



THE NEPAL CHARTERED ACCOUNTANT



March, 2024
Vol. 26 No. 3

Journal of The Institute of Chartered Accountants of Nepal



नेपाल चार्टर्ड एकाउन्टेन्ट्स संस्था

THE INSTITUTE OF CHARTERED ACCOUNTANTS OF NEPAL

Established under the Nepal Chartered Accountants Act, 1997

Fundamental Principles of Professional Accountants



Strategic Direction of ICAN





THE NEPAL CHARTERED ACCOUNTANT

(Quarterly Journal of The Institute of Chartered Accountants of Nepal)

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Printed By:

Navinsoch Investment Pvt. Ltd. Tel: 01-5455880

Subscription Rates	Rs. 600 (including courier charges for Organizations)
Annual Subscription	Rs. 400 (including courier charges for Member)
	Rs. 300 (if received by self)

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Editorial

Navigating the New Strategic Necessity: The Sustainability Reporting Practices

The International Sustainability Disclosure Standards, IFRS S1 General Requirements for Disclosure of Sustainability-related Financial Information and IFRS S2 Climate-related Disclosures Standards pronounced/issued by International Sustainability Standards Board issued by the International Sustainability Standards Board (ISSB) has been effective for adoption with effective from 1st January 2024. Simultaneously, the International Auditing and Assurance Standards Board (IAASB) has also proposed International Standard on Sustainability Assurance (ISSA) 5000, General Requirements for Sustainability Assurance Engagements which is to be issued before 2024 and will serve as a comprehensive, standalone standard suitable for any sustainability assurance engagements. Likewise, the International Ethics and Standards Board for Accountants (IESBA) has also proposed standards for ethical considerations in sustainability reporting and assurance.

At present, more than 20 jurisdictions, representing over half (55%) of the global GDP, more than 40% of global market capitalization and more than half of global greenhouse gas emission have committed to adopt the IFRS Sustainability Disclosure Standards (ISSB Standards). The adoption of ISSB Standards has been widened following the International Organization of Securities Commissions (IOSCO) endorsement of ISSB Standards in July 2023. Besides, the International Federation of Accountants (IFAC) is also a collaborating partner with the IFRS foundation on its Regulatory Implementation Program.

While the issues regarding sustainability reporting and assurance have geared up priority at the international level and has become inevitable for strategic decisions making, the South Asian Region are also paving their way for adoption of sustainability reporting.

Institute has been taking up the issue of sustainability with utmost priority. Series of interaction and programs have been conducted to raise awareness amongst the stakeholders and members regarding sustainability and policy interference has been

undertaken for development of sustainability reporting standards in Nepal. In March 2024, the Institute organized an International Conference on Sustainability Reporting.

The conference was focused on identifying a coordinated mechanism which will decide further course of action for embracing sustainability reporting in South Asian Region. Globally in recent stages, corporate decision-making has undergone a significant shift. Initially prioritizing profit, companies/ investors are now placing environmental concerns (Planet) at the forefront, followed by people's well-being, and finally, profit.

Sustainable Development has been a global agenda for the last 25 years and Nepal reflected in the 13th plan although it was internalized from 14th Plan. The 16th National plan has also envisioned SDGs and intends to enhance collaboration amongst private sector, cooperatives, development partners, civil society and people support to realize that attainment of SDG is not possible only from the single effort of the government. This indicates that the government is keen to undertake ESG activities by joining hands with every sector of the economy. Despite the commitment of the government there is a gap in collaboration among the key stakeholders, to bridge this gap by collaborating with relevant authorities for successful implementation of ESG. It is worth noting that sustainability goal cannot be achieved individually it should extend beyond professional members to encompass corporate entities as their active participation is crucial for the successful implementation of sustainability reporting and the cultivation of sustainable business practices.

As the Accounting Standards Board of Nepal is under process for development of Nepal Sustainability Reporting Standards, the professional accountants will have to demonstrate their professional knowledge and skill in implementing these standards effectively. They will be the bridge between the new regulation and business, navigating the economy towards sustainable future.

From the President



CA. Sujan Kumar Kafle
President, ICAN

Dear Professional Colleagues,

I am delighted to welcome you all to the March 2024 edition of The Nepal Chartered Accountants Journal. I take this opportunity to keep up-to-date to the Members of the major developments of the Institute achieved during the period of January–March 2024.

Besides Institute’s routine work, the key activities performed includes celebration of 27th Anniversary along with 6th Convocation Ceremony, organizing the International Conference on Sustainability Reporting 2024 and hosting 83rd SAFA Board Meeting in Pokhara, organizing a “Pre-Budget Interaction Program” with the Members to collect recommendation and suggestions for upcoming Federal Budget of 2024-25 which has been submitted to the Government of Nepal, ongoing process for upgrading Chartered Accountancy and Accounting Technician syllabus and so forth.

On this note, let’s dive into some highlights of major activities undertaken during third quarter, January to March 2024.

Regulation and Supervision

The regulatory function of the Institute has been undertaken on a routine basis. Initiation has been taken to review and update of directive regarding minimum audit fee and audit quality management system. Additionally, the Institute have been conducting monitoring of practicing firms both inside and outside Kathmandu valley.

Professional Development

Globally, Sustainability is no longer an ethical concern, it’s a strategic business driver. Recognizing this fact and its importance for Nepal, the Institute has undertaken various initiatives for promoting awareness of sustainability reporting and sustainable business practices in Nepal. In March, the Institute organized International Conference on “Sustainability Reporting”, and it was an honor to welcome Mr. Heshana Kuruppu, President SAFA and ICASL and Mr. Ashfaq Yousuf Tola, Vice-President, SAFA along with other distinguished guest and delegates from SAFA during the Conference. This conference was a pivotal step forward promoting sustainability in Nepal and it has also paved the way for cooperation and collaboration amongst the SAFA member bodies.

To ensure member input in the upcoming Finance Bill 2081 and Federal Budget 2081/82 of the Government of Nepal, the Institute organized a pre-budget interaction program in Kathmandu and all its six branches. Additionally, the Institute has been working with Nepal Insurance Authority (NIA) for smooth implementation of NFRS 17: Insurance Contract. The collaboration involved series of meetings and discussions with the NIA and CEOs of insurance companies in Nepal.



Education

The Institute observed 6th Chartered Accountants Convocation Ceremony in January 2024 coinciding with the celebration of the 27th Anniversary of the Institute. I extend my congratulations to all the newly-convocated members and hope that they will respect the professional values and uphold the reputation of the accounting profession in their professional journey.

National Relation: Public and Government

Strengthening Public Financial Management (PFM) remains a top priority of the Institute. To achieve a stronger PFM system in Nepal through the service of the professional accountants, the Institute organized an interaction program with the key stakeholders from the Government of Nepal including the representatives from the Ministry of Finance, Ministry of Federal Affairs and General Administration, Office of the Auditor General, and other State-Owned Enterprises. The focus of the program included legal provision in the concerned Act for inducting Chartered Accountants in the public sector and creating positions of Chartered Accountants in ongoing Organization and Management Survey (O&M) of related line ministries. The Institute also presented a report on this proposal before the Hon'ble Finance Minister and other key stakeholders. Moreover, the Institute also organized an interaction program with the regulatory authorities in PFM in Biratnagar.

International Relation: Global Positioning and Leadership

The Institute hosted 83rd SAFA Board Meeting along with meeting of various SAFA Committees in Pokhara. In the sideline of SAFA Board meeting held in Pokhara, a session of prize distribution to the winner of Women Leadership Award was held in the presence of Mrs Hina Usmani, chairperson SAFA Women Leadership Committee.

Besides this, myself along with CA. Prabin Kumar Jha, Vice – President and the senior officers of the Institute, also attended a cordial meeting with the delegates from the Ahmedabad branch of the Institute of Chartered Accountants of India (ICAI) and Chartered Accountants Association, Ahmedabad held in Kathmandu. During the meeting, discussion was held on ongoing professional and technical exchanges between the Institute and ICAI and further scope of cooperation.

Similarly, a courtesy meeting with the Secretary General honorable Mohd. Golam Sarwar of South Asian Association for Regional Cooperation (SAARC) was also completed in presence of SAFA President and Vice-President in Kathmandu.

In recognition of March as Women's History Month, the Institute celebrated the remarkable contributions and achievements of our female members in the area of accounting profession. I am happy to share that the Institute hosted the SAFA Women's Day celebration along with the First SAFA Women's Leadership Award Ceremony in 2024 in March in Pokhara.

Institutional Development and Sustainability

The Institute marked its 27th Anniversary on 31st January 2024 in the gracious presence of Hon'ble Finance Minister, Dr. Prakash Sharan Mahat, as the Chief Guest. The Institute also launched its own mobile application "ICAN Nepal" to facilitate its members and students.

Concluding Remarks,

Wrapping it up, I urge you to continue reading this publication and request membership to contribute insightful articles for next issue as sharing knowledge and experience gained in professional field that might benefit to the entire professional fraternity.

With Best Wishes,
CA. Sujan Kumar Kafle,
27th President, ICAN



Transformation in Reporting Practices

Technical Officer Team formed by ITAG (Integrity, Transparency, Accountability and Good Governance) Committee of South Asian Federation of Accountants (SAFA)

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Introduction

Historically, business performance has been measured and reported in financial terms to gauge performance and help business management. Over the past two decades, however, there has been compelling evidence that a broader information set is required to give a comprehensive and complete picture of a business's ability to survive and prosper in today's dynamic environment.

Earlier the corporates used to prepare the annual report considering the shareholder's point of view, but now the paradigm has been shifted from shareholder's expectations to stakeholder's expectations. The entities are supposed to prepare the annual report in a manner which meets the expectations of all stakeholders including regulators and society. In today's era, the non-financial information also plays a pivotal role in making their decisions.

The emerging reporting landscape is characterized by increased use of integrated reporting, sustainability reporting and non-financial disclosures. Emphasis on Environmental, Social and Governance (ESG) factors is growing, reflecting a broader awareness of corporate responsibility. Automation, data visualization and AI-driven analytics are also playing a pivotal role in providing real-time insights. Furthermore,

increased focus on narrative reporting and stakeholder engagement is shaping the evolving reporting landscape.

Adopting the good reporting practices helps organizations to enhance the quality and credibility of their reports, thereby fostering better decision-making, accountability, and transparency.

Evolution in reporting practices

Change is a key to success. It is visible in reporting, as broad changes have taken place with the shift from shareholder's approach to the stakeholder's approach:

- **Integrated Reporting:** There is a growing emphasis on integrated reporting, which aims to provide a more holistic view of a company's performance by integrating financial and non-financial information.
- **Sustainability Reporting:** Increasing recognition of the importance of environmental, social, and governance (ESG) factors has led to the integration of sustainability reporting into financial reporting.
- **Digital Era:** Advances in technology, including cloud computing and big data analytics, have transformed the way financial data is processed and analysed. Real-time financial reporting has become

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more feasible, providing stakeholders with timely information.

- **International Financial Reporting Standards (IFRS):** The globalization of business prompted the development of IFRS to establish a common set of accounting standards across countries. IFRS is now adopted or accepted in many parts of the world, promoting consistency in financial reporting.
- **Artificial intelligence (AI) and Machine Learning:** AI and ML technologies are being increasingly integrated into financial reporting processes. These technologies can analyze vast amounts of data, identify patterns, and provide insights for better decision-making.

The evolution of financial reporting has undergone significant changes over time, reflecting advancements in technology, changes in business practices, and regulatory developments.

Reporting has evolved in light of the above parameters, but questions arise whether entities are adopting these and if yes, what are those good practices that other entities across globe should learn and incorporate in their reporting framework to make it a better version i.e. meeting the needs of interested stakeholders with time.

It is futile to mention why we require good reporting practices; we all are very well known that reporting is a means of communication for entities and good practices will aid to achieve the purpose of reporting in true sense.

The definition of good is very subjective but for our study we define its meaning - a good reporting practice is something that is not merely a law compliance but instead a demand of the hour due to shift in the way the businesses are done today, with the advancement of technology etc. The stakeholders' information needs form the basis

for deciding whether a reporting practice is good or not. For example, vision reporting is not required by any law, but it has its relevance from the stakeholder's point of view, as it addresses the commitment the entity has made to its key stakeholders, including customers, employees, shareholders, and community.

Objective

The annual reports of few organizations were evaluated to analyze and find the good practices that make a positive difference and fulfil the needs of the larger group of stakeholders.

Observations

We all know that corporate reporting is not only about the financial figures that are presented; it is also about how well the organization communicates its growth story and journey. Reporting is an effective tool that one must harness for the true evolvement of a business.

Through this study, we observed some areas that would be appropriate to be adopted by entities for better reporting purpose, in current business scenario.

The major principle that one must take care in reporting is to adopt a consistent reporting structure over time to preserve comparability; secondly, for making the report an insightful one, the organisation should go beyond numbers by analysing and presenting the information in a manner to make it more meaningful for the readers; thirdly, it is very important to offer forecasts and future oriented analysis to guide stakeholders on potential developments; fourthly, integration of non-financial information to have 360-degree view is a must by incorporating integrated reporting, sustainability reporting, human resource reporting, etc.

Organizational Overview

Going forward, the annual report should talk



about the organization's vision, mission, overall strategic objectives, and strategy for resource allocation that should align with the organization's core business activity. It informs stakeholders why the business came into existence, its core values, code of conducts, its current position and what is its future course of action and goals. The organization should demonstrate how it is committed to achieve its vision and mission through defining strategic objectives and strategies.

It is imperative that stakeholders gain an understanding of the business, its evolution and other basic information like its geographical presence, group structure etc. prior to understanding and analysing the organizations' performance and financial position. The organization should include such information in a very clear and presentable manner.

Governance

In an organization, board of directors takes strategic and several other key decisions. Therefore, the information about the board of directors and management becomes crucial for stakeholders to better understand the management capabilities and management's vision for the business. In this regard, information such as qualifications, experience, role in the organisation, shareholding in the organisation and directorship in other organisations are expected to be disclosed. Further, the information of various board and other governance committees should be included providing information on composition of such committees, their roles and responsibilities, number of meetings held and attendance etc.

The organization should report its governance framework based on various pillars like fairness, transparency, risk management, responsibility and accountability. The organization should have framed and

reported all the policies required for the smooth functioning of the organization like code of conduct, IT governance, CSR and stakeholders' engagement policy etc. The board of directors' profile should be included with their professional and other skills set for stakeholders to appraise appropriate management is onboard. Also, the compliance with the laws and regulations in place for corporate governance are complied with or not and in case not, the adequate reasons should be given by the management.

Performance

The performance of the organization should be described in the context of global economy, nation's economy and the industry in which the organization operates. This will help others to understand the environment in which the business is currently operating and to rightly appraise its performance. This is one of the very important sections of the annual report, where management explains organization's performance as a whole and its divisions/ segments; performance of group entities; organization's resource allocation in the form of six capitals, future plans and prospects; performance of board in achieving the organizations' objectives; information on significant plans and decisions of the board such as corporate restructuring, business expansion, major capital expenditure, its various types of strategies, discontinuance of operations etc.; key performance indicators showing performance over years and external factors that may affect the achievement of KPIs including ESG targets; organization's contribution to the government and economy as a whole and much more.

Risk Management

The organisation's risk management framework should be laid down in detail in accordance with the policy of the organisation. Specifically, the risk management components



should be covered i.e. identification, measurement and assessment, mitigation, reporting, monitoring and governance. The various principal risks faced by the organization are presented in a tabular format citing therein description of potential impact; type of risk: financial, operational, reputational and compliance; nature of such risk: short-term, medium-term, long-term; likelihood of occurrence: high, moderate, low; magnitude of risk: high, medium, low; source of risk: external, internal; capital impacted (among six forms of capital) and their risk mitigation measures.

Internal Control

The organisation should mention the steps taken to maintain the credibility of internal control system such as effectiveness of standard operating procedures and risk control matrix; audit of various functions by third party and other measures taken; disclosure of audit committee observations on effectiveness and adequacy of internal controls; board disclosure related to IT governance etc.

Excellence in Financial and Sustainability Reporting

While reporting financials, the organization should ensure the compliance of applicable financial reporting framework; disclosure of all material accounting policy information as per applicable financial reporting framework; comprehensive disclosures are given as required by the applicable standards, disclosures relating to non-compliances (if any) and other additional disclosures, wherever required.

It is important to note, certain additional reporting such as value-added statement, business model reporting, integrated reporting, human resource accounting, horizontal & vertical analysis, sustainability reporting etc. are provided nowadays to showcase how the organization is contributing for the

value creation to different stakeholders of the society through its business process and inputs taken from the economy.

Value Creation Model

Value creation model serves as a powerful tool to understand the process through which businesses generate value for themselves and contribute to the society. It should be presented as a simple diagram depicting the logical flow between inputs, business activities and outcomes. Further, connectivity of financial performance with performance and outcomes of other capitals should be demonstrated, preferably in matrix form.

Organisation's Sustainability Reporting Practices

Sustainability reporting enables the entities to engage more meaningfully with their stakeholders, by encouraging them to look beyond financials and towards social and environmental impacts organisation is creating through its activities. Further, the Chairman of the organisation should give an overview on how the organisation's sustainable practices can affect their financial performance.

Presentation of Annual Report

Overall presentation of the annual report should be such that the design should serve as a facilitator, making information more accessible and engaging but never at the expense of transparency, clarity, compliance with relevant statutes and the substantive content that stakeholders rely on to make informed decisions. Overall presentation shouldn't be clumsy and should be easily navigable. The goal should be to communicate the necessary information in an effective manner.



Sustainable Business Strategies and Sustainability & ESG Reporting Practices for Small and Medium Enterprises (SMEs) in Nepalese Context

Background

As per the United Nations Brundtland Commission, Sustainability means meeting the needs of the present without compromising the ability of future generations to meet their own needs. Business Strategy is the long-term plan that outlines an organization's course of action in achieving certain business objectives. Business strategy provides a clear direction to an entity where it wants to be in future. Hence, A sustainable business strategy embraces economic, environmental, and social aspects into an organization's policies, practices, and processes to create long-term benefits for the organization and its stakeholders while protecting and conserving resources and the planet for future generations.

Small and medium sized enterprises (SMEs) are those businesses whose revenue or assets or employees or any defined parameter fall below certain prescribed limits. SMEs are defined differently around the world. SMEs are the backbone of the economy to accelerate production and provide a wide range of employment opportunities. Globally, SMEs constitute over 90% of Business Enterprises and contribute over 50-60% of employment. SMEs are instrumental in exploring new technological advancements and innovations through the creation of new products or services. The government should promote SMEs through favorable legal, industrial, commercial, and business policies and at the same SMEs need to adopt sustainable business strategy to grow and survive in the competitive business world.



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Legal and Regulatory Provisions related to SMEs

There is no uniform definition of SMEs. Every jurisdiction has its own definition of what constitutes an SME.

In Nepal, Industrial Enterprises Act, 2020 has classified small and medium industries based on the fixed capital (a ceiling of NPR 150 million for small industries and NPR

150 million to NPR 500 million for medium industries).

Whereby, NFRS for SMEs, defines Small and medium-sized entities as entities that:

- do not have public accountability¹; and
- publish general purpose financial statements for external users. Examples of external users include owners who are not involved in managing the business, existing and potential creditors, and credit rating agencies.

Although SMEs are the entities that do not have public accountability, it does not mean that SMEs shall not consider sustainability in their business operations. Sustainable business strategies are equally important for SMEs as for big industries.

Legal and Regulatory Provisions related to Sustainability and ESG Reporting

In context of Nepal, various regulatory authorities have issued their own Regulatory Provision to for reporting the ESG and Sustainability matters. However, an exclusive sustainability reporting standard has not been mandated so far for facilitating consistent / uniform ESG Reporting in Nepal. The major non- financial reporting requirements mandated by various authorities have been

¹ Following are the entities having public accountability in Nepal meeting any of the below criteria:

- Borrowings from banks or financial institutions or public funds or from entities holding assets in fiduciary capacity – NRs. 500 million or more
- Balance Sheet total (without off-setting current liabilities with current assets) – NRs. 1,000 million or more
- Employees including workers in an average – More than 300
- Annual Turnover – NRs. 1,000 million or more
- Holding assets in fiduciary capacity (includes security brokers handling demat account, micro finance and cooperatives – NRs. 500 million or more

specified below:

Ministry of Forests and Environment (MoFE) and Department of Environment (DoE)

Environment Protection Act, 2019: The Act has provisioned proponents to prepare Initial Environmental Examination (IEE) and Environmental Impact Assessment (EIA) and submit before the concern body at the time of placing specified projects for approval. Likewise, an Environmental Management Plan (EMP) has been prepared prior to implementation of the project and its progress report shall be submitted every six months after project commencement / implementation.

Ministry of Industry Commerce and Supplies (MoICS)/ Department of Industries

Industrial Enterprises Act, 2020: The act has provisioned medium or large industry or cottage or small industry with annual turnover of more than 150 million rupees, to allocate at least 1% of its annual net profit in each fiscal year in CSR Fund.

Nepal Rastra Bank (NRB)

Environmental & Social Risk Management (ESRM) Guidelines 2022: The guideline is applicable for all BFIs engaged in SME finance, commercial leasing, term finance and project finance. The guidelines incorporate Environmental & Social (E&S) risk for various types of credits, E&S due diligence checklist to be considered by BFIs prior to approval of loan, E&S monitoring checklist and reporting template for BFIs to report to NRB. It also requires BFIs to develop a robust Environmental and Social Management System (ESMS), consistent with national laws and international best practice. However, there is no clear mandate so far to report the same in their annual report.



Unified Directives for BFIs: The directives mandates BFIs to allocate and spend minimum 3% of total staff cost of immediate fiscal year for staff capacity enhancement, likewise NRB also mandates to allocate minimum 1% of net profit in CSR fund and annually report NRB of the expenses incurred from the fund.

Bank and Financial Institutions Act, 2017: The act has provision for corporate governance practices in BFIs that needs to report in annual report.

Securities Board of Nepal (SEBON)

Securities Registration and Issuance Regulation, 2016: The regulation requires all listed entities to prepare reports comprising of Financial and Non-Financial information on quarterly basis and publish the same in national level newspaper by the entities. Besides, it also requires timely publication of an annual report comprising of relevant financial and non-financial disclosures.

Corporate Governance Directives for Listed Public Entities, 2018: The Directives required Listed Public Entities (LPEs) to maintain regular flow of information and communication between entity and stakeholders. It specifies provision related to Board of Director & their Code of Conduct, Risk Management & Internal Control System, Organization Structure & Employee and Accounts & Audit.

Nepal Insurance Authority (NIA)

Insurance Act, 2022: The Act has specified various provisions for corporate governance practices relating to the board of directors, accounts, audit, and other matters and report of same shall be presented before the authority on an annual basis.

Office of Company Registrar (OCR)

Companies Act, 2006: The Act has laid down provisions of corporate governance practices among the companies in Nepal and report of

same shall be presented before the concerned industry registration body within six months after the end of the fiscal year.

Further, the Act has also laid down provision requiring at least 1 female director for public company having at least 1 female shareholder.

All the above mentioned legal and regulatory provisions are the catalyst for the sustainable growth of SMEs in Nepal. It is evident that, most of the SMEs in Nepal are lacking in terms of sustainable business strategy. Sustainability related topics as major agendas of discussion and they do not generally consider sustainability on business decisions. Further, most of the SMEs lack dedicated sustainability or ESG committee; or sustainability or ESG compliant officer. Moreover, most of the SMEs also do not publish/disseminate sustainability related disclosures.

Key Sustainable Business Strategies – Strategies to consider ESG in their business by SMEs

Sustainable Business Strategy should equally focus on triple bottom line – people, planet and profit. Business firms should commit to measuring their social and environmental impact in addition to solely focusing on generating profit. The considerations under each element of sustainable business have been enumerated hereunder:

Environmental (E)

- Investing in R&D and capital expenditure in technology to improve the environmental impacts of products or processes.
- Developing formal policy for environmental protection
- Conducting Environmental Impact Assessment (EIA) or Initial Environmental Examination (IEE) for its operations
- Measuring the company's total greenhouse gas emissions and adopting ways to keep it



at an acceptable level.

- Devising methodology to monitor and manage its carbon footprint.
- Engaging in biodiversity conservation efforts
- Taking measures to minimize pollution and mitigate climate change impacts created by the entity.
- Adopting energy efficiency initiatives
- Assessing risk associated with water scarcity.
- Adopting water usage and conservation efforts
- Implementing programs for waste management and recirculation by your company
- Reducing consumption of energy from non-renewable sources and increasing energy consumption from renewable source
- Adopting measures to mitigate or overcome the environmental impact of entity's activities.

Social (S)

- Developing policies for social responsibility
- Supporting community development projects or initiatives
- Developing sustainable or socially responsible products
- Contributing to the enhancement of literacy levels in society
- Ensuring fair remuneration and working hours of employee
- Promoting sustainability awareness among its employees
- Covering sustainability related issues in employees training & developments

- Fostering a diverse workforce by adopting diversity inclusion policies
- Measuring and assessing employee satisfaction
- Implementing employee grievance handling procedure
- Taking corrective actions to address significant risks/concerns arising from assessments of health & safety practices.

