



"Purity of mind and clarity of vision"

MEMORANDUM OF UNDERSTANDING

Between

THE CHARTERED INSTITUTE OF PUBLIC FINANCE AND ACCOUNTANCY

and

THE INSTITUTE OF CHARTERED ACCOUNTANTS OF NEPAL

31 January 2018

Parties

- 1 **THE CHARTERED INSTITUTE OF PUBLIC FINANCE AND ACCOUNTANCY (CIPFA)** of 77 Mansell Street, London E1 8AN
- 2 **THE INSTITUTE OF CHARTERED ACCOUNTANTS OF NEPAL (ICAN)** of of Satdobato Lalitpur PO Box Kathmandu Nepal

(Together, the 'Parties')

Background

- A. CIPFA represents approximately 18,000 members and students who are public finance leaders and officials in the UK and overseas. The chartered body specialises in high quality public financial management and governance for organisations in, and providing support to, government and public services.
- B. The Institute of Chartered Accountants of Nepal (ICAN) was established under a special act, The Nepal Chartered Accountants Act, 1997 to enhance social recognition and faith of people at large in the accounting profession by raising public awareness towards the importance of accounting profession as well as towards economic and social responsibility of the accountants, and to contribute towards economic development of the country. The Institute is an autonomous body and is fully authorized by the Act to regulate accountancy profession in Nepal
- C. The Parties are both independent professional bodies sharing a common interest in enhancing the quality of public financial management, both through enhancing the skills of professional accountants and through contributing to the enhancement of capacity in the Government of Nepal through a range of collaborative activities specified in the MOU. In this respect both parties recognise the critical importance of training in public sector financial management and audit.
- D. The Parties have agreed to enter into this memorandum of understanding ('MOU') to record comprehensively the basis upon which they will work together to strengthen public financial management capacity in Nepal.

Position Statements

The Chartered Institute of Public Finance and Accountancy (CIPFA)

CIPFA is the professional body for people in public finance. Its members work across a wide range of public sector bodies, including national, regional and local governments and national audit agencies, as well as major accountancy firms and in other public and private sector bodies where public money needs to be effectively and efficiently managed. As the world's only professional accountancy body to specialise in public services, CIPFA's portfolio of qualifications is the foundation for a career in public finance. It also champions high performance in public services, translating its experience and insight into clear advice and practical services. Globally, CIPFA shows the way in public finance by standing up for sound public financial management and good governance.

The Institute of Chartered Accountants of Nepal

The Institute of Chartered Accountants of Nepal (ICAN) was established under a special act, The Nepal Chartered Accountants Act, 1997 to enhance social recognition and faith of people at large in the accounting profession by raising public awareness towards the importance of accounting profession as well as towards economic and social responsibility of the accountants, and to contribute towards economic development of the country. The Institute is an autonomous body and is fully authorized by the Act to regulate accountancy profession in Nepal.



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1 Objectives and principles

- 1.1 The purpose of this Memorandum of Understanding (MOU) is to create a basis for cooperation and collaboration between CIPFA and ICAN for the advancement of high quality public financial management in Nepal through joint activity in a number of areas including, but not limited to:
- a) Capacity building in the area of Public Financial Management within ICAN and amongst its members;
 - b) The development of a "Centre of Excellence" to strengthen the accounting profession and public financial management in Nepal;
 - c) Professional development enabling opportunities for membership; and
 - d) Consideration of further opportunities in the future.
- 1.2 Both CIPFA and ICAN, with their respective perspectives, strive to serve the public interest and thus are engaged in building confidence and capacity, and enhancing governance processes in public sector institutions. Both bodies have similar interests and are willing to share their expertise in furtherance of their common objectives.
- 1.3 Both CIPFA and ICAN are of the view that, as in other jurisdictions, an effective public service in Nepal requires enhanced capabilities within the public sector in public financial management. Both parties also recognise that public financial management is becoming an increasingly important issue for governments, with increasing pressure on governments to account comprehensively and openly for the resources they obtain through borrowing and taxation, and for their use of those resources. This pressure is resulting in an increasing uptake by governments of international accounting standards for financial reporting and international norms for public financial management.
- 1.4 The objectives of the Parties in entering into this MOU are to collaborate in the promotion of high quality financial management in Nepal through joint activity in a number of areas:
- a) Development of relevant thought leadership and advocacy on the importance of high quality public financial management in Nepal.
 - b) Identification of areas for capacity building within ICAN, amongst its members and people employed in government departments.
 - c) Development of proposals to international development organizations and other relevant organisations for funding to achieve this.
 - d) Development of relevant training provision, products and/or services designed to help build services to ICAN members, and those working with the public sector, based on the joint identification of gaps and opportunities. The training developed will be jointly co-branded with ICAN and CIPFA, in Nepal with CIPFA supporting ICAN on pre-agreed initiatives.
 - e) Creation of professional development routes into CIPFA membership for ICAN members (CA members and RA members Category B and C) to be awarded a CIPFA designation and membership and be recognised for their experience and training in the public sector (see Appendix).
- For the avoidance of the doubt, CA member is ACA or FCA who has gained membership of the ICAN through completion of ICAN's education and training route. CA members who are members who are members of ICAN by virtue of an advanced credit MoU, mutual recognition agreement or reciprocal membership agreement with another professional body will not be eligible for CIPFA membership under this agreement unless specifically approved by CIPFA.
- f) Consideration of other options for working together to promote high quality PFM in the future.
- 1.5 The Parties agree that in their dealings with each other they will act in good faith, consult in advance of significant actions that relate to the objectives and principles above or that may affect the interests

