



S. C. Mohanty, Chairman

Dear Professional Colleagues,

I am thankful to the President and my Council colleagues for bestowing upon me the responsibility of Cost Audit & Assurance Standards Board (CAASB). The Companies Bill 2011 **recognised** Cost Auditing Standards issued by the Institute under Explanation to section 148.

The ICWAI Council has broad based the CAASB considering representations from different stakeholders to formulate standards and develop guidance notes in the areas of auditing, assurance, related services and quality control with the following objectives :

(a) To serve the public interest by setting high-quality auditing and assurance standards and by facilitating the convergence of national and international standards, thereby enhancing the quality and uniformity of practice throughout the world and strengthening public confidence in the auditing profession.

(b) To demonstrate to the regulators, investors, business community, interested third

parties and the wider public our commitment to upholding and developing professional standards that command public confidence and to provide comfort and assurance to users of cost/financial statements, regulators and third parties.

(c) To establish appropriate quality assurance standards and guidelines in relation to audit practice of the members/ firms that are considered essential in the interest of the profession, in the public interest and to comply with the requirements of Institute's as well as Statements of Membership Obligation (SMO)-I on Quality Assurance issued by the International Federation of Accountants (IFAC).

(d) To provide support and guidance to help members/ firms to develop and improve their practices.

(e) To recommend to the Council for appropriate disciplinary measures against firms and members, following identified instances of non compliance with prescribed standards.

The Board has finalised the following structure to develop the Cost Audit and Assurance Standards & guidelines for the benefit of the Practicing members and other stake-holders :

Section 1 – Preface & Authority. Section 2 – Framework

Section 3 – Audits and review of Cost Information

1. CAAS 300 – Basic Principles governing Cost Audit
2. CAAS 310 – Objectives & Scope of the audit of Cost Records
3. CAAS 320 – Planning an Audit of Cost Statements
4. CAAS 330 – Cost Audit Engagement – Terms and Responsibility
5. CAAS 340 – Documentation

Section 4 – Risk Assessment and Response to Assessed Risk

6. CAAS 400 – Knowledge of Business and Process
7. CAAS 410 – Audit Materiality
8. CAAS 420 – Risk and Internal Control Assessments

Section 5 – Audit Evidence

9. CAAS 500 – Analytical Procedures
10. CAAS 510 – Audit Sampling
11. CAAS 520 – Quality Control of Audit and Reporting

12. CAAS 530 – Related Party and Transfer Pricing

Section 6 – Using work of others

13. CAAS 600 – Relying upon the work of an Internal Auditor

14. CAAS 610 – Using the work of any other Auditor

15. CAAS 620 – Using the work of an Expert

Section 7- Audit and Assurance Engagements

16. CAAS 700 – Assurance Engagement

17. CAAS 710 – Analysis of Cost Statements

18. CAAS 720 – Responsibility on Engagement to sign a Compliance report

19. CAAS 730 – Auditing in IT Environment.

20. CAAS 740 – Auditing under XBRL Environment.

Section 8 – Audit Conclusions and Reporting

21. CAAS 800 – Auditor's Report on Cost Statement

22. CAAS 810 – Qualifications in Audit Report

23. CAAS 820 – Cost Audit Reporting under XBRL.

Section 95 – Related Services

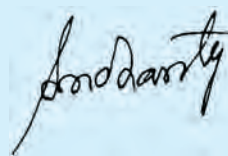
24. CAAS 900 – Responsibility on Engagement to Compile Cost Records.

25. CAAS 910 – Limited Review of Cost Statements

I would like to seek the support and valuable inputs from the members to develop standards and guidance notes thereon. I heartily acknowledge the continued support and guidance received by me from the Secretariat, Members of the Committee Vice – President & President to discharge my responsibilities towards the profession.

I wish all of you and your family a merry Christmas and a very happy & prosperous New Year 2012.

With personal regards,



1st January, 2012

(S. C. Mohanty)