Governance (G)

- Developing comprehensive internal policies, rules, and regulations in place, to govern its operations and conduct.
- Communicating company's vision, mission, and targets clearly to all stakeholders
- Developed a code of conduct for board members and executives.
- Communicating opportunities and potential threats that may impact the achievement of long-term objectives to stakeholders.
- Preparing annual stakeholder annual communication/engagement plan
- Managing engagement with stakeholders in the decision-making processes
- Implementing mechanisms for collecting feedback from stakeholders and grievance handling procedures

Key Sustainable Business Strategies – Strategies to integrate SDGs into business by SMEs

Sustainability strategy adds value to the business. Sustainable Development Goals (SDGs) can be considered as a baseline for sustainable business strategy. The 17 SDGs as adopted by UN Member States in 2015 can be categorized under the Social, Environmental and Economic parameters as below:



Environmental	Social	Economic
SDG 6 – Clean Water and Sanitation	SDG 1 – No Poverty	SDG 8 – Decent Work and Economic Growth
SDG 13 – Climate Action	SDG 2 – No Hunger	SDG 9 – Industry, Innovation and Infrastructure
SDG 14 – Life Below Water	SDG 3 – Good Health and Well Being	SDG 10 – Reduced Inequalities
SDG 15 – Life on Land	SDG 4 – Quality Education	SDG 12 – Responsible Consumption and Production
	SDG 5 – Gender Equality	SDG 17 – Partnership for the Goals
	SDG 7 – Affordable and Clean Energy	
	SDG 11 – Sustainable Cities and Communities	
	SDG 16 – Peace, Justice and Strong Institutions	

- Assessing which SDGs align with the SME’s core competencies and where they can make a significant impact for prioritizing efforts and focus resources effectively. Normally, following SDGs align with core competencies of SMEs:–
 - SDG 5 – Gender Equality
 - SDG 6 – Clean Water and Sanitation
 - SDG 7 – Affordable and Clean Energy
 - SDG 8 – Decent Work and Economic Growth
 - SDG 9 – Industry, Innovation and Infrastructure
 - SDG 12 – Responsible Consumption and Production
 - SDG 13 – Climate Action
- Aligning sustainable practices into business strategy will create a positive impact on the business growth and profitability by way of reducing potential risks and vulnerabilities and enhancing resilience against climate change. Some of the ways to embrace SDGs are:
 - Creating a workplace culture that values sustainability, encourages employee participation in SDG-related initiatives, and promotes innovative solutions to environmental and social challenges.
 - Establishing quantifiable goals and regularly monitoring performance against these targets to provide a clear framework for measuring progress and demonstrating achievement.
 - Incorporating SDG principles into all aspects of the business, from product development to supply chain management, to ensure a holistic approach to sustainability.
 - Utilizing technology tools and platforms to streamline data collection, reporting, and communication of SDG-related progress to enhance transparency and stakeholder engagement.
 - Collaborating with industry associations, government agencies, and other SMEs to share best practices, access resources, and amplify SDG efforts.
 - Openly communicating SDG-related initiatives to stakeholders, including customers, employees, investors, and the community to build trust and a sense of shared purpose.



- Regularly reporting on progress towards SDG-related goals, using frameworks such as the UN Global Compact Reporting Guidelines to demonstrate accountability and commitment to sustainability.

Key Performance Indicators (KPIs) – Sustainability Disclosures

The Key Performance Indicators (KPIs) to measure an organization’s environmental, social, and governance (ESG) impact can be highlighted as:

Environmental (E)

- **Emission** – Policy and actions/initiatives to manage emission, Annual GHG Emission, GHG Emissions Intensity, Intensity Ratio for different Business Segments
- **Energy** – Policy and actions/initiatives towards energy management and energy efficiency, strategy on transforming/using renewable energy, energy consumption/production from renewable and non-renewable sources.
- **Resource Efficiency and Materials** – Policy and actions/initiatives on resource efficiency, usage of materials and to optimize usage of key materials, materials used in production of goods and services, percentage of recycled input materials used.
- **Water** – Policy and actions/initiatives to optimize usage of water, water withdrawal/consumption and withdrawal from all areas, water intensity ratio.
- **Biodiversity** – Existence of a biodiversity policy statement, actions/initiatives to address biodiversity issues, impacts, risks, and opportunities.
- **Waste** – Policy and actions/initiatives on waste management, total weight of hazardous waste and non-hazardous waste discharge, waste intensity ratio.

- **Law and Regulation** – Compliance of environmental laws and regulations, percentage turnover in the reporting year from products or services that are not contributing to have a impact on climate change

Social (S)

- **Labor Management and Human Capital Management** – Policies, Compliance of relevant laws and regulations, additional benefits to employees, measures to review employment practices to avoid child and forced labor.
- **Diversity and Inclusion** – Policy to promote diversity, equality and inclusion, extension of such policies to suppliers and contractors.
- **Health and Safety** – Policy on Occupational Health and Safety Compliance with relevant laws and regulations relating to providing a safe working environment.
- **Supply Chain** – Policies and processes on managing risks of supply chain, practices relating to engaging suppliers.
- **Customer Responsibility, Product Safety and Quality** – Policy and processes related to health, safety, advertising, labelling, and privacy related to supplied products and services.
- **Community and Society Relations** – Policy on community engagement to understand the needs of communities and act, accordingly, focus area of contribution.
- **Data and IT Security** – Consumer data protection and privacy policies
- **Human Rights** – Entity’s stance on human right issues, policies on sexual harassment and non-discrimination, commitment for zero tolerance against discrimination and harassment, policy on forced labor and child labor



Governance (G)

- **Legal and Regulatory Compliance** – Compliance of laws and regulatory provisions related to sustainability.
- **In-house policies, directions, procedures, and guidelines including values, principles, standards and norms of behavior** – Availability of Code of Conduct and Code of Business Principles, Availability of Whistleblowing policy, Frequency of Review of governance policies, Availability of policies on equal treatment to all shareholders and policy on relationship/dealing with investors, Availability of Operational Governance Mechanism and Grievance Handling Policy
- **Risk – Governance** – Availability of Enterprise Risks Management (ERM) Framework, Frequency of Review of ERM, numbers of risk identified and mitigated, number of risk management initiatives.

Benefits of Adopting Sustainable Business Strategy

- SMEs that integrate sustainability into their decision-making processes can enhance their resilience, thus enabling them to recover more rapidly in unpredictable and unstable circumstances.
- SMEs possessing sustainability credentials may appeal more to larger corporations seeking suppliers, as they assist in cultivating sustainable supply chains by reducing carbon footprints or actively engaging in social initiatives.
- Establishing a purpose-driven culture or enterprise enhances their appeal to prospective employees. Sustainability efforts not only enhance engagement and retention but also alleviate recruitment expenses.

- In the current world, investors, funds, financial institutions, and governments are actively promoting, and sometimes mandating, businesses to disclose non-financial risks and exhibit dedication to sustainable business approaches.
- Focusing on sustainability enhances brand reputation and fosters perceived goodwill. In an evolving trend, consumers are increasingly drawn to brands, products, and services that align with their values, emphasizing environmental and social consciousness.
- Implementing water and energy efficiency measures, along with recycling, reusing, and reducing resources, can lower expenses and enhance profitability, all while benefiting the environment positively. Neglecting these actions could result in a business losing market share to more forward-thinking competitors.

Challenges/Problems of SMEs

- Poor integration of sustainability issues in organizational strategy
- Insufficient data collection and reporting
- Uncertainty regarding best KPIs of sustainability and failure to set measurable goals.
- Inability/Failure to change business models.
- Lack of commitment from corporate leaders and managers
- Lack of trained professionals
- Lack of effective regulation mechanism and standard provisions

Roles of Stakeholders

SMEs

- Be committed towards sustainability.
- Prepare policy/strategy covering each principle & core element of sustainable development.
- Conduct proper and transparent disclosure to depict actual picture and status of sustainability.

Regulators

- Develop Sustainability Reporting Standards and implement the same considering Nepalese Context
- Finalize convergence process of Sustainability Reporting Standards
- Conduct training and programs for building capacity and capability among members.
- Maximize consultation with stakeholders and accounts preparers.
- Form groups/teams like “Transition Implementation Group” to support companies that apply the Standards and launch capacity building initiatives to support effective implementation.
- An independent regulator or a separate department is needed for smooth administration of SMEs from a single door.

Accounting Professionals

- Enhance knowledge about sustainability.
- Attend training, conferences, and seminars regarding sustainability.
- Present correct information/facts regarding disclosure of sustainability by the entities

Conclusion

There is growing global pressure of ESG for the corporate sector and we have no option other than adopting ESG as soon as possible as its essential for promotion of business within the country. Although currently, there is no binding framework for ESG in the country. Despite this while large corporations and some public companies are taking the initiative on sustainability reporting and practices, most SMEs in Nepal are just starting out. However, the potential benefits are significant, and SMEs won't be able to avoid these changes for long. As a crucial player in sustainability, the government needs to develop a comprehensive plan to support SMEs in Nepal and help them adopt a unified approach to sustainable business practices.



Note: Prepared as a concept paper for technical session on “Sustainable Business Strategies for SME” during the 3rd National Convention of Accounting Professionals on “Sustainable Accounting Practice” organized by the Institute in Kathmandu on 18th and 19th April 2024.



Introduction to Payment Systems and its Present Status in Nepal



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Introduction to Digital Payment

The term “payment” refers to the voluntary action of or giving money or its equivalent or other valuable items by one person to another in exchange for goods or services received or to meet the legal obligation or for any other purposes (Economic Times, 2023). From the beginning of time, the modes and forms of payments have changed significantly however, the meaning has remained the same. Earlier we used to barter for goods and services, then we introduced metals, coins, notes, etc. for making payments. With the evolution of modern banking, the increase in trade and transactions, and increasing innovations in the field of science and technology, a system has been developed with a set of rules, procedures, and instructions for the transfer of funds between or among the participants, and this is known as the payment system (Bech & Hancock, March 2020). According to a KPMG report, the size of the global financial technology (FinTech) market is more than US\$ 210 billion and it’s in an increasing trend (Ruddenklau, 2021).

Nepal has had rapid growth and innovation in digital payments, especially after the

COVID-19 pandemic, and even banks have been more inclined towards making significant investments in digital banking (Nepal Rastra Bank, 2024). In Nepal, it has been a situation where customers have been the driving force for innovation and adoption of digital payment channels. After the COVID-19 pandemic, there has been a surge in the number and volume of transactions of QR codes, and we have witnessed the introduction of cardless cash withdrawals, contactless cards, NFC-enabled cards, virtual cards, digital lending, etc. The pace at which these innovations have been introduced has no precedent and this could take Nepal to a fully digital banking landscape very soon.

Fintech Vs. Payment

FinTech with payment are two different concepts. Fintech is a much broader concept and means the use of modern technologies to deliver a wide range of financial services from banking, payments, investments, insurance, etc. Whereas a payment is about the transfer of funds from one party to another. The understanding of the basic differences is crucial since the policy framework, regulatory requirements, and operational modalities are different. The advent of FinTech has given rise to numerous innovative products and services such as neo-bank, embedded finance, peer-to-peer lending, digital lending, mobile payments, robo-financial advisory services, etc. These innovations have contributed towards democratizing the banking and financial sectors allowing larger space for both financial inclusion and sustainable development.

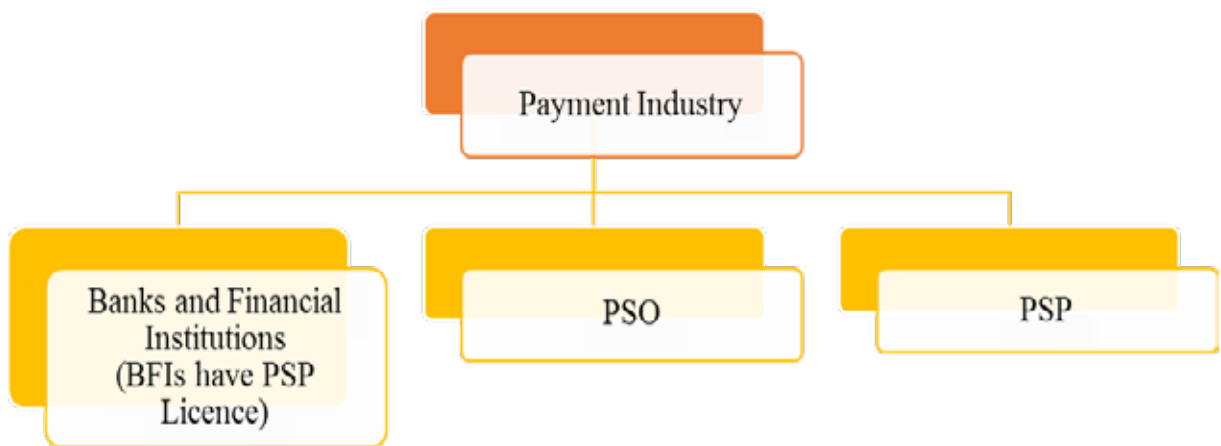
In Nepal, payments and allied services are gaining popularity, often enabled by FinTech.

The financial industry is beginning to understand the power of technology and has started to leverage the same while providing various financial services. Apart from the payments domain, we can observe the use of technology in stock trading, capital markets, the insurance sector, etc. However, we have yet to observe the optimal use of technology to deliver various financial services. Banks have been integrating various other financial

services, apart from payment-related services, in their mobile banking services. It is also being done with wallets and people have been finding it convenient to use these technologies. No innovation can flourish until consumers feel safe and start to trust the system. In the case of Nepal, it seems to be the case which is why consumers are rapidly inclining toward FinTech products and services, which in turn is driving the industry and market participants to rapidly innovate.

Payment System Operators (PSO) Vs. Payment Service Providers (PSP)

The Nepali payment industry, except for cooperatives and remittance companies, can be broadly classified into the following:



The following table summarizes the concepts of Payment System Operators (PSO) and Payment Service Providers (PSP) in brief (Nepal Rastra Bank, 2024):

Particulars	PSO	PSP
Full form	Payment System Operators	Payment Service Provider
Major activity	Operates system related to the payment and performs activities like transactions settlement, clearing house, etc.	Provides payment-related services, remittance services, or other electronic payment services.
Examples	Nepal Clearing House, Nepal Electronic Payment Systems, Fonepay, SCT, etc.	eSewa, Khalti, IME Pay, etc., and includes all BFIs operating mobile banking and internet banking facilities.
Minimum paid-up capital	Rs. 400 million Rs. 800 million (if the system can process the transactions outside of Nepal using instruments issued in Nepal)	Rs. 50 million Rs. 250 million (if PSP issues payment cards)
Total number	10	26

The licensing-related activities and regulations as well as supervision of the PSO and PSP are being carried out by the Payment System Department of NRB.



Gaps in Present Statutory and Regulatory Provisions

The first and foremost gap is that documents like the Payment and Settlement Act, bylaws, licensing policies, directives, etc. are not available in the English language. This is a major barrier to foreign companies or persons desirous of investing in the Nepali payment or FinTech industry. Investors require a clear understanding of the policies, laws, and practices before making decisions to engage, and the first step towards enabling that is making relevant documents and reference materials available in the English language. Nepal Rastra Bank must prepare such documents in Nepali and English languages to inform both domestic and international users.

Now, let's review the gaps in different statutes/ regulations relevant to the Nepali payment industry:

Payment and Settlement Act, 2075		
Section	Provision/Particulars	Remarks
Section 25	Each licensed institution shall conduct a financial audit and the audit of the overall payment system within 4 months from the end of each fiscal year.	<p>However, as per Clause 4 of Chapter 3 of the Directive, each licensed institution shall conduct the audit of the payment system:</p> <p>Within 1 year from the date of commencement of operation of the service, and</p> <p>Other than in the case of upgradation or replacement of the existing system, every 2 years.</p> <p>Similarly, as per Clause 45 of the bylaw, each licensed institution shall conduct its system audit every year.</p> <p>It seems that the provision of the Act and bylaw contradict the provision of the directive.</p> <p>It provides room for ambiguity to PSP/PSOs on the provision to be complied with.</p> <p>Further, the period for conducting the system audit is 4 months as per the Act; however, a period of 6 months has been provided in the directive for submitting the system audit report.</p>
Payment and Settlement Bylaw, 2077 (First Amendment, 2080)		
Clause	Provision/Particulars	Remarks
Clause 23	Licensed institutions shall publish (electronically or in any other medium) the details of standard tariffs and charges every 6 months, or in the event of a revision of fees. Further, such details shall also be furnished to NRB and published on the website of the concerned institution.	The customers of the PSOs are generally BFIs and other licensed institutions or any other institutions (except in a few cases where PSO also directly serves the end users), and they include their fee structure in the agreement or share the same via email or any other appropriate medium. If such PSOs are asked to disclose the details of fees on their website,



		<p>it might affect their competitive advantage over the competing PSOs providing similar services.</p> <p>While complying with this provision, certain licensed institutions could be compromising their core competencies and competitive advantage.</p>
Clause 44	<p>If, due to the reason of the licensed institution during the operation of the payment system, any technical, systemic, or any issues arise resulting in the loss/damage, such loss/damage shall be borne by the concerned institution.</p>	<p>The maximum paid-up capital of a PSO is Rs. 400/800 million. However, this clause doesn't provide the quantum of loss that the concerned licensed institution is liable to bear. Further, this clause doesn't provide clarity in case the quantum of loss/damage exceeds the above-mentioned minimum paid-up capital. Further, the liability is limited in the case of companies, and PSOs are registered as companies; hence, does the provision of this Clause supersede the concept of limited liability?</p>
Clause 45	<p>Each licensed institution shall conduct its system audit every year.</p>	<p>Already discussed above.</p>
Clause 45	<p>It contains provisions regarding the maintenance of the Disaster Recovery Site.</p>	<p>However, the bylaw is silent regarding the uptime from the Disaster Recovery Site in case of failure of system operation from the primary data center. Since the PSPs/PSOs provide critical service to the customers, it is imperative to maintain High Availability (HA) at the Disaster Recovery Site as well.</p>
Clause 45	<p>PSP/PSOs shall comply with the standards laid down by PCI DSS and ISO 27000 standards.</p>	<p>Why are banks exempt from this requirement? If we dive deeper, almost all the cards in Nepal are issued by banks and financial institutions, and PSP/PSOs are merely the instruments for transaction processing using cards (except for prepaid card issues by PSPs). If PSPs/PSOs are required to comply with Payment Card Industry Data Security Standard (PCI DSS) and ISO 27000 standards, banks and financial institutions must be brought under this purview, and they must comply with these standards to protect the data of their cardholders. However, only a couple of banks have obtained PCI DSS certification so far.</p>
<p>Licensing Policy Related to PSP/PSO, 2079 (First Amendment, 2080)</p>		
Clause 4	<p>This clause states the functions/scopes of PSP/PSO. Specific to the scope of PSO, the following activities are mentioned therein:</p>	<p>BFIs operating in Nepal also perform these two types of activities. However, as per the VAT Act 2052, BFIs are exempt from VAT, and they are not required to get themselves registered under VAT.</p>



	Operating payment card network, and operating payment switch	However, PSOs (other than BFIs) are not exempt from VAT and are collecting VAT as per the prevailing VAT Act 2052. Hence, the following gaps are observed:
		<p>BFIs are getting an undue advantage of 13% (rate of VAT) over other PSOs even for providing similar types of services. Even if other PSOs match the price with BFIs, their service will be 13% more expensive compared to the BFIs. This provides undue advantages to BFIs.</p> <p>PSP/PSOs are a part of a national strategy to promote digital payment in Nepal. Hence, NRB and the Government of Nepal must provide VAT exemption for services provided by PSP/PSOs to make the service cheaper and more accessible.</p> <p>Further, as per Section 49 (1) (m) of BAFIA 2073, BFIs may issue/ accept/ manage cards and other digital payment instruments and appoint an agent for the same. There is no mention that a bank may operate a card processing switch and provide switching services to other BFIs.</p>
Clause 13	The maximum limit of foreign investment shall be 15% of the paid-up capital of the concerned institution.	<p>For a PSP, the minimum capital requirement is Rs. 50 million and for this institution, the foreign investment limit would be Rs. 7.5 million. However, the minimum amount that must be brought into Nepal to qualify as a Foreign Direct Investment (FDI) is Rs. 20 million. Hence, the foreign investment of Rs. 7.5 million will not be FDI to be able to derive the benefits available.</p> <p>Hence, an initiative is required to provide an exemption to the limit of FDI in case of foreign investment in PSP/PSOs while ensuring that the controlling interest remains within Nepal, and the limit of foreign investment must be increased.</p>
Clause 13	Foreign investment in PSP/ PSOs may be invited from foreign firms/ companies only.	Provision for inviting foreign investment from individual investors must be included to attract as much investment as possible into the Nepali payment industry.
NRB Unified Directive Related to Payment Systems, 2080		
Clause 2 (5) of Directive No. 3	To ensure the security of the cardholder's data while processing transactions using payment cards, international standards like PCI DSS, EMV standard, and EMV Contactless Standard shall be followed.	<p>The question here is: how can we ensure that licensed institutions are complying with these standards?</p> <p>Hence, a provision for obtaining mandatory certifications for all licensed institutions needs to be introduced.</p>



Clause 3 (1) of Directive No. 3	It contains provisions regarding the maintenance of the Disaster Recovery Site.	However, the Directive is silent regarding the uptime from the Disaster Recovery Site in case of failure of system operation from the main data center. Since the PSP/PSOs provide critical service to the customers, it is imperative to maintain High Availability (HA) at the Disaster Recovery Site as well.
Clause 4 (1) of Directive No. 3	It contains the provision related to the System Audit	Already covered above.
Clause 1 (1) of Directive No. 5	Customers may withdraw cash using credit cards up to 10% of the approved credit limit.	However, if this withdrawal can be made once in a billing cycle or can be done multiple times within a credit cycle by replenishing the amount has not been mentioned.
Clause 2 of Directive No. 13	Licensed institutions shall publish (electronically or in any other medium) the details of standard tariffs and charges.	Already discussed above (clause 23 of Bylaw)
Directive No. 14	It contains the provision related to AML/CFT applicable to licensed institutions.	<p>PSOs and PSPs have different business modalities, data structures, and system architecture; however, provisions of AML/CFT contained in the Directive are not separated for PSOs and PSPs. Due to this reason, PSOs do not have clarity on how the provisions apply to them, and how they should comply with them.</p> <p>For example, for a PSO providing services to BFIs and other PSPs in Nepal, customers would be BFIs and PSPs. In this situation, how does this PSO comply with TTR/STR/SAR requirements since the data that this PSO handles is the data of the customers of the concerned BFI or PSP, and there might not be such architecture in the system to allow the PSO to comply with TTR/STR/SAR. Further, BFIs and PSPs are reporting this data to NRB, and in this case, why does the PSO need to report to NRB?</p> <p>Hence, clarity in provisions of AML/CFT needs to be provided to PSOs and PSPs separately.</p>



Conclusion

PSO and PSP have been providing various services to support the development of the modern banking system and increase both trade and transactions. However, the policy and practices relating to these services in Nepal, there are gaps which continue to impede the ability of PSO to attract FDI. There also are some grey areas in laws and regulations that need to be addressed. This article has pointed out specific areas where amendments are required. The existing provisions also impede efforts to attract FDI, which needs to be addressed to ensure the development of a robust PSP-PSO sector with enhanced cybersecurity and healthy competition among the market participants.

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Transformative Power of Business Intelligence in Modern Organizations



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Recently, I had an intriguing conversation with a businessperson, who exports handmade Nepalese carpets to Tibet, the US, and several European countries. This business is a significant contributor to foreign currency earnings for the nation. I was fascinated by the operational scale of his successful enterprise, which provided employment to over a thousand workers across multiple factory locations. As our conversation unfolded, I inquired about the challenges he faced in his business. I anticipated responses related to labor disputes or supply chain disruptions. However, to my surprise, he expressed struggles with obtaining timely and accurate management reports. This encounter brought to light the pressing need for modern solutions like Business Intelligence (BI) to empower organizations with actionable insights.

Why have a BI Solution?

Management reports are similar to the sensory organs of a business. They offer insight into what is transpiring within and around the business. Business intelligence, on the other hand, not only offers insight but also prompts the necessary reflexes in response to changing business needs. It assists in pinpointing the source of discomfort for business doctors to conduct a diagnosis and forecast, as well as direct the course of a prognosis. The need for BI is even more crucial for Small and Medium Enterprises (SMEs) since they are more vulnerable to changing business environments.

Data Consolidation

Information is power, and a timely information is a powerful advantage. Meaningful information is only possible with quality data. In today's business landscape, there is abundant data available, as well as numerous tools to process it. However, this very abundance of data and freedom of choice often puzzles business leaders because incoherent data doesn't tell a compelling story. It becomes challenging to distinguish between an anecdotal information and a business trend. Spreadsheets are powerful data processing tools, but they can quickly turn into nightmares as data volume grows. The logical next step is to invest in software and record the data in a database. But how many software solutions does a business need to address every aspect of its processes? Typically, a business requires a core financial management software, a Customer Relationship Management (CRM) software, a Human Resource Management Software (HRMS), payroll management software, a manufacturing resource planning



(MRP) software, a supply chain management software, inventory management software and what not. These software are either standalone solutions or bundled in an integrated Enterprise Resource Planning (ERP) solution. Yet, even a perfect ERP doesn't exist. No ERP functions without significant customization, and customized ERPs require hefty investments. These challenges leave valuable data scattered across multiple sources and formats. In this critical scenario, Business Intelligence tools with data warehousing abilities emerges as a pivotal solution. It can consolidate data in real-time from various sources such as financial systems, ERPs, CRMs, and other databases, as well as the numerous spreadsheets used in a typical business operations. The data are processed with Extraction-Transformation-Load (ETL) mechanism, which is a completely automated process. The ETL system is the foundation of the data warehouse. A properly designed ETL system extracts data from the source systems, enforces data quality and consistency standards, conforms data so that separate sources can be used together, and finally delivers data in a presentation-ready format so that application developers can build applications and end users can make decisions¹. Since there is no manual intervention in ETL process, the data being loaded are free from manual errors or intentional tampering. After the data consolidation, the BI tools aid in creating a semantic model, which is a metadata model containing physical database objects abstracted and modified into logical dimensions. A semantic model is designed to present data for analysis based on the structure of the business². With a semantic model, logical relationships can now be established among data from unrelated sources. For

example, market survey data in spreadsheets can be related to a CRM database through the semantic model.