of the other party as expressed in the position statements above, and make decisions in areas of cooperation by agreement, approaching issues in a collaborative and transparent manner.

- 1.6 The Parties agree to consult over public statements or information concerning the materials or policies generated under this MOU.

2. Respective Key Responsibilities

2.1 CIPFA

- Provide advice and advocacy to influence and promote public financial management in Nepal
- Provide assistance to ICAN for the development of capacity within ICAN and amongst its members in the area of Public Financial Management
- Provide accessible routes to CIPFA membership to members of ICAN and persons employed in public sector bodies
- Provide membership benefits relevant to the members and accessible online;
- Support delivery of co-branded training in collaboration with ICAN, within Nepal.

2.2 ICAN

- Provide advice and advocacy to influence and promote public financial management in Nepal
- Market membership opportunities to ICAN members working in and around public services and CIPFA training for staff in public service requiring professional qualifications.
- Assist CIPFA to identify suitable candidates for immediate membership.

3 Project management

- 3.1 The Parties shall work together and manage delivery of the outputs from this MOU by meeting quarterly, either in person or by conference call, to discuss project plans covering the work streams.
- 3.2 The quarterly meetings will identify the individuals in each organisation with primary responsibility for the projects and they will drive the collaboration at operational level. Issues that cannot be resolved at operational level will in the first instance be referred to the Contact Persons prior, if required, to reference to a formal meeting of representatives the Parties.

4 Review

- 4.1 Representatives of the Parties will meet annually to review and discuss the operation of the MOU and the joint initiatives arising from it.

5 Intellectual property

- 5.1 For the purpose of this clause:

a) **'Intellectual Property'** means all copyright, inventions, patents (including patent applications), trade marks (whether registered or not), designs (whether capable of being registered or not), eligible circuit layout rights, know-how and other confidential information and rights in relation thereto.

b) **'Materials'** means the materials jointly developed by the Parties as part of the collaboration projects referred to in this MOU.

- 5.2 Unless agreed otherwise in writing by the Parties, all Intellectual Property developed by CIPFA is and will remain the property of CIPFA and, except as permitted by this MOU, must not be reproduced or incorporated into ICAN's documents or other materials or the Materials without the prior written permission of CIPFA.

- 5.3 Unless agreed otherwise in writing by the Parties, all Intellectual Property developed by ICAN is and will remain the property of ICAN and, except as permitted by this MOU, must not be reproduced or incorporated into CIPFA's documents or other materials or the Materials without the prior written permission of ICAN.

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- 5.4 To the extent that the Intellectual Property of CIPFA or ICAN is incorporated into the Materials, unless agreement is reached to the contrary, each Party will have the unrestricted right to use, reproduce, communicate, publish, commercialise and/or exploit such Materials, without prejudice to the ownership of the Intellectual Property contained therein.
- 5.5 Each of the Parties ('Indemnifying Party') will indemnify and hold harmless the other Parties and their directors, officers, employees and agents, from and against any liability arising from, or related to, any claim that the use of the Indemnifying Party's Intellectual Property by any Party infringes on the Intellectual Property of a third party.

6 Confidentiality

- 6.1 For the purposes of this clause 'Confidential Information' means, in respect of a Party, all information relating to the other Parties, their operations, business, products, services and/or members, other than information that:
- a) is in or comes into the public domain through no fault of the relevant Party or any of its officers, employees, agents or contractors
 - b) was and can be demonstrated to have been, lawfully in the relevant Party's possession or known to the relevant Party before its disclosure, or
 - c) is disclosed to the relevant Party by a third party having no obligation of confidence in relation to that information.

