

BACKGROUND NOTE ON ACTION PLANS

SMO Action Plans are developed by IFAC Members and Associates to demonstrate fulfillment of IFAC Statements of Membership Obligations (SMOs). SMOs require IFAC Members and Associates to support the adoption¹ and implementation² of international standards and other pronouncements issued by independent standard-setting boards under the auspices of IFAC as well as by the International Accounting Standards Board (IASB); and to establish a Quality Assurance (QA) review and Investigation and Disciplinary (I&D) systems.

IFAC Members and Associates conduct a self-assessment against the requirements of SMOs and identify areas where improvements are needed. Based on the results of the assessment, Members and Associates develop an SMO Action Plan to (a) demonstrate how they fulfill the requirements of the SMOs and (b) where some requirements are not yet addressed, to present plans towards their fulfillment.

SMO Action Plans are designed to be ever-green documents that provide a comprehensive description of the accountancy profession and its legislative and regulatory environment in the jurisdiction as well as the actions undertaken by IFAC Members or Associates to support adoption and implementation of international standards and best practices.

Regular updates of the SMO Action Plans are required as part of the IFAC Member Compliance Program.

Use of Information

Please refer to the [Disclaimer](#) published on the Compliance Program website.

ACTION PLAN

IFAC Member:	The Institute of Cost Accountants of India (ICAI-Cost Accountants)
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¹ *Adoption* is concerned with the decision that international standards are appropriate for use in specific national financial reporting environments and with the actions necessary to effect those decisions, including incorporation into national requirements or requiring the use of international standards through law. Adoption may include a process to review draft international standards, translation, public exposure of proposed standards, approval, incorporation into national requirements as necessary, and promulgation of final standards, and, where applicable, a convergence process to eliminate or minimize differences between international and national standards.

² *Implementation* may include a process to build awareness of the adopted standards, provide relevant education and training, develop or disseminate implementation guidance and any other activities that promote proper understanding and use of the standards in practice.

GLOSSARY:

AAS	Indian Auditing and Assurance standards
AS	Accounting Standards
CASB	Cost Accounting Standards Board of ICAI-CMA
CAASB	Cost Audit and Assurance Standard Board of ICAI-CMA
CEP	Continuing Education Program
CPD	Continuing Professional Development
EPMAS	Enterprise Performance Management and Appraisal System Management
GASAB	Government Accounting Standards Advisory Board
GATS	General Agreement on Trade in Services
I&D	Investigation and Discipline
IAASB	International Auditing and Assurance Standards Board
IAESB	International Accounting Education Standards Board
IASB	International Accounting Standards Board
ICAI	Institute of the Chartered Accountants of India
ICAI-CMA	Institute of Cost Accountants of India
ICWAI	Institute of Cost Accountants of India
IES	International Education Standards
IESBA	International Ethics Standards Board for Accountants
IFAC	International Federation of Accountants
IFRIC	International Financial Reporting Interpretations Committee
IFRS	International Financial Reporting Standards
IGAS	Indian Government Accounting Standards
IPSAS	International Public Sector Accounting Standards
IPSASB	International Public Sector Accounting Standards Board
ISA	International Standards on Auditing
MRA	Mutual Recognition Agreement
NACAS	National Advisory Council for Accounting Standards
PD	Professional Development Committee of ICAI
QA	Quality Assurance
QRB	Quality Review Board of ICAI
SMO	Statement of Membership Obligation
TEF	Training and Educational Facilities Committee of ICAI
WTO	World Trade Organization

Action Plan Subject: SMO 1–Quality Assurance
Action Plan Objective: Support the Development of a System of Quality Assurance (QA) for Accountancy Professionals

Background:

Under Section 29 A of the Cost and Works Act, 1959 as amended from time to time, The Central Government shall constitute a Quality Review Board. Accordingly, a Quality Review Board (QRB) exists to monitor the quality of professional accounting services provided by ICAI-CMA members. The Government of India has set up this independent QRB as part of ICAI-CMA to evaluate various services being provided by the members of the Institute via Gazette Notification Number S.O. 1693 (E) dated 3rd October 2007. The term of members of the Board expired in October, 2011 and Government reconstituted the Board in February, 2012.

In the discharge of its functions, the QRB may:

- (a) On its own or through any specialized arrangement set up under the Institute, evaluate and review the quality of work and services provided by the members of the Institute in such manner as it may decide; It is yet to conduct any review of work and services provided by ICAI-CMA members.
- (b) Lay down the procedure or evaluation criteria to evaluate various services being provided by the members of the Institute and to select, in such manner and form as it may decide, the individuals and firms rendering such services for review;
- (c) Call for information from the Institute, the Council or its Committees, members, clients of members or other persons or organizations in such form and manner as it may decide, and may also give a hearing to them;
- (d) Invite experts to provide expert/technical advice or opinion or analysis or any matter or issue which the Board may feel relevant for the purpose of assessing the quality of work and services offered by the members of the Institute;
- (e) Make recommendations to the Council to guide the members of the Institute to improve their professional competence and qualifications, quality of work and services offered and adherence to various statutory and other regulatory requirements and other matters related thereto.

An Audit Manual for Cost accountancy service providers has been issued by QRB of ICAI-CMA in September, 2011. The manual is available on the website of QRB of ICAI-CMA.

The Institute of Cost Accountants of India has constituted a Peer Review Board for review purpose since July 2016.

The Institute of Cost Accountants of India (ICAI-CMA), erstwhile known as ICWAI, has got its name changed in February, 2012. The members of the Institute are known as cost and management accountants and are not allowed to audit financial statements. Even if they are also members of the Institute of the Chartered Accountants of India (ICAI) they cannot attest the financial statements unless they hold the certificate of practice issued by ICAI.

