



Dear Colleagues,

I believe that one of the primary qualifications of a professional chartered accountant must be his commitment to a lifetime of learning. In thinking this I am certainly not alone, if the attendance at our CPE seminars is anything to go by. Of course, mere attendance does not imply learning; but then, the normal barrage of questions raised by the participants in any technical seminar of the ICAI leads me to the conclusion that at least a large majority of any given assembly of chartered accountants is committed to make full use of the learning opportunity. The problem here is that even a minority of one, that is not fully committed to learning, to that extent detracts from our professional standards and values. All our effort must then be to assure that the learning experience is shared by all, and not only a majority. To do so, it will be necessary on the one hand to employ learning technologies that are innovative and interesting, and for the participants to express their commitment to learning in very concrete ways.

It is not only in India that we are concerned with the effectiveness of Continuing Professional Education – or Continuing professional Development as it is now internationally labeled. This is an issue with which accounting institutes worldwide are concerned, and so is the IFAC. In our Institute, we shall shortly be issuing a number of CPE Advisories designed to further structure and enhance the effectiveness of CPE Programs. These are already under active consideration of the CPE Committee and will be published within this month.

While on the subject of education, let me expand on an issue that I had referred to in one of my earlier communication, relating to the formation of a Committee for Review of Education and training (CRET). The constitution of the CRET is a part of the continuous policy of care and maintenance approach to education and training and indicates the responsiveness of our system to environmental changes. The respect that the alphabets CA have consistently commanded over the last 54 years is the major achievement that can be attributed to this responsiveness. Specifically, the objectives of CRET are (a) to determine and ensure the relevance of the existing system of Education and Training and its adequacy in the context of the changing environment and demands on the profession, (b) to ensure that the system meets the benchmarks embodied in the International Education Standards developed by the International Federation of Accountants, (c) to ensure appropriate changes in the contents of the professional education programs, and (d) to thus gain increasing international recognition and acceptance of our education and training processes leading to higher acceptance of our members internationally. The Committee is expected to adopt, as usual, a multi-pronged strategy to assess the present system. Such a strategy involves the use of an elaborate consultative process with professionals, academics and users of our services.

The Department of Company Affairs has taken steps to amend certain provisions of the Companies Act on which the corporate sector and others had expressed reservations. The proposals for increase of the number of independent Directors and fixing the retirement age of Company Directors are some of those that will force companies to improve both governance practices in general and also engage in succession planning early so that unwelcome bickering and the breaking of established Houses are avoided. The Government is seeking expert views and the Institute will also be involved in the process. All these

moves will result in, hopefully, a new era in the handling of corporate affairs.

Members are aware that Not-for-profit Organisations (NPOs) operating in our country play an important role in providing services such as health, flood relief, education etc., to the deprived sections of society for which they receive large amount of funds from various national and international donors. Accordingly, to ensure proper utilization of the funds received and for developing sound accounting principles for NPOs, the Research Committee of the Institute of Chartered Accountants of India took upon itself the task of providing guidance on accounting issues peculiar to the NPO sector. As a major step in this direction, a Technical Guide on Accounting and Auditing in Not-for-Profit Organisations has been developed. This guide would make the financial reporting by the Non-for-profit Organisations more transparent, apart from ensuring greater accountability to various interest groups.

Continuing the trend of issuing industry specific publications, the Research Committee has brought out another publication, *Guidelines on Internal Audit-Tours and Travel Services*. Travel service business plays an important role in the development of an economy through promotion of tourism in the country and thereby creating demand for other related industries. In such a scenario, it has become even more necessary that the travel service business be operated in a more systematic and regulated manner. Internal audit function helps the management of an enterprise to operate the business in a more effective and efficient manner. The travel service business has several peculiar features that differentiate it from other industries/businesses from the point of view of conduct of internal audit, the guidance with regard to which has been provided in this publication.

From this year, the Bank Branch Audit Panel will be put on the Website of the Institute. Any firm that wants to check whether it is on the panel will be able to do so by using its own unique code as the password. The RBI on its part has agreed in principle to put the allotment list on the RBI website. Again, firms will be able to access the allotment list by using their unique code number. However, no firm will be able to see any data other than that pertaining to itself.

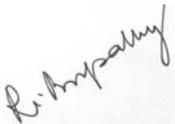
A study group is being constituted under the aegis of the Professional Development Committee to make recommendations on value addition in Concurrent Audit of Banks. These recommendations will be forwarded to the Reserve Bank of India as a first major step in bringing about holistic changes in the conduct and allotment of the concurrent audit by banks.

A number of other professional development avenues are on the anvil. In fact, the Institute is already in a dialogue with the World Bank for assisting in capacity building for Financial Management and Accounting in different States and Local Governments. The actual work at the local levels will of course, be carried out by our members. The matter is being structured and I shall inform you of developments as they take place.

From time to time, media carry reports of some members of our fraternity who get involved with not so savoury matters. I am aware that for a community of the size of ours, it is not possible to assure that everybody walks the same path always, although as an Institute, we are very conscious of the need to maintain discipline as also the need to reinforce continuously the ethical and moral values which we uphold. Nevertheless, when even one such incident occurs, it hurts. And I am sure that it hurts all of us. I am mentioning this only because such incidents should in fact, be salutary lessons to the rest of us of the value of adhering to the norms of our fraternity, and not to give in to temptations.

At the end, let me conclude on a positive note by quoting the famous jurist, Oliver Wendell Holmes, "a mind stretched by an idea seldom returns to its original dimensions". That is the hope, and that also is the objective of our profession's commitment to learning. And in this quotation also lies my own enduring faith in the capacity and capability of my professional colleagues.

New Delhi,  
2nd June, 2003

  
R. Bupathy  
President