

Raising the Bar of Excellence in Corporate Governance in India, the ICAI Way

In modern business world, Corporate Governance has come to be regarded as the driving force for sustainable success of the Corporates. It is the foundation upon which the environment of trust, transparency and accountability is built. In an environment of interdependence of world economies and due to increased globalisation and interconnected & integrated capital markets, relevance of corporate governance has gained a renewed focus, particularly including in the fast transforming new India whose economy is expected to double to USD 5 trillion by 2025.

Trust, integrity, accountability and responsibility are the hallmark of Corporate Governance, which are also the traits well ingrained the DNA of Chartered Accountants. As such, Chartered Accountancy profession and good corporate governance are deeply interconnected and integrated so much so that CAs have now become 'Must Haves' in the corporate. One cannot think of good governance without involvement of Chartered Accountants. No other profession can claim of having as proximate a role as ours with the corporate governance mechanism and with the economic development of our country.

In this regard, the Institute of Chartered Accountants of India (ICAI) is also very much alive to the cause of the corporate governance, and has all along endeavoured in encouraging appropriate level of corporate governance and providing assistance in laying down related benchmarks through a dedicated Corporate Laws and Corporate Governance Committee. Following are some of the most significant initiatives taken by ICAI to facilitate effective corporate governance in the country.

- ICAI supported Government in its initiatives to update its registry, wherein the Ministry of Corporate Affairs started conducting KYC of the Directors of all companies annually through a new e-form, viz. DIR-3 KYC. With a view to create awareness and popularise it, ICAI hosted an announcement at its website and other social media platforms, organised a seminars in Cuttack and Bhubaneswar, organised live webcast and sent mass email sent to all the members.
- ICAI committed to and supported Government's *Operation Clean Money* (OCM) for Building a Tax-Compliant Nation.
- CA Fraternity signed online for '*Operation Clean Money – Take a Pledge*' under the '*Most Important*' section of ICAI Website.
- ICAI made efforts to promote effective corporate governance and provided assistance to Government and corporate in laying down benchmarks.
- Submitted technical inputs to Hon'ble Parliamentary Standing Committee on Industry regarding examination of Professionalisation of Board of Central Public-Sector Enterprises focusing on issues of corporate governance.
- In amendments in FDI Policy, Govt. approved a policy, where foreign investors investing in companies, can have CA firm of their choice, if they have a joint audit with another auditor, who will not be part of the global network of the first auditor. To update members on this, Council approved revised Standard on Auditing (SA) 299–*Joint Audit of Financial Statements*.
- Submitted suggestions on proposed amendments in Companies Act 2013 to MCA.
- Submitted suggestions to MCA on Audit Rotation under Companies Act 2013, after a study to examine practices followed by CA Firms in UK, USA, Australia and Singapore.
- MCA requested ICAI to formulate detailed guidelines to Regional Directors dealing with cases related to Removal of Auditors under section 140 of Companies Act, 2013.
- ICAI contributed as a member of Govt. Task Force on 'Ease of Doing businesses'.
- Contributed as member of Strategic Advisory Group of MCA to design MCA-21 Version III.
- Contributed as member of Govt Working Committee for streamlining working under Companies Act 2013.
- Contributed as member of MCA Group to examine Companies (Acceptance of Deposit) Rules, 2014.
- Helped as member of PHDCCI Company Law & Corporate Governance Committee.
- Contributed as a member of Governing Council of National Foundation for corporate Governance.
- Submitted to MCA the Formats for Financial Statements for Limited Liability Partnerships.
- Brought out publications on provisions of independent directors from the perspective of good corporate governance.
- Organised mega *Startup Summit, 2018 Palette of Innovation* in New Delhi. The then IFAC President Ms. Rachel Grimes, IFAC CEO Mr. Fayezul Choudhury, IFAC Senior Director Dr. Gary Pflugrath were among the participants.
- ICAI submitted memoranda on Corporate Governance to Hon'ble Parliamentary Standing Committee on Public Undertakings.
- Submitted suggestions on Draft notification of Companies (Appointment and Qualification of Directors) Third Amendment Rules, 2018.
- Organised a series of training programmes on Independent Directors across India and held several programmes on corporate governance.
- Brought out *Technical Guide on Audit Committee* and *Audit Committee Review checklist*. ■

Contributed by Corporate Laws and Corporate Governance Committee of ICAI. Comments can be sent to clcg@icai.in or eboard@icai.in