Although members of ICAI-CMA do not audit financial statements, its members are authorized for Maintenance of Companies Cost Accounts and Companies Cost Audit. This responsibility is permissible only to members of ICAI-CMA, not for members of ICAI. For issuance of Compliance Certificate in regard to maintenance of Cost Accounts and Cost Audit, the application of Cost Accounting Standards and Generally Accepted Cost Accounting Principles issued by ICAI-CMA are mandatory.

#	Start Date	Actions	Completion Date	Responsibility	Resource
<i>ICAI-CMA Quality Review Board</i>					
1.	August 2011	QRB Manual has been finalised and published.	Completed September 2011	QRB of ICAI-CMA	Secretary, QRB
2.	August 2011	Review IFAC SMO 1 and reflect on whether any principles or aspects of SMO 1 may be relevant for strengthening ICAI_CMA system of Investigation and Discipline (I&D).	Completed September 2011	QRB of ICAI-CMA	Secretary, QRB
3.	October 2011	Raise awareness among its membership regarding the role of the QRB and the process of quality reviews.	Ongoing	QRB of ICAI-CMA	Secretary, QRB
4.	August 2008	Develop channels of communication between the QRB and ICAI-CMA.	Completed (July 2009)	QRB of ICAI-CMA	Secretary, QRB
5.	To be decided by Government	Develop channels of communication between QRB of the ICAI-CMA and ICharteredAI.	Board has been reconstituted	QRB of ICAI-CMA	Secretary, QRB
6.	Ongoing	Identify how the QRB and the outcomes of its reviews may link to the Investigation and Discipline (I&D) system of ICAI-CMA.	Ongoing	QRB of ICAI-CMA	Secretary, QRB
<i>Supporting Implementation Activities of Quality Control Standards</i>					
7.					
<i>Review of ICAI-CMA Compliance Information</i>					
8.	Ongoing	Perform periodic review of ICAI-CMA's SMO Action Plan and update as necessary. Once updated, inform IFAC Compliance staff about the updates in order for the Compliance staff to republish updated information.	Ongoing	Secretary, ICAI-CMA	Secretary, ICAI-CMA

Self-Assessment Tool for SMO 1

Requirements	Y	N	Partially	Comments
<p>Scope of the System</p> <p>1. At a minimum, mandatory QA reviews are required for all audits of financial statements.</p>				
<p>Quality Control Standards and Other Quality Control Guidance</p> <p>2. Firms are required to implement a system of quality control in accordance with the quality control standards.</p>				
<p>3. Most up to date versions of ISQC 1 and other relevant ISAs are adopted as the quality control standards.</p>				
<p>4. Member Body assists firms in understanding the objectives of quality control and in implementing and maintaining appropriate systems of quality control.</p>				
<p>Review Cycle</p> <p>5. A cycle-based, risk-based, or a mixed approach for selecting firms for QA review is used.</p>				
<p>6. For cycle-based approach, quality control reviews are required to take place at least every six years (and every three years for audits of public interest entities).</p>				
<p>QA Review Team</p> <p>7. Independence of the QA Team is assessed and documented.</p>				
<p>8. QA Team possesses appropriate levels of expertise.</p>				

Requirements	Y	N	Partially	Comments
Reporting				
9. Documentation of evidence supporting the quality control review report is required.				
10. A written report is issued upon conclusion of the QA review and provided to the firm/partner reviewed.				
Corrective and Disciplinary Actions				
11. Reviewed firms/partners are required to make timely adjustments to meet recommendations from the review report.				
12. QA review system is linked to the Investigation and Discipline system.				
Consideration of Public Oversight				
13. The body responsible for QA reviews cooperates with its oversight body and shares information on the functioning of the QA review system, as needed.				
Regular Review of Implementation and Effectiveness				
14. Regular reviews of implementation and effectiveness of the system are performed.				

Action Plan Subject: SMO 2–International Education Standards for Professional Accountants and Other Pronouncements issued by the IAESB

Action Plan Objective: Promote and Undertake Activities to Enhance Alignment of Programs of Education, Certification and Training with IESs

Background:

ICAI-CMA revises its course curriculum every four years to align it with International Educational Standards (IESs). The last revision was done in 2016. Due to recent legal changes, like implementation of GST, ICAI-CMA anticipates revisions of the curriculum on a more frequent basis in the future.

Professional Education

There are no barriers (minimum requirements) for entities to provide general accountancy education in India. Traditionally, accountancy education is conducted by both universities and Institutes. However, Regulated Professional Accountancy Education (leading to certification and attainment of rights and responsibilities) in India is provided by two Institutes namely ICAI-CMA and Institute of Chartered Accountants of India. The education provided by these two Institutes is in line with IES. The new syllabus of flagship course of ICAI-CMA has been framed following the IESs of the International Accounting Education Standards Board (IAESB). It is envisioned that the design of this system will engender advantages in the process of Mutual Recognition Agreement (MRA) among /different member countries of the world under General Agreement on Trade in Services (GATS) under the World Trade Organization (WTO).

Syllabus 2016 is designed to nurture young business leaders of tomorrow who can convert the dream of 'MAKE IN INDIA' into reality by taking strategic management decisions effectively in both the National and International arena. The syllabus 2016 is based on International standards set by IFAC and IAESB (international Accounting Education Standards Board) and Initial Professional Development-Professional Skills (Revised) through IEG (International Education Guidelines).

Professional Examination

ICAI-CMA evaluates its students through a rigorous process of Postal/Oral Coaching, Seminars on Group Discussion/ Business Communication, Computer Training, Modular Training, Practical Experience, Case Studies, Project Report and Written Examination. Examination is conducted through 20 courses as follows:

FOUNDATION: Eligibility for admission to the Foundational Level of examination is after passing of school and examinations after 12 years of study.

Paper 1: Fundamentals of Economics and Management

Paper 2: Fundamentals of Accounting

Paper 3: Fundamentals of Laws and Ethics

Paper 4: Fundamentals of Business Mathematics and Statistics

INTERMEDIATE: To be eligible for admission to Intermediate Level a candidate must have graduated from a recognized University/Institute or have passed the Foundation Level examinations of ICAI-CMA.