Data Analysis

A beautifully built semantic model offers powerful data analytics capabilities. We can now not only summarize historical data and understand what happened in the past, but also identify the causes of those past events through root cause analysis and correlation analysis. It is now easier to uncover relationships between different variables and provide insights into why certain patterns or trends exist. The established patterns and trends can also be extrapolated into the future to derive forecasts. This predictive analysis, in close conjunction with scenario analysis, can empower Multiple Criteria Decision Making (MCDM). Every decision making problem has three major components: the decision makers, the decision alternatives, and the consequences of our decisions³. With Artificial Intelligence (AI) integrated into modern BI tools, the data analytics capabilities are immense. The decision makers can not only evaluate the alternatives but also predict and prepare for the consequences of their decisions. These AI integrated BI tools can now go beyond predicting future outcomes into recommending actions that can be taken to achieve the desired outcomes. This capability of analyzing data to identify the best course of action given a set of constraints is exponentially increasing with the advancement of AI. Moreover, AI-driven BI tools can automatically adapt and learn from new data, continuously improving their recommendations and decision-making support. These tools can detect anomalies or unusual patterns in data that may indicate fraud, errors, or other irregularities. These tools use machine learning algorithms to

1 Ralph., Kimball (2004). *The data warehouse ETL toolkit: practical techniques for extracting, cleaning, conforming, and delivering data.*

2 Oracle (2024). *Building Semantic Models in Oracle Analytics Cloud.*

3 Zarghami, Mahdi & Szidarovszky, Ferenc. (2011). *Introduction to Multicriteria Decision Analysis.*

analyze data and identify deviations from expected behavior, helping organizations identify and address potential issues.

Natural Language Processing (NLP)

It is another powerful AI-driven feature in modern BI tools. As a decision-maker, one must gather insights from various domains. However, the process of obtaining these insights often requires serious technical skills. Consequently, individuals may rely on others to prepare reports and consume pre-built reports until the next update. If a different analysis is needed, one must again ask ‘someone’ to create a new report. What if the BI tool is your ‘someone’? Just imagine the ease of asking a simple question like, “What was last month’s sales in the eastern region? Provide a bar chart with a breakdown by product category.” BI tools with NLP capabilities can understand and interpret human language, allowing users to interact with data using simple plain language queries. It enables users to ask questions and receive insights in plain language, making data analysis more accessible to non-technical users. These tools can also perform sentiment analysis on loads of customer comments and feedback and provide a sentiment score about your product. Furthermore, keywords or key phrases from these feedbacks can be extracted, which are pivotal in understanding and enhancing customer satisfaction.

Story Telling

BI reports enhance accessibility to information to the next level. The challenge of scrolling through loads of numeric data in tabular reports in order to grasp the report’s message is easily solved by storytelling with data visualization. Similar to the saying, “a picture is worth a thousand words”, a story is worth a thousand reports. BI reports are exploratory and interactive which enhances

user engagement and allows users to remain connected to the reports. Unlike presentation graphics, exploratory graphics are used for looking for results. They should be fast and informative rather than slow and precise⁴. Imagine you are examining sales reports from the last five years. The line chart visualization reveals a significant dip in sales last year. Wouldn’t it be great to explore for the reason for such a decline with a simple click of a mouse or by hovering the cursor over the data point? Report interactivity provides this insight effortlessly. By clicking on last year’s sales data point, your adjacent bar chart shows that your star product experienced a significant drop in sales last year. Upon examining the market survey data (already consolidated into your semantic model!), you discover that your customers frequently mention your competitor’s product. Voila! You now know what went wrong. No reports can match the storytelling capability of a beautifully planned BI system. Furthermore, BI tools allow users to create dynamic presentations and narratives that guide viewers through the data, highlighting key insights and findings. With features like slide shows, annotations, and guided tours, BI tools transform raw data into compelling stories that inform, persuade, and inspire action.

Dashboards & KPIs

Dashboards, on the other hand, are visual displays that consolidate and present key metrics, performance indicators, and other relevant information in a single, interactive interface. By consolidating data from multiple sources, dashboards offer a comprehensive overview of business operations in real-time. It can also be tailored to meet the unique needs of different users, departments, or projects, ensuring that stakeholders have access to the information most relevant to them. Most

4 *Chun-houh Chen, Wolfgang Härdle, Antony Unwin (2008). Handbook of Data Visualization.*



dashboards have key metrics visualized, which are updated in real-time with live connections or automated data refreshes. Users can not only track those key metrics in real-time but also can set alert parameters to get notified, by email or other notification mechanisms, if the key metric has moved past the set threshold. And this parameter set can easily be done by any non-technical person with the ease of a few mouse clicks! Another key advantage of BI reports is their accessibility from anywhere if one is connected to the internet. One can use a web browser or get a mobile app installed to view these reports and dashboards from any part of the world, even if the original data is hosted in their on-premises data sources. This ease of access empowers users to stay informed and make data-driven decisions on-the-go, whether they are in the office, at home, or traveling.

What are the Challenges?

A BI system comes with its own sets of challenges, which can vary across functional and behavioral domains. In the functional domain, challenges often revolve around robust data modelling, efficient data processing and ensuring data security measures. This includes managing large volumes of data, optimizing data storage and retrieval processes, and implementing effective security protocols to protect sensitive information from unauthorized access. Meanwhile, in the behavioral domain, challenges may arise from change management efforts and the need to upskill users to effectively leverage the BI system. This involves fostering a culture of data-driven decision-making, overcoming resistance to new technologies, and providing comprehensive training and support to users to enhance their data literacy and proficiency.

Data Validation

Maintaining high-quality data in a beautifully designed semantic model is essential for the successful operation of a BI system. The

semantic layer (hence the term semantic model) serves as a vital bridge between the business logic and underlying data sources, ensuring that the users can access and interpret data accurately and efficiently. For example, when a user requests a report on debtors' collections, the BI system should seamlessly navigate through the data sources to retrieve relevant debtor and collection data, applying predefined business logic such as ageing calculations. To achieve this, the design of the semantic model requires a deep understanding of both the business domain and underlying data structures. Any gaps or inaccuracies in this understanding can lead to the generation of erroneous reports, which could significantly impact business decisions. Therefore, it is imperative to validate and certify the semantic model by an expert before deployment, ensuring that it accurately represents the business requirements and effectively translates them into actionable insights.

Data Security

Data security challenges in a BI system are critical due to the sensitive nature of the data involved and the potential impact of data breaches or misuse. Controlling access to data is essential to prevent unauthorized users from accessing sensitive information. BI systems must implement robust access control mechanisms, such as role-based access control (RBAC) and attribute-based access control (ABAC), to restrict access to data based on user roles, privileges, and data sensitivity levels. In addition, all IT systems should ensure that measures to protect Personally Identifiable Information (PII), such as information related to a person's identity, addresses, biometrics, health, employment, family, etc., from unauthorized access, disclosure, or misuse.⁵ BI system is no exception. Furthermore, regulations require

⁵ *Individual Privacy Act 2075 and Individual Privacy Regulation 2077*



that the data of governmental entities, public entities, financial entities, and health-related entities be securely stored with encryption. Moreover, the data of these entities shall not leave the national territory by any means⁶. This provision severely limits the possibility of using cloud services and AI analytics in the BI system for the aforementioned entities. Despite these challenges, organizations can leverage advanced encryption technologies, secure data storage solutions, and compliance management tools to enhance the security and integrity of their BI systems and mitigate the risks associated with data breaches or regulatory violations.

Investment

A BI solution requires a significant investment. This investment may take the form of infrastructure development, process improvements, and stakeholder involvement. Like any new project, the implementation of a BI system demands additional contributions from stakeholders on top of their existing job responsibilities. However, there may not be a need for a substantial investment in IT infrastructure, as it can often be accommodated within the organization's existing framework. Additionally, subscription-based BI solutions only require a monthly fee to be paid, eliminating the need for an upfront investment.

Change Management

BI systems also face several challenges that arise from human behavior, organizational culture, and change management practices. These challenges can significantly impact the success and adoption of BI initiatives. Organizational silos and fragmented data sources pose significant challenges since the data may be scattered across different departments, systems, and formats, making it difficult to consolidate and analyze effectively. Employees in their departmental silos may

be accustomed to traditional methods of decision-making and may perceive BI system that provides transparency, accuracy and real time reporting as a threat to their autonomy or expertise. Implementing a BI system often requires a cultural change within the organization, driven by strong leadership support and commitment. Organizations need to foster a culture of data-driven decision-making and collaboration, breaking down silos and encouraging cross-functional teamwork. Providing comprehensive training and support to employees to enhance their data literacy and proficiency is also essential. By addressing these challenges proactively and promoting a culture of continuous learning and improvement, organizations can overcome resistance to change and maximize the value of their BI investments.

Scenario in Nepalese Business Organizations

Business Intelligence is not a new concept for the world at large. In fact, the term was coined by Richard Millar Devens in 1865 in his book *Cyclopædia of Commercial and Business Anecdotes*. Modern BI gained traction with the advent of computer technology and data analytics in the 1970s after IBM researchers introduced the concept of Structured Query Language (SQL). With the launch of Tableau in 2003, Business Intelligence became more accessible to business users. However, BI is still a novel idea for Nepalese businesses. On average, businesses still rely entirely on spreadsheet reports. Spreadsheets are great tools if used meticulously, but they can pose serious data quality concerns if proper care is not taken. Large corporations such as banks, multinationals, FMCGs and telecoms have been utilizing the BI tools, but the average business is unaware of the transformative power of BI in their operations. It is due to limited awareness regarding the benefits and limited expertise in implementation of

⁶ *Information Technology Bill 2019*



BI systems. Nevertheless, the scenario is changing as businesses are increasingly drawn to data-driven decision-making. Furthermore, affordable solutions like Tableau and Power BI have lowered the investment barrier for the SMEs.

In a Nutshell

In conclusion, Business Intelligence emerges as a cornerstone of modern business strategy. The transformative impact of BI is undisputable since it represents a paradigm shift in how organizations leverage data to drive innovation and achieve their objectives. Whether it is on identifying emerging trends, optimizing processes, or anticipating customer needs, BI empowers

organizations to stay ahead of the curve and seize competitive advantages in a dynamic business environment. By consolidating data from multiple sources and transforming it into actionable insights, BI enables organizations to unlock the full potential of their data assets. Through advanced analytics, predictive modeling, and AI-driven capabilities, BI empowers organizations to identify trends, forecast outcomes, and make data-driven decisions with precision and confidence and chart a course towards a successful future.



Regulating Banks and Financial Institutions (BFIs) and Insurance Companies (ICs) in Nepal



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Abstract - BFIs and ICs have been making significant contribution in the development of Nepalese economy. With the substantial growth in numbers of BFIs and ICs, many new problems and ailments have also been arising. The act of regulating and supervising by the regulatory agencies has been affected by various factors including lack of competent and experience human resources, lack of coordination and collaboration, lack of modern ICT and logistic support etc. The regulatory agencies need to give attention in improvement of quality and quantity aspects of prevailing monitoring and supervising activities. The government need to support the regulatory agencies in promoting their independency, harmonizing policy and developing as a effective institution.

1. Background

Bank and financial institutions (BFIs) and Insurance Companies (ICs) have been making significant contribution in the development of Nepalese economy. BFIs play vital role in channelizing surplus resources to productive sector. Likewise, ICs have been safeguarding private and public establishments from unexpected loss. Both are playing crucial role in maintaining financial stability in the country. There has been substantial growth in the number of BFIs and ICs in Nepalese economy after the adoption of liberalization policy by the country in 1980. Several joint ventures banks and companies commenced their operations due to promulgation of the open policy of the government. With the substantial growth in numbers of BFIs and ICs, many new problems and ailments have also been arising. The act of regulating and supervising the BFIs and ICs has been becoming vital for healthy financial operations and building people trust. This article is prepared to shed light on the problems/challenges existed in monitoring and regulation associated with BFIs and ICs in Nepal.

2. Growth in Banking and Insurance Sector

The formal banking sector in Nepal started with the establishment of Nepal Bank Limited in 1937 AD. Rastriya Beema Sansthan was established in December 1967 as a private insurance company in Nepal, which later converted into public corporation. A number of BFIs and ICs established after the adoption of economic liberalization in the late 1980s. The trend of establishing new companies kept growing till 2015. Over the time, the number of BFIs and ICs increased beyond



the size of financial market and several financial ailments and abnormalities have started to appear. In view of such situation, to create healthy financial environment, the government regulating agencies have started to adopt a policy of limiting the number of institutions through merger and acquisition process with an increment in the requirements of paid-up capital. The Nepal Rastra Bank (NRB), through the monetary policy of Fiscal Year 2014/15, issued directives to raise the minimum paid up capital of commercial banks and development banks to foster merger and acquisition process. Likewise, the

Nepal Insurance Authority (NIA), has also increased the paid up capital requirements of the insurance companies to encourage the merger or acquisition process. Consequently, total number of banks, insurance companies and financial institutions has started to decline gradually since some previous years.

The table given below exhibits the status of the numbers of operational commercial banks, development banks, finance companies, microfinance companies in last 5 years licensed by the NRB and NIA:

BFI/Insurance Company	As of Ashadh End 2076 (Mid July 2019)	As of Ashadh End 2077 (Mid July 2020)	As of Ashadh End 2078 (Mid July 2021)	As of Ashadh End 2079 (Mid July 2022)	As of Ashadh End 2080 (Mid July 2023)
Institutions licensed by NRB conducting Banking Transaction					
Commercial Bank	28	27	27	26	20
Development Bank	29	20	18	17	17
Finance Company	23	22	17	17	17
Micro-Finance Company	90	85	70	65	57
Infrastructure Development Bank	1	1	1	1	1
Total BFIs	171	155	133	126	112
Insurance Companies licensed by NIA					
Non-life Insurance Co	20	20	20	19	14
Life Insurance Co	19	19	19	19	14
Re-Insurance Co	1	1	2	2	2
Micro-Insurance Co				-	4
Total ICs	40	40	41	40	34

Source: Annual Report, 2021/22 and 2022/23 of the NRB and Annual Report and Statistics of NIA.



The above table shows a gradual decrease in the total number of BFIs due to merger and acquisition process in past years. As per the NRB's Annual Report 2022/23, total number of licensed banks and financial institutions being regulated by the NRB as of Mid July 2023 has dropped to 112 from 171 of Mid July 2019. The NRB's Annual Reports mention that a total of 8 and 14 mergers /acquisition activities of the BFIs were concluded in the FY 2021/22 and 2022/23 respectively. The NRB's Annual Report 2022/23 states that, total assets/liabilities of commercial banks, development banks, finance companies and micro- finance companies as of Mid-July 2023 have reached to NRs. 6 trillion 403 billion, NRs. 566 billion, NRs. 153 billion and NRs. 508 billion respectively. Total numbers of branch offices of BFIs and micro-finance companies have reached 11,589 and 5,128 respectively.

The statistics of the NIA shows that the total number of insurance company has started to decline after increment in capital requirements. The total number of insurance companies, which stood 40 as of Mid-July 2019, has been reduced to 34 - inclusive of 14 life and 14 non-life 2 re-insurance and 4 micro-insurance companies as of Mid-July 2023. As of 2022/23, altogether 2,901 branch offices of various life and non-life insurance companies have been found operational in the country and total investment made in life and non-life insurance sector has reached NRs. 628.96 billion. Total insurance penetration amount (insurance premium of life and non-life insurance) stands 6.05 percent of the GDP.

In addition to above mentioned BFIs and ICs, various Funds/Trust, such as - Employees' Provident Fund, Citizen Investment Trust, Saving & Loan Guarantee Fund, Social Security Fund, Postal Saving Bank and Mutual Funds are also operational in the country. As per the NRB Annual Report

2022/23, total assets/liabilities of Employees' Provident Fund, Citizen Investment Trust and Social Security Fund as of Mid July 2023 have reached NRs. 512 billion, NRs. 265 billion, and NRs. 75 billion, respectively.

3. Need for Monitoring and Regulating

BFIs and ICs provide vital financial services to the economy involving risks in diversity of assets relating to loans, investments and guaranteeing of funds of depositors/ borrowers/ investors. Any disruption in their services would cost huge to the national economy and society at large. They need to be monitored/ regulated to know that they have been functioning well and appropriate corrective measures can be taken on time with regards to any problems encountered by them. Monitoring helps to identify and investigate frauds and financial crimes on time and keep markets healthy and transparent. The basic objective of monitoring and regulating the BFIs and ICs is generally aimed at safeguarding the public interest and oversee the fairness in financial operations. Such objectives may vary as per the nature and scope of financial services and jurisdiction of the regulators. Coordination between various regulating agencies becomes vital to bring the effectiveness in monitoring and regulating works. In Nepal, the role of regulatory agencies is increasing with the substantial growth in numbers of the BFIs and ICs and appearance of some financial ailments in national economy.

4. Major Regulatory Agencies and their Roles

In Nepal, various regulatory agencies are involved in regulating the BFIs and ICs. The NRB and NIA are directly involved for regulating the BFIs and ICs respectively. Likewise, Security Board of Nepal, Institute of Chartered Accountants Nepal, Inland



Revenue Department, and Office of the Company Registrar have some roles in regulating the BFIs and ICs as per their legal mandate. Ministry of Finance of the Federal Government is responsible for maintaining coordination amongst the regulatory agencies of financial sector. Major roles of regulating agencies are given below.

Nepal Rastra Bank (NRB)

The NRB, established in 1956 as a central bank of Nepal acts as a monetary, regulatory and supervisory authority of the BFIs under the Nepal Rastra Bank Act, 2002 and Bank and Financial Institution Act, 2017. It formulates required monetary and foreign exchange policies to maintain the stability in market prices and smooth operations of the banking and financial sector. As per its existing jurisdiction, it has a mandate to regulate and supervise the operations of commercial banks, development banks, infrastructural development banks, finance companies, micro-finance companies. Major activities performed by the NRB as a regulatory agency of BFIs are mentioned below:

- The NRB supervises, monitors, and governs the operations of banking and non-banking financial institutions; regulate interest rates for deposits and loans; control foreign exchange; and determine exchange rates of foreign currencies.
- It has issued various directives, guidelines, and policies related to the BFIs, which need to be adhered by all BFIs while conducting their banking and financial operations.
- The bank has constituted separate departments/divisions to oversee and conduct the regulatory and supervisory function of the BFIs.
- As per NRB's Annual Report 2022/23 and Supervision Report 2021/22, the bank has conducted various types of on-site and off-site surveillance, inspection and supervision based on risks involved in the banking and financial sector. As per NRB Annual Report 2022/23 (2079/80), it has conducted Full Scope On-site Inspection of 12 commercial banks, 12 development banks and 12 finance companies and 43 micro finance institutions; Targeted On-site Inspection of 11 commercial banks; and special inspection of 5 development banks, 1 finance company and 3 micro finance institutions in the FY 2022/23 adopting risk-based method. Likewise, it has also conducted AMT/CFT (Anti-Money Laundering/Combating the Financing of Terrorism) Targeted Inspection of 17 banking and financial institutions and non-bank financial institutions, and 38 Onsite/Off-site Special Inspection of the BFIs based on complaints/grievances received and relevancy/ needs in the FY 2022/23. Besides BFIs, the bank has conducted supervision of some of non-bank financial institutions, such as- remittance companies, money changers, travel & tour companies, trekking companies, hotels, airlines, cargo companies within Kathmandu Valley.
- In course of such supervision, the bank has assessed the quality and quantity of risk management and financial ratios of BFIs. During on-site supervision, it has also examined key areas including capital adequacy, AMT/CFT, consumer grievances issues and compliance to prudential norms.
- Through off-site supervision, the bank prepares monitoring reports evaluating various ratios of BFIs including - Cash Reserve Ratios (CRR), Credit Deposit Ratio (CD Ratio) and Statutory Liquidity Ratio (SLR), nonperforming loan ratio and spread rates etc.
- The bank examines the, audit reports and financial statements of the BFIs, and issues directives for the improvements. It also grants approval for publishing the financial

statements of BFIs.

- In cases any BFI has failed to comply with issued directives and maintain the minimum level of ratios set by the bank, it imposes with fines/penalties to the concerned BFIs.
- The bank used to publish various annual, half-yearly, quarterly inspection, supervision and monitoring reports based on follow-up of remarks mentioned on on-site/off-site inspection and supervision.

Based on the above data/details, it appears that the supervision methodology and coverage of the NRB looks pretty fine. As per the NRB Annual Report 2022/23, it has covered 60 percent of commercial banks, 70 percent of development banks and finance companies and 75 percent of microfinance companies in its Full Scope On-site Inspection conducted during FY 2022/23. Likewise, it has covered 55 percent of commercial banks in Targeted On-site Inspection, and 13 percent of BFIs in AML/CFT Targeted Inspection.

Nepal Insurance Authority (NIA)

The **Insurance Board (Beema Samiti)** was established in 2026 BS as a section of Ministry of Finance of the Government of Nepal to make the insurance industry dignified and fair through conducting regulation,. The Insurance Board got the status as an autonomous regulatory body of insurance business in 1993 after the issuance of Insurance Act, 2049. The Board later converted into Nepal Insurance Authority in 2022 with the enactment of Insurance Act, 2079. The main objective of the NIA is to ensure a fair, competitive, reliable and credible insurance service and protect the interest of policy holders in Nepal. The NIA oversees the financial performance and stability of insurance companies and helps to safeguard the interest of policyholders and the stakeholders. As an autonomous regulatory body, the NIA has a mandate to act as an adviser

for the Government of Nepal; recommend national insurance policy; grant prior approval for the establishment of an insurance company; issue license or revoke such license of insurance companies; formulate necessary by-laws, directives, guidelines or orders for the insurance business; coordinates with the other governmental or non-governmental organizations for the regulation, supervision and development of insurance business, etc.

- The NIA has been acting to systematize, regularize, and supervise insurance business in Nepal
- It has issued various directives, guidelines related to accounting and financial reporting of insurance companies, settlement of claims, risk management, valuation of insured amounts, asset management, service delivery, merger and acquisition of the life /non-life insurance companies, which are required to be adhered by all insurance companies.
- It has conducted on-site and off-site inspection and supervision in order to identify problems/risks related insurance businesses,
- It has prescribed specific software for the use of insurance companies in order to monitor insurance related activities of insurance companies and control suspicious transactions,
- For carrying out supervisory function, the NIA has established separate supervision division and sections namely - risk management, Onsite inspection, Offsite inspection, financial analysis, research and MIS.
- As per the NIA's 55th year Anniversary Special Report 2080, it has conducted onsite inspection of 16 life insurers, 14 non-life insurers and 2 re-insurers. It also conducts unplanned (surprise) inspection of insurance companies. In course of



such monitoring and supervision, the NIA evaluates the financial performance of insurance companies and compliance level of various insurance companies with regards to the Insurance Act, Insurance Rules, directives and guidelines issued by the Board. It has issued necessary directives and taken actions to the insurers based on gravity of inspection reports.

Securities Board of Nepal (SEBON)

The SEBON, established by the Government of Nepal as an apex regulator in 1993, is responsible for regulating the securities and capital market, including the stock exchange, bond market, and other financial instruments of BFIs and ICs. The Board also oversees the issuance and trading of securities and grants permission for issuance of IPOs, bonus share and right share of BFIs and ICs. In order to ensure transparency and fairness in the security market and protect the interest of investors, it has been conducting the onsite and off-site monitoring and supervision and risks-based AML/CFT related special supervision in the case of BFIs and ICs.

Institute of Chartered Accountants, Nepal (ICAN)

The ICAN, established under The Nepal Chartered Accountants Act, 1997, is an autonomous body to enhance social recognition and faith of people at large in the accounting profession by raising public awareness towards the importance of accounting profession. The Institute is responsible for promoting and regulating accounting profession in Nepal. The Institute has formed various Boards and Committees to carry out its functions. The Institute has pronounced Nepal Financial Reporting Standards NFRS including International Financial Reporting Interpretations Committee (IFRIC) and Standard Interpretations Committee (SIC) in line with the International Financial Reporting

Standards (IFRS). BFIs and ICs are obliged to comply the accounting and reporting standard pronounced by the ICAN.

Inland Revenue Department (IRD)

Inland Revenue Department Nepal is a government department working under Ministry of Finance. The IRD is responsible for the enforcement of Tax Laws and administration of the Income Tax, Value Added Tax, Excise Duty etc. The department implements programs and work plans to manage internal revenue, increase taxpayer participation, provide taxpayer services through information technology. It manage self- assessment of tax, conduct investigation on taxpayers' transaction, and reduce direct contact between taxpayers and tax administration. As a taxpayer, BFIs and ICs fall under the pervue of IRD. IRD can instruct them and conduct review of the tax return to ensure the legal compliance.

Office of the Company Registrar (OCR)

It is a department level office established in 2049 BS under the Ministry of Industry and Commerce with the aim of bringing uniformity in the application and compliance with the Company Act. It carries out activities related to the company registration and renewals, records keeping and administration and takes action for merger, insolvency etc. as per the Company Act 2063 B.S. of BFIs and ICs. They need to submit all documents as required by the law. Otherwise, OCR can panelise them.

