



M. Gopalakrishnan, President

**We can see better with open eyes,  
we can hear better with open ears and  
we can perform better with open minds**

**—Anonymous**

Dear Professional Colleagues,

The value addition provided by a profession supplements and strengthens the statutory role which it normally plays under the legal framework by the government. As long as this aspect is recognized by the profession, the respect for it increases. Sometimes we get a rare opportunity to present this aspect to the Government during the formulation of the statute, so that the same can be incorporated in an appropriate form in the regulations. Our Institute utilized this opportunity when the new CARR and CAR notifications incorporated the Part III - Performance Reporting to the management, as a part of the report to be submitted by the Cost Auditor. This key aspect was discussed in the recent interview I gave to the Economic Times, which not only highlighted the value added role played by the CMAs but also touched on the most vital aspect of the “need for intelligent decisions based on thorough knowledge of the ... internal working”. The new notifications have respected the management's role in developing internal decision systems based on a robust cost and management platform and have mandated the cost auditors to concentrate more on testing the internal cost reporting systems and introduce best practices that are enshrined in Cost Accounting Standards into those systems. This aspect has been recognized by the Cost Audit and Assurance Standard Board, when it has put “acquiring knowledge of the business process” as the first point in the Exposure Draft on CAAS 320.

The Government also looks at ethical, economical, efficient and effective operations and safeguarding resources against loss, as the building blocks of the implementation of the various schemes. The CAG's office has highlighted this as the key aspect in the policy document defining the role played by them in discharging their constitutional functions. While the role of external financial accounting professionals, who are engaged in transaction audits for Government schemes have been predominant so far, our Institute has been constantly representing for a role for the last three aspects i.e. efficient and effective operations and safeguarding resources against loss, which can be done only by CMAs. The Institute has also got the go ahead for conducting training programme for the Govt. officials on this aspect. But let us also admit that this requires tremendous effort in capacity building amongst our practicing professionals, whose number is growing day by day. The Regional Councils and Chapters have to play a major role on this aspect, and I have been also highlighting this aspect during my interactions with them. The technical guidance on this matter is always available from the Institute and the newly formed CEP-2, will also help in conducting the capacity building seminars for the practitioners.

I am glad to inform you that the Ministry of Corporate Affairs has formed a Committee to formulate a Policy Document on Corporate Governance under the chairmanship of Shri Adi Godrej, and our Institute has been made a member and I attended the first meeting of the Committee held on 5th April 2012. During the meeting Dr. M. Veerappa Moily, Honourable Union Minister of Corporate Affairs, articulated the Government's view on laying down a policy on Corporate Governance and the background for the creation of the Committee consisting of representatives from industry, professional bodies and other stakeholders to discuss and arrive at a well structured policy on Corporate Governance drawing

from the experiences of the past and the current thinking on the subject.

Members may recall that the Institute has been made a member of the Government Accounting Standards Board, w.e.f. Jan 2012. The first meeting of the Board was held on 20th April, 2012 at New Delhi. The activities of the Directorate of Advanced Studies started off in full swing with the Board of Advanced Studies holding its first meeting on 7th April, 2012 followed by the next meeting on 20th April 2011. This has accelerated the starting of the Advanced Courses that have been planned by the Institute. The details have been given elsewhere in this message.

The Council meeting held on 31st March 2012, also took some key decisions on holding of conferences. It was decided that the various national conferences will be held in all the four regions so that each region gets an opportunity to hold at least one national event per year. The National Cost Convention, National Practitioner's Convention, National Student's Convention and the National Regional Council and Chapter's Convention will be held in each of the four regions. It was also decided that each Region will hold one Regional Conference per year in a city as decided by the Regional Council, instead of multitude of Regional Conferences being held in various cities in some Regions. The First Foundation Day of the Institute will be held at New Delhi on 19th May 2012, which falls on the day on which the Act was passed by the Parliament.

As a strong believer in embracing best practice and installing systems in all operations of the Institute, sincere effort is on to install new system driven operations and having standard operating practice in place. A comprehensive guideline is almost in its final shape.

As the Institute's operations are expanding, new recruits are taking place in various departments. I hope that with the combinations of the experience of the senior executives and the enthusiasm of the new blood Institute will thrive further in the right direction.

