



THE NEPAL CHARTERED ACCOUNTANT

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- ✓ Pension and other Employee benefits
- ✓ Health Insurance
- ✓ General Insurance/Non-Life Insurance
- ✓ NFRS 4 and NSA 620



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THE NEPAL CHARTERED ACCOUNTANT

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Nepal Oil Corporation



Editorial

Fraud is a term of art and has legal connotations. Black's Law Dictionary defines fraud as 'a knowing misrepresentation of the truth or concealment of a material fact to induce another to act to his or her detriment'. Many criminologists and psychologists have tirelessly worked to find the root causes of fraud. Leading criminologist Dr. Donald R. Cressey, postulated that *'trusted persons become trust violators when they conceive of themselves as having a financial problem which is non-shareable, are aware this problem can be secretly resolved by violation of the position of financial trust, and are able to apply to their own conduct in that situation verbalizations which enable them to adjust their conceptions of themselves as trusted persons with their conceptions of themselves as users of the entrusted funds or property'*. In short his theory states that fraud occurs where there is a fraud triad of: pressure, opportunity and rationalization.

Association of Certified Fraud Examiners published its benchmark report, Report to the Nations (2018), and highlighted that organizations lose 5% of their annual revenues to fraud and projected total global fraud loss of nearly USD 4 trillion. Among other things, the report states that assets misappropriation schemes are the most common and least costly, whereas, financial statement fraud schemes are the least common and most costly. Internal control weakness was responsible for nearly half of the frauds. Tips were identified as the most common initial detection method followed by internal audit and management review.

Every now and then fraud has been making headlines in Nepalese press for some time now. Despite the present government's announcement of zero tolerance to fight corruption and priority accorded, it remains a panglossian dream. The latest data of Commission for the Investigation of Abuse of Authority (CIAA), shows that it received a total of 24,048 complaints and finalized 15,611 cases in the fiscal year 2075/76. Out of the 351 cases of corruption filed in Special Court 88.5 percentage of the verdict was in favour of CIAA. Similarly, in last year, a total of 19,488 complaints were received and 12,400 were finalized whereas out of 194 corruption cases filed in Special Court 68 percent of verdict remained in favor of the Commission. The cases were mostly concerned with corruption, fake documents, destruction of public property, illegal property, illegal earnings, revenue leakage etc. Likewise, the Corruption Perceptions Index 2019, published by Transparency International ranks Nepal in 113th position among 180 countries. Prevalence of bribery, lack of punishment for corruption and irresponsible public institutions that do not care for public complaints and needs are some of the root causes of widespread corruption.

Most of the fraud cases involving private sectors go unreported. However, white collar crimes in Nepal, especially in the banking sector have come under the radar of the investigating authorities. Following the global trend, most of the perpetrators are people inside the organization. Moreover, the most common behavioral red flags include living beyond means, financial difficulties, unusually close association with vendor/customer, control issues, unwillingness to share duties, divorce/ family problems, and "wheeler-dealer" attitude.

Nobody is immune from fraud. The 2018 Report to the Nation claims that fraudsters who had been with their company longer stole twice as much and only four percentage of perpetrators had a prior fraud conviction. So fraud should be combated in multiple fronts. Fraud prevention and deterrence is a challenge for organizations. Organizations can prevent fraud by implementing some pro-active measures like: increasing perception of detection, use of analytical review procedures, fraud assessment questioning, employee anti-fraud education, punishment for dishonest acts, effective management oversight, hotlines, tone at the top etc. Ethics of the business, employee and the stakeholders is also a major determinant while dealing with fraud. Ethics are the moral virtues and principles that guide a person about what is good and bad. The 10-80-10 rule to ethics assumes that 10 percent of the people are ethical all of the time, 80 percent could behave unethically depending on the situation, and 10 percent are unethical all the time. However, there is a common fallacy that if it is legal, it is ethical. Although following law is ethical, ethics has a wider reach. Management should have a written ethics policy for objectively communicating to the employees what virtues guide the organization.

In the present global context, Fraud detection and forensic accounting has been emerging as one of the fastest growing field. Accountants are in a unique position to detect embezzlement, corruption, fraud, skimming, false VAT credit claim and any type of financial theft. Recognizing the need to equip members with the current knowledge and to spread awareness, the Institute of Chartered Accountants of Nepal has been conducting fraud training, professional courses and organizing national conferences in combating corruption and fraud. The Institute through its members and in collaboration with other agencies is working to take leading role in nipping the fraud in bud. In this backdrop, collaboration and joint efforts of all anti-corruption and oversight agencies as well as stakeholders is needed in the crusade of controlling corruption and fraud and to move ahead towards a more transparent, ethical and fraud free society.



President's Message

Dear Professional Colleagues,

It gives me immense pleasure to present before you the second quarter Journal of ICAN, depicting our commitment of uplifting the professional image of the Institute. As promised we have continued with exploring avenues to strengthen the regulating role of the Institute and establishing it as a center for excellence to cater specialized and focused services in specific areas of professional advancement.

Our commitment to accelerate new ideas is not at the cost of ongoing activities of the Institute. During second quarter we have been successful in organizing national level conference, conducting post qualification certification course for members, participation in International conferences and seminars, attending national and international meetings representing Institute, continuing dialogue with International Professional Accounting Bodies to avail technical support and open membership pathways opportunity for our members,

As we all believe that members of the Institute should always live by a set of core values that motivates them to do the right thing, and be vigilant and accountable always towards their professional responsibilities and maintaining integrity. Our aim to increase awareness among members to consistently and willingly practices within the guidelines of the Institute and be compliant to obligation of Code of Ethics shall be on priority to uplift the image of profession in society and among all stakeholders.

As members of the Institute represents the profession to the society, professional capacity development among them is a continuous challenge and to overcome with this the Institute has decided to enhance their professional capacity by providing training and post qualification courses. We have focused on imparting more post qualification certification courses to our members to enhance their overall professional knowledge besides our plan to start some professional qualification courses for members and officials

of Government in coordination with International Professional Accounting Bodies.

As promised, in second quarter of my Presidential tenure we have concentrated on re-structuring of existing organizational structure and overall revamping of the management system leading to clear demarcation in decision making and execution role of Committees and Management. Concentrating on the primary objective of the Institute as mandated by its Act and outlined in Strategic Plan, we have initiated process to establish it as a professional organization capable of regulating accounting profession that runs on well managed efficiency.

As core objective of the Institute is to achieve the execution of efficient processes that help achieve goals and thus a satisfactory service delivery to members, students and stakeholders, we have taken up concept of establishing Centre for Professional Excellence within the Institute to cater specialized services by devising Research and Development Centre, Professional Support Centre, Information and Technology Centre, Academic Centre and development and implementation of Standards and Guidelines to support members, students, stakeholders and Government at large.

We have already initiated the process of reform within the organization through organizational restructuring and reviewing of law and regulations in order to strengthen the regulatory role and to ensure the independence in disciplinary functions of the Institute.

Besides review of existing spectrum of professional courses offered by the Institute to the students to make it at par with the International level, we have planned for expansion of professional arena of the Institute in pace with International development in accounting profession by introducing more professional courses to students to offer them avenues of being accounting

professionals with varied expertise which we expect will not only uplift the image of the Institute but will support long term stability and will provide an opportunity to the students willing to peruse accounting profession with their own choice.

With this expected expansion in professional courses we have also planned to establish Academic Center in Regional level for providing dedicated education and training to students, members and other interested groups and as a way forward, collaborating with the Universities to run professional courses to support educational requirements of the students perusing accounting education with the Institute is an idea on which we have already acted upon.

Students being the basic intake of the Institute, providing International level qualification to them is always on priority. The process of twining syllabus of the students to make it compactible with International level education and facilitating them with online education has already taken momentum. Devising e-learning modules for the students and online registration system has been taken up to come into effect soon.

At last, I am hopeful that the idea of strengthening Institute in all respect will get extended support from members, council members, past presidents, stakeholders, management team and Government.

CA. Krishna Prasad Acharya
President, ICAN

ICAN Continues to Improve Audit Quality

Under IFAC's Statement of Member obligations (SMO1), member bodies must carry out reviews of audit firms on a cyclical basis. The required cycle is a maximum of every 3 years for auditors of PIEs and every 6 years for other audit firms. ICAN has fixed this as the cycle it intends to achieve and has already started its visits to PIE auditors.



Introduction

ICAN, with the support of the Institute of Chartered Accountants in England and Wales (ICAEW), started work on an Asian Development Bank funded project to strengthen audit quality in Nepal.

Since the project began in 2015, ICAN has established a fully operational audit quality monitoring system. To do this it has created an independent Quality Assurance Board (QAB) to oversee the work of a Quality Assurance (QA) Unit of reviewers who are visiting

firms which audit public interest entities (PIEs) on a cyclical basis to monitor compliance with the Nepal Standards on Auditing (NSA). The aim is to visit all audit firms on a cyclical basis starting in 2020.

ADB approved funding for Phase 2 of the project in mid-2019 and aims to help ICAN with establishing international best practice in QA for Audit, while consolidating the achievements of Phase 1. Two ICAEW consultants visited Nepal in November 2019 on the first of two visits, with a second visit to follow-



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up on progress scheduled for late 2020. The scope of the visit was to:

- Provide in-country training and support for key governance and strategic functions
- Deliver top-up training to existing and new QA Unit review staff
- Mentor QA Unit review staff on each aspect of the audit review process
- Review the processes surrounding the audit review process including registration, investigation and discipline

Governance

As part of the visit, members of Council, Quality Assurance Board (QAB) and ICAN staff attended workshops to discuss the overall governance structure and improvements in governance which would make audit quality reviews more effective.

Governance of the audit process is covered by the Companies Act 2006, Nepal Chartered Accountants Act 1997 and ICAN Rules. How the legislation and rules interact have great importance for how ICAN can implement an effective audit quality system.

As part of these Rules, ICAN formed QAB to control the audit review process. The detailed actions which QAB can take to encourage firms to improve audit quality are limited to having the QA Unit carry out a follow-up review or referring a firm for disciplinary action. Follow-up reviews are costly and should only be necessary where standards need significant improvement. Referrals for disciplinary action should be rare and only where a firm refuses to make improvements or findings indicate significant risks as a result of poor audit work. Where there is an adverse disciplinary finding, the Company Act prohibits firms from carrying out audit work for a period of 5 years.

There are a number of alternative actions which ICAN could permit QAB to take which would be more effective

in helping firms make improvements. ICAN could allow QAB to impose proportionate conditions or restrictions on audit firms which would not involve a follow-up visit or disciplinary action. For example this might include restricting a firm from taking on an appointment to a new PIE audit until it has provided evidence that it has made the required improvements agreed at the end of the QA review.

Company and audit legislation and ICAN's regulatory structure is currently under review, so it is timely that we have been able to provide input into the process, advising on best international practice for governance of audit, including involving non accountancy professionals in the regulatory process

Audit Reviews - the Visit Cycle and the Review Process

Under IFAC's Statement of Member obligations (SMO1), member bodies must carry out reviews of audit firms on a cyclical basis. The required cycle is a maximum of every 3 years for auditors of PIEs and every 6 years for other audit firms. ICAN has fixed this as the cycle it intends to achieve and has already started its visits to PIE auditors.

To achieve this cycle, ICAN will need to recruit an additional three experienced CAs to its QA Unit.

In addition to the audit review programme which the QA Unit had developed for reviews of CA firms, it has now developed a programme to review Registered Auditor firms which carry out audits of smaller, lower risk audit clients. It intends to start on implementation of this programme when ICAN has recruited more QA Unit reviewers.

The ICAEW consultants reviewed a sample of audit visits already completed by the QA Unit and accompanied the QA reviewers on two visits to PIE auditors. As a result they made some recommendations to improve the review process, which will make the process more effective and add more value to the audit firms. These included:

- Obtaining annual information on firms' activities to help with visit selection and planning
- Providing firms with information describing the visit process and telling them what Information will be reviewed during the visit
- How to identify the key issues and causes of non-compliance with NSAs
- Improvements in reporting to QAB and to the audit firms

With a full complement of experienced staff, appropriate training and some revisions to the review process, ICAN will be able to achieve the objective of covering all audit firms in the required timescale with a fully effective review process.