Group I	Group II
Paper 5: Financial Accounting	Paper 9: Operation Management & Strategic Management
Paper 6: Laws & Ethics	Paper 10: Cost Management Accounting and Financial Management
Paper 7: Direct Taxation	Paper 11: Indirect Taxation
Paper 8: Cost Accounting	Paper 12: Company Accounts & Audit

FINAL: Eligibility for admission to the Final Level is attained after passing the Intermediate Level Examinations of ICAI-CMA.

Group III	Group IV
Paper 13: Corporate Laws & Compliance	Paper 17: Corporate Financial Reporting
Paper 14: Strategic Financial Management	Paper 18: Indirect Tax laws & Practice
Paper 15: Strategic Cost Management-Decision making	Paper 19: Cost & Management Audit
Paper 16: Direct Tax Laws & International Taxation	Paper 20: Strategic Performance management and Business Valuation

***There is no fixed time period within which a student must complete the process of passing all courses in the examination scheme.

Practical Experience

ICAI-CMA students are required to complete 3 years of practical experience out of which at least six months to be completed before appearing the Final Examinations – ICAI-CMA has developed this requirement to align with *IES 5: Practical Experience Requirements*. The practical experience is monitored by a formal process. Students are expected to complete their practical training under a Senior Practising Member of the Institute or acquire actual working experience in an organization approved by ICAI-CMA to become a member.

Continuing Professional Development

The objective of Continuing Professional Development is to assist the members in widening their knowledge base and in improving their skills to be at the cutting edge of technology by providing training and expertise in critical areas. Continuing Professional Development Programmes of the Institute specifically designed to cater to specific learning activity imposing continuing education requirements on members intended to expand their knowledge base and stay up-to-date on new developments. The objective of the CPD is to update the knowledge and skills of Professionals in the public and private sector organizations, government departments, multinationals, financial institutions, banks and insurance companies.

CEP Credit Hours requirements for the block of three (3) years starting effective April 1, 2015 to March 31, 2018, to be complied with by different categories of members are as under:

Members holding Certificate of Practice

Below the age of 65 years: The member should undergo minimum mandatory training of 15 hours per year and 50 hours in a block of 3 years.

Above the age of 65 year:

The member should undergo minimum mandatory training of 50% of the minimum CEP hours per year and block of 3 years as per the category of the members holding Certificate of Practice below the age of 65 years, i.e. 7 hours per year and 25 hours in a block of 3 years.					
Members not holding Certificate of Practice					
It is recommended that a member should undergo minimum training of 7 hours per Year and 25 hours in a block of 3 years.					
This requirement falls short of the minimum CPD requirement as set out in IES 7.					
#	Start Date	Actions	Completion Date	Responsibility	Resource
<i>Review Professional Education Program for Alignment with IES</i>					
9.	Ongoing	Set up a High Level Committee of experts from Academia, Professionals, Regulators, Council of the Institute and others for the purpose of reviewing the course curriculum of ICAI-CMA examinations for compliance and alignment with IESs.	On the recommendation of Committee syllabus revised in the year 2016	Board of Studies Committee of ICAI-CMA	Senior Director (Studies)
10.	June 17	Conduct a review of the course curriculum of ICAI-CMA examinations for compliance and alignment with IESs.	Ongoing	Training & Education Facilities Committee of ICAI-CMA	Senior Director , (Studies)
<i>Identify Gaps and Suggest Recommendations for Enhancing Alignment of Professional Education Program with IESs</i>					
11.	September 2011	Draft a document which identifies current compliance gaps with IESs and provides recommendations for updating course curriculum to eliminate gaps.	Completed	Board of Studies Committee of ICAI-CMA	Joint Director , Head Academics and In-charge DOS
12.	November 2012	Submission of Draft Document to Council for approval after incorporating the latest requirements.	Completed	Council of the ICAI-CMA	Secretary, ICAI-CMA
13.	December 2012	Recommendation to the Council for approval of the issuance of Draft.	Completed	Council of the ICAI-CMA, Central Government	Secretary, ICAI-CMA
14.	March 2013	Exposure of Draft Document to members including General Public for Comments.	Completed	Council of the ICAI-CMA, General Public	Secretary, ICAI-CMA
15.	May 2013	Consideration, evaluation, incorporation of comments and Finalization of Document by the High Level Committee.	Completed	Council of the ICAI-CMA, High Level Committee	Secretary, ICAI-CMA

#	Start Date	Actions	Completion Date	Responsibility	Resource
<i>Incorporate Recommendations into Modified/Updated Course Curriculum</i>					
16.	June 2013	Modification of Course Curriculum according to recommendations provided through Finalized Document.	Completed	Council of the ICAI-CMA, High Level Committee	Secretary, ICAI-CMA
17.	July 2013	Approval of modified/updated Course Curriculum by Central Council.	Completed	Council of the ICAI-CMA	TEF Committee
18.	Ongoing	Ensure on an Ongoing basis that new International Auditing and Assurance Standards Board (IAASB) (audit standards) and International Ethics Standards Board for Accountants (IESBA) (ethics) pronouncements are incorporated into education programs and training programs on a timely basis.	Ongoing	Central Council of ICAI-CMA	TEF Committee
<i>Development of a Universal Mandatory Continuing Education Program in-line with IESs</i>					
19.	April 2011	Drafting and development of universal mandatory Continuing Education Program (CEP) requirement which is in-line with IAESB IESs. Centralisation of CEP programmes - monitoring the programmes conducted by the Institute and by Regional Councils and Chapters across country.	Ongoing	Continuing Professional Development (CPD) Committee of ICAI-CMA	Director (CPD)
20.	September 2011 April 2012	Finalization of universal mandatory Continuing Education Program (CEP) requirement. Online mechanism for granting CEP Credit Hours to the members of the Institute.	Ongoing	CPD Committee of ICAI-CMA	Director (CPD)
21.	November 2011 1st April 2013	Publication of universal mandatory Continuing Education Program (CEP) requirement. Revised CEP Guidelines for mandatory training for all members of Institute with effective from 1 April 2013.	Ongoing	CEP Committee of ICAI-CMA	Director (CPD)
22.	November 2011 September 2013	Creation of a process to review and ensure achievement of universal mandatory Continuing Education Program (CEP) requirement. Conduct Webinars which can be viewed by members at large The Institute is having knowledge portal wherein a member can view the presentation made during a programme.	Ongoing	CEP Committee of ICAI-CMA	Director (CPD)

