

## ICAI against giving investigative power to new financial authority

With the ministry of corporate affairs close to issuing rules that will give the National Financial Reporting Authority (NFRA) an overarching role to regulate chartered accountants and set standards, current regulator ICAI is up in arms against it.

In a representation to the ministry, the Institute of Chartered Accountants of India has cautioned that giving all the powers of framing accounting standards and investigation to NFRA will lead to “duplication of work and undermine the autonomy of the institute which has been self regulated so far”.

Several council members who spoke to The Indian Express said the NFRA “should not be given the power of investigation as the ICAI is doing the same work. Also, the multiplicity of regulators will not serve any purpose as steps suggested by the government are already being undertaken by the institute.”

The rules for NFRA will come through as part of the rules for Companies Act 2013. According to the section 132 of the Act, NFRA will be set up not only to make recommendations on formulation and laying down of accounting and auditing policies and standards for companies, it will also monitor and enforce the compliance and oversee the quality of service of the professions associated with ensuring compliance with such standards.

The authority will also have the power to investigate misconduct committed by any member or firm of chartered accountants. What has worried the CA community the most is the fact that in cases where the NFRA initiates the investigation, no other institute or body can initiate or continue any proceedings.

K Raghu, vice-president, ICAI, who will be taking charge as the president of the ICAI on February 12, said, “We have said that NFRA should not have power of investigation because there is no need for one more institution to do the same thing. We have been assured that the ministry will take into account our consideration”.

Further, a council member, who did not want to be quoted, said the “wide and sweeping powers will pose serious problems not only for the institute but also for the MCA in administering it”.

“The ICAI, a regulator created by law, was given disciplinary provisions in 2006. We were given powers for disciplinary actions and that has shown good results, quick disposition of cases. When the rules are being drafted, they should look into all these aspects carefully,” he said.

Moreover, “it should not have come in the first place as there is a Bar Council which has not taken any action against its members, Medical Council of India has not taken any action against its doctors. ICAI is the only institution holding its members guilty and we have been given a supervising agency,” Amarjit Chopra, ex-president, ICAI, said.

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