Providing Assistance for Audit Firms

All good audit quality monitoring systems combine regulation and education. ICAN's QA Unit visits are designed to provide guidance to firms on how to put compliant and efficient audit systems in place. The reviewers will help firms by showing them where they can make improvements. This will help firms comply with the NSA and NSQC1 requirements and improve the quality and efficiency of their audit work.

In addition, ICAN has material which it will be providing through a designated audit section of its website. This includes:

- An audit system for small and medium sized audit firms. ICAN officially launched the system in July 2019. It is free to use for audit firms. Training was provided in a number of workshops in 2019 and further training courses are planned. This will provide structure for planning, controlling and recording audit work and is fully compliant with the requirements of the NSAs. For PIE audits, for example the audit of banks, firms can tailor it by adding specific audit tests.
- The Quality Assurance Manual produced by QAB. This has checklists for internal file reviews and the review of audit procedures which firms can use to meet their requirement for internal monitoring under NSQC1.
- A guide produced by ICAEW for international use on how small firms can implement appropriate procedures to comply with NSQC1 –Quality Control for Firms that perform audits and reviews of financial statements.
- An annual report produced by the QAB on the QA Unit's inspection visits. This report will include a summary of the key findings from visits which will show firms the main areas they ought to focus on if they haven't yet put in place compliant systems for audit work.

In addition ICAN will continue to run audit related CPE courses as part of its overall CPE programme and publish relevant material in its quarterly journals.

Looking to the Future

The visit was a success with good engagement from the Council members, QAB members and relevant ICAN staff. ICAN is operating a structured QA for audit programme and intends to progress this to cover all audit firms on a cyclical basis. With improvements suggested in this first Phase 2 visit, ICAN is well positioned to have an effective audit quality monitoring system in place which will meet international best practice and IFAC's requirement on visit cycles.

Audit firms have been positive and supportive about the visit process. Feedback from the ICAEW consultants' visit has been very encouraging. The ICAEW consultants will return towards the end of 2020 to provide further support and look forward to seeing the improvements made during the year.

Forensic Accounting Investigation: Role of a Professional Accountant

The risk of not detecting one resulting from fraud is higher than the risk of not detecting one resulting from error as fraud involves sophisticated and carefully organized schemes designed to conceal it, perpetrated by persons with authority or power; use of advanced technologies, etc.



Background

We proudly say that “we professional accountants contribute to nation building”. It is no doubt that as one of the key business advisors, we have been doing this in various ways, notably, through building trust on what we deliver (financial reports, audit and investigation). One of the most important things in nation building in real sense is that we shall endeavor to increase investor confidence in corporate reporting. Because of recent corporate frauds,

nationally and internationally, the investors have started demanding more from corporate personnel, management, regulators, internal and external auditors to contain the risks of their moneys through establishment of sound business ethics and compliance monitoring. However, in this imperfect world, corporate frauds occur. Hence, we must work cautiously to deter, detect, investigate and penalize wrong doers or fraud perpetrators. This is a challenging task as it needs in-depth understanding of common fraudulent practices,



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reading psychology of fraudster, applying professional skepticism, critical analysis of cases of whistle blowing, dealing with lawyers and prosecutors, familiarity with new technologies that facilitate detection and much more.

Fraud

NSA 240 defines fraud as an intentional act by one or more individuals among management, those charged with governance, employees or third parties, involving the use of deception to obtain an unjust or illegal advantage. The term “Fraud” is commonly used to encompass a broad range of schemes, either involving financial or non-financial. However, the act of a fraud involves 3 components; namely:

1. the act – that leads to the gain the perpetrator is expecting
2. the concealment – of wrong doings with another act, and
3. the conversion – for own benefit or others.

In relation to an auditor conducting audit in accordance with Nepal Standards on Auditing, they are concerned with fraud that causes a material mis-statement of the financial statements. Two types of intentional mis-statements that are relevant to the auditors are: 1) Mis-statements resulting from fraudulent financial reporting, and

- 2) Mis-statements resulting from mis-appropriation of assets.

Responsibilities for Prevention and Detection of Frauds

An auditor conducting an audit in accordance with Nepal Standards on Auditing is responsible for obtaining reasonable assurance that the financial statements taken as a whole are free from material mis-statement, whether caused by fraud or error.

The primary responsibility for the prevention and detection of fraud rests with both those charged with governance of the entity and the management. The NSA315 places responsibility to the auditor to identify and assess the risks of material mis-statement due to fraud at the financial statement level and at the assertion level for the classes of transactions, account balances and disclosures.

The risk of not detecting one resulting from fraud is higher than the risk of not detecting one resulting from error as fraud involves sophisticated and carefully organized schemes designed to conceal it, perpetrated by persons with authority or power, use of advanced technologies, etc.

Although the auditor may suspect or, in rare cases, identify the occurrence of fraud, the auditor does not make legal determination of whether fraud has actually occurred. Thus, this requires a special action to determine the occurrence of frauds. Hence, forensic accounting investigation was evolved to address the limitations of a general purpose audit.

Forensic Accounting Investigation

Forensic accounting is defined as the application of investigative and analytical skills for the purpose of resolving financial issues in a manner that meets standards required by courts of law. The forensic accountants apply special skills in accounting, auditing, finance, quantitative methods, certain areas of laws, research and investigative skills to collect, analyze and evaluate the evidential matter and to interpret and communicate the findings.

The major differences between audit and forensic accounting investigation can be summarized as given below:

Criteria	General Purpose Audit	Forensic Accounting Investigation
Objective	Forming an opinion on the financial statements taken as a whole	Determine the likelihood and/or magnitude of fraud occurrence
Purpose	Statutory as well as requirement of third party users of financial statements	Sufficient predication that a fraud has or may have occurred.
Value	Credibility of financial statements enriched	Resolves suspicions and accusations, determines the facts
Sources of Evidence	Inquiry, observation, examination, re-performance, re-computation, inspection, balance confirmation, analytical review to support financial statement assertions	Review detailed financial and non-financial data, search public records, conduct fact finding as well as admission seeking interviews, including third party inquiries.
Sufficiency of Evidence	Reasonable assurance	Establish facts to support or refute suspicions or accusations

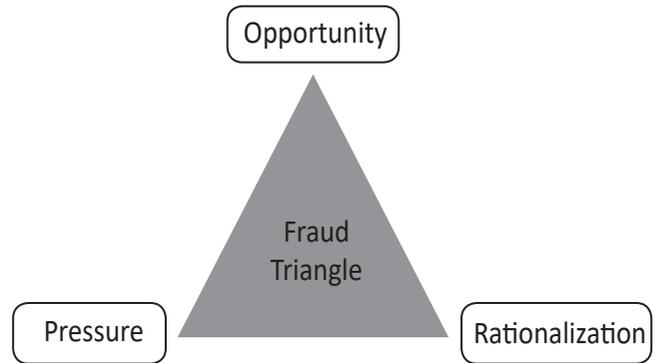
Source: Adapted from Association of Certified Fraud Examiners

From the above table, it can be concluded that audits and investigations are not same. Unlike in audit, during the investigation, a forensic accounting investigator seeks to discover the full methods and extent of improprieties that are suspected or known through collection of conclusive evidences.

Understanding the Factors Leading to Fraud

Together with the shift in business modus operandi, e.g. from barter system to e-commerce, fraud has also evolved into complex forms from simple mis-statement and mis-appropriation of assets to financing pressure for access, dominance of market shares, personal needs, and many more. Fraud risk factors have also become borderless. Thus, it necessary to understand the factors that lead to committing fraud, not only by persons with criminal mind but also trusted employees, directors, owners, etc.

The best and most widely used model for providing clues to commit fraud by a person is the Fraud Triangle developed by Dr. Donald Cressey. According to him, 3 factors must be present at the same time for an ordinary person to commit fraud, namely:



- i) Pressure – that motivates the crime, e.g. financial difficulties, habits, targets, desires
- ii) Perceived Opportunity – methods by which fraud can be committed, e.g. weak controls, weak mechanism for enforcement, etc.
- iii) Rationalization – trying to justify crimes to show that it is an acceptable act, e.g. under-pay, for family not oneself, entitlement, etc.

Although this fraud triangle principle is widely accepted, it may not be suitable for a case where the fraud perpetrator has ill intent mindset to commit fraud from the very day of joining the employer.

Fraud Risk Assessment

Fraud is a feature of every organized culture in the World. It has been prevalent in one form or other within a business environment for number of years. Fraud risk is the vulnerability that an organization has to those capable of overcoming all three elements of fraud triangle. As business manager and/or an auditor, one shall understand many factors that influence an organization’s fraud risks, such as:

- i) The nature of the business in which it is engaged.
- ii) The economic conditions, external or internal, forcing to commit fraud.
- iii) The operating environment exposure
- iv) The technology may shift risks or create new risks
- v) The legal environment may force to look for avenues to circumvent
- vi) The effectiveness of internal controls to reduce opportunity to commit fraud and increasing possibility of detection.

The management and the auditors/investigators shall proactively identify and address an organization's vulnerability to both internal and external risks. However, due to varied nature of business, a one-size-fits-all approach of fraud risk assessment cannot be applied and the assessor shall consider nuances of the specific organization.

Forensic Accounting Techniques

The following techniques could be considered by a forensic accounting investigator while performing its job:

1. Detection of vulnerabilities: to know where the company is most vulnerable to fraud. This can be done through:
 - i) Reviewing public documents and doing background checks
 - ii) Analysis of financial statements
 - iii) Conducting interviews
 - iv) Assessment of internal controls
 - v) Ability to think the unthinkable (professional skepticism)
 - vi) Risk analysis of management override of controls
 - vii) Complexities of legal and regulatory requirements
 - viii) Assessment of likelihood of occurrence of frauds
2. Identify risk contributors: This helps to identify those persons and activities that might increase the company's overall fraud risks.
3. Develop investigative techniques: To obtain evidence of fraud from trustworthy and confidential sources cautiously, through interview, surveys, feedback mechanism.
4. Analysing evidence: to point to the guilty party and to assist in understanding the extent of the fraud committed in the business.
5. Put surveillance: physically or electronically and using conventional measures to uncover any fraud e.g. by monitoring and tracking all the official emails and messages, analyzing the audit trails, etc.
6. Going undercover: is an extreme measure and should be used only as a last resort.
7. Support in litigation/prosecution with acceptable evidences in courts of laws.

Conclusion

Nowadays, the economic conditions are getting stricter, tighter laws in terms of the governance of the businesses are being implemented, sophisticated systems are put in place and hence the fraud occurrence has increased and become more sophisticated. This has led to a higher sensitivity to fraud and hence there is an increasing demand for the services of forensic accountants by all the businesses all over the world.