Each Party agrees:

- a) to keep confidential all Confidential Information, and
 - b) to use the Confidential Information solely for the purposes of this MOU.
- 6.2 Nothing in this clause will prevent the disclosure of information that is required to be disclosed by law. Where either Party is required by law to disclose information obtained under this MOU, the disclosing Party will notify the other Party in writing as soon as practicable.
- 6.3 The Parties will abide by all relevant privacy obligations and legislation and not disclose any personal information which it is not permitted to disclose to the other Party, or which the disclosure of, would amount to a breach of any privacy obligations or legislation that apply to that Party. CIPFA will collect ICAN member's information via the CIPFA membership application process and will abide by the data compliance, privacy policy and third party sharing rules as mentioned at <http://www.cipfa.org/privacy>.

7 Disputes

- 7.1 Where there is a disagreement over any matter related to issues in this MOU, the Parties will seek to resolve the issue by negotiation at an operational level. If these negotiations fail, the matters will be referred to the Chief Executive Officers of each Party for discussion and resolution.
- 7.2 In the event of disagreement which cannot be resolved, the MOU can be rescinded by giving three months' notice. Six months thereafter will be allowed to complete any programmes and projects in hand.

8 Termination

- 8.1 This MoU is not intended to create a legally binding relationship and its provisions are not intended to give rise to legally binding rights, obligations or liabilities. However, by virtue of this MOU certain valuable rights will be created, which both the parties are committed to honour to the success and enforcement of this MOU.
- 8.2 This MOU will continue in full force and effect unless and until terminated in the following manner:
- a) by agreement of both the Parties
 - b) by either Party on not less than 3months written notice to the other Party
 - c) upon expiry of the MOU in accordance with clause 8.3



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8.3 This MOU shall continue for three years from the date of signing and is automatically be renewed if not terminated by the either party giving proper notice under this MOU.

8.4 Upon termination of the MOU, the Parties must meet, as soon as practical to discuss and agree the process by which the joint initiatives referred to in this MOU will be terminated. This includes ensuring that the interests of the members of any of the Parties who have become, or have applied to become, members of any other Party prior to the date of termination are not prejudiced by such termination.

9. Prior notice of developing new partnerships.
This MOU is between CIPFA and ICAN. CIPFA agrees not to enter into a similar MOU in Nepal with any local or foreign professional accountancy body without prior consultation with ICAN. And ICAN agrees not to enter into a similar MOU relating to Public Sector Financial Accountancy with any professional accountancy body in UK without prior consultation with CIPFA.

10 Contact person

10.1 Notices or other communications made to in respect of this MOU are to be made to the following contact persons (unless a Party changes its contact person by written notice):

CIPFA: Gillian Fawcett, Head of the Governments Faculty
Telephone: +44 (0) 20 7543 5633 Email: Gillian.fawcett@cipfa.org

ICAN: CA Sanjay Kumar Sinha, Executive Director
Telephone: +977 (1) 5530 832 Email: sanjay.sinha@ican.org.np

11 General

11.1 This MOU becomes effective when signed by both Parties.

11.2 Any variation to the MOU must be agreed by the Parties in writing.

11.3 Neither Party shall make any public announcement of this MOU or its contents without the consent of the other Party.

11.4 Each Party must do everything necessary, or reasonably required by the other to give effect to this MOU and the transactions contemplated by this MOU.

11.5 Each Party will bear its own costs in relation to the preparation of this MOU.

11.6 This MOU may be executed in any number of counterparts, and if so the counterparts will be taken to constitute one instrument.



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Signed for and on behalf of The Chartered Institute of Public Finance and Accountancy

Chairman: A. N. Burns
PRESIDENT

Chief Executive: *Stallis*
Head of New and Emerging Markets.

Date: 31 January 2018

Signed for and on behalf of the Institute of Chartered Accountants of Nepal

President: *[Signature]*
PRADOSH JUNG THAPA

Executive Director *Sajankumar Sirla*
Sajankumar Sirla

Date: 31.01.2018

APPENDIX

1. **CIPFA will develop and promote routes into CIPFA membership for ICAN members to get qualified and recognised for their experience and training in the public sector.**

CIPFA is the only regulated public sector accountancy body in the world. CIPFA membership is a recognised symbol of professional excellence which influences public financial management worldwide. ICAN members joining the CIPFA network will build on existing skills and training to keep them up to date with the latest developments in public finance, gain accreditation and get access to a range of products and services to enhance knowledge, skills and career development.