#	Start Date	Actions	Completion Date	Responsibility	Resource
23.	Ongoing	Ensure on an ongoing basis that new IAASB, International Accounting Standards Board (IASB), International Public Sector Accounting Standards Board (IPSASB) and IESBA pronouncements are incorporated into education programs and training programs on a timely basis.	Ongoing	Central Council of the ICAI-CMA	Secretary, ICAI-CMA
<i>Maintaining Ongoing Processes</i>					
24.	Ongoing	Continue to implement to the fullest extent possible the requirements of SMOs by ICAI-CMA, and to use best endeavours to promote national recognition. In addition, continue to support implementation of the international education requirements with regards to ICAI-CMA's pre-qualification and CPD programs.	Ongoing	CPD Committee of ICAI-CMA	Joint Secretary
25.	Ongoing	Monitoring of standard-setting activities of the International Accounting Education Standards Board and updating the Action Plan for further activities where necessary.	Ongoing	Council of ICAI-CMA	Secretary, ICAI-CMA
<i>Review of ICAI-CMA's Compliance Information</i>					
26.	Ongoing	Perform periodic review of ICAI-CMA SMO Action Plan and update as necessary. Once updated inform IFAC Compliance staff about the updates in order for the Compliance staff to republish updated information.	Ongoing	Council of ICAI-CMA	President, ICAI-CMA

Action Plan Subject: SMO 3–International Standards and other Pronouncements Issued by the IAASB
Action Plan Objective: Support the Adoption and Implementation of IAASB Standards, Guidance and other Pronouncements in India

Background:

ICAI-CMA develops Cost Auditing Standards/ Standards on Cost Auditing through Cost Auditing and Assurance Standards Board (CAASB), a standard setting body of the Institute of Cost Accountants of India. It also works to provide input into the development of International Standards on Auditing (ISA) through its relevant committees which review and respond to IAASB/IFAC requests for comments and feedback on exposure drafts.

The Government of India as per Section 148 (3) of the Companies Act, 2013, have mandated Compliance of Cost Auditing Standards/ Standards on Cost Auditing (SCA) in an audit of Cost Records maintained under Companies (Cost Records and Audit) Rules 2014 read with Section 148 of the Companies Act, 2013. As on date, the Government of India, have approved the following Cost Auditing Standards which have been notified by the Institute of Cost Accountants of India on 11th September 2015 in terms of Section 148 of the Companies Act, 2013:

1. Cost Auditing Standard-101 *Planning an audit of Cost Statements*
2. Cost Auditing Standard-102 *Cost Audit Documentation*
3. Cost Auditing Standard-103 *Overall objectives of the independent cost auditor and the Conduct of an Audit in Accordance with Cost Auditing Standards; and*
4. Cost Auditing Standard-104 *Knowledge of business, its processes and the business environment*

On the recommendation of Cost Auditing and Assurance Standards Board (CAASB), the Institute has approved 15 more Cost Auditing Standards/ Standards on Cost Auditing (SCA) and these have been forwarded by the Institute to the Central Government for approval. The details of the approved Standards by the Institute are as follows:

1. SCA-105: *Agreeing the Terms of Cost Audit Engagements*
2. SCA-106: *Audit Sampling*
3. SCA-107: *Audit Evidence*
4. SCA-108 : *Materiality in Planning and Performing Cost Audit*
5. SCA-109: *Cost Auditor's Responsibility Relating to Fraud in an Audit of Cost Statements*
6. SCA-110: *Written Representations*
7. SCA-111: *Evaluation of Misstatements identified during the Cost Audit*
8. SCA-112: *Analytical Procedures*
9. SCA-113: *Using the Work of Internal Auditors*
10. SCA-114: *Using the Work of Cost Auditor's Expert*
11. SCA-115: *Communication with Those Charged with Governance*
12. SCA-116: *Communicating Deficiencies in Internal Control to Those Charged with Governance and Management*
13. SCA-117: *Identifying and Assessing the Risks of Material Misstatement*
14. SCA-118: *The Cost Auditor's Response to the Assessed Risk*
15. SCA- 119: *Related Parties*

Indian Auditing and Assurance Standards (AAS) are developed by the Institute of Chartered Accountants in India (ICAI) on the basis of IAASB Pronouncements. ICAI-CMA has no responsibility with regards to setting auditing standards. As part of using its best endeavours, ICAI-CMA participates as a member of the ICAI Standard Setting Board responsible for the development of audit standards for India. It also works to provide input into the development of International Standards on Auditing (ISA) through its relevant committees which review and respond to IAASB/IFAC requests for comments and feedback on exposure drafts.

These assurance standards are applicable to members of the Institute who perform Cost Audit and Assurance function.

As per the circulars issued by Ministry of Corporate Affairs, Government of India the members of ICAI-CMA are the authorized professionals for performing Cost Audits in the Country. Therefore in an effort to address the roles and responsibilities of its membership, ICAI-CMA is developing its own standards on Cost Audit and Assurance through the ICAI-CMA Cost Audit Assurance Standards Board. ICAI-CMA is developing Cost Accounting Standards on its own based on technical expertise drawn from internal resources, practicing cost accountants, academia, industry representatives and regulators.