The expectation of investors i.e. sustained integrity of corporate financial information can be met by accepting need for change in audit approach, providing robust training to auditors in fraud detection procedures, shift in auditors' attitude (skepticism), use of technologies and providing useful recommendations to the corporate directors and management about their roles in identifying threats of frauds and establishing measures to deter frauds through sound internal control systems, environment that enforces implementation of code of ethics. Forensic accounting investigators can make significant contributions to a financial crime investigation, provided they work effectively with the company's internal as well

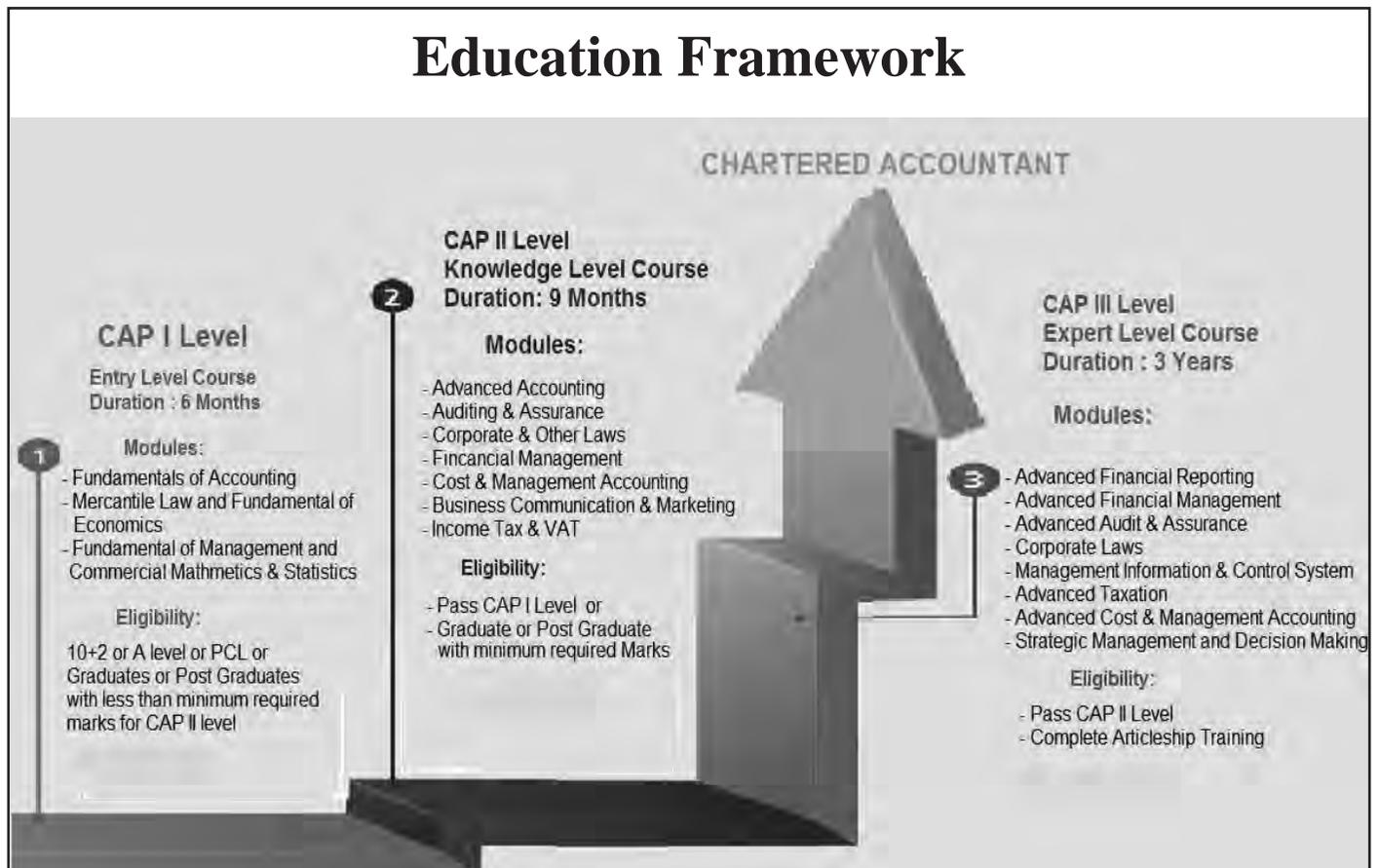
as external auditors, as well as with others involved in resolving allegations or suspicions of fraud

Thus, it goes without saying that if forensic accounting job is entrusted to the professionals, they can provide better solutions to the business problems tailored to specific needs. It is the member of the Institute of Chartered Accountants of Nepal that are available to provide services of forensic accountants in Nepal.

Reference materials:

1. *Nepal Standards on Auditing*
2. *John Willey & Sons., Inc. A guide to forensic accounting investigation,*
3. *Association of Certified Fraud Examiners, Fraud Examiners Manual*
4. *Dr. Joseph T Wells, International Fraud Handbook*

Education Framework



Good Governance: Concepts & Parameters

Good governance ensures that the voices of the poorest and the most vulnerable are heard in decision-making over the allocation of development resources and that political, social and economic priorities are based on broad consensus among the three stakeholders, the state, private sector and civil society.



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Governance is the exercise of political, economic and administrative authority to manage a nation's affairs. It is the complex mechanisms, processes, relationships and institutions through which citizens and the groups articulate their interests, exercise their rights and obligations and mediate their differences. Governance encompasses every institutions and organization in the society, from the family to the state and embraces all methods –good or bad –that societies use to distribute power and manage public resources and problems.

Good governance is therefore a subset of governance, wherein public resources and problems are managed effectively, efficiently and in response to critical needs of society. It is also perceived as a normative principle of administrative law, which obliges the state to perform its functions in a manner that promotes the values of efficiency, no corruption and responsiveness to civil society. Effective democratic form of governance relies on public participation, accountability, predictability and transparency.

Good governance can be classified into two groups:

Market Enhancing Governance:

It focuses on the role of governance in reducing transaction costs to make markets more efficient. The key governance goals are:

- Achieving and maintaining stable property rights
- Maintaining a good rule of law and effective contract enforcement
- Minimizing expropriation risk
- Minimizing rent seeking corruption
- Achieving the transparent and accountable provision of public goods in line with democratically

Growth Enhancing Governance:

It focuses on the role of governance in enabling catching up by developing countries in a context of high transaction costs. In particular, it focuses on the effectiveness of institutions for accelerating the transfers of assets and resources to more productive sectors and accelerating the absorption and learning of potentially high productivity technologies. The key governance goals are:

- Achieving market and non-market transfers of assets and resources to more productive sectors
- Managing incentives and compulsions for achieving rapid technology acquisitions and productivity in enhancement
- Maintaining political stability in a context of rapid social transformation.

Good governance ensures that the voices of the poorest and the most vulnerable are heard in decision-making over the allocation of development resources and that political, social and economic priorities are based on broad consensus among the three stakeholders, the state, private sector and civil society. All three stakeholders are critical for sustaining human development; the state creates a

conducive political and legal environment, the private sector generates jobs and income; civil society facilitates political and social interaction. With the advent of globalization and the integration of economies, the state's task is also to find a balance between taking advantage of emerging market opportunities and providing a secure and stable social and economic environment domestically.

Parameters of Good Governance:

The IMF promotes good governance in two main areas (i) the management of public resources through reforms covering public sector institutions (ii) the development and maintenance of a transparent and stable economic and regularity environment conducive to private sector activities. The IMF places great emphasis on promoting good governance when providing policy advice, financial support and technical assistance to its member countries. The IMF also has measures in place to ensure integrity, impartiality and honesty in the discharge of its own professional obligation.

According to the World Bank, "Governance consists of the traditions and institutions by which authority in a country is exercised. This includes (a) the process by which governments are selected, monitored and replaced; (b) the capacity of the government to effectively formulate and implement sound policies; and the respect of citizens and the state for the institutions that govern economic social interactions among them."

Based on the above definition, two measures of governance corresponding to each of these three areas, resulting in a total of six dimensions of governance are identified as governance indicators:

- (a) The process by which governments are selected, monitored, and replaced:
 1. Voice and Accountability (VA)-capturing perceptions of the extent to which a country's citizens are able to participate in selecting their

government, as well as freedom of expression, freedom of association, and a free media.

2. Political Stability and Absence of Violence/ Terrorism (PV) – capturing perceptions of the likelihood that the government will be destabilized or overthrown by unconstitutional or violent means, including political motivated violence and terrorism.
- (b) The capacity of the government to effectively formulate and implement sound policies:
3. Government Effectiveness (GE) – capturing perceptions of the quality of public services, the quality of the civil service and the degree of its independence from political pressures, the quality of policy formulation and implementation, and the credibility of the government’s commitment to such policies.
 4. Regularity Quality (RQ) – capturing perceptions of the ability of the government to formulate and implement sound policies and regulations that permit promote private sector development.
- (c) The respect of citizens and the state for the institutions that govern economic and social interactions among them:
5. Rule of Law (RL) – capturing perceptions of the extent to which agents have confidence in and abide by the rules of society, and in particular the quality of contract enforcement, property rights, the police, and the courts, as well as the likelihood of crime and violence.
 6. Control of Corruption (CC) – capturing perceptions of the extent to which public power is exercised for private gain, including both petty and grand forms of corruption, as well as “capture” of the state by elites and private interests.

According to UNO, good governance has following parameters:

1. Participation- People should be able to voice their own opinions through legitimate immediate organizations or representatives.
2. Rule of law- Legal framework should be enforced impartially, especially on human rights.
3. Consensus- oriented – Mediates differing interests to meet the broad consensus on the best interests of a community.
4. Equity and Inclusiveness – People should have opportunities to improve or maintain their well-being.
5. Effectiveness and Efficiently – Processes and institutions should be able to produce results that meet the needs of their community while making the best of their resources.
6. Accountability – Government institutions, private sectors and civil society organizations should be held accountable to the public and institutional stakeholders.
7. Transparency – Information should be accessible to the public and should be understandable and monitored.
8. Responsiveness – Institutions and processes should serve all stakeholders.

Conclusion

Good governance can be referred as an effective and efficient process of decision-making and the process by which decisions are implemented keeping the amelioration of citizens as the top priority. Resource allocation, creation of formal establishments, setting up rules and regulations etc. are part of achieving goal. Effective forms of governance rely on public participation, accountability, predictability, effectiveness and equality and transparency and so on.

Risk Management in Banks: Building Greater Resilience to Shocks

Banks are making progress with ORM. As banking becomes more customer-centric and customers increasingly use digital channels, banks can gain greater visibility into what their customers, employees and IT systems are doing and better insights into what could go wrong. With digitalization and straight-through processing, banks can reduce or eliminate human intervention in many transactions, thus containing the risks of employee error and fraud.



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Consolidation of Banks and Financial Institutions (BFIs) has been taken as one of the tools to enhance the capital base, achieve operational efficiency and strengthen the resilience of BFIs in Nepal. Merger and acquisitions are considered one of the effective means of financial consolidation. Increasing capital and asset bases through consolidation has considered to enable BFIs to mobilize lower cost, long term funds and build greater resilience to shocks.

Banks are prone to severe risks during unstable time with post integration issues such as cultural clashes and adopting merged practices. Lack of synchronization throughout the IT infrastructure may result in difficulties with everyday business processes, producing complications and slowing down overall operations. In addition, without integration of supporting and operational process applications within the entire organisation, errors and replications are inevitable.

Following banking risks are relevant for analysis:

1. Business/Strategic risk

Business risk is the risk arising from a bank's business strategy in the long term. When a bank fails to adapt to the changing environment as quickly as its competitors, it faces the risk of losing market share, getting acquired, or shutting up.

2. Compliance risk

Compliance risk is defined as the risk of legal or regulatory sanctions, material financial loss, or loss to reputation a bank may suffer as a result of its failure to comply with laws, regulations, rules, related self-regulatory organization standards, and codes of conduct applicable to its banking activities.

3. Credit risk

Credit risk is the potential that a bank borrower, or counterparty, will fail to meet its payment obligations regarding the terms agreed with the bank. It includes both uncertainties involved in repayment of the bank's dues, and repayment of dues on time.

4. Cybersecurity risk

Cybersecurity risk is the most prevalent IT risk in the financial services industry. It refers to the risk undertaken by a financial institution to keep electronic information private and safe from damage, misuse or theft.

5. Liquidity risk

Liquidity risk can be defined as the risk of a bank not being able to finance its day to day operations. Failure to manage this risk could lead to severe consequences for the bank's reputation as well as the bond pricing and ratings of the bank in the money market.

6. Market risk

Market risk can be defined as the risk of losses in on- or off-balance sheet positions that arise from movement in market prices such as Interest risk, FOREX risk.

7. Moral hazard

A moral hazard is the probability for a bank to take on unprecedented levels of risk without evaluating the economic soundness of the decision of risk-taking for all parties involved.