5. Shortcomings and Challenges

The act of regulating and supervising by the regulatory agencies has been affected by various factors including lack of competent and experience human resources, lack of coordination and collaboration, lack of modern ICT and logistic supports etc. Such

factors have posed challenges in making the regulatory activities effective. Major shortcoming/challenges have been pointed out below:

- 5.1. Major chunk of equity and management of several BFIs and ICs have been still controlled by limited investors/groups. This has created some rooms in the directors and management team getting involved in the activities of fraud, corruption, misuse of funds etc. Such cases cannot be revealed without having expertise knowledge and serious investigation.
- 5.2. Though the monitoring and supervision of the NRB appear broad, the quality aspect of supervision is still questionable to its stakeholders. Major audit findings on the NRB's supervision lapses mentioned in the 59th and 60th Auditor General (AG)'s Annual Report, include - supervision plan based on volume and nature of business of banks is not prepared, transactions beyond the balance sheet are not examined in the NRB's on-site inspection, supervision and inspection is done in limited number, supervision of sister/subordinate companies are not conducted while supervising commercial banks etc. The International Monetary Fund (IMF) has been categorically raising issue of the need of reform in the regulatory and supervisory role of the NRB.
- 5.3. It is evident that the coverage and mechanism of the monitoring and supervision of the NIA have still not become comprehensive and effective. Major audit findings on the NIA's management and supervision lapses mentioned in the 59th and 60th AG's Annual Report, include - not conducted monitoring related to renewal of licenses by NIA, delay in settlement of claims by insurers, and non-completion of audits of government-owned insurance corporation/ company, lack of proper documentation of information of insurance companies, licenses of insurance companies renewed without obtaining necessary documents etc.
- 5.4. The regulatory agencies have different mandates, but they must co-ordinate and collaborate with one another and share information while carrying out the regulatory works and implementing new information and reporting system in the BFIs/ICs. Such works may be overlapping when it comes to the regulation of some banks or insurance companies operated in affiliation. Same information are to be submitted in various regulator. There has been no such formal system or committee to coordinate between the regulatory agencies.
- 5.5. Regulatory agencies should have competent and experience leadership and management team including board members to run institution and discharge their functions effectively. However, the government is not formulated transparent policy in the appointment processes to ensure that such key personnel have been selected based on relevant expertise and academic degree/ experience.
- 5.6. Regulatory agencies must have adequate and competent manpower to carry out the monitoring and supervision task effectively. But, it appears that such regulatory function has been affected due to lack of adequate experts and professional manpower in their concerned department / section in most of regulatory agencies.
- 5.7. Most of regulatory agencies do not still have robust database and information



system. They also lack necessary modern ICT and logistic supports, which is affecting in their supervisory and regulatory works.

6. The Way Forward

The following improvements need to be undertaken with regards to the regulation of BFIs and ICs:

- 6.1. The Federal Government need to support existing regulatory agencies by granting autonomy and empower them to discharge their responsibilities efficiently and establishing common forum for various regulatory agencies. The chief executives and board members of the regulatory agencies should be appointed on the basis of related expertise and experiences by formulating a transparent policy in this regard.
- 6.2. The supervision and monitoring Department/ sections of the regulatory agencies need to be equipped with well-versed technical experts and professional accountants that can also carry out critical financial risk analysis and investigate the fraudulent transactions, such as financial crime and corruption, money-laundering, tax invasion etc. Such department/ section needs to be made resourceful with sufficient logistics support.
- 6.3. Regulatory agencies need to give attention in the human resources development and capacity-building of their manpower. They should focus on enhancing knowledge of their existing technical personnel and providing necessary practical training to reviewers, supervisors etc. They should have a human resource plan to recruit and retain professionally qualified and trained human resources.

- 6.1. Effective regulation requires sufficient and quality information and logistic support. The regulatory agencies should have smart and robust database and IT system to have access on the data and information of the BFIs and ICs. At this point of time, the regulating agencies can use artificial intelligence to regulate and monitor the BFIs and ICs.
- 6.2. The regulatory agencies should give attention in coordination and collaboration for effective supervision and monitoring of BFIs and ICs. They should have a formal forum or committee to deliberate, share and exchange information on common issues and adopt necessary strategy. They should also have common IT system to exchange information.
- 6.3. The regulatory agencies give attention in implementing internationally accepted accounting and financial reporting system and auditing system in all BFIs and ICs. In this regard, the ICAN as a professional accounting agency, may take leadership and support to other regulatory agencies.

Conclusion

The BFIs and ICs have significant contribution in Nepalese economy. They mobilise and use huge money of the depositors, investors, stakeholders and society at large. The role of the regulatory agencies has been increasing along with the growth in number of the BFIs and ICs and appearance of new problems and ailments. In this regard, in transforming existing regulatory agencies as an efficient and competent institution and making their monitoring and regulating system effective should be one of prime agenda for the country. Ineffective regulatory regimes will spoil the trust of the stakeholders and people at large. The regulatory agencies should



give attention in improving quality and quantity aspects of existing monitoring and supervising activities as per international standards. They should work in a transparent, efficient and professional manner to uphold the trust of stakeholders and boost the people confidence. The government needs to support the regulatory agencies in promoting their independency, harmonizing policy and developing as a proficient institution for national economy.

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Unique Document Identification Number (UDIN)

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नेपाल चार्टर्ड एकाउन्टेन्ट्स संस्था नेपालमा लेखाव्यवसायको विकास, संरक्षण र सम्बर्द्धन गर्नको लागि नेपाल चार्टर्ड एकाउन्टेन्ट्स ऐन, २०५३ अन्तर्गत स्थापित एक स्वायत्त नियमनकारी निकाय रहेको सर्वविदितै छ । संस्थाका पेशागत प्रमाणपत्र प्राप्त सदस्यहरूले लेखापरीक्षण (Audit) वा प्रमाणिकरण (Certification) लगायतका कार्यहरू गर्दा आफ्नो प्रत्येक प्रतिवेदनमा अनिवार्य रूपमा १८ अंकको एक अद्वितीय संकेत नं. (Unique Document Identification Number (UDIN) संस्थाको वेबसाईट www.ican.org.np मा रहेको UDIN Portal बाट जारी गरी सो नम्बर आफ्नो प्रतिवेदनमा उल्लेख गर्नुपर्ने व्यवस्थालाई मिति २०७६ कार्तिक ०१ गतेबाट अनिवार्य लागू गरिएको व्यहोरा सर्वविदितै छ ।

यसै सन्दर्भमा कुनै पनि व्यक्ति वा निकायको लेखापरीक्षण वा प्रमाणिकरण गरी संस्थाका पेशागत प्रमाणपत्र प्राप्त सदस्यहरूले प्रदान गर्ने प्रतिवेदनहरूमा अनिवार्य रूपमा १८ अंकको अद्वितीय संकेत नम्बर (UDIN), हस्ताक्षर मिति, लेखापरीक्षण फर्मको छाप, लेखापरीक्षकको नाम तथा पेशागत प्रमाणपत्र नं. लगायतका विवरणहरू उल्लेख नभई प्राप्त भएमा सो प्रतिवेदन स्वीकार नगर्न सरोकारवाला सबैमा अनुरोध गरिन्छ । साथै संस्थाका पेशागत प्रमाणपत्र प्राप्त सदस्यहरूले हस्ताक्षर गरेको लेखापरीक्षण वा प्रमाणिकरण लगायतका कार्यहरूको प्रतिवेदनमा यस्तो UDIN, हस्ताक्षर मिति, लेखापरीक्षण फर्मको छाप, लेखापरीक्षकको नाम तथा पेशागत प्रमाणपत्र नं. नभएमा सो प्रतिवेदन यस संस्थाको लागि आधिकारिक नहुने व्यहोरा जानकारी गराईन्छ । साथै कुनै प्रतिवेदनमा उल्लेख भएको UDIN यथार्थ तथा आधिकारिक भए नभएको सम्बन्धमा नेपाल चार्टर्ड एकाउन्टेन्ट्स संस्थाको वेबसाईट वा सिधै <https://udin.ican.org.np/verifydocument> मा गई जाँच गर्न सकिने व्यहोरा समेत जानकारी गराईन्छ ।



Building Resilience and Sustainability through Public Asset Management in Nepal

Introduction

Nepal, nestled amidst the breathtaking Himalayas, faces a unique development challenge. As a Least Developed Country (LDC), building a prosperous future hinge on robust public infrastructure. Infrastructure serves as the lifeblood of this endeavor,

From remote villages connected by vital roads to homes illuminated by reliable power grids and farmlands nourished by efficient irrigation systems, infrastructure forms the backbone of the progress. However, this journey faces daunting obstacles.

connecting communities, powering businesses, and delivering essential services. However, aging assets, limited resources, and looming threats like climate change threaten their sustainability and resilience. This necessitates a holistic approach: Public Asset Management (PAM).

Rapid urbanization is straining existing infrastructure, while climate change looms as a growing menace. With limited resources at hand, Nepal's traditional asset management practices, relying on basic registers and reactive maintenance, are proving inadequate. This is where PAM offers a promising way forward. PAM promises not just to address these challenges but to build resilience, sustainability, and a brighter future for Nepal.

Public Infrastructure: The Engine to Drive Sustainable Development

Infrastructure serves as the foundation of a nation's economic growth and development. It encompasses a wide range of physical structures, facilities, and systems that support



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and enable economic activities. Well-maintained infrastructure directly contributes to achieving multiple SDGs. Infrastructure development is essential for poverty reduction and prosperity. Public infrastructure, from roads and bridges to energy grids and water systems, isn't just about convenience; it's a crucial lever for achieving the SDGs. Well-maintained infrastructure provides access to efficient transportation facilitating access

Robust infrastructure underpins economic growth, quality of life, and achievement of SDGs.

Poor asset management leads to higher costs, service disruptions, and decreased citizen trust.

to medical facilities and schools (SDG 3, 4), reliable infrastructure empowering businesses and creating jobs (SDG 8), and resilient infrastructure protecting against climate change and promoting sustainable living (SDG 11). Conversely, crumbling infrastructure hinders progress, exacerbates inequality, and threatens environmental sustainability.

A 2020 World Bank report highlights the stark reality: inadequate infrastructure costs

Infrastructure systems influence the SDGs in numerous ways, including having an impact on the achievement of up to 92% of all SDG targets.

(‘Infrastructure Underpinning Sustainable Development’ (A research report by UNOPS and the University of Oxford led Infrastructure Transitions Research Consortium (ITRC) https://content.unops.org/publications/Infrastructure_underpinning_sustainable_development_EN.pdf?mtime=20181220182223)

developing countries 5% of GDP annually limiting access to clean water (SDG 6), and increasing climate vulnerability (SDG 13). Investing in efficient and resilient infrastructure, however, empowers communities, protects the environment, and fuels economic development – a virtuous cycle propelling progress towards a more equitable and sustainable future.

By prioritizing sustainable infrastructure management, we unlock a powerful tool for achieving the SDGs, creating a healthier, more prosperous, and resilient world for all.

Traditional approaches applied in Nepal are insufficient and lacks a sustainable and growth-oriented solution. By optimizing asset utilization, extending asset lifespan, and minimizing resource waste, PAM ensures reliable infrastructure services at lower costs, freeing up resources for further development. Additionally, by prioritizing climate-resilient practices, PAM safeguards infrastructure from

Asset management refers to the coordinated activity of an organization to realize value from assets.

It is a series of activities that monitor and maintain things of value—in our case, physical assets. This involves balancing risk, cost, opportunities and performance to fully and effectively realize the value of an asset over its entire lifespan.

- International Organization for Standardization, ISO 55000:2014

natural disasters, protecting lives, livelihoods, and economic progress.

Rethinking Assets Definition: Unveiling the Pervasive Value in Nepal and the Key to Effective Management

Across Nepal, government agencies and the officials responsible for asset management have adhered to a limited definition of assets, primarily encompassing office equipment, vehicles, and buildings. This narrow understanding, while serving basic accounting

Definition of Assets (National Civil (Code) Act, 2017)

Asset definition mentioned in clauses 299 to 301 of section V of the act:

Government assets:

- Government buildings, lands, and houses
- Infrastructure like roads, railways, forests, mines, and waterways
- Natural resources like mountains, rivers, and public gardens
- Unclaimed land not categorized as public, community, or private

Public assets:

- Property used for public purposes since ancient times (wells, roads, grazing lands)
- Religious sites, memorials, and cultural spaces
- Lands for markets, fairs, and public events
- Private property donated for public use
- Any other property declared public by the government

Community assets:

- Land and structures owned and used by a community

and administrative purposes, severely restricts our comprehension of the true value hidden within our public infrastructure systems. In reality, every public infrastructure system, from the roads we travel to the water we drink, represents a valuable asset. This limited definition has resulted in fragmented management practices, focusing solely on data recording and physical verification. But true asset management is far more dynamic.



The Foundation for Effective Management: Asset Management Principles

Effective management of these diverse assets requires a strong foundation built on core principles. Here are some key asset management principles that Nepal can consider:

- **Holistic Approach:** Consider all types of public assets, from infrastructure to natural resources and social assets.
- **Systematic Management:** Implement a systematic approach to asset planning, monitoring, maintenance, and disposal.
- **Risk Management:** Proactively identify and mitigate risks associated with asset deterioration, obsolescence, and natural disasters.
- **Sustainability:** Ensure asset management practices contribute to long-term environmental, social, and economic well-being.
- **Lifecycle Optimization:** Focus on optimizing asset performance and value throughout their entire lifecycle.
- **Performance Measurement:** Establish clear performance metrics to track asset condition, utilization, and return on investment.
- **Stakeholder Engagement:** Involve relevant stakeholders, including citizens, in decision-making processes related to asset management.

It's about unlocking the hidden potential within all public resources, by taking a holistic approach that considers not just their numbers but also their technical, engineering, economic, and financial aspects. This will allow us to harness the full power of these resources and maximize their impact on our communities. It's about moving beyond counting assets to managing them for impact.

By redefining assets to embrace their broader meaning, we unlock a new understanding of public wealth in Nepal. This shift unlocks doors to improved service delivery, responsible resource allocation, and sustainable value creation for future generations. We shift from managing mere "inventory" to managing the very foundations of our nation's well-being. Redefining assets unlocks the potential for optimizing public investment and maximizing returns for citizens. This multi-faceted understanding of public assets is crucial for

By actively managing each stage, ALM offers numerous benefits:

Enhanced service delivery: Well-maintained infrastructure ensures reliable and efficient services, meeting the needs of communities effectively.

Optimized costs: Proactive maintenance prevents costly breakdowns and extends asset lifespan, leading to significant cost savings.

Resource preservation: ALM minimizes waste and promotes sustainability through responsible disposal and potential reuse of materials.

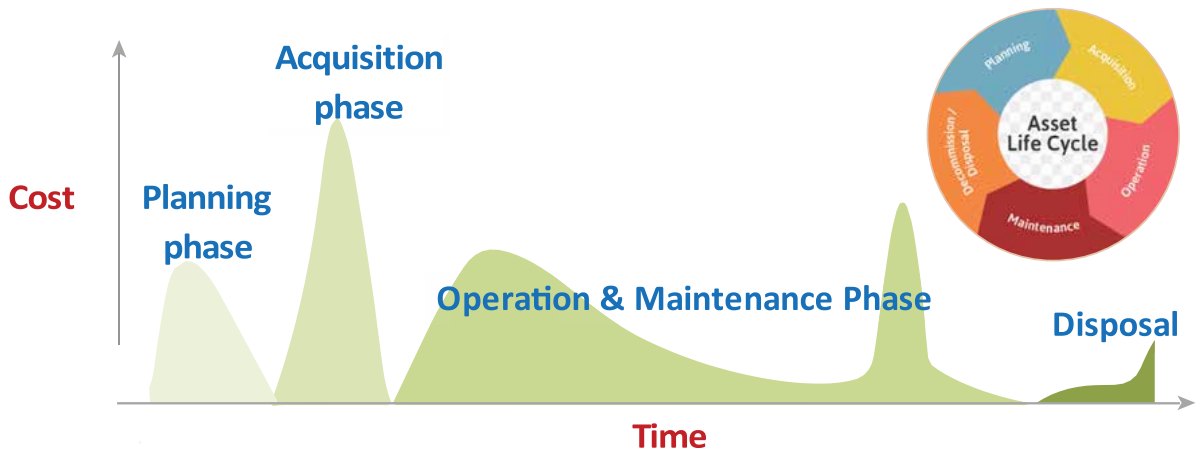
Resilient infrastructure: By proactively addressing potential issues, assets are better equipped to withstand challenges and disruptions, ensuring long-term functionality for future generations.

unlocking their full potential and driving impactful asset management in Nepal.

Unlocking Potential: Embracing an Asset Lifecycle Management (ALM) Approach

Imagine a nation's public infrastructure as a vast ecosystem, each element playing a crucial role in its wellbeing. Roads, bridges, schools, health centers— each is a vital component, intricately interwoven to support communities and drive progress. Ensuring these assets function optimally throughout their lifespan is where ALM comes into play. ALM is a strategic approach that views assets not just as static possessions, but as dynamic resources on a journey. It guides their management across four key stages:

1. **Planning:** This stage lays the groundwork, carefully defining the needs, purpose, and expected lifespan of each asset before acquisition.
2. **Acquisition:** The right asset is selected in a cost-effective manner through purchase, construction, or other means.
3. **Operation & Maintenance:** The heart of ALM focuses on keeping assets functioning at their peak. This involves:
 - *Preventive maintenance:* Regular



upkeep and inspections to identify and address potential issues before they escalate.

- *Performance monitoring*: Tracking asset performance to optimize usage and identify areas for improvement.
- *Continuous improvement*: Regularly reviewing and updating practices to ensure relevance and effectiveness.

4. Disposal: When an asset reaches its natural conclusion (end of life), responsible disposal transforms into an

- Asset management involves the balancing of costs, opportunities and risks against the desired performance of assets to achieve an organisation's objectives.
- Asset management also enables an organisation to examine the need for and performance of assets and asset systems at different levels.
- It enables the application of analytical approaches towards managing an asset over the different stages of its life cycle.
- Asset management is the art and science of making the right decisions and optimising the delivery of value.
- A common objective is to minimise the whole life cost of assets but there may be other critical factors such as risk or business continuity to be considered objectively in this decision making.

- *The Institute of Asset Management*

opportunity. This involves its respectful retirement, minimizing environmental impact while exploring avenues for renewed purpose. This can entail recycling valuable materials, using for buy back, repurposing the asset for a new function, or even generating potential revenue through these methods.

Integrating Operation and Maintenance (O&M) fund management for sustainable ALM - Robust financial planning and resource allocation and integrating O&M fund management ensures the availability of necessary funds for crucial maintenance activities throughout the asset lifecycle. This involves:

Accurate budgeting: Forecasting and allocating resources based on realistic assessments of maintenance needs throughout each stage.

Transparent tracking: Ensuring clear and accountable allocation and utilization of O&M funds.

Performance-based systems: Linking funding to asset performance to incentivize proactive maintenance and efficient resource utilization.

The foundation of Asset Management: Robust Data and Systematic Practices

The most important element of effective asset



Media spotlight exposes asset mismanagement, while PAMS offers hope. News reports highlight the critical need for better public asset management in Nepal, exposing embezzlement due to inadequate tracking. The implementation of PAMS across government offices is a positive step, offering a foundation for improvement, but work remains to achieve its full potential.

News and articles on PAM (Nepal)–

<https://www.onlinekhabar.com/2021/12/1057700>
<https://nagariknews.nagariknetwork.com/opinion/188796-1566792360.html>
<https://sindhulisaugat.com/2019/11/17/91076/>
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PAMS

<https://ekagaj.com/article/finance/12608/>
<https://shilapatra.com/detail/56683>
<https://banijyanews.com/artha/18978/>
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<https://www.ecowaycenter.com/detail/487>
<https://www.onlinekhabar.com/2022/12/1227457>

management is a system with robust asset data. Traditionally, Nepal relied on basic registers and reactive maintenance practices.

This approach lacked the comprehensive and data-driven approach of a Public Asset Management System (PAMS).

A mandate for Systematic Asset Data Management: The need for systematic asset management is recognized in Financial Procedures and Fiscal-Responsibility Act 2076. Section 26 (5) of the act mandates the Financial Comptroller General Office (FCGO) to prepare a consolidated report of assets and liabilities. To comply with this legal provision, the FCGO initiated the Public Asset Management System (PAMS) an asset data management platform for all tiers of government.

Limitation of the current system: However, the current implementation of PAMS has limitations. It's scope often reflects the traditional approach of recording only office assets and a limited range of public infrastructure.

Moving forward: Upgrading PAMS and embracing best practices: The effort to include all government-owned properties in the existing system and report accordingly are commendable. Additionally, an upgrade to PAMS is planned for the current fiscal year (2023-24). An upgraded PAMS has the potential to:

Asset Management Provisions in Financial Procedures and Fiscal Responsibility Regulations 2077.

Chapter –10 (Safekeeping of Government Property, Records and Protection) outlines key provisions related to asset management in **Section 94 to 102** -

- Safekeeping and protection of Government Property/assets
- Record of Public assets and inventory
- Valuation of assets and inventory
- Management of In-kind goods received as foreign aid
- Procedure for Receiving Public Assets/Property and in-kind goods from dissolved offices
- Annual physical verification/inspection of Public Property and inventory

- Enable effective asset data management: This will ultimately facilitate for more systematic asset management
- Inform data-driven decision-making: Data driver insights will be crucial for optimizing the value of Nepal’s public assets.

Accounting Challenges and International Practices

Further complicating the picture is the government’s use of the cash-basis accounting system. This system treats all procured or constructed assets as immediate expenses, neglecting their long-term value. A shift towards accrual-based accounting, as recommended by International Public Sector Accounting Standards (IPSAS), would provide a more accurate picture of asset wealth.

Addressing the Gaps: A Path Forward

Here are some key areas for improvement to establish a more robust and transparent PAMS.–

- Encouraging complete data entry by government office Expanding PAMS’s scope to encompass all public infrastructure
- Developing a comprehensive asset valuation database
- Shifting from cash-basis to accrual-basis accounting for a more accurate picture of asset value
- Addressing the valuation and recording of natural resources like mines, forests, rivers, and the Himalaya

These improvements, coupled with a shift towards accrual-based accounting, will enable a more comprehensive understanding of Nepal’s public assets and pave the way for improved asset management practices.

It’s important to recognize that this is an ongoing process, and further efforts will be necessary to establish a truly comprehensive and data-driven asset management system for Nepal.

PAMS Data Offers Insights, But Gaps Remain- Nepal’s recently released consolidated financial statement, incorporating initial PAMS data, offers a glimpse into the country’s public asset value. However, important limitations limit full transparency:

Incomplete entries: Government offices haven’t provided full information, creating data gaps.

Limited scope: Significant public infrastructure remains outside PAMS’s purview.

Valuation inconsistencies: Policy gaps necessitate assigning a nominal NPR 1 value to certain assets, impacting accurate valuation.

Despite these limitations, the data published by FCGO in consolidated financial statement unveils valuable insights:

- The federal government holds NPR 134.77 billion in assets, primarily buildings and machinery/equipment.
- The combined asset value for the seven provinces and 753 LGs totals NPR 29.78 billion and NPR 36.73 billion

Amount in NPR ‘ billion

Province	Buildings (6111000)	Machine and equipment (6112000)	Produced biological means (6113100)	Other structures (6115000)	Valuables (6130000)	Non Produced assets (614000)	Total Assets
FG (Ministries and offices)	28.49623	96.37214	2.91851	0.14157	0.00766	6.83298	134.76910
Total of 7 Provinces (PGs)	4.51122	23.77110	1.13802	0.02213	0.00055	0.33710	29.78011
753 LGs	3.47810	29.4540	2.82303	0.01387	0.00750	0.95289	36.72945
Total	36.48556	149.59727	6.87956	0.17757	0.01570	8.12297	201.27866

Source: Annex 8.1 and notes 11 of Consolidated Financial Statement for FY 2022-23



The table above provides a breakdown of asset value by category for federal, provincial and local governments (FG, PGs and LGs). However, the listed totals (NPR 134.77 billion for FG, NPR 29.78 billion for 7 PGs and NPR 36.72 billion for 753 LGs), likely underestimate the actual value of public assets. This is because PAMS doesn't capture all infrastructure assets. This potentially misses high-value assets crucial for long-term sustainability. Consequently, inaccurate assessments of infrastructure value could lead to challenges in managing these important public assets effectively.

Benefits of Asset Data Management:

- **Centralized data repository:** Comprehensive data collection across all sectors.
- **Standardized reporting:** Common data formats and reporting mechanisms
- **Informed decision-making:** Data-driven insights
- **Knowledge sharing and collaboration:** fosters communication and collaboration between different stakeholders

Though PAMS has been adopted by most of the LGs, those implementing it haven't recorded all important infrastructure, and the value of land and buildings is often inaccurate.

While PAMS possesses great potential to become a cornerstone of Nepal's asset management strategy, it currently resembles a patchwork quilt, stitched together with good intentions but incomplete data. Having a complete picture of public assets will help us make better decisions about managing and investing in our infrastructure. Ensuring complete data entry, expanding PAMS's coverage, and implementing consistent valuation policies are essential steps for effective transformation.

Leveraging Global Practices for Nepal's Public Asset Management: Inspiration for Nepal

To leverage successful approaches from around the world and improve its public asset management system, Nepal can:

- Develop a comprehensive asset management framework focusing on lifecycle costing, risk management, and data-driven decision-making.
- Invest in capacity building by training government officials on best practices.
- Foster community participation to encourage citizen ownership and responsible stewardship.
- Establish a legal framework with asset management related laws and policies.
- Explore Public-Private Partnerships (PPPs) to leverage private sector expertise and financing for infrastructure projects.
- Prioritize sustainable infrastructure management and leadership.

Harnessing Sectoral Strengths: Bridging the Gap

Nepal flourishes with promising sectoral initiatives tackling diverse infrastructure challenges. Developing partners working in infrastructure sector have demonstrated impressive commitment to improvement in respective sectors (Road, urban infrastructures, water supply systems, irrigation systems etc.). There is a silo approaches having lack of harmonization, no replication of effective systems widely in government initiation, duplication of efforts, knowledge sharing and collaboration across sectors is generally missing, disconnections with central data system.

For the effective and data-driven infrastructure asset management in Nepal, development partners can leverage the wider reach and ongoing enhancements of PAMS by contributing to a unified national asset data platform. By aligning their initiatives with PAMS and focusing on standardized data collection and reporting, development partners can make a significant contribution to a comprehensive and data-driven national asset management strategy. PAMS' nationwide reach and ongoing enhancements offer a powerful platform for centralized

data collection and analysis, unlocking the full potential of these sectoral initiatives and propelling Nepal towards effective and efficient infrastructure management.

The Power of Effective PAM: Beyond Operations and Maintenance

Effective PAM in Nepal transcends mere repair, unlocking a treasure trove of benefits that go far beyond immediate improvements. Imagine reliable water flowing freely, efficient transportation connecting communities, and uninterrupted power fueling progress. But PAM's true power lies in its long-term impact, delivering benefits like:

Enhanced Service Delivery: Well-maintained assets translate to reliable water supply, efficient transportation, and uninterrupted power, improving citizens' quality of life.