#	Start Date	Actions	Completion Date	Responsibility	Resource
<i>Support for ISA Development</i>					
27.	Ongoing	ICAI-CMA is a member of National Advisory Council for Accounting Standards (NACAS), a body set up by Government of India to announce applicability of Accounting Standards.	Ongoing	Central Council of ICAI-CMA	Secretary, ICAI-CMA
<i>Implementation of IAASB Standards</i>					
28.	Ongoing	Monitor pronouncements and updates provided by IAASB, and develop update briefings for members.	Ongoing	Central Council of ICAI-CMA	Secretary, ICAI-CMA
29.	Ongoing	Provide IAASB pronouncements to members via the ICAI-CMA website.	Ongoing	Council of ICAI-CMA	Secretary, ICAI-CMA
30.	Ongoing	Review education, examination and CPD programs to ensure sufficient Ongoing coverage of IAASB updates, pronouncements and developments.	Ongoing	Council of ICAI-CMA	Secretary, ICAI-CMA
<i>Maintaining Ongoing Processes</i>					
31.	Ongoing	Incorporate updates in IAASB pronouncements in ICAI-CMA continuing professional education and pre-qualification programs.	Ongoing	Central Council of ICAI-CMA	Secretary, ICAI-CMA
32.	December 2011	Incorporate specific standing order agenda item for ICAI-CMA committees to review and respond to IAASB/IFAC requests for feedback (on proposals including exposure drafts).	Ongoing	Central Council of ICAI-CMA	Secretary, ICAI-CMA

#	Start Date	Actions	Completion Date	Responsibility	Resource
33.	Ongoing	Review and update action plan for future activities as necessary.	Ongoing	Central Council of ICAI-CMA	Secretary, ICAI-CMA
<i>Review of ICAI-CMA's Compliance Information</i>					
34.	Ongoing	Perform periodic review of ICAI-CMA SMO Action Plan and update as necessary. Once updated inform IFAC Compliance staff about the updates in order for the Compliance staff to republish updated information.	Ongoing	Central Council of ICAI-CMA	Secretary, ICAI-CMA

Action Plan Subject: SMO 4–IESBA Code of Ethics for Professional Accountants
Action Plan Objective: Enhance Alignment of ICAI-CMA Code of Ethics with IESBA Code of Ethics

Background:					
ICAI-CMA developed its own Code of Ethics as per the Cost and Works Accountants Act, 1959 governing ICAI-CMA. ICAI-CMA has established convergence with the IESBA Code of Ethics as an objective for 2012. The relevant Committee is working to smoothen the differences between the requirements of IESBA Code of Ethics and likely to make its recommendation by end of 2014.					
#	Start Date	Actions	Completion Date	Responsibility	Resource
<i>Alignment of ICAI-CMA Code of Ethics with the IESBA Code of Ethics</i>					
35.	July 2011	Update Code of Ethics in accordance with IESBA Requirements and make it available to all members.	Q1 2014	CAASB of ICAI-CMA	Secretary, CAASB
36.	July 2011	IESBA Code of Ethics is disseminated to students, members and the wider community through ICAI-CMA website.	Ongoing	CAASB of ICAI-CMA	Secretary, CAASB
37.	July 2011	Enhance CPD courses to include exhaustive coverage of Ethical requirements including areas of potential conflict and challenges. Continue inclusion of case studies to examine members' ability to apply ethical principles in real life.	Ongoing	CAASB of ICAI-CMA	Secretary, CAASB
38.	July 2011	Conduct public outreach activities (e.g. website updates) to ensure that public and business community are aware that ICAI-CMA members are operating under an obligatory code of ethics.	Ongoing	CPD Committee of ICAI-CMA	Secretary, CAASB
<i>Maintaining Ongoing Processes</i>					
39.	Ongoing	Monitor and review new and amended standards from the IESBA, in an Ongoing manner. Include updates in IESBA pronouncements in ICAI-CMA continuing professional education and pre-qualification programs.	Ongoing	Training and Educational Facilities Committee of ICAI-CMA (TEF) Committee and Council of ICAI-CMA	TEF Committee and Central Council of ICAI-CMA
40.	Ongoing	Incorporate specific standing order agenda item for ICAI-CMA committees to review and respond to IESBA/IFAC requests for feedback from IFAC member bodies.	Ongoing	TEF Committee and Council of ICAI-CMA	TEF Committee and Central Council of ICAI-CMA

#	Start Date	Actions	Completion Date	Responsibility	Resource
41.	Ongoing	Review and update Action Plan once a year to ensure that it reflects the overall objectives under this SMO.	Ongoing	TEF Committee and Council of ICAI-CMA	TEF Committee and Central Council of ICAI-CMA
<i>Review of ICAI-CMA's Compliance Information</i>					
42.	Ongoing	Perform periodic review of ICAI-CMA SMO Action Plan and update as necessary. Once updated inform IFAC Compliance staff about the updates in order for the Compliance staff to republish updated information.	Ongoing	TEF Committee and Council of ICAI-CMA	TEF Committee and Central Council of ICAI-CMA

Action Plan Subject: SMO 5–International Public Sector Accounting Standards and Other Pronouncements Issued by the IPSASB
Action Plan Objective: Continue Efforts to Promote Adoption of IPSAS and Effectively Support and Disseminate the Work of the IPSASB