8. Open banking Risk

An open banking ecosystem functions as a single platform for a number of participants like regulators and government agencies, data providers, third-party providers, customers, to engage in an open infrastructure with an end motive to enhance the customer experience.

9. Operational risk

Operational risk is the risk of loss resulting from inadequate or failed internal processes, people, and systems or external events. It is discussed in detail in upcoming section.

10. Reputational risk

Reputational risk implies the public's loss of confidence in a bank due to a negative perception or image that could be created with/without any evidence of wrongdoing by the bank. Reputational value is often measured in terms of brand value.

11. Systemic risk

Systemic risk, in itself, would not lead to direct losses. However, in a scenario where indexes are at high levels, there is a high probability of market risks (and other risks) to reach very high levels which would eventually lead to losses.

Operational Risk in Nepalese Banks and Financial Institutions

Operational Risk, which can cause extreme losses, is less predictable, difficult to model and can be one-time events of large economic impact without historical precedent.

With the increased size and complexity of the banking industry, operational risk has a greater potential to occur in more harmful ways than many other sources of risk.

Operational risk occurs in all day-to-day banking activities. Operational risk examples include a cheque incorrectly paid, or incorrect entry made in customer account. This risk arises in almost all bank departments—Credit, Deposits, Treasury, and information technology.

Causes of Operational Risks

Preparing an exhaustive list of causes is impossible because operational risks may occur from unknown and unexpected sources. Broadly, most operational risks arise from one of three sources:

- **People risk:** Incompetency or wrong posting of personnel as well as misuse of power.
- **IT risk:** The failure of the information technology system, the hacking of the computer network by outsiders, and the programming errors that can take place any time and can cause loss to the bank.
- **Process-related risks:** Possibilities of errors in information processing, data transmission, data retrieval, and inaccuracy of result or output.

Operational Risk Management

Basel Committee on Banking Supervision defines operational risk as the risk of direct or indirect loss resulting from inadequate or failed internal processes, people and systems or from external events. This broad definition covers a myriad of non-financial risks, including conduct risk, fraud, cyber, vendor risk, privacy, unauthorised trading and information security.

It is commonly defined as the risk of some adverse outcome resulting from acts undertaken or neglected in carrying out business activities, inadequate or failed internal processes and information systems, misconduct by people, or as due to external events and shocks.

Although operational risk has always existed as one of the core risks in the Banking industry, it is becoming a more salient feature of risk management.

The measurement and regulation of operational risk is quite distinct from other types of banking risks.

Operational risk deals mainly with end events rather than central projections or tendencies, reflecting aberrant rather than normal behavior and situations.

While some operational risk exposure follows from very predictable stochastic patterns whose high frequency caters to quantitative measures, there are many other types of operational risk for which there is and never can be data to support anything but an exercise requiring subjective judgment and estimation. In addition, the diverse nature of operational risk from internal or external disruptions to business activities and the unpredictability of their overall financial impact complicate systematic measurement and consistent regulation.

Compared with financial risk, operational risk is more complex and more challenging to monitor, control and manage. Even though OR can have a broad economic impact on a bank, banks have struggled to integrate operational risk management (ORM) in their overall framework of enterprise risk management (ERM).

With initiation of Risk Based Supervision (RBS) from Nepal Rastra Bank and with recommendation of report of RBS, many banks have a tough time understanding, measuring and managing the interconnected factors that contribute to operational risk, including human behavior, organizational processes and IT systems. Banks find it challenging to create cultural, governance and management structures that can systematically control these risks. Instead of taking a deeply integrated, proactive and long-term approach to ORM, they end up managing operational risk with reactive, short-term measures.

The formal treatment of operational risk ensures the consistent application of standard risk management practices in end-to-end processes, while the self-assessment of exposures by individual business units reinforces business line risk ownership and eschews functional segmentation of risk awareness. A well-integrated ORM framework helps develop a more

effective management process for the detection of potential operational risk exposures and the evaluation of adequate economic capital coverage commensurate to the overall risk profile.

Mitigating Financial Risk is on Priority while Operational Risk can Lead to a Bank's Collapse

BFI and NRB are always mindful of the need to manage risk. However, while banks have developed sophisticated systems for controlling financial risk, they have struggled to deal effectively with operational risk.

Financial risk includes credit risk (the likelihood that borrowers will pay back their loans), market risk (the likelihood that a security will fluctuate in value) and liquidity risk (the ability of a bank to meet its obligations to its depositors and counterparties). Operational risk (OR) is the risk of loss due to errors, breaches, interruptions or damages, either intentional or accidental, caused by people, internal processes, systems or external events.

Losses from these operational risk episodes can be catastrophic, not just in a strictly monetary sense, but in terms of the impact on the bank's overall business and reputation, sometimes threatening its very existence. In recent years, banks around the world have been caught up in headline-generating scandals triggered by failures to contain operational risk.

Regulators also review a bank's vulnerability to operational risk. As they do with financial risk, the regulators require banks to maintain capital buffers to help them manage an OR episode, should it occur. The regulator's assessment of a bank's ability to control OR can thus directly affect how much capital the bank has available to conduct normal banking activities. When an operational risk event does occur, it can have profound, long-lasting spillover effects.

Many banks have a tough time understanding, measuring and managing the interconnected factors that contribute to

operational risk, including human behavior, organizational processes and IT systems. They find it challenging to create cultural, governance and management structures that can systematically control these risks. Instead of taking a deeply integrated, proactive and long-term approach to ORM, they end up managing operational risk with reactive, short-term measures.

Banks are making progress with ORM. As banking becomes more customer-centric and customers increasingly use digital channels, banks can gain greater visibility into what their customers, employees and IT systems are doing and better insights into what could go wrong. With digitalization and straight-through processing, banks can reduce or eliminate human intervention in many transactions, thus containing the risks of employee error and fraud. And, thanks to leaner and less bureaucratic organizations and Agile ways of working, managers can recognize and respond quickly to threats.

While automating processes once done by hand can reduce human operational risk, it can, if not monitored properly, magnify cybersecurity risk. In addition, banks can take their zeal for cost cutting and efficiency too far, to the point where it actually undermines the quality of ORM efforts.

Managing Operational Risk: Four Areas to Consider

Banks that take a comprehensive approach to ORM recognize four broad areas that need attention.

- i) The first is people. Even in a digital age, employees and the customers with whom they interact can cause substantial damage when they do things wrong, either by accident or on purpose. Problems can arise from a combination of factors, including intentional and illegal breaches of policies and rules, sloppy execution, lack of knowledge and training, and unclear and sometimes contradictory procedures.

- ii) The second area is IT. Systems can be hacked and breached; data can be corrupted or stolen. The risks banks face extends to the third-party IT providers that so many banks now rely on for cloud-based storage and other services. Systems can slow down or crash, leaving customers unable to access ATMs. Even the speed of technological change presents an operational risk. With the cyber landscape evolving so rapidly, banks can have trouble keeping up with new threats.
- iii) The third area: organizational structure. By setting aggressive Deposits or loans targets and rewarding employees for how well they meet them, bank management can encourage, and, in some cases, explicitly condone inappropriate risk taking. Such activity, when exposed, can lead to management changes, shareholder losses and regulatory fines.
- iv) The fourth area that vexes ORM planners is regulation. Regulators have increased the number and complexity of rules that banks must follow. Lapses can be expensive and embarrassing, triggering regulatory sanctions and customer defections.

Taking a Comprehensive Approach to ORM

Banks that understand the critical areas that drive operational risk can build an ORM framework supported by four guiding principles:

- They fully implement ORM across all business areas and integrate it into the bank's overall ERM structure.
- They clearly define ORM roles throughout the bank and fill them with the right talent.
- They embed feedback loops in the ORM organization to ensure continuous learning, from both success and failure.
- They regularly validate their approach and recalibrate metrics and incentives when necessary.

The first step to building an effective ORM capability is to fully assess the bank's existing risk profile and then construct a database and a map of all internal and

external OR risk events. The bank then develops key risk indicators (KRI) that serve as early warning signs of potential problems. Management publishes some of these KRIs within the organization, and it uses others as part of its ongoing ORM surveillance. Once the bank identifies and categorizes each risk, it can decide on mitigation options.

Secondly, the bank articulates its overall appetite for risk. This is partly an exercise in setting goals for financial measures, such as the amount of capital the bank is willing and allowed by regulators to have at risk, but it is equally a matter of establishing the bank's cultural and governance priorities. Management sets the tone with its behavior, decisions and actions.

The key to effective ORM is training people to anticipate what could go wrong, especially when a business unit is about to do something new, such as introduce a product, change a customer interface, alter the way employees are compensated, or outsource part or all of a core business process.

However, identifying and mitigating operational risk is too large and important a task to be left only to the ORM experts. Frontline managers can act as the bank's eyes and ears on ORM by reviewing a short checklist of questions, starting with whether their business unit is involved in changes that could materially affect the way it operates.

Conclusion

Operational risk is occupying a prominent place on banks' risk management agenda. Losses have been substantial, and future risks — both internal and external — abound. Both supervisors and investors are demanding that banks bring operational risk under control. Banks can do so, and many banks are well on the way to doing so. Banks should strengthen governance, assign responsibility to line management and improve risk management.

Operational Risk Management Process



Data Aggregation, Centralization of Risk Quantification, Risk Analysis, Regulatory Compliance Framework, NRB Reporting, Governance Strategy

Bank should plan overall alignment so that they can identify the operational risks inherent in their various businesses; assessing if, how and at what cost such risks can be mitigated; and evaluating whether accepting the remaining risk is consistent with their strategy.

Request from Editorial Board for Contribution of Articles

Nepal Chartered Accountant Journal, the flagship journal of The Institute of Chartered Accountants of Nepal is being published in quarterly basis in June, September, December and March, both in print and online version. The Editorial Board is seeking original articles mainly in the field of accounting, auditing, banking, economy, law, public finance, taxation, capital market, information technology, public sector financial management, other contemporary topics, which should be between 1500 to 2000 words.

Authors seeking to publish their articles are requested to email their manuscript to binod@ican.org.np and binaya.paudel@ican.org.np. The Editorial Board reserves the right of refusing to publish articles that have been submitted.

Public Finance Management in Federalism

The importance of public financial management in the successful operation of federalism should be realised at all levels and more collaborative approaches to PFM reforms should be pursued involving local authorities, development partners and international organisations, and professional accounting institutions such as the ICAN.



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Introduction

Federalism is perhaps not a new phenomenon in a global context. Different types of federalism are evident across countries. At one extreme, there are countries such as the US and Switzerland where the federalism appears to be more of a conglomerate of international sovereign states. Countries such as Germany and Austria are at the other extreme, where the federalism represents more of a state decentralisation. Federalism is still a nascent concept of state devolution and decentralisation in Nepal. The federalism in Nepal resembles that of India, where the

very notion of state decentralisation is coupled with preserving a specific demographic, cultural and ethnic identity. Being a centralised and unitary state for more than 250 years, federalism has resulted in substantial changes in the management of state administration in Nepal, including public finance. The country now consists of one federal government, seven province governments and 753 local authorities; in total, 761 governments at different levels are functioning in Nepal.

The experience of many federal states, for instance, Germany, Austria and Switzerland, shows

that the appropriation and distribution of public funds have continued to remain key contentious issues in the functioning of federalism (see e.g., Adam & Behm, 2006; Jochimsen, 2018; Ter-Minassian et al., 2017). For instance, the financial section of the German constitution, which is ten pages thick and made up of 16 articles, is still reckoned to be the most complicated part of the constitution and has been the subject of more amendments than other parts of it. Sound public finance management (PFM), which ensures transparency and fairness in resource allocation, is therefore of utmost importance for the effective functioning of federalism. In general, public finance management is a collection of different components: budgeting, accounting, reporting, treasury and revenue management, procurement, and management information systems – all of which are indispensable for the functioning of the government. However, budgeting has drawn more attention as compared with other components of public finance management in many countries, as it accommodates the interests and concerns of multiple and diverse stakeholders. While the budget serves as a tool for a federal government through which to discharge its public sector accountability, it provides a negotiating tool for provinces and local authorities to ensure their share in resource allocation.