Having successfully completed a syllabus mapping exercise we can confirm that our recommendation is that ICAN CA members can apply for full CIPFA membership (subject to experience and successfully completing the CIPFA application process). All routes for ICAN members wishing to come into CIPFA membership is highlighted below:

- i. CIPFA membership and the designation of CPFA (Chartered Public Finance Accountant) can be sought through CIPFA Bye Law 5. ICAN under this MoU, are invited to identify CA members of ICAN who are in good standing, and have 5 years or more public sector experience as defined below in clause v. Completed online application forms including CV's of members will be assessed by CIPFA's Membership Committee and full CIPFA membership and the CPFA designation awarded if successful.
- ii. CIPFA Affiliate membership is open to:
 - a. Full CA members of ICAN in good standing, with less than 5 years' experience gained working with/for the public sector can be offered the CIPFA Affiliate Membership designation. Completed online application forms including CV's of members will be assessed by CIPFA's Membership Committee and awarded CIPFA Affiliate membership.
 - b. Registered Auditor members outlined by ICAN, in good standing and having 10 years or more public sector experience as defined in clause v can apply for CIPFA Affiliate membership who are defined as Category B & C* (definition of B & C is below), are registered Auditor members licensed under separate act (Audit Act) before enactment of ICAN Act in 1997. Completed online application forms including CV's of members will be assessed by CIPFA's Membership Committee and awarded CIPFA Affiliate membership.
- iii. Fast track route to CIPFA membership accessible to all CA members of ICAN. CIPFA offers all CA members of ICAN ten exemptions from the CIPFA International Public Financial Management qualification. ICAN CA members working across all sectors and disciplines can become CIPFA qualified by studying two papers: Public Sector Financial Reporting Paper (PSFR) and the Strategic Public Finance Paper (SPF) through this fast track route. Entrants via the fast track route pay no exemption fees and are exempt from our workplace practical experience requirements. Besides, ICAN part qualified students would also have the opportunity to achieve exemptions from some papers of CIPFA.



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iv. In tabular format, the routes to CIPFA membership for ICAN members is shown below:

ICAN membership	With 5 years public sector experience	Route to CPFA (Chartered Public Financial Accountant)	CA members less than 5 years public sector experience	Open to Registered Auditor Members defined as coming from Category B&C having 10 years of public sector experience
Full Member: Chartered Accountant	CIPFA Full CPFA membership via online application route	CIPFA online application to Membership	CIPFA Affiliate membership via online application route and to complete: 1. Public Sector Financial Reporting. 2. Strategic Public Finance.	CIPFA Affiliate membership via online application route and to complete: 1. Public Sector Financial Reporting. 2. Strategic Public Finance.
Student Members (any level)	CIPFA Affiliate membership via BL5	Best route to CPFA is to complete membership with ICAN and convert via BL5.		

v. **'Public Service Experience'** as mentioned in this MoU can be clarified by mutual understanding between ICAN and CIPFA. However, both ICAN and CIPFA agree that Public Sector is broadly 'Government (central or local)', including either national, provincial, local level, or any organisation that provides or works with public services i.e. state owned enterprises. Public sector experience can be achieved by any involvement with Public Sector either as employment or consultants or auditor or through advisory services or by any means. For further clarity, Public Sector means any organisation or body that is:


- owned or controlled by government or Which a 'government' has an interest above 20%
- supervised directly or indirectly by 'government'
- funded wholly or substantially by 'government'
- any autonomous body
- any regulatory body
- any professional institute
- any services rendered as part of government
- any government projects
- supplying utility services
- supplying services subject to price regulation by a statutory body
- wholly or largely concerned with auditing, supervising or funding public service bodies
- administering or supervising the administration of pension, insurance or superannuation schemes established primarily for officers and employees and dependents of officers and employees of 'government' or body or organization referred to above
- Any involvement with public sector either as auditor or consultant or by any means
- Other such public bodies or organizations may, from time to time, be recognized by the CIPFA Council as public sector.

vi. **Registered Auditor definition of Category B**

- M.Com or MBA or equivalent with TWO years' experience in Accounting or Auditing OR
- MA or equivalent with majoring in Mathematics or economics or statistics OR Bachelor's degree in commerce AND having 5 years' experience in accounting or auditing.