Reduced Costs: Proactive maintenance prevents costly breakdowns, releasing resources for other development needs.

Increased Revenue: Optimized asset utilization can generate additional income, bolstering financial sustainability.

Climate Resilience: Robust infrastructure withstands natural disasters, protecting lives and minimizing economic losses.



A tap wrapped in cloth (in Thuli Bheri, Dolpa/Nepal). This doesn't ensure water safety and highlights the important focus of water quality. Photo source: <https://suswa.org/project/#what-we-do>

Improved Public Trust: Transparent and accountable PAM fosters trust between citizens and the government. This holistic

Benefits of Effective PAM:

- Enhanced service delivery (reliable water, electricity, etc.)
- Reduced lifecycle costs through proactive maintenance
- Increased revenue generation from user fees and optimized asset utilization
- Improved climate resilience and disaster preparedness
- Enhanced citizen trust and accountability

approach fosters not just a more functional Nepal, but also a more prosperous, secure, and trusting relationship between citizens and their government. In short, PAM isn't just about fixing things; it's about unlocking a brighter future for all.

While the potential is immense, several hurdles impede progress:

PAM holds immense promise for Nepal, envisioning a future with reliable infrastructure, optimized resources, and climate resilience. Yet, challenges like policy ambiguities and data limitations impede progress. This section explores four key roadblocks hindering its full potential: a national policy vacuum, limited data management capacity, insufficient technical expertise and resources, and collaboration conundrums.

Lack of a National Policy Framework: The absence of a national policy framework for PAM creates ambiguity and hinders standardized implementation, making progress uneven and inefficient.

Limited Data Management Capacity: Limited data management capacity cripples informed decision-making. Robust data collection, analysis, and utilization are essential for PAM's success, but currently remain elusive.

Insufficient Technical Expertise and Resources: Insufficient technical expertise and resources act as major hurdles. Building capacity and securing funding are crucial to bridge this gap and ensure effective implementation.



In relation to the management of public assets, the report of the Auditor General Nepal has reported number of irregularities. Those are mainly –

- There is no documentation and systematic management of the assets by the governments of all levels.
- Lack of conservation and effective utilization of public resources, facilities: According to Section 11 of the Local Government Operation Act, 2074, the local level must collect, record and manage basic data within its area and the educational, geographical conditions, natural resources, mines, forests and other resources within its area, roads under infrastructure, bridge, drinking water, etc. records and resource mapping or profile of the municipality should be prepared.
- The electronic system related to the PAM system should be made more effective and applied to the local level, and the AM system based on traditional documents should be completely replaced.
- There is a situation where the records of public assets of federal, provincial and local governments are not organized. Due to the encroachment of the publicly owned lands, the protection and use of the government property was not seen efficiently.
- **Protection of government and public land use and transfer of rights** - Section 97 of the LG Operation Act 2074 stipulates that LGs must maintain and protect government, community and public property within their area, but this has not been done.

Collaboration and Coordination Challenges: Seamless collaboration between government agencies, development partners, and the private sector remains a challenge, impeding the holistic approach PAM requires.

Navigating the Maze: Essential Tools for Asset Management

Many Public service sectors have developed specialized tools tailored to their unique needs, such as transportation management software, utilities management software for energy grids, irrigation management software, healthcare asset management software, telecommunications management software, renewable energy management software, education infrastructure management software, disaster management tools, etc. The ideal asset management (AM) toolset depends on the specific needs,

context, and resources available. Combining different tools strategically can create a comprehensive AM ecosystem for effective public asset management. Some free and open-source tools are also available for asset management, offering basic functionalities and customization options.

While specialized tools like transportation management software or healthcare asset management software offer targeted solutions, a broader approach is crucial for truly effective asset management. Frameworks like Assets Management Plan (AMP) and Assets Management Action Plan (AMAP) provide guidance, but additional systems are crucial.

Consider a Project Bank for transparent infrastructure project management, Enterprise Asset Management (EAM) Systems for comprehensive asset tracking, and Geographic Information Systems (GIS) for location-based decision-making. The ideal combination depends on Nepal's specific context, but a multi-layered approach is key for sustainable public asset management.

NPC: Bridging the Gap to Sustainable Infrastructure

The National Planning Commission (NPC) of Nepal plays a crucial role in shaping the country's development trajectory. Their focus on infrastructure development necessitates effective asset management practices to ensure long-term sustainability. Their "Project Bank" could potentially contribute to AM efforts in Nepal through data collection and project monitoring, highlighting the potential for future development in integrating AM practices directly within the Project Bank.

Think of AMPs as customized roadmaps for managing specific assets or entire portfolios. They define goals, strategies, and budgets, ensuring resources are allocated effectively for long-term asset sustainability. AMAP, on the other hand, empowers with a tailor-made toolkit and framework specifically tailored for developing countries.

By providing guidance on data management,



maintenance optimization, and performance monitoring, AMAP complements and enhances the effectiveness of individual tools, bridging the gap to comprehensive asset management practices.

Why AMAP matters for Nepal?

The choice of tools depends on specific needs and contexts. While each tool offers valuable functionality, AMAP holds particular significance for Nepal due to its tailored approach and focus on capacity building. AMAP empowers organizations across various sectors to optimize asset performance, maximize service delivery, and minimize risks. Imagine it as a tailored roadmap guiding strategic decisions and resource allocation for critical public assets. By implementing AMAP, organizations can unlock significant benefits and achieve sustainable asset management practices.

Procedures for AMAP:

Critical Asset Identification: Defines the most crucial assets based on impact, accessibility, and improvement potential.

Performance Goals: Sets clear and measurable objectives aligned with community needs and development priorities.

Gap Analysis and Risk Assessment: Evaluates current practices, identifies performance or criticality gaps, and assesses associated risks.

Action Plan: Prioritizes and outlines specific actions with clear responsibilities, timelines, and resource needs to address gaps and mitigate risks.

Monitoring and Evaluation: Establishes methods and metrics to track progress towards goals, ensuring AMAP's effectiveness and informing future adjustments.

Charting a Course for Progress: A Multi-Pronged Approach

Nepal's public assets are vital for sustainable

Benefits of AMAP

Improved reliability: AMAP proactively identifies and addresses potential failures, minimizing disruptions and outages.

Extended asset life: By implementing its maintenance and improvement actions, assets last longer, reducing replacement costs.

Cost optimization: AMAP prioritizes actions based on impact and resource requirements, ensuring efficient budget allocation.

Increased accountability: Clear roles and responsibilities for asset management tasks foster transparency and collaboration.

Sustainable practices: AMAP promotes efficient resource utilization and environmental considerations for long-term sustainability.

development and service delivery. Yet, challenges like limited capacity and an inadequate policy framework hinder their full potential. This section proposes a multi-pronged approach, addressing these challenges through three key areas:

1. Building Capacity and Fostering Ownership:

Empowering Professionals: Develop multi-level training programs covering asset management principles, best practices, and relevant technologies. Target government officials across all levels, from frontline technicians to policymakers.

Engaging Leadership: Organize workshops and dialogues for federal and provincial officials, mayors, board members, and leaders, emphasizing their role in driving effective practices.

Knowledge for All: Create accessible resources like Nepali-language toolkits,

AMAP empowers:

Local governments: Manage critical assets efficiently and maximize their impact on communities.

Public agencies: Ensure reliable and sustainable service delivery to citizens.

Infrastructure operators: Optimize asset performance and extend their lifespan, reducing long-term costs.



online platforms, and public outreach campaigns to raise awareness among stakeholders and the community.

Learning Together: Foster peer-to-peer learning and collaboration through workshops, conferences, and online forums for collective problem-solving.

2. Establishing a Robust Policy Framework:

Securing Commitment: Advocate for and engage with government leadership to secure strong political support and long-term investment in asset management.

Inclusive Policymaking: Facilitate multi-stakeholder dialogues involving elected representatives, policy level bureaucrats, development partners, and civil society organizations to ensure inclusive and evidence-based policy development for asset management.

Harmonized Regulations: Review and update legal and regulatory frameworks to align with best practices and international standards, addressing asset valuation, depreciation, and procurement.

Standardized Data: Develop national standards and guidelines for data collection, storage, and sharing, ensuring consistency and accessibility across government entities for asset management.

There is a need to equip government officials at all levels with the knowledge and skills to effectively manage public assets, foster leadership commitment, and raise awareness among stakeholders.

3. Cultivating a Culture of Asset Management:

Performance and Accountability: Robust performance management frameworks with clear indicators, like

asset availability and maintenance backlog reduction, are essential. These frameworks should also establish strong accountability mechanisms to track progress, identify areas needing improvement, and ensure responsible management of public assets

Incentivizing Excellence: Establishing a reward system can encourage a shift towards long-term asset stewardship. For example, high scores on the Local Government Institutional Self-Assessment (LISA), particularly those related to public asset management, could incentivize local governments to prioritize better asset management practices.

Transparency and Engagement: Regularly share information on assets performance and future investment plans with the public. This approach ensures responsible stewardship and aligns asset management practices with community needs.

The Future of Asset Management: Integrate asset management principles and best practices into relevant academic curriculums and professional development programs (curriculum of LDTA, PCGG, NASC etc.) to build a skilled workforce for the future.

Additional Considerations:

Technology and Innovation: Continuously evaluate and adopt appropriate technologies like software, data analytics, upgrade PAMS collaborating with DPs and digital inspection platforms to enhance efficiency, transparency, and data-driven decision-making. Explore reforms and data integration with existing PAMS systems.

Resource Mobilization: Explore diverse funding sources like public-private partnerships, user fees, and innovative financing mechanisms to ensure adequate and sustainable resources.

Contextual Adaptation: Tailor this approach to the specific needs and challenges of different localities and sectors within Nepal, ensuring flexibility and inclusivity.

Conclusion: Charting a Path to Sustainable Asset Management in Nepal

Effective AM isn't just about tools and frameworks; it's about unlocking the potential of public assets to drive progress towards the SDGs, ensure good governance, and achieve long-term sustainability. While Nepal has made strides in implementing AM practices, continued reforms and a multi-pronged approach are crucial.

Government reforms are essential. This includes strengthening institutional capacity, investing in human resources and technology, and streamlining processes. Prioritizing asset data management through effective PAMS is key for informed decision-making.

Collaboration between the GoN and DPs working in the infrastructure sector holds immense potential. While DPs have contributed valuable expertise, technical assistance, and resources through pilot projects, scaling up these successful pilots and adapting tools for broader implementation has often been a challenge. Moving forward, collaboration must be grounded in Nepal's specific needs, priorities, and existing capacities. By jointly investing in capacity building, establishing knowledge-sharing platforms, and developing flexible adaptation strategies, the GoN and DPs can overcome these challenges and unlock the full potential of successful pilots for nationwide impact.



Local asset management: This information board near Sitapaila Chowk, Kathmandu, showcases the Kathmandu Valley Water Supply Management Board and its collaboration with Kathmandu Upatyaka Khanepati Limited to manage the Bahity Pump Station.

Moving forward, a multi-pronged approach is crucial for Nepal to unlock the full potential of its public assets and chart a course towards a sustainable and prosperous future. This approach should focus on:

Holistic Asset Management: Going beyond specialized tools to embrace frameworks like AMPs and AMAP, alongside centralized systems like Project Banks, EAM systems, and GIS.

Data-Driven Decision-Making: Leveraging robust asset data management to inform investments, optimize maintenance strategies, and track progress towards SDGs.

Capacity Building: Equipping government officials with the skills and knowledge needed for effective asset management.

Transparency and Accountability: Promoting open data practices and citizen engagement to ensure responsible asset management.

By prioritizing these areas and fostering strong collaboration between the GoN and DPs, Nepal can overcome challenges like scaling up successful pilot projects and ensure initiatives are adapted to local contexts and capacities. This will not only benefit its citizens but also contribute to achieving the SDGs globally.



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Road Asset Management Platform (RAMP) by JAICA <https://www.jica.go.jp/english/activities/issues/transport/ramp/index.html>

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UN Handbook on Infrastructure Asset Management: <https://financing.desa.un.org/document/un-handbook-infrastructure-asset-management>

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UN handbook in Nepali: https://financing.desa.un.org/sites/default/files/2023-03/IAMH_Draft_NEP_5Jul22.pdf | Pocket version of UN handbook [Pocket Guide](#)

UN newsletter on IAM <https://www.un.org/development/desa/financing/capacity-development/topics/infrastructure-asset-management/newsletter-paving-way-sustainable-infrastructure>

Online Training Course on Infrastructure Asset Management : Massive Open Online Course (MOOC): <https://bit.ly/IAM-MOOC>

<https://www.un.org/development/desa/financing/capacity-development/topics/infrastructure-asset-management/massive-open-online-course>

<https://event.unitar.org/full-catalog/infrastructure-asset-management-sustainable-development>

Toolkits in different language and examples of their application from across the globe: <https://www.un.org/development/desa/financing/capacity-development/topics/infrastructure-asset-management/pilot-project>

IAM Overview in UNDESA website: <https://www.un.org/development/desa/financing/capacity-development/topics/infrastructure-asset-management>

Field tested UN tools: Asset Management Action Plans (AMAPs) <https://financing.desa.un.org/capacity-development/topics/infrastructure-asset-management/pilot-project>

CAT-I tool/UNOPS <https://sdg12hub.org/take-action/capacity-building-mechanism/capacity-assessment-tool-infrastructure-cat-i>

Pokhara Metropolitan City to implement RAMS for planned periodic maintenance <https://myrepublica.nagariknetwork.com/mycity/news/pokhara-metropolitan-city-to-implement-rams-for-planned-periodic-maintenance>

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JUDICIAL UPDATE

Case-I: Labor Act, 2074

Supreme Court Decision Date:- 2080/09/18

Parties:- Ganapati Vanaspati Pvt Ltd, Bara (Appellant) V. Raj Kumar Chaudhary, Bara *et al.* (Defendant)

Supreme Court Case No.:- 076-WO-0549

Link: https://supremecourt.gov.np/cp/assets/downloads/supreme_211900.pdf

Enterprise need not wait for 90 days to dismiss a labor held in detention [Section 131(4)]:



CA. Pramod Lingden

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Abstract:

The appellant enterprise had furnished notices for providing an opportunity to defend under section 169 of the Labor Act, 2074. Hence, the plea of the defendant employee that the appellant enterprise acted against the principle of natural justice while imposing punishment could not be established. Further, the employment termination decision made by the appellant enterprise is within the time limit prescribed under section 137 of the Act. In addition, the time limitation for appeal prescribed under special law (Labor Act, 2074) cannot be over ruled by the time limitation of general law (National Civil Procedure Code, 2074). Moreover, in the absence of formal information regarding detention to the enterprise, section 134(6) of the Act does not attract to this case. Consequently, the enterprise need not wait for 90 days to terminate the employment.

Background:

The defendant Raj Kumar Chaudhary had been working at the appellant M/s Ganapati Vanaspati Pvt Ltd since 2063. The defendant employee suddenly remained absent from the work since 2075/06/15, for more than 30 consecutive days without having a leave sanctioned. So, on the ground that he committed a misconduct which attracts dismissal punishment under section 131(4)(f) of the Labor Act 2074, the appellant enterprise served a notice for submitting clarification to the employee via post office as well as posted it to the notice board of the enterprise pursuant to section 169(1) of the Act on 2075/07/26. However, the employee was held in detention during the period on allegation of being involved in an attempt to rape as per FIR lodged by other than the enterprise. So, he did not receive the notice and hence could not submit his clarification to the enterprise on time. Accordingly, the enterprise made a decision to dismiss the employee with effect from 2075/08/05.

Later on, the employee acquitted of the allegation made against him and got released



from the detention on 2075/10/20. Only the next day of his releasement when he visited the enterprise for work, he got information of his dismissal.

Appeal

The employee being dissatisfied with the decision of the enterprise filed an appeal against the dismissal decision of the enterprise to the Labor Court with a claim to reinstate him along with the salary and benefits from the dismissed date pleading the following grounds:

- As he was held in the detention, he was unknown about the notice of the enterprise seeking his clarification. So, he was dismissed without providing an opportunity to defend which was against the principal of natural justice.
- In addition, the time limit of 90 days for filing complaint against the decision initiates from the date of knowledge of that matter by him pursuant to section 50 of National Civil Procedure Code, 2074.
- The enterprise may terminate the employment contract only if the employee is held in detention for more than 90 days. However, the enterprise had detained him on 52nd day which is against section 134(6) of the Labor Act, 2074.

Then, the Labor Court made a decision on behalf of the employee on 2076/04/24. So, the enterprise being dissatisfied with the decision of the labor court filed an appeal to the Supreme Court on the following grounds:

- As per section 169(2) of the Act, where a notice could not be served in accordance with sub-section (1), such a notice shall be deemed to have been received by the concerned party if it is sent by registered post to his address, with one copy thereof being posted at the workplace. The enterprise had complied with these

notification procedures properly. So, the plea of depriving from an opportunity to defend is not in compliance with the Act.

- The appeal to the Labor Court was made after expiry of the time limitation of 35 days prescribed under section 166(2) of the Act. Even though, the Labor Court accepted his appeal and made decision on his favor and this is not in compliance with the Act.
- The enterprise had no information regarding the detention of the employee. Hence, the termination of the employment was enforced pursuant to section 131(1) instead of section 134(6) of the Act.
- The decision of the Labor Court to provide remuneration and benefit for the suspended period during the detention is against section 134(1) of the Act.

Supreme Court Judgement:

The Supreme Court quashed the decision of the Labor Court stating though the defendant employee did not receive the information, the appellant enterprise had furnished notices for providing an opportunity to defend under section 169 of the Labor Act, 2074. Hence, the plea of the defendant employee that the appellant enterprise acted against the principle of natural justice while imposing punishment could not be established. Further, the employment termination decision has been taken by the appellant enterprise within the time limit prescribed under section 137 of the Act. In addition, the time limitation for appeal prescribed under special law (Labor Act, 2074) cannot be over ruled by the time limitation of general law (National Civil Procedure Code, 2074).

Moreover, in the absence of formal information regarding detention to the enterprise, section 134(6) of the Act does not attract to this case. Consequently, the enterprise need not wait for 90 days to terminate the employment.



Case-II: Foreign Exchange (Regulation) Act, 2019

Supreme Court Decision Date:- 2080/09/25

Parties:- Government of Nepal at FIR of Metropolitan Police Crime Division (Appellant) V. Sandip Shrestha (Defendant)

Supreme Court Case No.:- 075-CR-1859

Link: https://supremecourt.gov.np/cp/assets/downloads/supreme_199213.pdf

Nepalese currency to be forfeited but not to be fined [Section 5]:

Abstract:

Section 17 of the Act has prescribed the provision of punishment with regard to foreign exchange only. The section is silent on punishment in case of Nepalese currency. However, using the authority conferred by section 5 of the Act, the Government of Nepal has prohibited sending Nepalese currency to foreign countries except India. Hence, the decision of Patan High Court to forfeit the Nepalese currency does not seem necessary to do otherwise. On these grounds, the plea of the appellant for charging fine equal to the amount in question could not be consented.

Background:

During the security check at Hold Baggage Check-in Area of the Tribhuvan International Airport on 2071/04/06, the police personnel deputed from the Metropolitan Police Crime Division suspected a luggage of defendant Sandip Shrestha. The defendant was flying to Sharjah Airport, UAE. So, they searched the luggage and found out NPR 42,00,000/-, Saudi Riyal 12,500/- and UAE Dirham 9,130/- in his luggage. Then, those currencies were seized and the defendant was arrested in the charge of committing offence under Foreign Exchange (Regulation) Act, 2019.

As per section 5(1) of the Act, the Government of Nepal may issue an order by a notification

in the Nepal Gazette thereby restricting the sending or importing any certain type of Nepalese currency or foreign currency by any person, firm, company or body into or to the whole or any certain area of Nepal, without obtaining the license from the Nepal Rastra Bank. In issuing such an order, the Government of Nepal may specify that such a restriction shall not be applicable to any person, firm, company or body or to any certain type of Nepalese currency or foreign currency. Using the authority conferred by this section, the Government of Nepal (then His Majesty's Government) had notified not to send Nepalese and Indian Currency in other countries except India with effect from 2057/04/01.

So, on the ground of violating restriction imposed under section 5 of the Act, a charge sheet was filed to the Kathmandu District Court against the defendant with a claim to forfeit the entire currencies and charge fine equal to such amount in question under section 17(1) of the Act.

The defendant pleaded of not guilty on the following grounds:

- There were 2 similar black bags at his home-one of his own and next one of his father. He mistakenly taken away his father's bag. So, the bag caught at the international airport and the amount NPR 42,00,000 retained in it does not belong to him. Instead, those are of his father. So, he did not have any intention to take the Nepalese currency abroad which is of no use in foreign country.
- Regarding the foreign currency, Saudi Riyal 12,500/- was brought by himself while returning to Nepal from UAE on 30th June, 2014. Next, out of UAE Dirham 9,130/-, Dirham 7,500 was exchanged from Himalayan Bank Ltd, Thamel on 22nd July, 2014 and remaining Dirham 1,630/- was exchanged from Machhapuchhre



Bank Ltd, Lazimpat on 3rd June, 2014. So, no any illegal transaction of the foreign currencies has been conducted.

Then, the Kathmandu District Court made a decision to forfeit UAE Dirham, Saudi Riyal and charged a fine of NPR 5,63,200/50 to the defendant on 2074/10/11. The court further stated that the evidences for proving the purpose of exporting Nepalese currency could not be produced by appellant and hence it shall not be forfeited as claimed in the charge sheet.

So, being dissatisfied with the decision of the Kathmandu District Court, the Government of Nepal made an appeal to the Patan High Court.

Appeal:

The grounds for being dissatisfied and making an appeal to the Patan High Court against the decision of the Kathmandu District Court were as follows:

- Both the foreign currencies and Nepalese currencies were found in the same luggage. So, the respond of the defendant that he had taken the foreign currencies for bearing personal expenses but had no intention of carrying the Nepalese currency is just an attempt to be privileged from benefit of doubts.

- The defendant had a conspiracy to take the Nepalese currency to UAE and commit its exchange transaction with Nepalese living in UAE.

Then, the Patan High Court made a decision to forfeit the Nepalese currency NPR 42,00,000. However, it did not charge fine under section 17(1) of the Act as claimed by the appellant.

So, being dissatisfied with the decision of the Patan High Court, the Government of Nepal made an appeal to the Supreme Court against its decision.

Supreme Court Judgement:

The Supreme Court endorsed the decision of the High Court Patan stating section 17 of the Act has prescribed the provision of punishment with regard to foreign exchange only. The section is silent on punishment for the Nepalese currency. However, using the authority conferred by section 5 of the Act, the Government of Nepal has prohibited sending Nepalese currency to foreign countries except India. Hence, the decision of Patan High Court to forfeit the Nepalese currency does not seem necessary to do otherwise. On these ground, the plea of the appellant for charging fine equal to the amount in question could not be consented.





International Conference on Sustainability Reporting 2024

The Institute of Chartered Accountants of Nepal organized an International Conference on Sustainability Reporting 2024 on 2nd March 2024 at Hotel Pokhara Grande, Pokhara.

Inaugural Session

The Conference was Chaired by CA. Sujan Kumar Kafle, President ICAN whereby, the conference was graced by Hon'ble Chief Minister, Mr. Sudrendra Raj Pandey, Gandaki Province Government as a Chief Guest. Likewise, H.E. Mr. Md. Golam Sarwar, Secretary General of SAARC and Deputy Auditor General, Ms. Bindu Bista addressed the conference as a Special Guest. Mr. Heshana Kuruppu, SAFA President and Mr. Ashfaq Yousuf Tola, SAFA Vice-President also addressed the conference.

Speaking in the conference, CA. Sujan Kumar Kafle, President ICAN welcomed the dignitaries in the program and highlighted the objective of the conference and expressed his belief that the conference will help navigate the professionals through the evolving era of sustainability reporting. Hon'ble Chief Minister, Mr. Sudrendra Raj Pandey, during his speech, commended the initiative of the Institute in organizing the conference and taking up the agenda of sustainability reporting with utmost priority. He stressed that Nepal Government has been integrating sustainability in its National Development Plans.

Likewise, special guest H.E. Mr. Md. Golam Sarwar, highlighted that sustainability reporting is not an option but prerequisites for every nation and regional collaboration is curtail for SAARC countries to collectively achieve sustainability and promote sustainable development in SAARC region.

Similarly, Ms. Bindu Bista stressed on the role of professional accountants in fostering sustainability reporting in Nepal and extend commitment of the Office of Auditor General in promoting sustainability in Nepal.

Moreover, Mr. Heshana Kuruppu, President, SAFA stressed that issuance of reporting standards, assurance standards and ethical & independence standards on sustainability reporting has created opportunity for professionals in the non – financial reporting, worldwide. Besides, Mr. Ashfaq Yousuf Tola explained on need to form a regulation for the region that will make integrated/ sustainability reporting mandatory for the region. He also made the commitment that based on recommendation from panelist a paper presenter in the conference, SAFA will be developed a paper and based on that initiatives shall be made to approach Government of the region to incorporate sustainability reporting and make it mandatory in the region.

Mr. Tishan Subasinghe, Vice-President, CA Sri Lanka delivered a keynote speech in the conference. During his speech, he stresses the component of SDGs of UN. He focused on need for Government intervention for effective implementation of sustainability reporting, alignment of SDGs in strategic plan and corporate sustainability initiatives. He also mentioned the role of professional accountants to support corporate initiatives on green bonds, sustainable financing, and sustainable project evaluation, etc.

The program was organized in three technical sessions whereby eminent speakers from national and international level shared their valuable insights.



Attendee

Altogether around 200 participants including SAFA Board Members, ICAN Council Members and ICAN Members and stakeholders participated in the conference.

First Technical Session on “Sustainable Economy and Sustainable Business Practices”

The session was chaired and moderated by CA. Prabin Kumar Jha, Vice-President, ICAN.