Nepal's commitment to implementing public finance management reforms has been commended internationally. Donors have supported Nepal's initiatives of improving the overall PFM system, setting up a provision for the Multi Donor Trust Fund (MDTF) in 2010. The MDTF is a collective basket fund administered by the World Bank and jointly contributed to by multiple donors: the UK Department for International Development (DFID), the governments of Norway, the Australian Embassy, the USAID (United States Agency for International Development), the European Union, and the government of the Swiss Confederation. A key objective of the MDTF has been 'to strengthen the performance, transparency and accountability in public financial management in Nepal'.

PFM reforms, both at the province and local levels, have now become the priority of donors and international organisations. As part of improving the PFM system, all provinces and local governments have established a consolidated treasury single account, as required by the constitution. These governments have started receiving federal grants based on published formulas by National Natural Resources and Fiscal Commission (NNRFC). Almost all local authorities have submitted their accounts to the auditor general. A large number of local authorities have introduced an act to regulate the budget process and voted a budget on time.

The financial frameworks necessary for the effective operation of federalism have been completed. These include, among others, an Intergovernmental Fiscal Arrangement Act, a Local Government Operations Act, a National Natural Resources and Fiscal Commission Act, an Audit Act, and a Financial Procedures and Fiscal Responsibility Bill. Additional regulations and guidelines relating to PFM have been issued in 2019, which include Internal Control Guidelines and Gender Responsive Budgeting Guidelines for Provinces. In this paper, our aim is to demonstrate how PFM is being reformed and developed to support the functioning of federalism in Nepal.

Regulatory Aspects of Federalism

Public sector entities undertake their financial activities adhering to the financial procedures and regulations. While adhering to centrally introduced acts and procedures, provinces and local authorities in Nepal have obtained the constitutional right to enable their own financial procedures and acts. Provinces and local authorities have started issuing rules applicable to their specific jurisdictions, and a need for aligning these rules and regulations with the national protocols and constitutions has already been felt. As part of fiscal federalism, transactions taking place between governments are required to be handled following the Intergovernment

Fiscal Arrangement Act of 2017 (2074 BS). In November 2019, the federal government has issued a new act, i.e. the 'Finance Procedures and Fiscal Responsibility Act 2076', with a view to regulating the PFM system at the federal level. Another objective of this act is to align province and local levels finance procedures. Regulations to support the implementation of this act are being drafted and expected to be put into place by 2020. Provinces are also required to comply with the 'Local Government Operation Act of 2017 (2074)' in the process of executing the PFM system. In addition to this, the federal government is in the process of developing the finance procedures to monitor the implementation of all such public finance regulations imposed on local authorities, and engender the intended results and outcomes in terms of enhanced financial transparency and accountability.

Another important initiative introduced to strengthen fiscal federalism has been the enforcement of 'Unified Charts of Accounts' in 2017; two further amendments have already been made to the Charts of Accounts in 2019 to improve the overall PFM systems at all three tiers of governments. The Charts of Accounts have been developed complying with the principle of uniformity and following the IMF's government finance statistics manual 2014, a guide which is built on the principle of accrual accounting. The essence of the manual is that it can be enforced uniformly across federal, provincial and local governments, and that the guidance is available to those governments wishing to undertake a transition towards accounting in the future. However, the cash basis of accounting is being practised across all local authorities, albeit by adding up some of the components of the accrual system, such as advances and accruals, and some governments have approved the disclosures of some components of accruals. Financial statements prepared by local authorities have been consolidated at the federal level following the requirements laid down in the Nepal Public Sector Accounting Standards (NPSASs), a set of cash basis accounting standards which correspond

to the IPSASB's Cash Basis IPSAS. Efforts have also been undertaken to consolidate financial information engendered by local governments. Legal procedures for banking transactions have also been updated. For instance, the revised Government Transaction Manual 2019 (2076) has come into force from this year (2019); the revised manual has been reckoned to be an important breakthrough in terms of promoting transparency in governmental financial management. This update in the manual has been complimented by the revision of OAG (Office of the Auditor General) accounting formats, which are the primary basis of accounting and reporting in Nepal. The new formats and forms have already been approved for use across all levels of government from this financial year (2019–20). The Financial Comptroller General Office (FCGO) has issued an internal control framework, with a view to strengthening the internal auditing mechanisms at the local level and ensure compliance with the COSO and ISSAI 9100 frameworks. As part of streamlining and clarifying the accounting processes and procedures, the FCGO has also started initiatives to revise the Government Accounting Manual 2073; this is expected to be completed by 2020. In addition to the above-mentioned regulations, the Audit Act of 2019 has also obtained approval. This act has been especially developed to promote auditing federalism, which implies the decentralisation of the authority of the Office of the Auditor General. Taking into account the regulatory developments taking place in the country, it can be assumed that the fundamentals of the PFM system are now in place. However, as was the case previously, the enforcement of these regulations/acts/procedures has continued to remain a major issue.

Setting up Federal Institutions

An important element for the success of federalism is that each government unit should have its own implementation mechanism and institutional structure for public finance. In this regard, the Financial Comptroller General Office's (FCGO) effort is commendable in that the structure for

public financial management is already set up, both at the district and province levels. While the District Treasury and Control Offices (DTCOs) handle the accounts relating to treasury and fund management at the district levels, such accounts are consolidated at the province levels before they are forwarded to the concerned ministries and the FCGO. All seven provinces have now established 'Province Treasury Controller Offices' (PTCOs), with the responsibility of undertaking all public finance-related activities. A separate accounting section is being planned within the PTCOs to handle the transactions of each provincial unit. The Office of the Auditor General (OAG) has also initiated the process of establishing its province auditor general units, which will then decentralise the OAG functions. In the existing structure, internal audit activity is performed by the DTCOs and the PTCOs, and the role of the OAG is to facilitate the statutory audit function for the whole of the country. The Finance Procedure and Responsibility Act (FPRC) has mandated internal auditing, both at the district and province levels, and envisioned the need for having a separate audit department within the FCGO. Such is also asserted in the FPRC. An effort of establishing a separate auditing unit has already gained momentum, and the details regarding the functioning of this unit are expected to be released soon. In addition, the Public Expenditure and Financial Accountability (PEFA) unit, which is responsible for implementing public finance reforms and capacity development of government accountants, and which works under the Ministry of Finance and the FCGO, has also extended its activities at the district and province levels. Another important development taking place in public finance concerns the transformation of the former Revenue Administration Training Center (RATC) into a new unit – the Public Financial Management Training Center (PFMTC). The following government units are now playing key roles in promoting financial federalism in the country:

- Ministry of Finance-MOF
- Financial Comptroller General Office- FCGO
- Public Procurement and Monitoring Office-PPMO
- Office of the Auditor General-OAG
- Provincial Ministry of Economic Affairs and Planning – MOEAP
- All local governments.

However, the establishment of new units and the enactment of regulations are simply inadequate to achieve the spirit of financial federalism. Challenges and obstacles in facilitating the public financial management system across Nepal more effectively and ensuring good governance, financial transparency and accountability have remained intact. A major problem underlies the recruitment of capable manpower and the professionalisation of public administrators and accountants. Professionals are rarely getting any opportunity in the Nepalese bureaucratic system, and the recruitment of public administrators continues to follow a traditional approach based on meritocracy in the Public Service Commission (PSC) examination. Although the PSC has undertaken several initiatives in recent years to revisit its curriculum for civil services, these have turned out to be inadequate. Accounting and other public finance-related positions continue to be filled by candidates with no prior education and background in government accounting. Notwithstanding all of these, several institutions, such as the Nepal Administrative Staff College (NASC), the Local Development Training Academy (LDTA) and the Urban Development Training Center (UDTC), have increased their involvement in promoting the public finance system, both at the central and local levels, launching training and capacity development programmes for public administrators. Such initiatives are generally facilitated in support and collaboration with development partners and donor agencies, such as the ADB, the USAID, the EU and the GIZ, the World Bank being the key funder of public finance reforms in the country.

Ongoing IT Development

Figures, graphs and tables are widely used at a global level to demonstrate how the system of public finance management (PFM) works and its connection with governance and accountability. For instance, the Financial Report of the US Government starts with 'Results in Brief', presenting the pictures of 'net cost' and 'taxes and other revenue' (see e.g. the Department of Treasury, 2018). The whole process of the PFM system is being digitalised across countries, not least in Nepal, engendering massive accounting data through the application of sophisticated IT systems. There is a separate section within the FCGO handling the IT systems for PFM. Over the last two decades, the FCGO, with the financial support of the World Bank and other donors, has developed a number of software systems based on Oracle and MS SQL. While some of these systems have already been outdated, others are being modified and reinvested to address the new requirements imposed in the aftermath of federalism. Software systems such as CGAS, FMIS, RMIS, TSA and SUTRA are currently in practice in the management of revenue accounting, public expenditures and banking. A separate software system for debt management is under construction; this is named as the DOMS. SUTRA is a special web-based integrated system developed for managing public finance of local governments. Efforts are now put into place to facilitate the PFM system using an integrated approach known as an IFMIS. The PEFA unit in the FCGO has been conducting a study on different aspects of the IFMIS and its implementation. In addition, the Ministry of Finance has been using the line ministry budget information system (LMBIS), a well-known IT tool for budget planning and implementation. However, the digitalisation of public procurement has continued to pose challenges due to the multiplicity in the use of the IT systems. At present, public procurement contributes to a material level of expenditure – roughly 60% of the capital spending. Currently, two versions of e-GP systems have been developed and rolled out and the third one is being

planned, all of which have complicated the effective management of public procurement. This has created the opportunity for many contractors and other corrupted stakeholders to fabricate transactions and contracts to fulfil their illicit personal interests and financial gain. The development of a uniform IT system and the digitalisation of transactions have become paramount to ensure transparency in the operation of public procurement.

Implementation Status of Regulations

As is the case in other developing countries (see e.g. Adhikari et al., 2019), a lack of resources, an absence of effective planning and reform strategies, limited opportunities for capacity development and dwindling employees' motivation have been some of the key challenges in implementing the PFM system and instigating reforms in Nepal. In terms of enacting regulations for PFM, Nepal's efforts are perhaps appreciable, but a key issue concerns the implementation of such regulations in practice. In fact, enforcement of regulations has always been an issue in Nepal, and this was clearly outlined as early as the beginning of the new century in the World Bank's Country Financial Accountability Assessment (CFAA). Limited infrastructure and capacity of public administrators, coupled with the ascendancy in corruption and political patronage, have resulted in many PFM-related regulations issued over time remaining ineffective in practice; the intended enforcement of such regulations would have significantly improved governance and accountability in the country. What appears to be important at the moment is to identify the mechanisms to incentivise public administrators at the field level to execute the existing PFM regulations and deliver the intended results. This certainly needs the prioritising of the capacity development of public administrators, offering them the opportunity to attend appropriate training and courses in IT and public finance. Indeed, the number of trainings and observation opportunities offered to the accounting cadre has increased in recent years, but these appear to be too little given the intensity

and pace of changes taking place in the country's public finance system. For instance, the budget data provided by local governments show that at latest 45 local authorities, mostly in province 2, have been unable to publish their annual budgets on time. Limited capacity development opportunities and a lack of competence of accountants have contributed to such budgetary non-compliance at local levels. This ground-level local reality is yet to be realised at the ministerial level. Instead, a policy is agreed on which enables the central government to delay and, if necessary, stop the equalisation and matching grants to local authorities unless they produce their budgets on time. Such is also evident in the implementation of SUTRA – a web-based system for budgeting, accounting and reporting for local governments. Around 450 out of a total of 753 local governments in the fiscal year 2017/18 were unable to execute this system and their grants were halted, if not delayed. Training offered by the central government adhering to a cluster-based approach and drawing certain participants from each province were simply inadequate to disseminate SUTRA at local levels. As the matching and equalisation grants contribute to more than 70% of local governments' overall budgets, many local governments have been forced to claim compliance with the requirements imposed, irrespective of their capacity and competency.

