

## Govt plans new agency to keep check on CAs - Times of India

NEW DELHI: The government is reviewing plans to put in place the National Financial Reporting Authority (NFRA) as it seeks to rein in the [Institute of Chartered Accounts for India \(ICAI\)](#) for its perceived failure in enforcing discipline.

While Companies Act 2013 had provided for NFRA as a regulatory agency for audit, accounts and financial reporting, Section 132 of the law has remained on paper as the rules are yet to be notified. "It is one of the few sections of the law that has not been notified yet," said a source.

Many believe that several chartered accountants had successfully lobbied with the government to block the notification as it would have taken away several powers that are currently vested with ICAI. Under the 1956 law, the Centre was to prescribe accounting standards prepared by ICAI in consultation with the [National Advisory Committee](#) on Accounting Standards (NACAS) - powers that are to be transferred to NFRA now. The new agency - which can have up to 15 members, including the chairman - is mandated to advise on issues related to audit and accounting standards and be the regulator for the profession.

The issue had been on the backburner for the last few years but is now simmering again after Prime Minister [Narendra Modi](#) publicly aired his criticism over ICAI's disciplinary record - a charge that the institute is now trying to cope with. At the [CA](#) Day event on July 1, Modi had said that just around 25 auditors had faced action in over a decade and around 1,400 cases were pending. ICAI is expected to fix the issue shortly, but that has not stopped the government from reopening the case for NFRA.

The law provides for NFRA to look into matters of professional or other misconduct and also suspend CAs and firms from practising for six months to 10 years. Sources said various options were being considered for the agency and a new mechanism for appeal was also being considered.

This also comes at a time when ICAI is pushing to revise joint audit of Indian companies after its plea for a mechanism was rejected by a committee headed by former Competition Commission of India chairman Ashok Chawla in a report to the Prime Minister's Office.

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