

New laws for auditor, co secy bodies in offing

To Streamline Functioning Of ICAI, ICSI And ICWAI

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New Delhi: The government is set to amend laws to streamline the functioning, especially the disciplinary aspects, of three professional institutes — the Institute of Chartered Accountants of India (ICAI), Institute of Cost and Works Accountants of India (ICWAI) and Institute of Company Secretaries of India (ICSI).

A bill to amend relevant provisions of laws governing the three bodies is expected to be introduced during the second half of the budget session of Parliament. The idea is to step up oversight on the three bodies after a committee suggested several changes almost three years ago. In fact, some of the proposals have been accepted, the legal changes are being undertaken in consultation with the institutes.

ICAI itself has been open to changes in recent months and has sought to simplify the process in cases such as those where the Quality Review Board suggests disciplinary action against its members, who are chartered accountants.

The disciplinary track record of ICAI had come under the scanner a few years ago, with even Prime Minister Narendra Modi flagging it at the time of the launch of goods and services tax. Subsequently, the role of auditors had come

under scrutiny after the collapse of IL&FS and the government had set up the National Financial Reporting Authority to look at important cases.

HOW THEY FARE

546 reviews have been undertaken by the Quality Review Board since 2012-13

● **326** advisories issued to audit firms for quality improvement

● **187** cases closed

● **33** cases recommended for action by ICAI

● **19 cases** | ICAI issued advisories for improvement

● **11** referred for disciplinary action, **5** found prima facie guilty

● **3** cases closed



As part of the proposal, the government intends to have a say in the appointment of secretaries of the institutes and directors responsible for discipline of the professionals. At one time, the ministry of corporate affairs, which is piloting the bill, was looking to appoint government officers in these roles.

The committee headed by Meenakshi Dutta Ghosh, a former civil servant, had suggested that the disciplinary platform should be independent of the institute, while pointing out that the current mechanism needed to be revamped.