I am also happy to inform you that myself and Vice President, Shri Rakesh Singh were invited to attend the 1st meeting of the reconstituted Quality Review Board of the Institute, held on 10th April 2012 under the Chairmanship of Shri R.S Sharma, Ex-CMD, ONGC. We assured that the Institute shall provide full support for the efficient and effective functioning of the Board.

### **Regional Council and Chapter Events**

The meeting organized on 11th April 2012, jointly by Confederation of Indian Industry and our Institute, was a good event showcasing the benefits of institute industry partnership. Myself and Vice President accompanied by

the Central Council Members CMA. Dr.Sanjiban Bandyopdhayaya and CMA. Manas Kr. Thakur were able to have detailed interaction with members and chapter representatives who attended the conference.

One of the major initiatives of the Ministry of Corporate Affairs, the Indian Institute of Corporate Affairs, moved into their state-of-art new premises at Manesar, which was inaugurated by the Honourable Prime Minister Dr.Manmohan Singh ji. It was heartening to note the Prime Minister in his speech highlighting the role of professional bodies along with the corporate sector in the growth of the Indian economy.

I was happy to inaugurate the new extended conference hall by the Lucknow Chapter on 21st April 2012, along with the Vice President. We had very good interaction with the large number of members present on the occasion in which the developmental works that can taken up for the profession were discussed.

### **Student's matters Studies**

To facilitate the student community, the Studies Directorate already started a new logistics system whereby, the students on the registration day itself will be provided with the requisite study material. Although this process has taken off well, I find that many chapters are still following the old manual system, in spite of the continuous communication from the Directorate of Studies about implementation of the IEPS system for student registration. This is putting lot of students into problems as some of the chapters are accumulating the applications and completing the registrations in one go in the last minute. I request the Regional Councils and Chapters to co-operate with the Directorate of Studies so that the students at large are benefitted by the initiative.

### **Examination**

The Examination Directorate is busy in making all arrangement for the ensuing June 2012 term of examination all over India and overseas centers. This time, for further strengthening the process of conduct of examination, photo attendance sheet along with photo admit card will be in place which will streamline the examination process further.

### **Technical Directorate**

I am happy to note that the CASB in its 52nd meeting held on 16th April has cleared the Guidance Note on CAS-7 on Employee Cost. In addition, the CAASB in its 9th meeting held on 17th April has cleared the CAAS-320 on Planning an Audit of Cost Statements and CAAS-340 on Audit Documentation. Both the drafts are likely to be discussed by the Council in its forthcoming meeting.

The Technical Directorate Extension Centres have started their activities in right earnest and the meeting of CFOs from various industries was organised on 25th April, 2012 at Chennai. Myself, Vice President, Shri. B. R. Prabhakar Chairman, SIRC, Shri J. P. Singh, Director (Technical) and Ms. Chandra. V, Advisor (TDEC-Chennai) used the meet to trigger Special Interest Group focusing on sector specific issues, which was welcomed by the CFOs present.

### **Training and Placement Directorate Placement**

I am also pleased to inform you that the Campus Placement Programme for December 2011 qualified CMAs has been successfully completed in all the four Regions during the month of April. Corporate like TCS, HCL GENPACT visited our campus for the first time and showed lot of interest in hiring our CMAs. PSUs like Coal India, ONGC and other Corporate like Wipro, Saint Gobain, Pidilite, CIPLA, Amtek, Accenture, Mukund, Suzlon and Nestle India visited our campus to find their future managers. Some more Banks/Corporate have also expressed their willingness to recruit our qualified CMAs in the month of May 2012. The credit for making the entire placement program a success goes to the integrated approach adopted by Placement Directorate under the guidance of Chairman-Members in Industry Committee and the Regional Councils and I compliment them for their efforts.

### **Training**

I have already shared the news of the tie up we have made with Food Corporation of India for engaging cost trainees. Many more Corporate have expressed their interest to absorb our Intermediate qualified students as Trainees. While nearly 500 companies have already been compiled for Training our students, many Corporate giants like MMTC, NBCC, NHPC and Chennai Metro Water have recruited Intermediate qualified students as Trainees in the recent months. Majority of the students undergoing Training are enrolled with Practicing Cost Accountants. With the scope for practice expanding, I am sure more and more students would enroll with Practicing Members. As the Industry is nowadays concerned about the employability factor of the students of this country, I am sure our students trained by Industry and Practicing Members would have a great future.