Paper Presentation

Dr. Mani Nepal, Lead Economist at ICIMOD presented paper on “Sustainability Reporting for Sustainable Economy”. The major issues covered in the presentation was as under:

- Since 1950, the world population (which offers human capital), global Gross Domestic Product (GDP) and GDP per capita are all increasing in higher trend. However, the world is facing “The Triple Planetary Crisis: Climate Change, Biodiversity loss and Pollution”.
 - Global warming / climate change is accelerating whereby, the climate change reflects in forms of extreme events such as heat waves, drought, etc.
 - The biodiversity / natural resources have been depleted at an unprecedented rate i.e. by over 70% since 1970.
 - Air pollution is at an alarming rate, around 40% of world population reside in South Asia and the region is a hot spot for air / plastic pollution. Recently, air pollution is 3rd largest killer of global pollution.

Despite all these indicators, the GDP in South Asian Region is raising, which we have been considering as a mechanism for measurement of our economic progress. Thereby, resulting doubt in our social-economic and natural system and raising question that whether we are making real progress and whether it is

sustainable?

- The fundamental theory used in economics measures only those matters that are marketable and has price. Hence, the GDP / mainstream economics does not account for nature/ biosphere (such as GHGs emissions, pollution, wastes, use of natural resources, etc.), Hence, the natural resources being used, and the waste generated are not accounted for in economics. Planetary boundaries are not considered.
- All three kinds of capital including Produced Capital, Human Capital and Nature Capital must be accounted for. Over the last two decades, although produced capital and human capital are in high increasing and slightly increasing trend, the nature capital is in decreasing trend.
- It has been estimated that current demand is 1.6 times higher than the supply, i.e. if we want to sustain the consumption pattern of the present then we need 1.6 times that of the earth’s natural resources. We have overexploited the earth’s resources also the regenerating capacity of earth is low resulting in substantial gaps in demand supply soon.
- Hence, the key issue at present is excess demand for nature’s service, flaws in the mechanism for GDP computation as it does not account for the harm that has been inflicted on nature and need for change / reform in current system and institutions practice for measuring progress merely based on GDP.
- There is an urgent need for Introducing natural capital into national accounting system and all stakeholders need to understand the limits to growth by analyzing constraints of nature. It should be accessed that nature can be benefited if it is framed in economic terms.



- The greater challenge is how to quantify and account for something that is not bought and sold in a conventional way? Hence, the professionals and experts shall drive their skills to convert the biophysical stocks into monetary forms for which collaboration between natural scientists, environmental economists and professional accountants is inevitable.

Link for Paper Presentation:

https://en.ican.org.np/browsable/file/downloads/Sustainable_Economy_and_Sustainable_Business_Practices.pdf

Panel Discussion

Dr. Mani Nepal, Lead Economist at ICIMOD, Mr. Ramesh Hamal, Former Chairman, SEBON ; Prof. Dr. Lekhnath Bhattarai, Professor, Tribhuvan University and Mr. Bholanath Dhungana, Advocate were the panelist in the session.

Speaking in the session, Dr. Mani Nepal, Lead Economist at ICIMOD stressed that Ministry of Finance shall change its perspective and initiate process for accounting for natural resource and nature factor of the nation. He also spoke on possibilities of achievement of SDGs by 2030.

Likewise, Mr. Ramesh Hamal, Former Chairman, SEBON highlighted that the economic growth has to be resonate with environmental protection. Government, policy makers and regulators should embrace sustainability and policy and priorities should be developed considering ESG factors. He illustrated that Nepal has formulated legislation for green bonds but is lacking in implementation, hence, coordination between intergovernmental bodies is crucial for practical implementation of sustainable business practices. He also focused that the business is gearing up for sustainable practices but on the other hand, there is need for Government to synchronize with the same. He also mentioned that large scale projects,

priority and mega projects of Nepal needs to consider its longevity and sustainability.

Highlighting the major challenges in capital market, he explained that development of standard reporting format for the players in capital market and big players is crucial. However, he also shared about the need for considering scalability for implementation of IFRS S1 and IFRS S2 requirement for all companies, considering the resources availability specially in case of developing countries. Hence, a scalable module of sustainability reporting shall be developed for effective implementation of sustainability reporting in Nepal.

He further shared, the practicalities in green bond and highlighted that Nepal is in one of the lowest ranking country for attracting FDIs not only in South Asian region but worldwide.

Prof. Dr. Lekhnath Bhattarai, Professor, Tribhuvan University also mentioned that Nepal is in very initial phase for sustainability practices although theoretical awareness amongst the stakeholder is gradually increasing. He mentioned, decision making in Nepalese business is focused only on physical and financial factors whereby, natural, social, and human capital are non-brought in the mainstream of business decision making.

Mr. Bholanath Dhungana, Advocate spoke on the sensitivity and criticality of sustainability aspect in SAARC region shed light on the geographical structure of South Asian countries. He spoke about the legal arrangement for sustainability in Nepal shedding lights in the Environmental Protection Act, however there are challenges in implementation and monitoring part. Bank and Financial Institutions are taking up pioneering step in sustainability reporting.

The conference was focused on enforcement of sustainability reporting across SAFA region and balancing planet, people and profit.



Question and Answer Session

Addressing the questions of the participants regarding the initiatives from the Institute for promoting sustainability reporting, CA. Prabin Kumar Jha, responded that the Institute has incorporated sustainability reporting in the update CA curriculum, the Professional Development Committee of the Institute is under consideration for incorporating sustainability reporting session in the training and CPE for facilitating members of the Institute likewise, the Institute has also formed a Sustainability Reporting Committee to govern the issues relating to sustainability.

Second Technical Session on “Adopting and Implementing Sustainability Reporting Standards: IFRS S1 and IFRS S2”

The session was chaired and moderated by CA. (Dr.) Rajkumar S. Adukia, Central Council Member, ICAI.

Paper Presentation

CA. Bidur Luitei, Member of Sustainability Reporting Committee gave a presentation on “Adopting and Implementing Sustainability Reporting Standards: IFRS S1 and IFRS S2”. The major issues covered in the presentation was as under:

- Sustainability reporting promotes transparency and accountability in financial reporting by linking the ESG with long term perspective of the business. However, corporate decision making is still heavily reliant on financial information.
- Globally, intangible assets valuation has been prioritized for overall valuation of the companies. Over the last 5 decades the S&P 500 has increased the ratio of intangible assets parameters from 17% to 90% in determining overall valuation of the companies.

- Sustainability reporting is a non-financial disclosure that maximizes the financial impact of the company. Sustainability is about measuring the past and projecting prospects based on non-financial data.
- IFRS S1 and IFRS S2 embraces uniformity in sustainability reporting over all the jurisdictions and all industrial sectors.
- Globally, ISOCO, G7 countries, G20 Countries, The Financial Stability Board, Basel Committee have supported IFRS S1 and IFRS S2.
- Nepal has made commitments to UN Framework Convention on Climate Change, COP Conventions, Commitment to achieve net – zero status by 2045. Similarly, ASB Nepal has made a public commitment towards IFRS Accounting Standards.
- Effective implementation of IFRS S1 and IFRS S2 is the primary responsibility of Institute, ASB Nepal, AuSB Nepal, NRB, SEBON, Professionals, Business Associations and Corporate Houses.
- Key Challenges for implementing IFRS S1 and IFRS S2 are lack of trained professionals, materials, commitment from leaders / policy makers, lack of integration among stakeholders. Hence, a transition implementation group shall be formed for facilitating adoption.

Panel Discussion

Mr. Sabbir Ahmed, Central Council Member, ICAB and Mr. Muhammad Ali Latif, Council Member, ICAP and CA. Surendra Shrestha, Council Member, ICAN were the panelist in the session.

Speaking in the session, Mr. Sabbir Ahmed, Central Council Member, ICAB highlighted the importance of the emerging concept of sustainability reporting and stressed that the accounting professionals are in the best

position to drive the sustainability reporting process globally as we have been entrusted to facilitate reliable, comparable and transparent reporting from the perspective of preparators and assurance providers.

Mr. Muhammad Ali Latif, Council Member, ICAP made a statement that, Sustainability is more of a responsibility than an opportunity to be a professional accountant. He further elaborated that the South Asian region is prone to observe extreme effect of climate change and carbon footprint as in recent years the developed countries has outsourced the manufacturing process in the developing and underdeveloped countries.

CA. Surendra Shrestha, Council Member, ICAN, stressed that non-financial reporting is complementary to financial reporting, and both shall go hand in hand. He urged that professionals shall take lead in sustainability reporting and create new avenues for professional accountants.

Link for Paper Presentation:

https://en.ican.org.np/_browsable/file/downloads/Adopting_and_Implementing_Sustainability_Reporting_Standards_IFRS_S1_and_IFRS_S2.pdf

Question and Answer Session

Addressing the query of the participants on implementation plan of SAFA member bodies, CA. (Dr.) Rajkumar S. Adukia, Central Council Member, ICAI session moderator mentioned that ICAI and SEBI have inducted provision for sustainability reporting. Likewise, Mr. Muhammad Ali Latif, Council Member, ICAP mentioned that Pakistan has considered implementation of IFRS S1 and IFRS S2 on scalable basis whereby, the industry has been categories under very large, large and all listed entities and the reporting requirement for the same varies accordingly. Moreover, Mr. Sabbir Ahmed, Central Council Member, ICAB also mentioned about that implementation of IFRS S1 and IFRS S2 is under progress and the

Bangladesh has been critically analyzing the implementation challenges and measures to overcome the challenges prior to mandating the standards.

Furthermore, a query was raised by participants questing the prospect of green washing impairing the accountability of sustainability reporting, CA. (Dr.) Rajkumar S. Adukia, Central Council Member, ICAI responded that the IAASB has issued exposure draft on sustainability assurance engagement which will address the possibility of falsified sustainability reporting.

Third Technical Session on “Experience Sharing on Sustainable Business Practices and Sustainability Reporting”

The session was chaired by CA. Prakash Jung Thapa, Chairman, Accounting Standards Board, Nepal and Past President, ICAN.

Panel Discussion

CA. Priti Savla, Central Council Member, ICAI ; Mr. Sabbir Ahmed, Central Council Member, ICAB; CA. Prabin Kumar Jha, Vice-President, ICAN and Mr. Tishan Subasinghe, Vice-President, CA Sri Lanka were the panelist in the session.

The panel discussion commenced with the remarks of session chair CA. Prakash Jung Thapa, Chairman, ASB, Nepal During his remarks he focused that sustainability reporting enables sustainable business practices and requested the panelist to share their experience on sustainability reporting and sustainable business practice at their jurisdiction.

CA. Priti Salva, Central Council Member, ICAI started her remarks with the question “Whether nature requires people or people require nature”. There is no doubt that people require nature at the first hand, but the action of people has been causing more



harm to nature than good. She emphasized a shift in corporate decision-making priorities, from prioritizing profit at first then moving towards people and planet, to now considering the environment / planet first, followed by people's well-being, and then profit.

Addressing the query of the session chair on the role of ISSB in implementing sustainability reporting at various jurisdiction, she mentioned that IFRS S1 and IFRS S2 are a standards global framework hence, respective jurisdictions need to analyze the gaps / complication and prepare implementation plan and gear up the industries for adoption.

During her remarks, she also elaborated that common tool and pool of resources (including common research, common representation form SAFA region at international level, common learning platforms etc) will help foster sustainability reporting awareness in SAFA region.

Mr. Sabbir Ahmed, Central Council Member, ICAB highlighted that sustainability reporting is not mandatory for entities in Bangladesh however, most of the entities are following GRI framework voluntarily. Giving reference to the Russia- Ukraine War, he explained that the geopolitical risk also influences sustainable business practices whereby, the powerful countries also step back from their commitments in COP 26.

He further mentioned that, Bangladesh has considered to implement IFRS S2 at the initial phase prior to IFRS S1 provided the enforcement of expended due diligence by the European Union that will extend to the sourcing destination and climate related compliance was crucial for maintaining Ready Made Garments Exports of the Nation. However, the central bank in Bangladesh has rollout regulatory arrangements for green bonds and green financing.

Mr. Tishan Subasinghe, Vice-President, CA

Sri Lanka explained the Sri Lanka's status on integrated reporting, he explained that the number of entities preparing integrated reporting has increased but the very few entities are only complying with the essence of integrated reporting. Connecting the statement, he urged professional accountants to consider the outcome, impact and consequences of the matters being reported and explore new avenues for the client/ entity which will ultimately benefit the stakeholders at large.

CA. Prabin Kumar Jha, Vice-President, ICAN highlighted that in contest of Nepal, the governmental bodies and regulators have been working progressively at their individual level, but lack of coordinated mechanisms is still lacking. And, the Institute has been working for maintaining coordination with the concerned authorities for implementation of sustainability reporting.

Question and Answer Session

Addressing the query of the participants regarding the vicious cycle whereby, significant revenue was lost by Government of Nepal while giving subsidy for electric vehicles, how can a balancing point between development, sustainability and economy be achieved? Mr. Tishan Subasinghe, Vice-President, CA Sri Lanka responded, that national policies and priorities projects shall critically analyze these aspect for facilitating public interest and longevity of such initiatives.

Closing Remarks

The conference concluded with a vote of thanks from CA. Sanjay Kumar Sinha, Executive Director, ICAN. During his remarks, he summarized the major discussion of the conference and thanked the dignitaries and participants for their participation in the conference and making it a successful event. He urged the members of ICAN to show their



participation in the upcoming 3rd National Conference

Link for Photographs:

https://drive.google.com/drive/folders/14wIVpfrOGNoNjB8ekPnimxqcSim_p0Pi

Key Take Way / Executive Summary

- Accounting professionals possess the ideal skillset to spearhead global sustainability reporting initiatives.
- There is need to incorporate natural capital into national accounting systems. This will empower all stakeholders to make informed decisions by highlighting the limitations of our natural resources and the constraints imposed by the environment on economic growth.
- Given the varying resource capabilities of companies, particularly in developing economy like Nepal, a scalable approach for implementing IFRS S1 and IFRS S2 is crucial. Developing a tiered or modular reporting framework would ensure effective implementation of sustainability reporting standards in Nepal.
- While complying with the reporting standards is essential, professional accountants should go a step further and analyze the real-world effects of what they report, and proactively identify new strategies that can create long-term benefits for all stakeholders.
- Since geopolitical instability and complex global supply chains significantly impact sustainable business practices, developing countries are especially susceptible to these disruptions.
- Globally in recent stages, corporate decision-making has undergone a significant shift. Initially prioritizing profit, companies/investors are now placing environmental concerns (Planet) at the forefront, followed by people's well-being, and finally, profit.
- While Government Bodies and Regulators in

Nepal are making individual efforts towards sustainability reporting, a lack of coordinated mechanisms hinders progress. The Institute, however, is actively working to bridge this gap by collaborating with relevant authorities for successful implementation.

- The reach of these conferences should extend beyond professional members to encompass corporate entities. Their active participation is crucial for the successful implementation of sustainability reporting and the cultivation of sustainable business practices.
- By working together, SAFA countries can create a synergy for implementing sustainability reporting across the region.

Outcome of the Conference

- The report shall be presented in the upcoming 84th SAFA Board Meeting and upcoming meeting of the SAFA Committee on Sustainability Reporting and Assurance, which will decide further course of action for embracing sustainability reporting in South Asian Region.
- The outcome and key issues identified in the report will be considered in the development of the upcoming Strategic Plan of the Institute.
- The report will be shared with the participants of the conference which is expected to raise awareness on sustainability reporting practices amongst the corporate bodies in Nepal.
- The report will be shared with the stakeholders in Nepal including regulating bodies which will act as a foundation for further collaboration amongst these bodies for integrated approaches to promote sustainability in Nepal.
- The key take aways of the conference will be considered while drafting concept paper for the 3rd National Convention of Professional Accountants schedule to be conducted at Kathmandu on April 2023 in presence of IFAC President, Asmâa Resmouki.

STRATEGIC REVIEW

Professional Development

International Conference on Sustainability Reporting 2024

The Institute organized an International Conference on Sustainability Reporting 2024 on 2nd March 2024 at Hotel Pokhara Grande, Pokhara. The conference was graced by Hon'ble Chief Minister, Mr. Surendra Raj Pandey, Gandaki Province Government as a Chief Guest. Likewise, H.E. Mr. Md. Golam Sarwar, Secretary General of SAARC and Deputy Auditor General, Ms. Bindu Bista addressed the conference as a Special Guest. Mr. Heshana Kuruppu, SAFA President and Mr. Ashfaq Yousuf Tola, SAFA Vice-President also addressed the conference. Mr. Tishan Subasinghe, Vice-President, CA Sri Lanka delivered a keynote speech in the conference.



Glimpse of the dignitaries in the inaugural session of the International Conference on Sustainability Reporting

The program was organized in three technical sessions whereby eminent speakers from national and international repute shared their valuable insights.

First Session: “Sustainable Economy and Sustainable Business Practices”

This session was chaired by CA. Prabin Kumar Jha, Vice-President, ICAN whereby, Dr. Mani Nepal, Lead Economist at ICIMOD presented paper on “Sustainability Reporting for Sustainable Economy”. Mr. Ramesh

Hamal, Former Chairman, SEBON; Prof. Dr. Lekhnath Bhattarai, Professor, Tribhuvan University and Mr. Bholanath Dhungana, Advocate were the panelist in the session.

Link for Paper Presentation:

https://en.ican.org.np/_browsable/file/downloads/Sustainable_Economy_and_Sustainable_Business_Practices.pdf



Group photo of Session Chair, Paper Presenter and Panelist of the first technical session along with ICAN President

Second Session: “Adopting and Implementing Sustainability Reporting Standards: IFRS S1 and IFRS S2”

This session was chaired by CA. (Dr.) Rajkumar S. Adukia, Central Council Member, ICAI whereby, CA. Bidur Luitel gave a presentation on “Adopting and Implementing Sustainability Reporting Standards: IFRS S1 and IFRS S2”. Mr. Sabbir Ahmed, Central Council Member, ICAB and Mr. Muhammad Ali Latif, Council Member, ICAP and CA. Surendra Shrestha, Council Member, ICAN were the panelist in the session.

Link for Paper Presentation:

https://en.ican.org.np/_browsable/file/downloads/Adopting_and_Implementing_Sustainability_Reporting_Standards_IFRS_S1_and_IFRS_S2.pdf



Group photo of Session Chair, Paper Presenter and Panelist of the second technical session along with ICAN President

Third Session: “Experience Sharing on Sustainable Business Practices and Sustainability Reporting”

This session was chaired by CA. Prakash Jung Thapa, Chairman, Accounting Standards Board, Nepal and Past President, ICAN whereby, CA. Priti Savla, Central Council Member, ICAI; Mr. Sabbir Ahmed, Central Council Member, ICAB; CA. Prabin Kumar Jha, Vice-President, ICAN and Mr. Tishan Subasinghe, Vice-President, CA Sri Lanka were the panelist in the session.



Group photo of Session Chair, Paper Presenter and Panelist of the third technical session along with ICAN President

The conference concluded with a vote of thanks from CA. Sanjay Kumar Sinha, Executive Director, ICAN. Altogether 200 participants including SAFA Board Members, ICAN Council Members and ICAN Members and stakeholders attended the conference.

Pre-Budget Interaction Program

The Institute, in continuity to extend its inputs on economic and financial policy of the Government, organized a “Pre-Budget Interaction Program” with the Members of Institute at its head office and branch offices. The program was organized in coordination with the Fiscal Taxation and Research (FTR) Committee and respective Branch Coordination Committee (BCC) of the Institute. The objective of this program was to obtain inputs and suggestions of Institute’s Members on upcoming Finance Bill 2081 and Federal Budget 2081/82 of the Government of Nepal. The details of the program has been given below:

In Kathmandu, on 17th March 2024

The program started with the welcome remarks of CA. Sujan Kumar Kafle, President, ICAN whereby, CA. Arun Raut and CA. Prabin Kumar Karn presented paper on “Suggestion and Feedback on Income Tax Act, 2058 and Value Added Tax Act, 2052” and “Suggestion and Feedback on Excise Duty Act, 2058 and Customs Act, 2064” respectively.



Glimpse of panel discussion session during the Pre-Budget Interaction Program in Kathmandu

Following the paper presentation a panel discussion was held whereby, CA. Surdarshan Raj Pandey, Past President, ICAN ; CA. Pramod Kumar Swarnakar, RA. Jhalak Mani Lamsal, Member FTRC, CA. Arun Raut and CA. Prabin Kumar Karn were the panelist. The session was Chaired and moderated by CA. Yuddha Raj Oli, Past President and Chair,

FTRC, ICAN. The program concluded with the closing remarks from CA. Prabin Kumar Jha, Vice-President, ICAN. Altogether, 142 participants including members of the Institute attended the program.

Similarly, a pre-budget interaction program was also held in all the branch office of the Institute on dates below:

S.No.	Venue	Date of the Training
1	Biratnagar	10th March 2024
2	Dhangadhi	11th March 2024
3	Birgunj	13th March 2024
4	Butwal	13th March 2024
5	Nepalgunj	16th March 2024
6	Pokhara	18th March 2024

Interaction and Discussion Program on NFRS 17: Insurance Contracts

Nepal Insurance Authority in coordination with Accounting Standards Board organized an Interaction and discussion program on NFRS 17: Insurance Contracts in the presence of CEOs of Life Insurance, Non-Life Insurance and Re-Insurance Companies and the office bearers of the Institute of Chartered Accountants of Nepal on 9th January 2024. The interaction program followed by the paper presentation from Nepal Insurance Authority and the Accounting Standards Board, which was focused on the key challenges unleashing the implementation of NFRS 17, the implications of implementation of NFRS 17 and the possible course of actions to address them.

In the program, President of the Institute, CA. Sujan Kumar Kafle expressed that the deferral of the effective date of the Standard is not the solution, rather, the implementing agencies and the regulators should brainstorm and find a solution to the specific challenges hindering the effective implementation of NFRS 17

along the way of implementation. He also mentioned that ICAN would coordinate to sensitize the capacity of its members and stakeholders through arrangement of training with national and international resource persons. CA. Prabin Kumar Jha, Vice President, CA. Surendra Shrestha, Chairman of the SIRC Committee, CA. Sanjay Kumar Sinha, Executive Director, and CA. Kiran Kumar Khari, Technical Director were among the others who participated in the interaction program.

Interaction Program on Implementation of NFRS in Insurance Sector

The Institute along with the Nepal Insurance Authority jointly organized an interaction program on implementation of NFRS in Nepalese Insurance Industries on 9th February 2024. CA. Sujan Kumar Kafle, President, ICAN; CA. Prabin Kumar Jha, Vice President, ICAN addressed the interaction program.



Group photo of Dignitaries along with CA. Sujan Kumar Kafle, President, ICAN during the Interaction Program on Invest in Women: Accelerate Progress

The Women Leadership Committee (WLC) of the Institute organized an interaction program on “Invest in Women: Accelerate Progress” on 15th March 2024 at ICAN premises, located at Satdobato. The program was Chaired by the Chairperson of the WLC, RA. Meera Shrestha whereby, CA. Sujan Kumar Kafle, President, ICAN; CA. Prabin Kumar Jha, Vice-President, ICAN and Ms. Bindu Bista, Deputy Auditor General were the Special Guest in the program.

Ms. Mannsi Agrawal addressed the program as a keynote speaker. Following the program, a panel discussion was held whereby, CA. Surendra Shrestha, Council Member and Member, WLC ; Ms. Meena Poudel, Chief Women Development Officer, Ministry of Women; CA. Sewa Pathak, CEO, Vianet Communications Ltd.; CA. Preeti Sigdel, Founder, Easy Fruits Pvt. Ltd. and Ms. Nisha Adhikari, Actress were the panelist in the session. The session was moderated by CA. Sanjeeta Nepal, Member of WLC. Altogether, 107 participants including members of the Institute and staffs attended in the program.



CA. Sujan Kumar Kafle, President, ICAN delivering remarks in the opening session of interaction program.

Technical Support Provided to Insurance Institute of Nepal (IIN)

The Institute provided technical support to Insurance Institute of Nepal (IIN) for developing training modules and arrangement of resource person for facilitating training on NFRS implementation in Insurance Sector. The IIN organized three days of training on NFRS focusing specifically on NFRS 17 to the officers of life insurance companies in Nepal from 6th to 8th February 2024 in Kathmandu.

Online Certification Course on Forensic Accounting and Fraud Detection (FAFD)

The Institute organized a Certification Course on Forensic Accounting and Fraud Detection (FAFD) virtually as a post-qualification course for CA members of the Institute from 17th to

28th January 2024. The certification course was conducted in technical collaboration with the Institute of Chartered Accountants of India (ICAI). Altogether 36 members of the Institute enrolled in this certification course.

Risk Based Internal Audit

The Institute organized a three-day training on “Risk Based Internal Auditing” from 3rd to 5th January 2024 at Kathmandu in technical support from the Institute of Internal Auditors (IIA) India. The training was organized with an objective to enhance technical knowledge of risk based internal auditing including emerging and advanced risk management topics and it was facilitated by CA. Nikhel Kochhar. Altogether, 51 individuals serving in the internal audit department of various Banks and Financial Institutions, Insurance Sector and members of the Institute rendering internal audit services participated in the training.



Group photo of participants along with CA. Sujan Kumar Kafle, President, ICAN and CA. Nikhel Kochhar, facilitator in the training

Webinar on Insight & Innovations in the World of Finance and Education

The Institute and the US Chapter of ICAN jointly organized a webinar on “Insight and Innovation in the World of Finance and Education” on 11th February 2024. The webinar was addressed by CA. Sujan Kumar Kafle, President, ICAN; CA. Prabin Kumar Jha, Vice-President, ICAN; Mr. Jyoti Raj Adhikari, President US Chapter



of ICAN and CA. Dilli Prasad Thapaliya, Secretary US Chapter of ICAN. Likewise, Dr. Dipendra Subedi and Prof. Dr. Ishwari Pandey facilitated the technical session of the webinar whereby CA. Sharmila Prajapati, Treasurer US Chapter of ICAN and CA. Laxman Bhandari, Executive Member, US Chapter of ICAN were the session moderator in the webinar.