Background:					
<p>The Government Accounting Standards Advisory Board (GASAB) constituted by the Comptroller & Auditor General of India formulates Indian Government Accounting Standards (IGASs) on cash basis for union government, state governments and union territories with legislative assemblies. GASAB uses corresponding International Public Sector Accounting Standards (IPSAS) development of Indian standards, wherever possible. Recently, the government of India decided to implement accrual accounting in governments of India. Once this decision is implemented, GASAB is likely to formulate the standards on accrual basis in line with IPSASs.</p> <p>GASAB has inducted President, Institute of Cost Accountants of India into Board. After being appointed as member of ICAI-CMA attended all the meetings of GASAB, wherein technical inputs of ICAI-CMA were provided on the process of moving from cash basis to accrual basis of accountancy.</p>					
#	Start Date	Actions	Completion Date	Responsibility	Resource
<i>Promote the Adoption of IPSAS</i>					
43.	2010	ICAI-CMA will continue to provide necessary technical inputs where requested by Government of India in order to support the process of adoption and implementation of IPSAS in India. The Institute is a member of Government Accounting Standards Advisory Board and there we promote IPSAS.	Ongoing	Council of ICAI-CMA	Secretary, ICAI-CMA
<i>Maintaining Ongoing Processes</i>					
<i>Review of ICAI-CMA's Compliance Information</i>					
44.	Ongoing	Perform periodic review of ICAI-CMA SMO Action Plan and update as necessary. Once updated, inform IFAC Compliance staff about the updates in order for the Compliance staff to republish updated information.	Ongoing	Council of ICAI-CMA	Secretary, ICAI-CMA

Action Plan Subject: SMO 6–Investigation and Discipline
Action Plan Objective: Strengthen Compliance with Standards and Codes through the Adoption of an Investigative and Disciplinary Regime
That Meets the Requirements Established in SMO 6

Background:

ICAI-CMA has a Disciplinary Committee that was established under Section 21B of the Cost and Works Accountants Act, 1959 (as amended).

A summary of Sections 21 and 22 of the CWA Act, 1959 is as follows (link to CWA Act: http://icmai.in/upload/Institute/Institute_Act_and_Rules/cwa-act-2006.pdf). These provisions dictate the procedures in regard to enquiries into misconduct of members:

The Council shall, by notification, establish a Disciplinary Directorate headed by an officer of the Institute designated as Director (Discipline) and such other employees for making investigation in respect of any information or complaint received by it.

The Director shall arrive at a prima facie of opinion that a member of the Institute has been guilty of any professional or occurrence of alleged misconduct, on receipt of any information or complaint along with the prescribed fee.

Where the Director (Discipline) is of the opinion that If the member pleads guilty of any professional or other misconduct mentioned in the First Schedule, he shall place the matter before the Board of Discipline and where the Director (Discipline) is of the opinion that a member is guilty of any professional or other misconduct mentioned in the Second Schedule or in both the Schedules, the member has a right to place the matter before the Disciplinary Committee..

The Disciplinary Directorate shall follow such procedure as may be specified, in order to make investigations under the provisions of this Act.

Where a complainant withdraws the complaint, the Director (Discipline) shall place such withdrawal before the Board of Discipline or as the case may be, The Disciplinary Committee, and the said Board or Committee may, if it is of the view that the circumstances so warrant, permit the withdrawal at any stage.

The Disciplinary Committee of ICostAI constituted u/s 21B of the CWA, 1959 has 5 (five) members and comprises the following:

- President or Vice President of the Institute who acts as Presiding Officer.
- Two members that are selected from amongst the members of the Council.
- Two members that are nominated by the Central Government.
- The Director (Discipline) of the Institute acts as Secretary. To the Disciplinary Committee.
Provided further that Council may constitute more Disciplinary Committees as and when it considers necessary.

The Council has constitute a Board of Discipline consisting of:-

- (a) a person with experience in law and having knowledge of disciplinary matters and the profession, to be its Presiding Officer;
- (b) two members one of whom shall be a member of the Council elected by the Council and the other member shall be the person designated under clause (c) of sub-section 16;
- (c) The Director (Discipline) shall function as the Secretary of the Board.

The Board of Discipline shall follow summary disposal procedure in dealing with all the cases before it.

Where the Board of Discipline is of the opinion that a member is guilty of a professional or other misconduct mentioned in the First Schedule, it shall afford to the member an opportunity of being heard before making any order against him and may thereafter take any one or more of the following actions, namely:-

- (a) reprimand the member;
- (b) remove the name of the member from the Register up to a period of three months; and
- (c) impose such fine as it may think fit which may extend to rupees one lakh.

The Director (Discipline) shall submit before the Board of Discipline all information and complaints where he is of the opinion that there is no prima facie case and the Board of Discipline may, if it agrees with the opinion of the Board of Discipline may, if it agrees with the opinion of the Director (Discipline), close the matter or in case of disagreement, may advise the Director (Discipline) to further investigate the matter.

The Authority, the Disciplinary Committee, Board of Discipline and the Director (Discipline) shall have the same powers are vested in a civil court under the Code of Civil Procedure, 1908 (5 of 1908), in respect of the following matters, namely:-

- (a) summoning and enforcing the attendance of any person and examining him on oath;
 - (b) the discovery and production of any document; and
 - (c) receiving evidence on affidavit.
- Transitional provisions: All complaints pending before the Council or any inquiry initiated by the Disciplinary Committee or any reference or appeal made to a High Court prior to the commencement of the Cost and Works Accountants (Amendment) Act, 2006 shall continue to be governed by the provisions of this Act, as if this Act had not been amended by the Cost and Works Accountants (Amendment) Act, 2006.
 - The Appellate Authority constituted under sub-section (1) of section 22A of the Cost and Works Accountants Act, 1959 , shall be deemed to be the Appellate Authority for the purposes of this Act subject to the modification that for the clause (b) of said sub-section (1), the following clause had been substituted, namely:-

“(b) the Central Government shall, by notification appoint two part-time members from amongst the persons who have been members of the council of the Institute of Cost and Works Accountants of India for at least one full term and who is not a sitting member of the Council;”
 - The provisions of section 22C, section 22D and section 22E of the Cost and Works Accountants Act, 1959 shall apply to the Authority in relation to procedure of authority, of Officers and other Staff of Authority and Appeal to authority in the discharge of its functions under the Cost and Works Accountants Act, 1959.
 - Any member of the Institute aggrieved by any order of the Board of Discipline or Disciplinary Committee imposing on him any of the penalties referred to in sub-section (3) of section 21A and sub-section (3) of section 21B, may within ninety days from the date on which the order is communicated to him, prefer an appeal to the Authority:

