be able to compare their own financial results.

In closing this letter, let me make a reference to the bee in the bonnet of all Presidents. At the Institute, we are of the firm belief that the USP of the Indian Chartered Accountancy profession lies in the strict adherence to the Code of Conduct, which of course, is much more stringent in our country than in some others. I raise this matter as an after-thought because I keep on receiving feedback from many members who would prefer to dilute the Code. My response is uniform : If we dilute the Code then our USP is gone, and if our USP is lost then we have lost a major instrument of combating competition in the world market. Sometimes, the straight and narrow path not only runs longer, but also provides benefits that would not come otherwise. It is perhaps well to keep that in mind.

New Delhi,
1st October, 2003



R. Bupathy
President