Training of Trainers on Nepal Financial Reporting Standards for Small and Medium Size Enterprises (ToT on NFRS for SMEs)

The Institute organized a three-day Training on Trainers on NFRS for SMEs from 10th to 12th March 2024 at Butwal. The objective of this training was to develop a pool of professional trainers on NFRS for SMEs by transferring of knowledge and expertise; on NFRS for SMEs to a set of new trainers. The ToT was organized in 12 technical sessions and was facilitated by CA. Arun Raut and CA. Mahesh Ghimire. Altogether 31 members of the Institute participated in the ToT.



Group photo of Participants at ToT on NFRS for SMES along with Resource Person and Coordinator & Member of Butwal BCC

Training of Trainers (ToT) on Technology for Non-tech Professionals

The Institute in technical support from the Institute of Chartered Accountants of India (ICAI) organized a three days Training of Trainers (ToT) on Technology for Non-tech

Professionals from 5th to 7th February 2024 at ICAN premises, Satdobato, Lalitpur. The training was delivered in-four sessions - The Digital World, Daily Time Saver – Customization & Optimization, Work efficiently using MS Excel and Demystifying Cyberspace. In total 18 Chartered Accountants members of ICAN participated in the ToT. CA. Santosh Kafle, Council Member and Chair of the Information Technology Committee of ICAN addressed the closing session of the training and distributed certificates to the participants in the ToT.



Glimpse of group photo of participants in ToT with the Chair of IT Committee of ICAN, Resource Person and Officials of ICAN during the closing session

Training on Model Financial Statements based on Nepal Financial Reporting Standards for Small and Medium-Sized Enterprises (NFRS for SMEs) for Account Preparers

The Institute organized a training program for account preparers on Model Financial Statements based on NFRS for SMEs” at its branch offices. The three-day training program was focused on practical demonstration on preparation of financial statements based on NFRS for SMEs with an objective of enhancing the skill of the account preparers of SMEs to enable them preparing financial statements of SME’s by applying NFRS. The details of the training has been depicted under:

S.No.	Venue	Date of the Training
1	Dhangadi	31st January to 2nd February 2024

2	Pokhara	16th to 18th February 2024
3	Biratnagar	19th to 21st January 2024

Training on Model Financial Statements under NAS for NPOs and NAS for MEs

The Institute organized a two days training on Model Financial Statements under Nepal Accounting Standards for Not for Profit Organization and Micro Enterprises (NAS for NPOs and NAS for MEs) on 22nd & 23rd March 2023 at ICAN premises at Satdobato Lalitpur. The purpose of the training was to enhance the Members' conceptual understanding of the Standards related to NPOs and MEs and provide them hands on training on the MS Excel-based template of complete set of model financial statements as stipulated in the NAS for NPOs and MEs.



CA. Sujan Kumar Kafle, President, ICAN delivering opening remarks in the opening session of training.

CA. Sujan Kumar Kafle, President, ICAN ; CA. Prabin Kumar Jha, Vice-President, ICAN; Council Member, CA. Chhetra Gopal Pradhan and RA. Posh Raj Nepal along with RA. Kedar Nath Poudel, President AUDAN addressed the inaugural session of the training. The training was facilitated by CA. Pratish Shakya and CA. Arun Raut. Altogether 46 members of the Institute participated in the training.

Continuing Professional Education (CPE) Training

During the quarter from January to March

2024, the Institute's organized three days of CPE training in Dhangadhi from 22nd to 24th March 2024 and in Birgunj from 2nd to 4th February 2024. The objective of the CPE training was to enhance conceptual and practical knowledge of the members of the Institute in various contemporary issues. These two CPE trainings were focused on NAS for MEs, Taxation and Audit Documentation, auditing standards and audit documentation.

New Members Welcome Program

The Institute organized a New Members Welcome Program on 5th January 2024 at ICAN Premises, at Satdobato, Lalitpur. CA. Sujan Kumar Kafle, President, ICAN addressed the program offering insightful views to new members for career advancement. Likewise, LP Bhanu Sharma, Life Coach, Jeevan Vigyan Kendra facilitated a motivational session on "Balancing: Professional and Personal Life" Altogether, 62 newly inducted Chartered Accountant Members participated in the program.



Group photo of newly inducted CA Members with the President, Vice-President, and Officials of ICAN at ICAN premises

Education

6th Chartered Accountants Convocation Ceremony

Coinciding with the 27th Anniversary Celebration, the Institute also organized 6th Chartered Accountants Convocation Ceremony on 31st January 2024. The 6th Chartered Accountants Convocation Ceremony was presided over by ICAN President, CA. Sujan Kumar Kafle, and honored by the presence of the Vice-Chancellor of Kathmandu University, Prof. Dr. Bhola Thapa, who served as the esteemed Chief Guest and Key-Note Speaker of the Ceremony.



Vice-Chancellor of Kathmandu University Prof. Dr. Bhola Thapa inaugurating the 6th Chartered Accountancy Convocation Ceremony

The program was enriched by the insightful keynote speech delivered by Vice-Chancellor of Kathmandu University Prof. Dr. Bhola Thapa. During his address, he offered valuable guidance and inspiration to the newly inducted Chartered Accountants Members, equipping them with the knowledge and motivation to excel in their chosen field.



Glimpse of 6th Convocation Ceremony

Besides, the ceremony also served as a platform to celebrate exceptional achievements of students who demonstrated their outstanding performance in December 2022 and June 2023 Chartered Accountancy Examination. Furthermore, the program also acknowledged the winners of the National level ICAN Quiz and Elocution Contest 2023.

Chartered Accountancy Examination, December 2023 Result Published

The Institute had published the result of Chartered Accountancy Examination, December 2023 of CAP I, CAP II and CAP III level conducted from 1st December to 10th December 2023. The result was published on 15th February 2024 as per the Rule 17 of Nepal Chartered Accountants Regulation 2061. Altogether, 6,956 students appeared in the examination out of 7,793 students who applied in different level of CA examinations whereby, 39 students were declared qualified to apply for ICAN Membership.

Details of students applied, appeared, passed (single or both group) and qualified in different level of CA Examination is presented below:

	CAP – I	CAP – II			CAP – III		
		Group I	Group II	Both	Group I	Group II	Both
Applicants	1,813	973	716	2,952	661	329	349
Appeared	1,651	748	585	2,781	582	271	338
Passed	801	195	169	171	38	46	4
Qualified	801	348			39		

Pre-articleship Orientation

The Institute organized the 7th Pre-Articleship Orientation Program for students who passed CAP II level in December 2023 CA Examination held in Kathmandu. The program commenced with a welcome remark of CA. Sanjay Kumar Sinha, Executive Director, ICAN whereby, CA. Sujan Kumar Kafle, President, ICAN delivered speech on objective of the program. Similarly, CA. Prabin Kumar Jha, Vice-President, ICAN gave a presentation on Environment and Practices at Audit Firm to the students and Mr. Rajan Koirala gave presentation on Communication Skills. The program concluded with closing remarks of CA. Ram Chandra Khanal, Council Member.



Glimpse of 7th Pre-Articleship Orientation Training in Kathmandu

The purpose of this orientation training program was to enhance the skills and capabilities of aspiring Chartered Accountants pursuing articleship training by providing them a proper orientation and training on personality development, communication skills and professional behavior and culture at audit firms and client's offices. This program was mandatory for all CAP II passed students for submission of their articleship deed to the Institute. The Institute also facilitated the students residing outside valley by providing virtual platform to participate in the program. The program was attended by 348 CAP II qualified students.

General Management and Communication Skills (GMCS) Training

The Institute conducted 15 days of 24th

General Management and Communication Skills (GMCS) Training from 20th February to 7th March 2024 for the students who appeared or passed both groups of CAP III level in December 2023 sitting of CA Examination.

The purpose of this training was to impart knowledge among participants to make them capable of translating challenges into rewarding opportunities by applying emotional intelligence and soft skills in the working atmosphere. The training is targeted to enhance presentation, communication, and interpersonal skills and to provide understanding of contemporary business environment and opportunities. Further, this training is expected to be helpful for aspiring Chartered Accountants to prepare for a career in employment or practice by coaching them to be adaptable and accountable.

The opening session of the training was addressed by CA. Sujan Kumar Kafle, President and CA. Prabin Kumar Jha, Vice-President, ICAN. CA. Sanjay Kumar Sinha, Executive Director of the Institute also spoke in the program. Altogether, 42 participants attended the training.



Glimpse of 24th GMCS Batch, with President, Vice-President, Council Member, Executive Director and Officials of ICAN

SAFA Quiz and Elocution Contest 2023

The Institute hosted SAFA Quiz and Elocution Contest 2023 on 1st March 2024 at Hotel Pokhara Grande, Pokhara. The contest was addressed by Mr. Heshana Kuruppu,



SAFA President; Mr. Ashfaq Yousuf Tola, SAFA Vice-President and CA. Sujan Kumar Kafle, President, ICAN. Students from SAFA member bodies that included The Institute of Chartered Accountants of Nepal (ICAN), The Institute of Chartered Accountants of India (ICAI), The Institute of Chartered Accountants of Bangladesh (ICAB), The Institute of Chartered Accountants of Sri Lanka (CA Sri Lanka), The Institute of Cost and Management

Accountants of Bangladesh (ICMAB) and The Institute of Certified Management Accountants of Sri Lanka (CMA Sri Lanka) participated in the Contest. The quiz contest was organized in three rounds including General, Buzzer and Rapid-Fire Round. Mr. Sanjay Gupta Silwal was the Quiz Master of SAFA Quiz Contest. Total USD 1000 was given as the prize money for the recipient of awards of SAFA Quiz and Elocution Contest.

List of Winners in SAFA Quiz Contest

S.No	Name of the Participants	Representing Institute	Remarks
1	Mr. Imon Chowdhury	ICMAB	Winner
2	Mr. Ekush Datta	ICMAB	Winner
3	Mr. Mohammad Tarek	ICAB	1 st Runner Up
4	Mr. Partho Bormon	ICAB	1 st Runner Up
5	Mr. Harsh Nitin Maheshwari	ICAI	1 st Runner Up
6	Ms. Sudiksha Mallia	ICAI	1 st Runner Up

List of Winners in SAFA Elocution Contest

S.No	Name of the Participants	Representing Institute	Remarks
1	Ms. Mehnaz Fatema	ICAB	Champion
2	Mr. Dewamsh Basyal	ICAN	1st Runner Up
3	Mr. Mohammed Imthikab Insaf Ahamed	CA Sri Lanka	2nd Runner Up
4	Ms. Palak Singh	ICAI	2nd Runner Up



Group photo of participants and winner of the SAFA Quiz and Elocution Contest, 2023

CA Membership Examination March 2024

The Institute conducted CA Membership Examination of March 2024 on 14th and 15th March 2024 inside Kathmandu Valley, Biratnagar, Pokhara, Birgunj, Butwal, Chitwan, Dhangadhi and Nepalgunj. Altogether 347 examinees appeared in the examination out of total 422 applicants.

Career Counselling on Chartered Accountancy (CA) Education

Biratnagar, Birgunj and Dhangadi Branch of the Institute organized a career counseling program on CA education at various higher secondary schools/colleges, for students appearing in grade 11 and 12 level.

The objective of this career counselling

program was to make students aware of the Chartered Accountancy Course offered by the Institute and to provide a brief profile about the Institute and its role. It was also expected

to attract the talented students. The details of the career counselling program have been depicted in the table below:

S.No.	Place of Counselling	Date	Number of Participants
1	Dhangadhi	25th to 29th February 2024	235
2	Biratnagar	11th to 24th February 2024	600
3	Birgunj	29th February to 5th March 2024	431

National Relation: Public and Government

Interaction Program on “Role of Chartered Accountants in Public Sector”

The Institute organized an interaction program on the topic “Role of Chartered Accountants in Public Sector” on 10th January 2024 in Kathmandu. The program was Chaired by CA. Sujan Kumar Kafle, President, ICAN whereby, Dr. Ram Prasad Ghimire, Revenue Secretary, Ministry of Finance addressed the program as a Chief Guest. The program served as a forum for discussion about valuable insights on the role of Chartered Accountants for strengthening Public Financial Management (PFM) in Nepal and focused on identifying potential routes for induction of Chartered Accountants in public sector.



Left: CA. Prabin Kumar Jha, Vice-President, ICAN; Mr. Baburam Subedi, Joint Secretary, Ministry of Finance; Mr. Suman Dahal, Joint Secretary, Ministry of Federal Affairs and General Administration; CA. Chandrakanta Bhandari, Assistant Auditor General, Office of Auditor General of Nepal and Ms. Meena Pandey, Director, Nepal Rastra Bank during the panel discussion session

In the program, Mr. Ramu Prasad Dotel, Former Deputy Auditor General presented a paper on the topic “Exploring the Role of Chartered Accountants in Public Sector” and a panel discussion was held whereby, Mr. Baburam Subedi, Joint Secretary, Ministry of Finance, Mr. Suman Dahal, Joint Secretary, Ministry of Federal Affairs and General Administration, CA. Chandrakanta Bhandari, Assistant Auditor General, Office of Auditor General of Nepal and Ms. Meena Pandey, Director, Nepal Rastra Bank were the panelist in the panel discussion session. The session was moderated by CA. Prabin Kumar Jha, Vice-President, ICAN and CA. Sanjay Kumar Sinha, Executive Director concluded the program with a vote of thanks. Altogether 45 individual’s including representative from Ministries, Constitutional Bodies, Government Agencies, and various State-Owned Enterprises participated in the interaction program.

Study Report on “Role of Chartered Accountants in Public Sector” delivered to the Ministry of Finance

CA. Sujan Kumar Kafle, President, ICAN presented a comprehensive report on “Role of Chartered Accountants in Public Sector” prepared by the Institute, to the Hon’ble Finance Minister, Dr. Prakash Sharan Mahat

on 26th February 2024 while paying a courtesy visit at the Ministry of Finance. The study report highlights the ways for induction of Chartered Accountants in public sector and civil services, including the key initiatives undertaken by the Institute for strengthening Public Financial Management in Nepal.



Left: CA. Sujan Kumar Kafle, President, ICAN presenting study report to Hon'ble Finance Minister Dr. Prakash Sharan Mahat; and CA. Sanjay Kumar Sinha, Executive Director, ICAN at Ministry of Finance

Interaction Program on Role of Regulatory Authorities in Public Financial Management

Biratnagar Branch of the Institute organized an interaction program on “Role of Regulatory Authorities in Public Financial Management” with Governmental and Regulatory Agencies on 16th February 2024. The agenda of the interaction program was to highlight the role of Institute and need for synergy among the regulatory agencies in order to strengthening public financial management at province level and encourage Members of the Institute to abide regulatory provisions.



Group Photo of participants in the Interaction Program along with President, Council Members, Members of Biratnagar, BCC, Executive Director, and Officials of the Institute

The program was Chaired by CA. Aswini Bansal, Coordinator, Biratnagar Branch Coordination Committee (BCC), whereby, CA. Sujan Kumar Kafle, President, ICAN along with RA. Posh Raj Nepal, Council Member, ICAN and CA. Sanjay Kumar Sinha, Executive Director, ICAN addressed the program. Altogether, 38 participants from various governmental agencies including Administration Chief of Local Governance, representatives from Inland Revenue Office, Regional Cooperative Registration Office, and other non-governmental agencies attended the interaction program.

Training on Nepal Financial Reporting Standards (NFRS)

The Institute organized a three-day Training on NFRS for staff of State-Owned Enterprises from 24th to 26th January at ICAN. The training was organized with the objective to enhance the NFRS knowledge and its practical implementation by the SoEs for promoting transparent and accountable financial reporting practices in SoEs in Nepal. The training session was facilitated by Mr. Bhim Prasad Kafle, Under-Secretary, Ministry of Finance; CA. Arun Raut and CA. Prabin Raj Kafle. Altogether 36 officials from various SoEs participated in the training.



Group photo of participants in the training along with resource person and officials at ICAN

International Relation: Global Positioning and Leadership

CA. Sujan Kumar Kafle, President, ICAN appointed as the Member of Member Development Committee (MDC) of (CAPA)

CA. Sujan Kumar Kafle, President, ICAN has been appointed as a member of the Member Development Committee (MDC) of Confederation of Asia and Pacific Accountants (CAPA) for the term of 2024- 2027.

SAFA Women Day 2024 Celebration and First SAFA Women Leadership Award 2024 Distribution Ceremony

The Institute hosted the SAFA Women Day 2024 Celebration and First SAFA Women Leadership Award 2024 Distribution Ceremony on 1st March 2024 at Hotel Pokhara Grande, Pokhara. The ceremony was held in the presence of Hon'ble Minister Ms. Saraswati Aryal Tiwari, Ministry of Energy, Water Resource and Water Supply as Chief Guest. Speaking in the program, Chairperson of SAFA Women Leadership Committee, Ms. Hina Usmani shared the updates and initiatives of the SAFA WLC for promoting consistent growth in women's participation in accounting profession.

Likewise, Mr. Heshana Kuruppu, SAFA

President and Mr. Ashfaq Yousuf Tola, SAFA Vice-President highlighted about SAFA's strategic direction for fostering diversity and inclusion and potential of women professionals in accountancy respectively. Similarly, CA. Sujan Kumar Kafle, President ICAN also addressed the program and shed light on the major initiatives of the Institute and future strategic arrangement for embracing female's inclusiveness in the profession in Nepal.



Glimpse of opening session of SAFA Women Day 2024 Celebration and First SAFA Women Leadership Award 2024

Altogether, 983 nominations were received under different categories of award. Out of which 22 nominations were from the Institute of Chartered Accountants of Nepal. Hon'ble Minister Ms. Saraswati Aryal Tiwari and Ms. Hina Usmani, Chairperson of SAFA Women Leadership Committee jointly distributed award to the winners. Altogether 9 awards were distributed in 7 categories as depicted hereunder:

First SAFA Women Leadership Award 2024

(Organized by the SAFA Women Leadership Committee)

Category	Name of Winner (Profile of the Winner)	Representing Member Body
Category 1: Lifetime Woman Leadership Award	Chandrika Muhandiramge <i>(She is Executive Director & Group CFO at Abans PLC & Abans Group of Companies, Sri Lanka)</i>	CA Sri Lanka

Category	Name of Winner (Profile of the Winner)	Representing Member Body
Category 2: Women Star of the Year Award	Divya Abhishek <i>(She is the Youngest Chairperson of Southern India Regional Council of the Institute of Cost Accountants of India, Independent Director at leading organizations in India.)</i>	ICMA India
Category 3: Best Women Practitioner Award	Ranjani Joseph <i>(She is Partner - Deputy Head of Audit, Head of Banking Services & Markets, KPMG in Sri Lanka)</i>	CA Sri Lanka
	Moneeza Usman Butt <i>(She is Partner, KPMG Taseer Hadi & Co., Chartered Accountants, Pakistan)</i>	ICA Pakistan
Category 4: Best Women Accountant Award	Khursheed Kotwal <i>(She is a Council Member and Vice President ICAP, Chief Executive Officer, Aasman International, consultancy firm based in Pakistan)</i>	ICA Pakistan
Category 5: Outstanding Woman Entrepreneur Award	Vidya Subramanian <i>(She is Founder of Vidya Subramanian Academy, India)</i>	ICA India
Category 6: ESG Visionary Women Award	Fauzia Safdar Khan <i>(She is Director Sustainability and Climate, Crowe Hussain Chaudhury & Co. Pakistan)</i>	ICA Pakistan
Category 7: Rising Woman Student Award (CA)	Lichi Sharma <i>(CA Finalist)</i>	ICA India
	Suman Agarwal <i>(CMA Finalist)</i>	ICMA India

SAFA Board Meeting and SAFA Committee Meetings Hosted

SAFA 83rd Board Meeting

The Institute hosted 83rd SAFA Board Meeting on 2nd March 2024 at Hotel Annapurna View Sarangkot Pvt. Ltd., Pokhara.



Glimpse of 83rd SAFA Board Meeting

SAFA Committee Meeting

Similarly, the Institute also hosted five SAFA Committee meetings on 1st March 2024 at Hotel Pokhara Grande, Pokhara. The details of SAFA meeting hosted and Council Members represented in the meeting has been depicted below:

S.No.	Name of SAFA Committee	Name of Council Member / Representatives of ICAN Attending the Meeting
1	SAFA Committee on Professional Ethics and Independence	CA. Peeyush Anand
2	SAFA Committee to Study Fiscal Regimes and Other Statutory Requirements of Business in SAARC countries	CA. Yuddha Raj Oli
3	SAFA Women Leadership Committee	RA. Meera Shrestha
4	SAFA Committee for Co-Operatives and NPO Sectors	CA. Baikuntha Bahadur Adhikari
5	SAFA Committee on Anti Money Laundering	Mr. Baburam Subedi

Besides the Council Member, SAFA President, SAFA Vice-President, SAFA Board Members, ICAN President, ICAN Vice-President, Executive Director and Senior Officials from the Institute also attended the meeting in respective Committee meetings.

Participation in 82nd SAFA Board and Committee Meetings organized by CA Sri Lanka

President, CA. Sujan Kumar Kafle, Vice President, CA. Prabin Kumar Jha and Council Members, CA. Surendra Shrestha and RA. Bhola Nath Pathak attended the 82nd SAFA Board and Committee Meetings on 17th and 18th January 2024 organized by Institute of Chartered Accountants of Sri Lanka in Colombo, Sri Lanka. Other Council Members representing in SAFA Committees made their participation virtually in the meeting.



Glimpse of 82nd SAFA Board Meeting

Meeting with the Delegates from the Institute of Chartered Accountants of India (ICAI) Ahmedabad Branch and the Chartered Accountants Association, Ahmedabad

Coinciding with the learning and exposure visit of the delegates of ICAI Ahmedabad Branch and the Chartered Accountants Association, Ahmedabad to Nepal, a cordial meeting was held between the delegates and the office Bearers of the Institute, in Hyatt Regency, Kathmandu on 10th January 2024. The meeting was mainly focused on emerging issues in accounting and auditing practices in the region and discussed about how to deal with such issue.

CA. Sujan Kumar Kafle, President and CA. Prabin Kumar Jha, Vice President delivered their remarks covering the ongoing professional and technical exchanges between ICAI and ICAN on the special foundations of relationship between the two countries which is unique to the rest of the south Asian region. From the ICAI Side, CA. Anjali Choksi, Chair of the ICAI Ahmedabad Branch, CA. Shivang Choksi, Chair of the Chartered Accountants Association, Ahmedabad Branch and the Past President of ICAI CA. Sunil Talati delivered their remarks sharing how ICAI is strategically

moving ahead developing its brand and express their belief that the relationship between ICAI and ICAN and the accounting profession of the region could go hand in hand to newer heights. CA. Sanjay Kumar Sinha, Executive Director, Mr. Binod Prasad Neupane, Director and CA. Kiran Kumar Khatri, Technical Director also witnessed the professional gathering representing ICAN.



Glimpse of meeting of ICAN President, Vice-President and Officials with the delegates from ICAI Ahmedabad Branch and Chartered Accountants Association, Ahmedabad

Courtesy Meeting with the Secretary General of South Asian Association for Regional Cooperation (SAARC)

CA. Sujan Kumar Kafle, President, CA. Prabin Kumar Jha, Vice-President, ICAN along with Mr. Heshana Kuruppu, SAFA

President and Mr. Ashfaq Yousuf Tola, SAFA Vice-President had a courtesy call with the H.E. Mr. Md. Golam Sarwar, Secretary General of SAARC on 29th February 2024 in Kathmandu.



Glimpse of courtesy meeting with General Secretary of SAARC

Participation in Oath Taking Ceremony of Newly Elected President and Vice-President of The Institute of Chartered Accountants of India (ICAI)

CA. Sujan Kumar Kafle, President, ICAN participated in the oath taking ceremony of newly elected President of ICAI, CA. Ranjeet Kumar Agrawal and Vice-President of ICAI, CA. Charanjot Singh Nanda on 12th February 2024 at India International Center, New Delhi, India.

Institutional Development and Sustainability

27th Anniversary Celebration

The Institute of Chartered Accountants of Nepal (ICAN) held a grand Celebration of 27th Anniversary of the Institute on 31st January 2024. The 27th Anniversary celebration ceremony was presided over by ICAN President, CA. Sujan Kumar Kafle,

and graced by the presence of the Hon'ble Finance Minister, Dr. Prakash Sharan Mahat, as the Chief Guest. The other dignitaries of the event were Governor of Nepal Rastra Bank, CA. Maha Prasad Adhikari and Officiating Auditor General, Mr. Bamdev Sharma Adhikari and both of them addressed the program as Special Guests.



Left: ICAN Vice-President, CA. Prabin Kumar Jha; Governor, CA. Maha Prasad Adhikari; ICAN President, CA. Sujan Kumar Kafle; Hon'ble Finance Minister, Dr. Prakash Sharan Mahat; Officiating Auditor General, Mr. Bamdev Sharma Adhikari; Immediate Past President & Council Member, CA. Bhaskar Singh Lala and Executive Director, CA. Sanjay Kumar Sinha during the inaugurating ceremony of the 27th Anniversary Celebration

On this occasion, Hon'ble Finance Minister. Dr. Prakash Sharan Mahat unveiled the Annual Report of F.Y. 2079/80 of the Institute and awarded the staffs of the Institute with 'Best Staff of the Year 2079/80' for their excellent performance during the year. The Institute also unveil official mobile application of the Institute "ICAN Nepal" during the ceremony. This momentous occasion served as a platform to acknowledge the Institute's significant contributions to the accounting profession in Nepal and to chart out its future course towards greater achievements. The ceremony also noticed the prize distribution to the winners of various games organized by the Staff Union of the Institute. ICAN Past President, Council Members, Past Council Members, Members of Boards and Committees also participated in the program.