Registered Auditor definition of Category C

- M.Com, MBA, or equivalent with ONE year experience in Accounting or Auditing OR
- MA or equivalent with majoring in Mathematics or economics or statistics OR Bachelor's degree in commerce AND having 3 years' experience in accounting or auditing OR

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- Bachelor's degree or equivalent with majoring in Mathematics or economics or statistics OR Bachelor's degree in commerce AND having 5 years' experience in accounting or auditing OR 5 years' experience in an officer level in accounting or auditing.

vii. Proposed benefits, for CIPFA Affiliate members and full CIPFA members:

- Member access to CIPFA website and materials.
- Access to Management Direct online support tool developed by CIPFA and CMI (Chartered Management Institute) including videos, e-learning modules, checklists, articles and e-books.
- Access to members' technical enquiry service.
- Member discounts on training and publications.
- Access to online e-learning.
- Receive twice weekly Public Finance International newsletter.
- Online access to Public Money and Management publications.
- Online access to blogs and discussion forums.
- Quarterly CIPFA international members PFM e-newsletter.

viii. CIPFA Membership fees have agreed for members of ICAN as set out below:

- Full member CPFA (Chartered Public Finance Accountant) - £77 GBP [normally £310]
- CIPFA Affiliate membership - £38 GBP [normally £155]

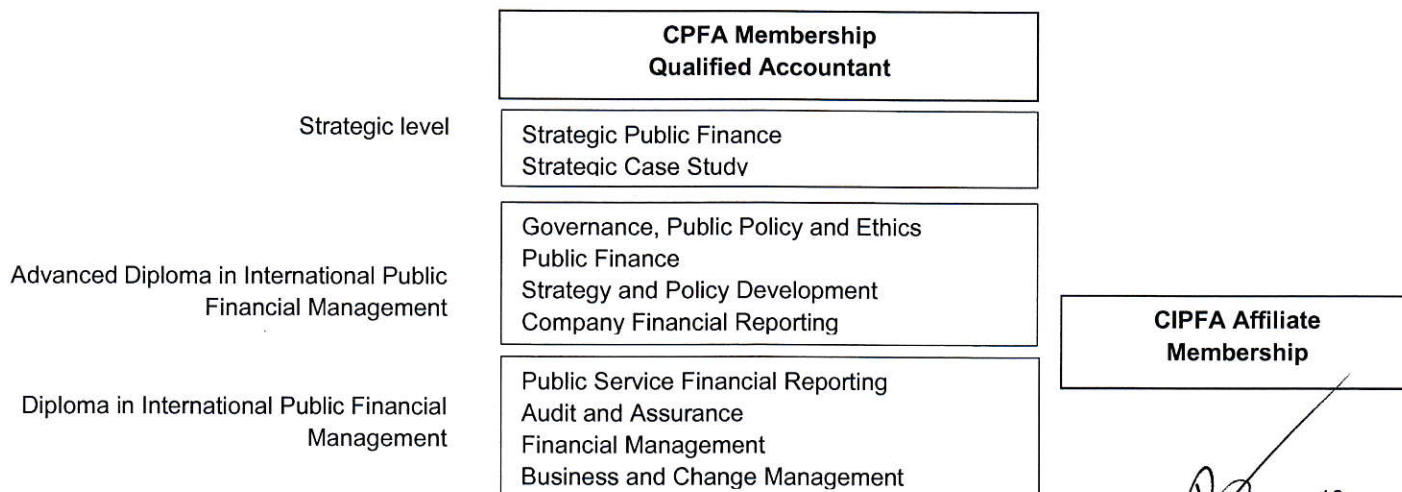
2. Bye Law 5 definition

The CIPFA Council may by a vote of three-fourths of the members of the Council present and entitled to vote elect as a Member an individual holding an accountancy qualification who:

- has attained standards in education, training and examinations comparable to the Institute's education, training and examination requirements; and
- is a member of an accountancy body which is from time to time recognised by the Institute for the purposes of this Bye-Law; and
- has either:
 - made a significant contribution to the work of the Institute; or
 - Held a position of distinction in public finance and or management and made a significant contribution towards the promotion of the purposes for which the Institute is constituted.

The CIPFA Council may make and may from time to time vary, amend, revoke and replace. Regulations prescribing the rights, privileges and obligations of the Members (including, without limitation, any obligation to pay fines or compensation for costs in connection with disciplinary proceedings brought against the Member in question), the qualifications for membership, the method and terms for election, resignation, expulsion and disqualification, the entrance fees and subscriptions, the recognition of bodies for the purposes of Bye-Law 5 and such other matters relating to or connected with such membership of the Institute as Council shall in its absolute discretion see fit.

3. CIPFA International Public Financial Management qualification



Cert in International Public Financial
Management

Financial Accounting
Management Accounting

For more information visit: www.cipfa.org/qualifications/ipfm

A stylized handwritten signature in black ink, consisting of a large, looped 'B' followed by a long horizontal stroke.