Many other initiatives that have started both at the federal and province levels have remained ineffective in practice. For instance, the intergovernmental fiscal committee at the central (federal) level, set up under the chairmanship of the Prime Minister in 2017/18, has developed an action plan for fiscal federalism; there is no evidence which shows that the plan has been put into action. Similarly, provinces have adopted a cooperation strategy among themselves, which has yet to come into force. A lack of coordination between the federal and provincial governments has become another obstacle in the enforcement of many regulations. The federal government is responsible for deploying officials at the province levels, and many of such officials have no prior experience working in the federal structure. Being forced by the elected government

at the province level, these officials are at times expected to work with high pace and intensity. There are few cases in which the provinces have been further ahead than the federal government in terms of promulgating financial procedures, further complicating the enforcement of such measures.

Reports published by many international organisations, mainly the PEFA assessment and the World Bank's Country Review, provide an overall scenario with regard to Nepal's performance in improving financial transparency and accountability. The PEFA defines 31 specific indicators, which are further disaggregated into 94 dimensions focusing on the key measurable aspects of the PFM system. The most recent PEFA assessment for the country was conducted in 2013/14 and the report was released in May 2015. The results show that the country has made significant improvements in 28 performance indicators (Pi). Improvements have been recorded in other 16 indicators, whereas ten indicators have remained unchanged and two deteriorated. These financial results offer room for optimism, but much is left to be accomplished in terms of improving public service delivery at the province and local levels. This implies that the danger of falling into the danger zone of the PFM system is yet to be avoided.

Conclusion

The introduction of a new federal structure in Nepal has brought forth in discussion a number of issues. Delegation of administrative and functional responsibilities to local authorities, the design of the intergovernmental fiscal system, provisions of resource allocation and service delivery, and the mobilisation of public administrations at the local and provincial levels have continually drawn attention at the policy-making level. In public finance management, there are ongoing concerns over the need for bringing the PEFA framework to the provincial and local levels and articulating day-to-day financial activities and reforms adhering to the guidance laid down in the framework. Nepal has now undertaken Phase II of the Public Finance Reform Strategy/Programme

(PFMRP), which extends from the financial year 2016/17 until 2025/26. A wide range of activities, reforms and guidance are included in the PFMRP, the effective implementation of which have the potential to ease the process of financial federalism and ensure a sound PFM system across the country. Public finance experts are also of the view that adopting a simple strategic decision, such as the aggregation of the DTCOs, would also help provinces deliver effective service delivery to citizens. Local authorities are required to focus their attention on maintaining transparency by engaging more with citizens through public hearing, citizen charters and the disclosure of financial information. Perhaps an easy alternative for local authorities would be to adhere to the guidance embedded in the PEFA framework. The World Bank and many other donors assert that the adherence of the PEFA framework is an indicator which shows the country's desire to improve the overall public finance system.

More importantly, the success of financial federalism in the country depends on how public administrators and accountants are imparted with appropriate financial competences and skills. India perhaps serves as an example; a number of Indian states are attempting to acquire the required human resource competences and skills through the introduction of the competency framework (Adhikari & Thankom, 2019). It is also important to realise that the appropriate IT systems are paramount for the execution and implementation of PFM practices and reforms. The integrated approaches being used in Nepal, for instance the IFMIS, should therefore be executed ensuring a uniform application platform. The government should also enforce a strategic software development programme to make the use of the IT system more sustainable, economic and secure. All such initiatives require altering the existing curriculum at school and university levels with the introduction of courses/programmes in public financial management and accountability. The recruitment strategy of the Public Service Commission should also be altered, focusing more on competencies and public financial skills rather than academic mediocrity. In addition, professional

institutions such as the Institute of Chartered Accountants of Nepal (ICAN) can also play an important role in developing and promoting professionalism in public sector accounting. The importance of public financial management in the successful operation of federalism should be realised at all levels and more collaborative approaches to PFM reforms should be pursued involving local authorities, development partners and international organisations, and professional accounting institutions such as the ICAN. In this regard, valuable insights could be drawn on from ongoing public finance reforms in Sri Lanka (Adhikari & Kuruppu, 2018).

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Up-liftment of Financial Statements on Adaptation of IFRS- A Worldwide Study

The main impact that IFRS will have worldwide is because of its inclination towards "Fair Value Accounting" which will be more reliable as compared to the "Historical Cost Method". We will be able to understand the real position of the financial statements as of today.



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The world is being confined into a global village, investors willing to take risks and being open to exploit every opportunity that they can grab. If you look closely the burning topic of the world is globalization. And no surprise the burning topic of business world is IFRS. If you observe closely then we can see where the world is moving towards, we are moving to become a global city. With the growth in business and globalization: the concept of becoming a global city, there was a need to develop

a set of high quality accounting standards that could be used globally. The International Financial Reporting Standard (IFRS) came into practice. Originally, there are set of 16 IFRS and 29 International Accounting Standards (IAS) that can be conveniently applied globally. When IFRS are adopted in a given jurisdiction, they become part of existing laws and regulations. IFRS are a set of accounting standards developed by the International Accounting Standards Board (IASB)

that is becoming the global standard for the preparation of public company's financial statements. The IASB is an independent body which sets accounting standards. It consists of 15 members from different countries. IFRS are sometimes confused with IAS, which are the older standards that IFRS replaced. IAS were issued from 1973 to 2000 and the IASB replaced the International Accounting Standards Committee (IASC) in 2001. IFRS covers a wide range of accounting activities. There are certain aspects which are mandatory with the implementation of IFRS. The following reports are compulsory.

- Statement of Financial Position
- Statement of Comprehensive Income
- Statement of Changes in Equity
- Statement of Cash Flow

In addition to these basic reports, a company must also give a summary of the accounting policies followed. The full report is often seen side by side with the previous report, to show the changes. A parent company must create separate account reports for each of its subsidiary companies.

There is often debate about "How are IFRS and Generally Accepted Accounting Principles(GAAP)different? And questions like "Why don't we useGAAPin its present form as an accounting standard that could be used globally?" are quite common to hear. Differences exist between IFRS and GAAP that affect the way a financial ratio is calculated. For example, IFRS is not as strict on defining revenue and allow companies to report revenue sooner, so consequently, a balance sheet under this system might show a higher stream of revenue than GAAP's. IFRS also has different requirements for expenses; for example, if a company is spending money on development or an investment for the future, it doesn't necessarily have to be reported as an expense (it can be capitalized). Another difference between IFRS and GAAP is the specification of the way inventory is accounted for. First

in first out (FIFO) means that the most recent inventory is left unsold until older inventory is sold; last in first out (LIFO) means that the most recent inventory is the first to be sold. IFRS prohibits LIFO, while American Standards and others allow participants to freely use either. This is the main reason for the need of IFRS.

Adaptation of IFRS means completely following the IFRS for preparation and presentation of financial Statements. So how can adaptation of IFRS up-lift the financial statements?

- It raises the standard of reporting ways and sets the minimum reporting requirement that is to be followed.
- It brings transparency and accountability in Financial Statements.
- Comparability of financial statements throughout the globe.
- Reliability in financial statements.
- Consistency in preparation of financial statements.
- Understandable presentation of financial statements.

Yes, there are many ways IFRS Up-lifts the financial statements but the most important two ways are:

- Clarity across country transactions around the globe because of uniformity in preparation of financial statements.
- IFRS give practical approaches understanding that there might exist unique reporting requirement or reporting criteria in different business sectors which make it globally acceptable. For example,IAS- 41 "Agriculture" is catered to primary sector. IAS 41 introduces a fair value model to agriculture accounting. This is a major shift away from the traditional cost model widely applied in primary industry, but it fits the need of primary sector perfectly.

International Financial Reporting Standards set common rules so that financial statements can be consistent,

transparent and comparable around the world. With the use of IFRS financial statements can be consistent and reliable from company to company and country to country. Financial statements around the world become comparable and understandable by simply understanding the principles of only one set of accounting standards. With the growth in cross border activities, it is necessary to be able to understand the Financial Reports. Let's make an example if you are a citizen of Switzerland willing to invest in Bangladesh, then you would want to understand the financial position and financial statements of the Bangladeshi Company but if the country is not adopting International Financial Reporting Standards, then understanding the position on which the company stands will be troublesome. Decoding the financial statement might cause hindrances because you need to do an in-depth study of the financial reporting being followed in the country in order to clearly understand on

what basis is the financial reporting done. The objective of financial statements is to provide information about the financial position, performance and changes in financial position of an enterprise that is useful to a wide range of users in making economic decisions, which might benefit the enterprises by using IFRS if they wish to raise capital abroad.

The main impact that IFRS will have worldwide is because of its inclination towards "Fair Value Accounting" which will be more reliable as compared to the "Historical Cost Method". We will be able to understand the real position of the financial statements as of today. IFRS is an important topic for Chartered Accountants as well. A lot of Chartered Accountants have obtained Diploma in IFRS. "Diploma in IFRS" these words sit amongst the pages of my diary as a bucket list. IFRS is such a vast topic and to know more about the Holy book of accounting has been the resolution of many Chartered Accountant students.

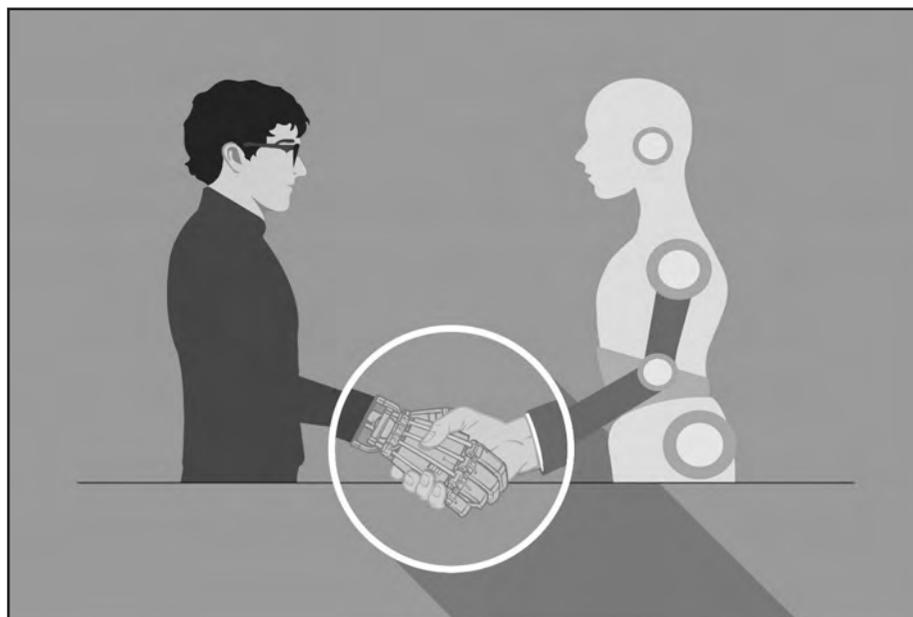
Artificial Intelligence, Block Chain Cyber Securities and Data Analytics

Blockchain takes the responsibility for strong authentication, resolving the single point of attack at the same time. Data that are filtered through a decentralized blockchain network tend to be more trustworthy, as the multi-node security lends itself to greater verification and tamper prevention.



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At a time when the world is moving towards intelligence, the digital technology in various forms seems to be advancing at a rapid pace. Computers are everywhere today. It would be impossible to go our entire life without using a computer. Alongside computers, the Information Technology and the Internet have also come a long way creating impacts on everyday life of human beings. With today's ever accelerating advances in science and technology, it is becoming crystal clear that computer revolution has brought about greater impacts into

people's lives. It has revolutionized the world of business, gaming, academia, transportation & communication, medicine, weather forecasting, controlling flights amongst other fields and so on, affecting almost everything in the world.