Donation in the Prime Minister's National Relief Fund (PMNRF)

The Institute donated NPR 11,11,111/- (NPR Eleven Lakhs Eleven Thousand One Hundred and Eleven Only/) in the Prime Minister's National Relief Fund (PMNRF) for victims of Jajarkot and Rukum Earthquake. CA. Sujan Kumar Kafle, ICAN President handed over

the cheque to Rt. Hon'ble Prime Minister, Mr. Pushpa Kamal Dahal in the Office of Prime Minister and Council of Ministers on 30th January 2024. CA. Prabin Kumar Jha, Vice-President, ICAN and CA. Sanjay Kumar Sinha, Executive Director, ICAN also accompanied him in the occasion.



CA. Sujan Kumar Kafle, President, ICAN handed over cheque to the Rt. Hon'ble Prime Minister for donation in PMNRF.

Program Organized by the Employee Union of the Institute

Employee Union of the Institute organized various programs during celebration of the 27th Anniversary of the Institute. The Employee Union organized Chess, Futsal and Table Tennis Competition amongst the staff of the Institute. The winners of the competition were awarded during the 27th Anniversary Celebration ceremony of the Institute.

Blood Donation Program

Employee Union of the Institute and Nepal Chartered Accountant Students' Association (NCASA) jointly organized a blood donation program at ICAN Premises on 26th January 2024 whereby, 56 individuals donated blood. Similarly, Biratnagar branch of the Institute also organized a blood donation program whereby, 26 individuals donated their blood.

Staff Training on Writing Skills

The Institute organized half day staff training on "writing skills" on 29th March 2024 at



ICAN Conference Hall for the Officer and Assistant level staff at the Institute. The training was facilitated by Mr. Ashok Kumar Karki, Former Assistant Auditor General. The objective of the training was to equip staff with the knowledge and skills of professional

writing for effective official communication in the form of memo writing, emails, tippani etc. A total of 30 staff at head office and 8 staff from branch office participated in the program physically and virtually respectively.

NATIONAL UPDATES

Amendment in Unified Directives, 2080 issued to A, B and C Class Banks and Financial Institutions

Nepal Rastra Bank has issued circular regarding amendments in Unified Directives, 2080 issued to A, B and C Class Bank and Financial Institutions. The circular can be viewed from the link below:

<https://www.nrb.org.np/contents/uploads/2024/02/Circular-7-final-ABC.pdf>

Amendment in Unified Circular, 2080 issued to Licensed Entity to Carry Foreign Exchange

Nepal Rastra Bank has issued amendment in Unified Circular, 2080 issued to licensed entity to carry foreign exchange. The amendment can be viewed from the link below:

https://www.nrb.org.np/contents/uploads/2024/02/8_2080-81_Unified-Circular-2080_BG.pdf

https://www.nrb.org.np/contents/uploads/2024/03/09_2080-81_Unified-Circular_QR-Code.pdf

https://www.nrb.org.np/contents/uploads/2024/03/09_2080-81_Unified-Circular_QR-Code.pdf

Issuance of Consultative Document on Nepal Green Finance Taxonomy (Guidelines for Financial Sectors)

Nepal Rastra Bank has issued consultative document on Nepal Green Finance Taxonomy (Guidelines for Financial Sectors) for comment and suggestion from stakeholders. The comment shall be submitted at the latest by 25th Falgun 2080. The consultative documents can be viewed from the link below:

<https://www.nrb.org.np/contents/uploads/2024/01/Nepal-Green-Finance-Taxonomy-V1.pdf>

Issuance of First Amendment of Insurer's Financial Statement Directives, 2080

Nepal Insurance Authority has issued first amendment of Insurer's Financial Statement Directives, 2080. The directives can be viewed from the link below:

<https://nia.gov.np/wp-content/uploads/2024/03/first-amendment.pdf>

Issuance of Guidelines for Suspicious Transaction Indicator, 2024

Nepal Insurance Authority has issued Guidelines for Suspicious Transaction Indicator, 2024 for all insurers. The Guidelines can be viewed from the link below:

<https://nia.gov.np/wp-content/uploads/2024/02/Guidelines-for-Suspicious-Transaction-Indicators-2024.pdf>

Issuance of Reinsurance Investment (First Amendment) Direc-



tives, 2080

Nepal Insurance Authority has issued first amendment of the Directives related to Investment by Reinsurance Companies. The Directives can be viewed from the link below:

<https://nia.gov.np/wp-content/uploads/2024/01/>

Issuance of Micro Non-Life Insurer Investment Directives (First Amendment), 2080

Nepal Insurance Authority has issued first amendment of the Directives related to Investment by Micro Non-Life Insurer Investment Directives. The Directives can be viewed from the link below:

<https://nia.gov.np/wp-content/uploads/2024/01/>

Issuance of Micro Life Insurer Investment Directives (First Amendment), 2080

Nepal Insurance Authority has issued first amendment of the Directives related to Investment by Micro Life Insurer Investment Directives. The Directives can be viewed from the link below:

<https://nia.gov.np/wp-content/uploads/2024/01/>

Issuance of Non-Life Insurer Investment Directives (First Amendment), 2080

Nepal Insurance Authority has issued first amendment of the Directives related to Investment by Non-Life Insurer Investment Directives. The Directives can be viewed from the link below:

<https://nia.gov.np/wp-content/uploads/2024/01/>

Issuance of Life Insurer Invest-

ment Directives (Second Amendment), 2080

Nepal Insurance Authority has issued second amendment of the Directives related to Investment by Life Insurer Investment Directives. The Directives can be viewed from the link below:

<https://nia.gov.np/wp-content/uploads/2024/01/>

Issuance of Micro Insurance Directives (First Amendment), 2080

Nepal Insurance Authority has issued first amendment of the Micro-Insurance Directives, 2080. The Directives can be viewed from the link below:

https://nia.gov.np/wp-content/uploads/2024/01/micro_

Issuance of Insurance Regulatory Management Information System (IRMIS) Guidelines, 2080

Nepal Insurance Authority has issued Insurance Regulatory Management Information System (IRMIS) Guidelines, 2080. The Guidelines can be viewed from the link below:

<https://nia.gov.np/wp-content/uploads/2024/01/IRMIS-Guidelines-2080.pdf>

Issuance of First Amendment of Insurer's Financial Statement Directives, 2080

Nepal Insurance Authority has issued first amendment of Insurer's Financial Statement Directives, 2080. The directives can be viewed from the link below:

<https://nia.gov.np/wp-content/uploads/2024/03/first-amendment.pdf>



INTERNATIONAL UPDATES

IFAC Publishes Updated Guide for Trainers to Support IPSAS Implementation

To assist governments and government entities interested to report in accordance with the accrual-based International Public Sector Accounting Standards (IPSAS), IFAC has released a package of training materials collectively titled [Implementing IPSAS: A Guide for Trainers](#) for use by trainers to teach others about the standards and how to apply them. Implementing IPSAS: A Guide for Trainers is the 2024 edition to Train the Trainer: Introduction to IPSAS released in November 2020. The 2024 edition includes updates to incorporate standards and pronouncements recently issued, including IPSAS 46, Measurement, IPSAS 47, Revenue, IPSAS 48, Transfer Expenses, and IPSAS 43, Leases. Further details can be viewed from the link below:

<https://www.ifac.org/news-events/2024-03/ifac-publishes-updated-guide-trainers-support-ipsas-implementation>

IFAC Publishes Updated Guide for Trainers to Support IPSAS Implementation

To assist governments and government entities interested to report in accordance with the accrual-based International Public Sector Accounting Standards (IPSAS), IFAC has released a package of training materials collectively titled Implementing IPSAS: A Guide for Trainers for use by trainers to teach others about the standards and how to apply them. Implementing IPSAS: A Guide for Trainers is the 2024 edition to Train the Trainer: Introduction to IPSAS released in November 2020. The 2024 edition includes updates to incorporate standards and

pronouncements recently issued, including IPSAS 46, Measurement, IPSAS 47, Revenue, IPSAS 48, Transfer Expenses, and IPSAS 43, Leases. Further details can be viewed from the link below:

<https://www.ifac.org/news-events/2024-03/ifac-publishes-updated-guide-trainers-support-ipsas-implementation>

IFAC Publishes Sustainability & Education Literature Review

The International Federation of Accountants (IFAC) released a literature review, [Educating Accountants for a Sustainable Future: A Literature Review of Competencies, Educational Strategies, and Challenges for Sustainability Reporting and Assurance](#). The review highlights key themes in current sustainability-related education, learning and development to provide insights on how the global accountancy profession can meet stakeholder demands for relevant and reliable sustainability reporting. Further details can be viewed from the link below:

<https://www.ifac.org/news-events/2024-01/ifac-publishes-sustainability-education-literature-review>

IAASB Launches New Video Series and Global Webinar to Understand the ISA for LCE

New resources from the International Auditing and Assurance Standards Board (IAASB) are now available to help stakeholders understand, implement, and use the new standard for audits of smaller and less complex entities (the ISA for LCE). A comprehensive new three-part video series is now available, and registration has opened for a global webinar. Further details can be viewed from the link below:



<https://www.iaasb.org/news-events/2024-03/iaasb-launches-new-video-series-and-global-webinar-understand-isa-lce>

IAASB Moves to Strengthen Auditors' Efforts Related to Fraud

The International Auditing and Assurance Standards Board (IAASB) has [proposed a significant strengthening of its standard on auditors' responsibilities relating to fraud](https://www.iaasb.org/news-events/2024-03/iaasb-launches-new-video-series-and-global-webinar-understand-isa-lce). Recent corporate failures throughout the world have underscored the benefits of clarifying and enhancing the role of auditors in responding to fraud and suspected fraud as a means of enhancing public trust in financial reporting. Further details can be viewed from the link below:

<https://www.iaasb.org/news-events/2024-02/iaasb-moves-strengthen-auditors-efforts-related-fraud>

IAASB Opens Public Consultation on Narrow Scope Amendments to Meet Expectations for Public Interest Audits

the International Auditing and Assurance Standards Board (IAASB) launched a [consultation process on proposed narrow scope amendments](https://www.iaasb.org/news-events/2024-02/iaasb-moves-strengthen-auditors-efforts-related-fraud) to achieve greater convergence with the International Ethics Standards Board for Accountants' (IESBA) International Code of Ethics for Professional Accountants (Including Independence Standards). These proposed revisions have two key objectives. First, they would align definitions and requirements in IAASB standards with new definitions for publicly traded and public interest entities in the IESBA Code. Second, the amendments would extend the applicability of existing differential requirements for listed entities to meet heightened stakeholder expectations regarding audits of public interest entities (PIE). Further details can be viewed from the link below:

<https://www.iaasb.org/news-events/2024-01/iaasb-opens-public-consultation-narrow-scope-amendments-meet-expectations-public-interest-audits>

IESBA Staff Releases a High-Level Summary of Prohibitions in the IESBA Code for Audits of Public Interest Entities

The Staff of the International Ethics Standards Board for Accountants (IESBA) has released [a high-level summary of prohibitions](https://www.ethicsboard.org/news-events/2024-03/iesba-staff-releases-high-level-summary-prohibitions-iesba-code-audits-public-interest-entities) in the [International Code of Ethics for Professional Accountants, \(including International Independence Standards\) \(the Code\)](https://www.ethicsboard.org/news-events/2024-03/iesba-staff-releases-high-level-summary-prohibitions-iesba-code-audits-public-interest-entities), especially in relation to independence for audits of public interest entities (PIEs). Further details can be viewed from the link below:

<https://www.ethicsboard.org/news-events/2024-03/iesba-staff-releases-high-level-summary-prohibitions-iesba-code-audits-public-interest-entities>

IAF And IESBA Join Forces to Support Growth in the Market for High-Quality Sustainability Information

The International Accreditation Forum (IAF) and the International Ethics Standards Board for Accountants (IESBA) has announced a strategic partnership to advance the use of a common framework of high standards of ethical conduct to underpin trust in the assurance of sustainability information. Further details can be viewed from the link below:

<https://www.ethicsboard.org/news-events/2024-02/iaf-and-iesba-join-forces-support-growth-market-high-quality-sustainability-information>

IESBA Launches Public Consultation on New Ethical Benchmark for Sustainability



Reporting and Assurance

The International Ethics Standards Board for Accountants (“IESBA”) today announced the launch of two Exposure Drafts (EDs):

[International Ethics Standards for Sustainability Assurance ED](#), which includes revisions to the existing Code related to sustainability reporting.

[Using the Work of an External Expert ED](#)

Comments on the Using the Work of an External Expert ED are requested by April 30, 2024, and on the Sustainability ED by May 10, 2024. Further details can be viewed from the link below:

<https://www.ethicsboard.org/news-events/2024-01/iesba-launches-public-consultation-new-ethical-benchmark-sustainability-reporting-and-assurance>

IPSASB Issues Exposure Draft on Arrangements Conveying Rights Over Assets

The International Public Sector Accounting Standards Board (IPSASB) has released for comment Exposure Draft (ED) 88, Arrangements Conveying Rights over Assets (Amendments to IPSAS 47 and IPSAS 48). The proposed amendments to IPSAS 47, Revenue are consistent with the principles already exposed in ED 84, Concessionary Leases and Right-of-Use Assets In-kind (Amendments to IPSAS 43 and IPSAS 23), published in January 2023, that were strongly supported by stakeholders. Additionally, ED 88 proposes illustrative examples to accompany IPSAS 47 and IPSAS 48, Transfer Expenses on other types of arrangements conveying rights over assets that are common in the public sector. Comments are requested by May 31, 2024. Further details can be viewed from the link below:

<https://www.ipsasb.org/news-events/2024-03/ipsasb-issues-exposure-draft-arrangements->

[conveying-rights-over-assets](#)

New resource on emissions reporting using GRI and ISSB Standards

The Global Reporting Initiative and the IFRS Foundation have [jointly published a new analysis and mapping resource](#): Interoperability considerations for GHG emissions when applying GRI Standards and ISSB Standards. The publication illustrates the areas of interoperability a company should consider when measuring and disclosing Scope 1, Scope 2 and Scope 3 greenhouse gas (GHG) emissions in accordance with both GRI 305: Emissions and IFRS S2 Climate-related Disclosures. Further details can be viewed from the link below:

<https://www.ifrs.org/news-and-events/news/2024/02/january-2024-monthly-news-summary/>

Sustainability Reporting and Assurance Practices of Largest Global Companies Continue to Mature, IFAC, AICPA & CIMA Study Shows

The largest global companies are providing more detail and breadth in their sustainability reporting, and also are obtaining a greater scope of assurance on those disclosures, according to an updated report from the International Federation of Accountants (IFAC) and AICPA & CIMA. The study, an annual benchmark that now includes 2022 data, also found the use of varying sustainability standards and frameworks continues to make it difficult for investors, lenders, and other stakeholders to find consistent and comparable sustainability information. Further details can be viewed from the link below:

<https://www.ifac.org/news-events/2024-02/sustainability-reporting-and-assurance-practices-largest-global-companies-continue-mature-ifac-aicpa>



MEMBERS AND FIRM UPDATE

[From January 2024 – March 2024]

Name and Membership Number of New Chartered Accountants (CA) Member

The Institute registered Chartered Accountant Members pursuant to Section 16(2) of the Nepal Chartered Accountants Act, 1997. New CA Membership issued during this quarter from January to March 2024 is presented in table below:

S.N	Membership No.	Members Name	S.N	Membership No.	Members Name
1.	CA-2163	Shristi Singh	20.	CA-2182	Janardan Jaishi
2.	CA-2164	Sagar Malakar	21.	CA-2183	Ashish Neupane
3.	CA-2165	Sunil Aryal	22.	CA-2184	Pradip Katuwal
4.	CA-2166	Sunil Budhathoki	23.	CA-2185	Anish Rijal
5.	CA-2167	Babita Bhatta	24.	CA-2186	Bishal Gaire
6.	CA-2168	Sujan Danai	25.	CA-2187	Hemanta Koirala
7.	CA-2169	Praju Shrestha	26.	CA-2188	Deepak Thapa
8.	CA-2170	Girish Bhatta	27.	CA-2189	Phanindra Kunwar
9.	CA-2171	Ganesh Bhattarai	28.	CA-2190	Samigya Acharya
10.	CA-2172	David Sharma	29.	CA-2191	Shubham Thapa
11.	CA-2173	Dinesh Kumar Gupta	30.	CA-2192	Bishal Prajapati
12.	CA-2174	Bickle Shrestha.	31.	CA-2193	Pratigya Shrestha
13.	CA-2175	Anubhav Bhattarai	32.	CA-2194	Rojang Sidali Magar
14.	CA-2176	Ayusma Aryal	33.	CA-2195	Kishor Neupane
15.	CA-2177	Mandeep Man Bajimaya	34.	CA-2196	Rabin Kumar Bam
16.	CA-2178	Devendra Dhital	35.	CA-2197	Roshan Shrestha
17.	CA-2179	Karuna Gautam	36.	CA-2198	Isha Adhikari
18.	CA-2180	Milan Shahi	37.	CA-2199	Dhakendra Kumar Khadka
19.	CA-2181	Bishal Ghimire			

Name and Membership Number of New Fellow Chartered Accountants (FCA) Member

The Institute registered Fellow Chartered Accountants pursuant to Section 17(b) of the Nepal Chartered Accountants Act, 1997. New Fellow Chartered Accountants Membership issued during this quarter from January to March 2024 is presented in table below:

S.N	Membership No.	Members Name	S.N	Membership No.	Members Name
1.	CA-718	Sumitra Rijal	7.	CA-1083	Lal Babu Sah
2.	CA-797	Umesh Raj Pandey	8.	CA-1135	Sristi Koirala
3.	CA-906	Mukul Raj Panthi	9.	CA-1152	Sanjeev Dhakal
4.	CA-911	Arun Aryal	10.	CA-1190	Siddhanta Shrestha
5.	CA-941	Sunil Chapain	11.	CA-1257	Puskar Pokhrel
6.	CA-988	Pratish Shakya	12.	CA-1313	Prabhanjan Regmi

Name and Membership Number of New Certificate of Practice (CoP) issued Member

The Institute issues Certificate of Practice to the Chartered Accountant Members pursuant to Section 28 of the Nepal Chartered Accountants Act, 1997. New CA Membership issued during this quarter from January to March 2024 is presented in table below:



S.N	Membership No.	Members Name	S.N	Membership No.	Members Name
1.	CA-740	Sanju Adhikari	15.	CA-2114	Dhurba Prasad Devkota
2.	CA-1151	Prabhat Khatri	16.	CA-2118	Purushotam Kumar Singh
3.	CA-1435	Shree Krishna Rajthala	17.	CA-2119	Krishna Panthee
4.	CA-1603	Ramesh Pande	18.	CA-2120	Surya Bahadur Khadka
5.	CA-1684	Sujan Babu Tiwari	19.	CA-2134	Pankaj Dahal
6	CA-1862	Sandeep Paudel	20.	CA-2156	Ram Prakash Sah
7.	CA-1923	Udeshya Khanal	21.	CA-2160	Subhash Gautam
8.	CA-1983	Roshan Kumar Gupta	22.	CA-2165	Sunil Aryal
9.	CA-1984	Bipin Shrestha	23.	CA-2166	Sunil Budhathoki
10.	CA-1988	Deepak Sharma	24.	CA-2168	Sujan Danai
11.	CA-2011	Bijaya Tiwari	25.	CA-2171	Ganesh Bhattarai
12.	CA-2058	Prakash K.c.	26.	CA-2173	Dinesh Kumar Gupta
13.	CA-2061	Sambhav Khanal	27.	CA-2174	Bickle Shrestha.
14.	CA-740	Sanju Adhikari	28.	CA-2176	Ayusma Aryal

Name of New Chartered Accountancy Firm

The Institute issues registration of Auditing Firms pursuant to Section 28A of the Nepal Chartered Accountants Act, 1997. New firms registration during this quarter from January to March 2024 is presented in table below:

S.N	Firm No.	Firm Name	S.N	Firm No.	Firm Name
1.	1264	K. S. P. & Associates	13.	1276	Prabhat Khatri Associates
2.	1265	Subhash Gautam & Associates	14.	1277	P. K. C. & Associates
3.	1266	Ram Sah & Associates	15.	1278	S. Rajthala & Associates
4.	1267	Deepak Sharma & Associates	16.	1279	Ayusma & Associates
5.	1268	Aryal Sunil Associates	17.	1280	Bickle Shrestha & Associates
6.	1269	Danai & Associates	18.	1281	Panthee Krishna & Associates
7.	1270	Shrestha Bipin & Associates	19.	1282	Ganesh B. & Associates
8.	1271	R. K. G. & Associates	20.	1283	Dinesh Kumar Gupta & Associates
9.	1272	D. P. D. Associates	21.	1284	Sanju A. Associates
10.	1273	P. K. Singh & Associates	22.	1285	Sambhav K. & Associates
11.	1274	D. Pankaj Associates	23.	1286	Bijaya Tiwari & Associates
12.	1275	S. B. K. & Associates	24.	1287	P. Sandeep & Associates



पेशागत सदस्यहरूले जारी गर्ने प्रतिवेदनहरूमा समावेश गरिने Unique Document Identification Number (UDIN) सम्बन्धी सूचना ।

यस संस्थाका पेशागत प्रमाणपत्र प्राप्त सदस्यहरूले लेखापरीक्षण तथा प्रमाणिकरण लगायतका कार्यहरू गरी प्रतिवेदन जारी गर्दा संस्थाको UDIN Portal बाट 18 Digit को UDIN लिई सो UDIN उक्त प्रतिवेदनमा समेत उल्लेख गर्नुपर्ने व्यवस्था अनिवार्य गरिसकिएको व्यहोरा सर्वविदितै छ । यसरी UDIN समावेश नगरी जारी गरिएका प्रतिवेदनहरूलाई संस्थाले मान्यता नदिने तथा त्यस्तो प्रतिवेदन जारी गर्ने सदस्यहरू कारवाहीको भागिदार हुने व्यवस्था समेत यस अधिनै सूचीत गराईसकिएकोमा यस व्यवस्थाको प्रभावकारी कार्यान्वयनको लागि पुनः यो सूचना प्रकाशित गरिएको छ ।

यस सन्दर्भमा संस्थाका पेशागत सदस्यहरूले तल उल्लेखित लेखापरीक्षण तथा प्रमाणिकरण लगायत अन्य कार्य गर्दा प्रत्येक प्रतिवेदनको लागि छुट्टै अनुबन्धन गर्नुको साथै छुट्टै छुट्टै UDIN Generate गरी उक्त प्रतिवेदनहरूमा अनिवार्य रूपमा UDIN समावेश गर्नुपर्नेछ ।

- बाह्य लेखापरीक्षण (Statutory Audit)
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- समूह लेखापरीक्षण (Group Audit)
- नियमकारी निकायलाई आवश्यक पर्ने प्रतिवेदन जस्तै (Long Firm Audit Report- LFAR)
- अन्य लेखापरीक्षण (Other Audits)
- मुल्यांकन प्रतिवेदन (Valuation Report)
- कुनै पनि प्रमाणिकरण कार्य जस्तै (Working Capital Certification, Sec 78 of Company Act Certification, etc.)
- अन्य प्रमाणिकरणहरू (Other Certifications)
- समीक्षा सम्बन्धी अनुबन्ध (Review Engagement such as: Internal Control Review, Review engagement under NSRE 2400 and 2410)
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- सम्बद्ध सेवा सम्बन्धी अनुबन्ध (Related Service Engagements such as: Engagement under NSRS 4400 and 4410)
- पेशागत सदस्यको रूपमा जारी गर्ने अन्य प्रतिवेदनहरू (Other)

यसरी संस्थाले जारी गरेका निर्देशनहरूको विपरित UDIN उल्लेख नगरिएका प्रतिवेदन जारी गर्ने पेशागत प्रमाणपत्र प्राप्त सदस्यलाई नेपाल चार्टर्ड एकाउन्टेन्ट्स ऐन, २०५३ र नेपाल चार्टर्ड एकाउन्टेन्ट्स नियमावली, २०६१ बमोजिम आवश्यक कारवाहीको प्रकृया अगाडी बढाईने व्यहोरा समेत जानकारी गराईन्छ ।

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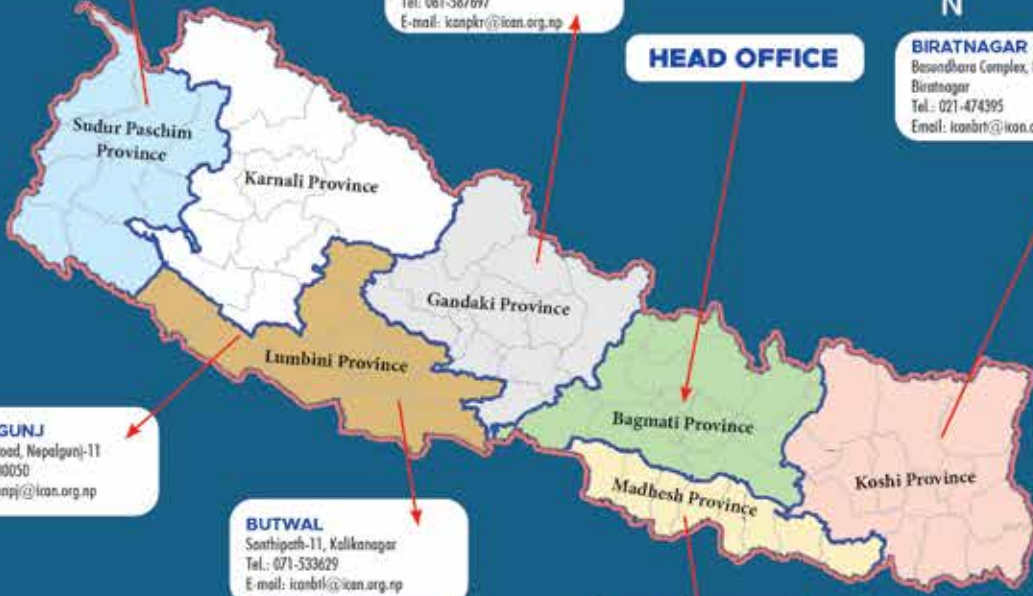
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