### **Professional Development Directorate**

As all of you are aware, the Ministry of Corporate Affairs Cost Audit Branch vide General Circular No. 15/2011 dated 11th April, 2011 changed the procedure for appointment of cost auditors by the companies. The

Central Government has issued revised version of Form 23C and Form 23D with effect from 21st April, 2012. Prior to revised version, the companies who would like to appoint same cost auditor for multi products/ units were required to file individual Form 23C for each of products under cost audit but new version allows filing of single Form 23C if a company wants to appoint one and the same cost auditor for the multi products/ units. Such filing would facilitate cost accountant appointed as cost auditor for all the products of same "company" to be counted as one "Company" for the purpose of limit under section 224(1B) of the Companies Act, 1956. Similarly, Form 23D relating to information by cost auditor to Central Government would facilitate the one and same cost auditor to furnish the information of his/her appointment as cost auditor for the multi products/units. The revised version of new Forms 23C and 23D along with instructions for filing up these forms are hosted on the Institute website and MCA21 website.

### **CEP-I Directorate**

I am pleased to inform that well known international authority on Accounting Standards, Dr. T P Ghosh, Professor, IMT Dubai conducted the workshop by the Institute in order to help the Corporates to update their knowledge on the Revised Schedule VI to the Companies Act 1956. As expected, Dr. Ghosh was able to impart a practical approach to the concept, which has triggered the demand for more such workshops in future.

I request the members to go thru the calendar of Management Development Programmes for the year 2012-13 which has been brought out by the Directorate incorporating the new topics and other contemporary topics for up-dation of the CMA professionals. The same is being published in the Journal for the information and use of our members and others.

### **CEP-2 Directorate**

I am happy that the CEP-2 Directorate is planning to bring soon the webinars of some of the technical sessions of the eminent faculty members for the benefit of our members and students. The Directorate had discussions with many Government Departments and other organizations for organizing exclusive tailor made in-house programmes for them during the year 2012-13.

### **Membership Directorate**

I am glad to inform you that the scheme of Benevolent Fund is being redesigned for providing more benefit to the members of the Fund. For this purpose, the Life Membership fee for the Benevolent Fund has been raised to Rs. 2500/- (one-time payment) from the existing fee of Rs. 2000/-. For the purpose of obtaining benefit from

the Fund, a member should ensure to pay his up to date Associate/Fellow membership fees to the Institute and his name should continue to exist in the Register of Members of the Institute. I request the members to take full advantage of the membership to the Benevolent Fund.

#### **Journal Directorate**

I am happy to share that 'The Management Accountant' journal has now come with a new professional 'avataar' —in full colour, thereby fulfilling the wishes of all our members. This has improved the external look and get up of the journal significantly and is now comparable with some of the best of the journals in the country. I complement the Chairman and the members of the Journal Committee for this. The use of 'map litho' paper of the best quality and superior printing has contributed to a great extent in the beautification process. I am also happy to know that the efforts to continually enhance the qualitative aspect of the journal by inviting practical articles from corporate managers, industry experts and practicing members is bearing fruition. As members can see that the April 2012 journal has 90% of the coverage from the practical point of view. I request all subject matter experts in various industries to continue to contribute to the knowledge base of one and all through the official organ of the Institute.

#### **Advanced Studies Directorate**

In the month of April, the Board of Advanced Studies

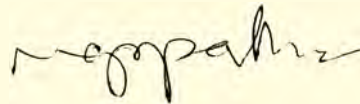
met twice in order to finalize and launch two of its initial courses on :

- (I) Business Valuation and Corporate Restructuring, and
- (II) Treasury and Financial Risk Management

The above two courses are expected to be launched soon and the details on the courses shall also soon be made available to interested candidates. It has been decided that more of such advanced studies courses in the field of cost and management accountancy and other allied disciplines, that enjoy market demand and scope can be launched for our members in the future. I am glad that best of the minds from academia and industry comprising the Advanced Studies Board are putting their efforts and experience in designing these courses for the benefit of our members and the profession, on the whole.

My best wishes to the members and their families for Budh Purnima and other festivals during the month,

Sincerely yours,



CMA M. Gopalakrishnan  
President  
The Institute of Cost Accountants of India  
1st May 2012