Meanwhile, at this very age of modern science and technology there might be a question popping up in the mind of amongst all concerning, what's the most advanced technology in the 21st century? Well, as per the present situation along with the probable

predictions of the future scenario, the decent answer to this question could be -The technology that becomes more similar like the human is the most advanced in the 21st century. To be more lucid, we must call it as the Artificial Intelligence (AI).

Artificial Intelligence, in simple terms can be defined as the capability of a computer program to perform tasks or reasoning processes that we associate to intelligence in a human. It is the simulation of human intelligence processes by machines, especially computer systems. These processes include learning (the acquisition of information and rules for using the information), reasoning (using rules to reach approximate or definite conclusions) and self-correction. At its core, AI is the ability of a digital computer or computer-controlled robot to perform tasks commonly associated with intelligent beings.

According to Merriam Webster's online dictionary "Artificial Intelligence is a branch of computer science, dealing with the simulation of intelligent behavior, in computers or the capability of a machine, to imitate intelligent human behavior"

In computer science, Artificial Intelligence (AI), sometimes called machine intelligence, is intelligence demonstrated by machines, in contrast to the natural intelligence displayed by human beings. It is the theory and development of computer systems, able to perform tasks that normally require human intelligence, such as visual perception, speech recognition, discover meaning, decision-making, ability to reason, translation between languages, generalize and learn from the past experience. In fact, AI allows for an easier way to execute tasks, while still remaining efficient because of which it has been evolving as an indispensable part in everyday life of human. The Internet, cell phones, and iPad and tablet devices are ways that artificial intelligence is apparent in our everyday lives. Hence, Artificial intelligence is increasingly becoming an extremely intriguing and one

of the most crucial in the field of Information Technology.

Moreover, Artificial Intelligence has a very wide scope as it covers a broad range of techniques which can be applied to a very wide range of application areas. Accordingly, AI is incorporated into a variety of different types of technology such as –Automation, Machine learning, Machine Vision, Natural Language Processing(NLP), Robotics, Self-driving cars and so on. Artificial Intelligence has also made its way into a number of areas including AI in Healthcare, Manufacturing Industry, Business, Education, Finance, and Law and so on. Artificial intelligence has also assisted human beings with capabilities that are far beyond their power, such as space exploration, travelling unknown grounds in space, and creating machines that are a vital aspect of the Military.

This expansion of AI-based systems and services is reaching all corners of the globe. With continuously advancing, AI technology is becoming available for everyone including almost all business companies to use, the amount of data accessible can seem almost endless. Figuring out how to manage the data, along with what to do with it can be a daunting challenge. This is where data analytics comes in.

To define in simple terms, Data Analytics (DA) includes the process of the analysis after collecting raw data to determine patterns as well as all types of information. But it is a broad term that encompasses many diverse types of data analysis. Any type of information can be subjected to data analytics techniques to get insight that can be used to improve things. In fact, DA is the process of examining data sets in order to draw conclusions about the information they contain, increasingly with the aid of specialized systems and software. With AI based systems increasingly making its place in today's world, the techniques and processes of data analytics have also been automated into mechanical processes, algorithms and overall AI based systems that work over raw data for human consumption. More advanced types of data

analytics include data mining, which involves sorting through large data sets to identify trends, patterns and relationships; predictive analytics which seeks to predict customer behavior, equipment failures and other future events; and machine learning. An artificial intelligence technique that uses automated algorithms to churn through data sets more quickly than data scientists can do via conventional analytical modeling.

Data analytics technologies and techniques are widely used in commercial industries to enable organizations to make more-informed business decisions and by scientists and researchers to verify or disprove scientific models, theories and hypotheses. Since every organization, be it a booming corporation, a start up or even a non-profit, is comprised of a plethora of data and hence, the uses of data analytics tools and techniques have become of utmost importance today, especially to such corporations. As businesses strive for survival with other related retail and consumer goods industries in today's global marketplace, the need for data analytics has taken center stage as being necessary for staying productive and competitive. Data analytics for them is the strategic, complex approach that a company uses to review large sets of collected data with consumer buying and spending habits, even watching tendencies of online searches. AI actually, helps big companies to cope with their data analysis and provide them with the best-calculated strategy.

Today's top-tier business companies like Google, Amazon, and also other big data suppliers are citing AI techniques along with Data Analytics as the key success factor for their business models for planning for the future.

Data analytics is important because it helps businesses optimize their performances. Implementing it into the business model means companies can help reduce costs by identifying more efficient ways of doing business and by storing large amounts of data. A company can also use data analytics to make better business decisions and

help analyze customer trends and satisfaction, which can lead to new and better products and services. For example, bank and credit card companies can use it to analyze withdrawal and spending patterns, E-Commerce to identify website visitors, Healthcare organizations to evaluate the effectiveness of various diseases treatment. Such data analytics can be descriptive, diagnostic, predictive or prescriptive analytics.

With AI based technologies and data analytics systems continually progressing and embedding itself into today's population, this ever so revolution had impacted the way we live in the last couple of years. The AI based technology of today makes life a lot easier than it was before, you can do anything with a computer on these days, from making an online purchase of any kind of product, chatting with any person doesn't matter the location you are, or checking your monthly bank statements. However, the Revolution also gave some other consequences rather than positive like the "Threats to Cyber Security." The rise of smart devices and other largely autonomous technologies has also opened up the public to an inherent danger of social engineering, hacks, data compromise and other security vulnerabilities.

Similarly, the high level of dependency on the internet and technology today has resulted in new revenue streams and business models of organizations, but with this arises new gaps and opportunities for hackers to exploit. Cybercriminals have become increasingly complex and are attempting to steal valuable data like financial data, health records, personal identifiable information (PII) and intellectual property, and are resorting to highly profitable strategies like disrupting the overall operations of a business via DDoS attacks, or monetizing data access via the utilization of advanced ransom ware techniques.

Blockchain technology is here to stay and it will help us protect as companies, individuals and governments. Blockchain technologies are, after all, the culmination of decades of research and breakthroughs in cryptography

and security. The innovative blockchain utilization is already becoming a component of other fields beyond cryptocurrencies and is mainly useful to enhance cybersecurity. By simple definition, the block-chain is the collection of many hashed blocks that are sealed using cryptographic function. It offers a totally different approach to storing information, making transactions, performing functions, and establishing trust, which makes it especially suitable for environments with high security requirements and mutually unknown actors. Blockchain technology has an inherent connection to cybersecurity.

The blockchain addresses the fundamental flaws of security by taking away the human factor from the equation, which is usually the weakest link. By leveraging a distributed ledger and taking away the risk of a single point of failure, blockchain technology provides end-to-end privacy and encryption while still ensuring convenience for users. Blockchain is a distributed database used in both private and public applications rather than a centralized structure where all the information is stored in few very large databases. The data pertaining to each batch of valid transactions are stored within its own block; every block is connected to the block which is situated in the position before it and grows continuously as new blocks of information are appended.

With the help of blockchain, a security system used in an organization can leverage a distributed public key infrastructure for authenticating devices and users. The block chain has the potential to assign unique hashes to downloads and updates. This allows users to compare the hash on their would-be download with the developers' hash to significantly reduce the chances of infecting their systems with fraudulent, well-disguised malware. Blockchain data can be combined with external sources of data for secure and private analytics and it can also enable Artificial Intelligence model creation over geographically dispersed data, as well as create a history of model creation enabling provenance and lineage tracking for trusted

artificial intelligence. Blockchain users can maintain their data on their computers in their network. Because of this, they can make sure that the chain won't collapse.

Blockchain takes the responsibility for strong authentication, resolving the single point of attack at the same time. Data that are filtered through a decentralized blockchain network tend to be more trustworthy, as the multi-node security lends itself to greater verification and tamper prevention. Therefore, the data stored on a blockchain-linked network can inspire more confidence for participants, because the threshold of veracity is higher than single-source, centralized networks.

Nowadays, even experts and largest corporations like Lockheed Martin are relying upon blockchain technology to recognize invalid or potentially corrupt commands and inputs and for cyber security as a whole.

In a nutshell, it can be concluded that the Technology Revolution has had tremendous change in our society, as a result of its tremendous development in the last decades. With the development of the World Wide Web, cheap computing power, big data and social media tracking, AI is now at the center of all human information gathering, organizing, propagation and discovery. AI techniques are keys for finding, shaping, and inventing knowledge used in human interaction. With the up rise of technology and advancements constantly being made on AI, it is now becoming increasingly probable that Artificial Intelligence along with the Data Analytics and the Block Chain Cyber Securities will be among the top technologies that are to be employed by the organisations of various fields across the world so as to be globally competitive concerning the modern technology along with the security at a time.

Nepal-First Impressions: Context of Visit Nepal 2020

Nepal is a place that will stay in my memory for many years for the beauty of both the place and the people. I very much look forward to coming back to complete the RETA 2 project in 2020.



Background

My name is Linda Barnes and I am an ICAEW Chartered Accountant. I came to Nepal for the first time on 3 November 2019 along with my colleague Alan Hind to help ICAN strengthen its quality assurance for audit under the ADB backed RETA 2 project. We were in Nepal for two weeks most of which was spent in Kathmandu. We did, however, manage to get to Pokhara for a half while we were here. These are some of my impressions and experiences of my first trip to Nepal.

The Vibrancy

I arrived rather bleary eyed in Kathmandu at 3:30pm on a Sunday having boarded a flight from London the night before. Once I had been allowed out of the airport

after eventually tracking down an arrivals form I boarded a minibus to take me to my hotel. The journey there was my first taste of Nepal and what an awakening it was! Firstly the number of people on the streets and the volume of traffic (more on that later). It was energising to see the people of Kathmandu chatting on the streets going about their day to day business, some pushing handcarts containing the produce or goods they had for sale. I also loved the vibrant colours of the women's saris, the Buddhist monks' robes and the men's dhakotopi's. All this was much brighter and busier than where I live in rural England.

The Weather

I am an English woman so I have to talk about the weather! When I left



Linda Barnes

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London the temperature was 5 degrees Centigrade and it was overcast and wet. The weather throughout my stay in Nepal was for most of the days fairly clear and sunny with temperatures in the mid-twenties degrees Centigrade. This for me was a perfect temperature for both working and sightseeing. I am guessing that we came to Nepal at a good time of the year and I am wishing that I was back with you now as the weather in the UK is still cold and wet!

The Traffic

Nobody prepares you for the traffic in Kathmandu, I have never seen so much! My colleague had warned me but it had to be seen to be believed. The scooters and motorbikes fascinated me the most as they darted around the cars, buses and tuctucs. They then seem to form a swarm at major junctions that moves as one when the traffic police allows them through.

Crossing the road on foot was terrifying for me when I first arrived. By the end of the trip I had got used to it, I realised if I kept walking across the road at a steady pace with my arm out signalling the traffic to allow me through that cars and motorbikes (I didn't try this with buses or lorries) would either slow down, stop or swerve round me!

There was one factor during our visit that made the traffic situation much worse, the state visit of the President of Bangladesh. We knew something out of the ordinary was happening when our journey back to our hotel from ICAN, on the last Wednesday of our visit, of 8km (5 miles) took 2 hours! The following day the QA reviewers from ICAN took us to Bhaktapur and we got into an equally long traffic jam on the way back. Then on our very last day our very kind hosts at ICAN took us out for a farewell meal and on the way there we again got into a very long traffic jam. Each of these jams had been caused by roads being closed to allow the President of Bangladesh to get around Kathmandu on his state visit. By the way he timed it we think he must have been trying to meet with us as every time we went on the road so did he! I have to pay

tribute to our ICAN driver who showed such patience and driving skill during our times on the roads of Kathmandu and beyond.

