

Address by the President, Shri Ashok Chandak at the Valedictory Session of the 15th All India Conference of Chartered Accountants

Ladies and Gentlemen,
15th All India Conference of Chartered Accountants spanning over three days assumes special significance in the background of events which shook the accountancy professions of the world. The unfolding of events in the years 2001 and 2002 took everyone by surprise. We, at the Institute of Chartered Accountants of India could not remain silent witness to the global phenomenon. The Council of the Institute, while engaged itself in threadbare analysis and with a view to put things in proper perspective organized the Past President's Meet to assess its role in the wake of these developments. The organization of this triennial conference coinciding with this backdrop decided to utilize this opportunity as an introspection exercise to share the perspective of international community, professional fraternity and society at large to assess the impact of these events on the accountancy profession. In this perspective, it was felt imminent to share view point of cross-section of media, academia and industry. Such an interaction, in the retrospect, I am sure have given all us afresh focus to issues confronted by the profession. This free exchange of information, in my opinion, is always critical for charting the future course lest one is accused of lopsided developments.

The message given by Hon'ble Union Finance and Company Affairs Minister, Shri Jaswant Singh that a regulator shall have to be more vigilant and stern was also echoed by media in unequivocal terms. I may inform that the Council of the Institute had always been moving swiftly in an assiduous manner and had put in place the Peer Review Board. I may only add that the Peer Review Board is comprised of representation from regulators such as Comptroller and Auditor General and Department of Company Affairs and special invitees are from judiciary, banking and insurance sector. The sole aim of setting up such a Board is to enhance the audit quality. Almost simultaneously, the establishment of Financial Reporting Review Board was also set in motion. The entire exercise aims to ensure implementation of accounting and auditing standards, bring in more

transparency and, thus, raise the quality of services performed by auditors.

As revealed by several discussants in the Conference, the Council of the Institute has not been oblivious of the technological revolution. The concrete steps taken in this direction by the Institute include revamping of its education and training curriculum, introduction of compulsory computer training and institution of (ISA) Course for members. As usual, exposure to practical aspects to future entrants in an integrated manner shall keep the accountancy profession much ahead of developments.

The "expectation gap" - the gap between what society expects auditors to do and what auditors can actually do, has widened over the years because of increasing complexities in the structure of corporate governance and also in the nature of business. It has also widened because of the growth of the corporate sector and change in the profile of investors. I am personally of the view that role of information and, particularly, relevant and reliable accounting information is crucial to the functioning of the effective corporate governance mechanism. We, at the Institute are now engaged in fine tuning of our standards, set out charter for audit committees and carving out strategies as to how to sharpen the skills of chartered accountants through intensive training and management development programmes.

In this conference, a session had been devoted to revisit the independence issue but the discussion in several other sessions also revolved around the independence, integrity and objectivity of the auditing profession. In my opinion, all said or done, who else can appreciate the significance of independence more than us which infact is the *raison detre* for our profession. A professional is able to command respect in the society because his motto is "pride of service in preference to personal gain". A person who places public good above his personal gain is a "true" professional. For the success of any profession, it is essential that there is a strong base provided by the regulating body. The system of education, training and examinations should be such that it is

able to command the respect and confidence of the general public. Further, the regulating body should be vigilant in enforcing discipline on the members of the profession. The users of professional services require an assurance that the member of the profession whose services are retained is: competent to render professional service, and a person of character and integrity. In his context, may mention that we at the Institute had also imposed a limit on fees limiting exposure to a single client and recently issued a notification restricting fee from audit *vis a vis* other services. I may also mention in passing that our legislation provided disclosure of remuneration paid its auditor since 1974.

Further, as was evident from the debates in the Conference, we are already in process of comprehensive review of the Chartered Accountants Act and Regulation including disciplinary mechanism thereunder. While carrying out this exercise further, we shall definitely keep in mind suggestion made in the conference.

The Conference also reminded us that the global business environment shall demand not only unified accounting and auditing standards and practices but also necessitate adequate knowledge of the international corporate taxation and laws. The international regulatory environment like WTO and the emergence of uniform currency would have also repercussion on the way not only the business operates but as also the form and organizational set-up of accounting firm. We at the Institute have already introduce a course on WTO and Trade Laws, and we also contemplate to revisit our accounting and auditing standards and move forward to the convergence of these standards.

It is not far fetched to say that for any institution established by an Act of Parliament to regulate the profession of accountancy, it is incumbent to ensure that its members command respect in the society. The accountancy profession has developed according to the needs of the society. No profession exists in a vacuum and the basic rule of survival is the rendering of services which are needed by the society. Since the needs of our society change constantly in a dynamic environment, it follows that the development of any profession of a profession is by and large dependent on two factors. Firstly, it is dependent upon the development of the members themselves. It is their skill, experience, competence and integrity which will ultimately add up to form the overall picture. Secondly, it is dependent on the governing body's efforts to provide a sense of direction and to ensure that practical measures are taken to convert plans of development into a reality. The overall image and rep-

utation of a profession is determined by the role played by each individual member. This equally applies to the profession of chartered accountancy. The Government, financial institutions, investors, clients, employees and others directly or indirectly connected with the enterprise rely on the objectivity and integrity of the chartered accountants. This reliance imposes a public interest responsibility on all chartered accountants, whether they are in public practice or employed in an industry. Similar responsibility extends to their actions in their personal conduct with others. The remarks Integrity and Quality begins With People by Mr. N. Rangachary published in the Technical Paperbook are highly relevant.

As it is, the stage has been set. The issues have been identified. Alternative recipes have been offered. The wind is blowing pretty fast. Tides are high and like a good windsurfer in high tides, we must reorient and reposition ourselves, learn finer points through such conferences and training programmes and have a smooth sailing in an unscathing manner.

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