Provided that the Director (Discipline) may also appeal against the decision of the Board of Discipline or the Disciplinary Committee to the Authority if so authorised by the Council, within ninety days:

<p>Provided further that the Authority may entertain any such appeal after the expiry of the said period of ninety days, if it is satisfied that there was sufficient cause for not filing the appeal in time.</p> <p>A review of the current system is Ongoing to identify gaps in compliance with SMO6.</p>					
#	Start Date	Actions	Completion Date	Responsibility	Resource
<i>Strengthening of the Investigation and Disciplinary System (I&D)</i>					
45.	October 2011	Review SMO 6 and familiarize with key components of a strong investigation, disciplinary and appeals (I&D) system.	Ongoing	Disciplinary Committee of ICAI-CMA	Director (Discipline) of ICAI-CMA
46.	October 2011	Review current system of I&D to identify gaps in alignment with SMO 6.	Ongoing	Disciplinary Committee of ICAI-CMA	Director (Discipline) of ICAI-CMA
47.	October 2012	Draft a report identifying current gaps and suggested actions needed to enhance alignment with SMO 6.	Ongoing	Disciplinary Committee of ICAI-CMA	Director (Discipline) of ICAI-CMA
<i>Maintaining Ongoing Processes</i>					
48.	Ongoing	Continue to promote the importance of standards and codes through CPD and public outreach activities, and clearly communicate the consequences of non-compliance.	Ongoing	CPD Committee and Central Council of ICAI-CMA	Joint Director (Membership) & Director (Discipline) of ICAI-CMA
49.	Ongoing	Review of implementation of investigations and disciplinary system to ensure it functions as intended, and update action plan once a year.	Ongoing	Central Council of ICAI-CMA	Joint Director (Membership) & Director (Discipline) of ICAI-CMA
<i>Review of ICAI-CMA's Compliance Information</i>					
50.	Ongoing	Perform periodic review of ICAI-CMA SMO Action Plan and update as necessary. Once updated inform IFAC Compliance staff about the updates in order for the Compliance staff to republish updated information.	Ongoing	Central Council of ICAI-CMA	Joint Director (Membership) & Director (Discipline) of ICAI-CMA

Self-Assessment Tool for SMO 6

Requirements	Y	N	Partially	Comments
Scope of the System				
1. A system of investigation, discipline and appeals exists for the accountancy profession. The system is operational.	Y			The Director (Discipline) is empowered for making investigations in respect of any information or complaint received by it.
2. Information about the types of misconduct which may bring about investigative actions is publicly available.	Y			This is uploaded on the Institute website.
Initiation of Proceedings				
3. Both a “complaints-based” and an “information-based” approach are adopted.				
4. Link with the results of QA reviews has been established.				
Investigative Process				
5. A committee or similar body exists for performing investigations.				
6. Members of a committee are independent of the subject of the investigation and other related parties.				
Disciplinary Process				
7. A separate disciplinary committee/entity exists to make disciplinary decisions on referrals from the investigation committee.				
8. Members of the committee/entity include professional accountants as well as non-accountants.				
9. The tribunal exhibits independence of the subject of the investigation and other related parties.				

Requirements	Y	N	Partially	Comments
<p>Sanctions</p> <p>10. The disciplinary system allows imposing an extensive range of penalties. It is particularly important to include (a) loss of professional designation; (b) restriction and removal of practicing rights; and (c) exclusion from membership.</p>				
<p>Rights of Representation and Appeal</p> <p>11. A third appeals body exists which is separate from both the disciplinary committee and investigative committee.</p>				
<p>Administrative Processes</p> <p>12. Timeframe targets for disposal of all cases are set.</p>				
<p>13. Tracking mechanisms to monitor progress in investigation and discipline and related procedures are established.</p>				
<p>14. Records of investigations and disciplinary processes are established.</p>				
<p>Public Interest Considerations</p> <p>15. Activities are supported to ensure that the public is aware that an investigative and disciplinary system exists in the jurisdiction.</p>				
<p>16. A process for the independent review of complaints on which there was no follow-up is established.</p>				
<p>17. The results of the investigative and disciplinary proceedings are made available to the public.</p>				

Requirements	Y	N	Partially	Comments
Liaison with Outside Bodies 18. There is an appropriate process for liaison with outside bodies on possible involvement in serious crimes and offences.				
Regular Review of Implementation and Effectiveness 19. Regular review of implementation and effectiveness of the system are performed and corrective actions are implemented.				

Action Plan Subject: SMO 7–International Financial Reporting Standards and Other Pronouncements issued by the IASB
Action Plan Objective: Promote Convergence with IFRS

Background:

ICAI-CMA has no responsibility with regards to setting accounting standards. However, the Cost Accounting Standards Board (CASB), a standard setting body of the Institute of Cost Accountants of India develops its own Cost Accounting Standards (CASs). As on March 2017, 24 Cost Accounting Standards and Generally Accepted Cost Accounting Principles have been issued by the Institute of Cost Accountants of India on the recommendation of CASB. These Cost Accounting Standards are mandatory for being applied for preparation and certification of the General Purpose Cost Statements.

The list of 24 Cost Accounting Standards are as follows:

CAS-1 (Revised 2015)	<i>Classification of Cost</i>
CAS2 (Revised 2015)	<i>Capacity Determination</i>
CAS33 (Revised 2015)	<i>Production and Operation Overheads</i>
CAS4	<i>Cost of Production for Captive Consumption</i>
CAS5	<i>Average (equalized) Cost of Transportation</i>
CAS6	<i>Material Cost</i>
CAS7	<i>Employee Cost</i>
CAS8	<i>Cost of Utilities</i>
CAS9	<i>Packing Material Cost</i>
CAS10	<i>Direct Expenses</i>
CAS11	<i>Administrative Overheads</i>
CAS12	<i>Repairs And Maintenance Cost</i>
CAS13	<i>Cost of Service Cost Centre</i>
CAS14	<i>Pollution Control Cost</i>
CAS15	<i>Selling and Distribution Overheads</i>
CAS16	<i>Depreciation and Amortisation</i>
CAS17	<i>Interest and Financing Charges</i>
CAS18	<i>Research and Development Costs</i>
CAS19	<i>Joint Costs</i>
CAS20	<i>Royalty and Technical Know-How Fee</i>
CAS21	<i>Quality Control</i>
CAS22	<i>Manufacturing Cost</i>
CAS23	<i>Overburden Removal Cost</i>
CAS24	<i>Treatment of Revenue in Cost Statements</i>

Now India has adopted converged IFRS known as Ind AS. The Institute on the recommendations of Cost Accounting Standards Board has issued “*Limited Revision of Cost Accounting Standards*” after incorporating the impact of Ind AS on the Cost Accounting Standards. The following limited revisions of Cost Accounting Standards have been issued by the Institute during 2016-2017.

CAS6 (Limited Revision 2017)	<i>Material Cost</i>
CAS7 (Limited Revision 2017)	<i>Employee Cost</i>
CAS8 (Limited Revision 2017)	<i>Cost of Utilities</i>
CAS9 (Limited Revision 2017)	<i>Packing Material Cost</i>
CAS10 (Limited Revision 2017)	<i>Direct Expenses</i>
CAS11 (Limited Revision 2017)	<i>Administrative Overheads</i>
CAS12 (Limited Revision 2017)	<i>Repairs And Maintenance Cost</i>
CAS13 (Limited Revision 2017)	<i>Cost of Service Cost Centre</i>
CAS14 (Limited Revision 2017)	<i>Pollution Control Cost</i>
CAS16 (Limited Revision 2017)	<i>Depreciation and Amortisation</i>
CAS17 (Limited Revision 2017)	<i>Interest and Financing Charges.</i>
CAS20 (Limited Revision 2017)	<i>Royalty and Technical Know-How Fee</i>
CAS21 (Limited Revision 2017)	<i>Quality Control</i>
CAS22 (Limited Revision 2017)	<i>Manufacturing Cost</i>
CAS23 (Limited Revision 2017)	<i>Overburden Removal Cost</i>
CAS24(Limited Revision 2017)	<i>Treatment of Revenue in Cost Statements</i>

However, as part of using its best endeavours, ICAI-CMA assists in the implementation of IFRSs in India by providing education and training for professional accountants and organisations through its CEP programs and consultancy. Additionally, to support understanding of IFRS, ICAI-CMA has launched On-line and Offline Certificate courses for its members, students and others interested in attaining greater knowledge on the standards.

#	Start Date	Actions	Completion Date	Responsibility	Resource
<i>Promote the Use of IFRSs</i>					
51.	October 2013	To have short term online “certificate course on IFRSs” in replacement of existing on line e-learning course on IFRSs.	Completed: Certificate Course started in December 2013 This course is being continued	Board of Directors, ICAI-Management Accounting Research Foundation (I-MARF).	Secretary, I-MARF

#	Start Date	Actions	Completion Date	Responsibility	Resource
52.	May 2011	<p>The Directorate of Advanced Studies has launched one year diploma course in “Business Valuation”, “Internal Audit” & “IS Audit & Control”.</p> <p>The Directorate is also planning to introduce certificate course in the field of “Management Accounting”.</p>	<p>“EPMAS has started and was completed in the year 2012”</p> <p>The Programs on Business Valuation and Corporate restructuring were started, both at Kolkata and Hyderabad, in the months of Feb and March 2013 respectively.</p>	Advanced Studies Committee and Council of ICAI-CMA	Director (Advanced Studies)
53.	Ongoing	Monitor pronouncements of IASB and ensure members have access to updated translations of standards, exposure drafts and other pronouncements.	Ongoing	International Affairs Committee of ICAI-CMA	In-charge (International Affairs)
<i>Maintaining Ongoing Processes</i>					
54.	Ongoing	Continue the implementation of the pre-qualification and CPD programs that incorporate financial reporting courses based on IFRS, and elaboration of IASB guidance, interpretations and other pronouncements.	Ongoing	Council of ICAI-CMA	Joint Secretary
55.	August 2013	<p>Produce Guidance Note On Companies (Cost Records And Audit) Rules, 2014.</p> <p>Guidance Note On Maintenance Of Cost Records & Cost Audit Of Construction Industry.</p>	<p>January, 2016</p> <p>July 2015</p>	PD Committee and Council of ICAI-CMA	Director (Professional Development)
<i>Review of ICAI-CMA’s Compliance Information</i>					
56.	Regular	Perform periodic review of ICAI-CMA SMO Action Plan and update as necessary. Once updated, inform IFAC Compliance staff about the updates in order for the Compliance staff to republish updated information.	Ongoing	Central Council of ICAI-CMA	Secretary, ICAI-CMA

CMA SANJAY GUPTA
PRESIDENT



THE INSTITUTE OF COST ACCOUNTANTS OF INDIA

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Date: December 26, 2017

Name: CMA Sanjay Gupta

Title: President

Company: The Institute of Cost Accountants of India

Address: CMA Bhawan, 3, Institutional Area, Lodhi Road, New Delhi 110003

Email: president@icmai.in

Dear Ms. Prinsloo,

Subject: Letter to Confirm Institutional Support for the SMO Action Plan

This letter is to confirm that the leadership of the Institute of Cost Accountants of India has reviewed the information contained in the SMO Action Plan prepared by the Institute of Cost Accountants of India as part of the IFAC Member Compliance Program and will provide institutional support for its implementation.

On behalf of the leadership of the Institute of Cost Accountants of India, I endorse publication of the SMO Action Plan on the IFAC website in the interests of transparency and to demonstrate our commitment to enhancing the quality and credibility of the accountancy profession worldwide.

Sincerely,

President

The Institute of Cost Accountants of India

December 26, 2017