The Food

During our time at ICAN we were either went out for or were provided with a number of delicious meals. The dishes varied and each day the unknown factor was how hot and spicy the food was. I like hot and spicy food but Alan doesn't like it too hot so it was always interesting to see the look on his face after his first mouthful of food. I liked the curries, dahls and chow meins but my favourite was Mo Mo and I ate these several times while in Kathmandu. The coolest place we were taken to eat was the Green Valley Resort in ShivapuriNagarjun National Park which had the most amazing views over Kathmandu and beyond. Here we ate one of the hottest dishes we tried during our visit – crispy sweetcorn, this did make my eyes water a bit!

Pokhara

As I mention we did manage to get out of Kathmandu and visit Pokhara for a day and a half. When we got off the plane in Pokhara after our short flight from Kathmandu I was immediately stuck by the contrast in the air quality compared to the dust and vehicle pollution in Kathmandu. The hustle and bustle of the city made way to the peace and serenity of Pokhara and Phewalake. The vibrancy of the colours of Nepal seemed to be brighter and deeper here. During our short stay we took a boat trip across Phewa Lake, climbed from the lake edge up to the World Peace Pagoda and last but not least went up to Sarangkot at dawn to see the sunrise over the Anapurna mountain range. The beauty and peacefulness of these places are very difficult for me to put into words and I believe my experience of them will stay with me for the rest of my life

The People

Last but not least I have to mention the people I met during our trip. Everybody was so welcoming and I noticed that most people I met in Nepal were very calm

in nature and so respectful of one another. I also admired your resilience after hearing stories of how you coped in the aftermath of the earthquake in 2015. This was so refreshing for me to experience coming from a country which was in the throes of an election campaign after three and a half years of arguing over Brexit.

I have to give special thanks to the ICAN QA team who were with us every day and helped make our visit run so smoothly. I am also grateful for them giving up some of their free time to show us some of the sites around Kathmandu

Conclusion

Nepal is a place that will stay in my memory for many years for the beauty of both the place and the people. I very much look forward to coming back to complete the RETA 2 project in 2020 and hope to see a bit more of Kathmandu and its surrounds. I just hope that my next visit does not coincide with a state visit from any foreign president this time!

आ.व. २०७६/७७ को सि.पि.ई. तालिम कार्यक्रम

आ.व. २०७६/७७ मा संचालन हुने सि.पि.ई. तालिमहरु निम्न मिति र स्थानमा संचालन हुने भएकोले इच्छुक सदस्य महानुभावहरुले आफूलाई उपयुक्त हुने स्थान र मितिमा सम्बन्धित संस्थाहरूसंग सम्पर्क गर्नको लागि यो सूचना प्रकाशित गरिएको छ।

क्र.स.	मिति	स्थान	तालिम संचालन गर्ने संस्थाहरु
१.	२०७६ फाल्गुण २, ३ र ४	दाङ्ग / धनगढी / भैरहवा	ICAN / AuDAN/AuDAN
२.	२०७६ फाल्गुण १६, १७ र १८	काठमाडौं / बिराटनगर/ जनकपुर	ICAN/ AuDAN /AuDAN
३.	२०७६ फाल्गुण २३, २४ र २५	हेटौंडा / नेपालगञ्ज / विर्तामोड	AuDAN / ICAN/AuDAN
४.	२०७६ फाल्गुण ३०, चैत्र १ र २	नारायणघाट/पोखरा	AuDAN / AuDAN
५.	२०७६ चैत्र ७, ८ र ९	महेन्द्रनगर / काठमाडौं /बुटवल	AuDAN / AuDAN / ACAN
६.	२०७६ चैत्र १४, १५ र १६	बीरगंज / काठमाडौं	AuDAN / AuDAN
७.	२०७६ चैत्र २८, २९ र ३०	पोखरा /सुर्खेत	ICAN/AuDAN
८.	२०७७ बैशाख ५, ६ र ७	काठमाडौं/ बिराटनगर	AuDAN / ICAN
९.	२०७७ बैशाख १२, १३ र १४	काठमाडौं	ICAN
१०.	२०७७ बैशाख १९, २० र २१	काठमाडौं	AuDAN
११.	२०७७ बैशाख २६, २७ र २८	काठमाडौं	ACAN
१२.	२०७७ जेष्ठ २, ३ र ४	काठमाडौं	AuDAN
१३.	२०७७ जेष्ठ ९, १० र ११	काठमाडौं	AuDAN
१४.	२०७७ जेष्ठ १६, १७ र १८	काठमाडौं	ICAN
१५.	२०७७ जेष्ठ २३,२४ र २५	काठमाडौं	AuDAN
१६.	२०७७ जेष्ठ ३०, ३१ र ३२	काठमाडौं	AuDAN
१७.	२०७७ असार ५, ६ र ७	काठमाडौं	ICAN
१८.	२०७७ असार १२, १३ र १४	काठमाडौं	ACAN
१९.	२०७७ असार १९, २० र २१	काठमाडौं	AuDAN

पुनश्च: प्राविधिक कारणले उपरोक्त समय तालिकामा हेरफेर हुन सक्ने छ। हेरफेर भएको अवस्थामा सूचना मार्फत जानकारी गराइने छ।

विस्तृत जानकारीको लागि सम्पर्क:

१. नेपाल चार्टर्ड एकाउन्टेन्ट्स संस्था (ICAN), ललितपुर, फोन: ०१ ५५३०८३२, ५५३०७३०
२. नेपाल अडिटर्स एशोशियसन (AuDAN) काठमाडौं, फोन: ०१ ४१०२०२३
३. एक्यान (ACAN) फोन: ०१ ४२५३०६८

NEWS

Activities

Conference on Professional Integrity for Combating Corruption and Fraud

The Institute organized one day national conference on the theme *“Professional Integrity for Combating Corruption & Fraud”* on 22nd December, 2019 at Hotel Radisson. The conference was designed to focus on the challenges that the nation is facing due to corruption and fraud, mechanism to control and role of the regulating agencies, business communities and stakeholders in combating it.

The objective of the conference was to exchange experiences and challenges; and explore the possible sustainable measures/ways and collaborative mechanism to strengthen the role of the oversight agencies and professional accountants in combating corruption and fraud.



Hon'ble Finance Minister Dr. Yuba Raj Khatriwada is inaugurating the National Conference.

The conference started with the inauguration by the Chief Guest Hon'ble Finance Minister Dr. Yuba Raj Khatriwada. Addressing the ceremony, Finance Minister appreciated the effort of the Institute for bringing all concerned in one forum to discuss on various aspects related to fraud

and corruption and devising way forward to combat it. Similarly, the opening ceremony was also addressed by Hon'ble Auditor General of Nepal Mr. Tanka Mani Sharma Dangal, Hon'ble Chief Commissioner of Commission for the Investigation of Abuse of Authority Mr. Nabin Kumar Ghimire as Guests of Honor. Addressing the ceremony, Guests of Honor expressed that the fight against fraud and corruption will be effective only with the cooperation between the stakeholders.



Hon'ble Finance Minister Dr. Yuba Raj Khatriwada is Addressing the National Conference.

The conference observed three technical sessions. The name of the session, Session Chairperson, Commentator and Paper presenters were as follows:

S. No	Session	Chairperson	Commentator	Paper Presenter
1	Corruption and Fraud- Current Trend and Outlook	Dr. Rishi Ram Sharma, Secretary, National Vigilance Center		Mr. Pradip Kumar Koirala, Joint Secretary, CIAA.
2	Corruption and Fraud- an Impediment to National Development	Mr. Deependra Bahadur Kshetri, Former Vice Chairman, NPC		Dr. Min Bahadur Shrestha, Former Vice Chairman, NPC.

3	Corruption and Fraud-Impact in Business Environment	Mr. Sishir Kumar Dhungana, Secretary (Revenue), MoF,	Mr. Chandra Prasad Dhakal, Vice President, FNCCI	CA. Anal Raj Bhattarai, National Council Member and Coordinator, Banking and Monitoring Committee, CNI.
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and a panel discussion on **“Professional Integrity for Combating Corruption and Fraud”** which was moderated by President CA. Krishna Prasad Acharya. Mr. Babu Ram Gautam, Deputy Auditor General, OAG, Mr. Maheshwor Neupane, Secretary, CIAA, Mr. Govinda Prasad Sharma, “Bandi” Former Vice-President, Nepal Bar Association, Mr. Chandra Prasad Dhakal, Vice- President, FNCCI, Er. Prakash Upadhyay, Infrastructure Specialist and CA. Madan Krishna Sharma, Vice President, ICAN were the panelists of the session.



ICAN President CA. Krishna Prasad Acharya delivering notes in the program.

The panel discussion was focused on the role played by different agencies in anti-corruption measures, promoting professional and business integrity and future role of all agencies in combatting fraud and corruption.

The Hon’ble Minister for Water Resources, Energy and Irrigation Mr. Barsha Man Pun “Ananta” highlighted on role of all stakeholders to combat fraud and corruption.



Hon’ble Minister for Minister for Water Resources, Energy and Irrigation delivering speech in the conference.

He also presented the certificates to the participants of seven days **“Certificate Course on Forensic Accounting and Fraud Detection”**.

The conference was participated by more than 400 including representatives from various regulatory agencies, government bodies, ICAN past presidents, council members, ICAN members and general public.

Interaction programme with Auditor General

The Institute organized an interaction programme with the Office of Auditor General in the presence of Hon’ble Auditor General Mr. Tanka Mani Sharma Dangal and senior officials of Auditor General Office on 30th December 2019.



Hon’ble Auditor General Mr. Tanka Mani Sharma Dangal & other ICAN officials are at interaction programme organized by ICAN.

The interaction programme was focused on the overall functioning modality of the Institute and various aspects being taken into consideration to regulate and monitor its members. A presentation on the Quality Assurance Review System of the Institute was delivered by Mr. Dev Bahadur Bohara, Chairman, Quality Assurance Board whereas, CA. Madan Krishna Sharma, Vice President of ICAN, CA. Jagannath Upadhyay Niraula, Immediate Past President, CA. Peeyush Anand, Council Member and Chairman, Monitoring Committee, CA. Kiran Dangol, Chairman Ethics Committee, CA. Youdha Raj Oli, Council Member and Chairman Public Finance and NPSAS Committee, CA. Ananda Raj Sharma Wagle, President, ACAN, RA. Mohan Raj Regmi, President AuDAN, Mr. Ramu Dotel, Deputy Auditor General, OAG presented their view on respective areas they are involved in during the Interaction Program.



Participants at the interaction programme

President CA. Krishna Prasad Acharya briefed about the ongoing structural and policy changes being undertaken in the Institute. Finally, Honorable Auditor General Mr. Tanka Mani Sharma Dangal suggested for joint effort to increase the credibility of accounting profession.

Certificate Course on Forensic Accounting and Fraud Detection

The Institute, for the first time, conducted a seven-day "Certificate Course on Forensic Accounting and Fraud Detection" in Kathmandu from 14 December to 20 December, 2019. The training was organized in technical support of the Institute of Chartered Accountants of India (ICAI).



Hon'ble Auditor General Mr. Tanka Mani Sharma Dangal, Tutor & other ICAN officials at Certification Course.

The opening ceremony of the training started with the welcome remarks by President CA. Krishna Prasad Acharya. Addressing the ceremony, he stated that the Institute is committed for all-round capacity development of its members and also to support the Government of Nepal by empowering it's members.

The Chief Guest of the program was Honorable Auditor General Mr. Tanka Mani Sharma (Dangal). Addressing the ceremony, he appreciated the effort of the Institute on facilitating its members by providing post qualification courses and he also highlighted on the importance of the certification course in the context of Nepal.

The opening ceremony was also participated by Vice President CA. Madan Krishna Sharma, Immediate Past President CA. Jagannath Upadhyay (Niarula), Council Member CA. Bishnu Prasad Bhandari, and Executive Director CA. Sanjay Kumar Sinha.



Participants and other officials at the Certification Course.

Altogether 40 participants were actively participated in the Training. The participants of the training was felicitated with the certificate by the Hon'ble Minister for Water Resources, Energy and Irrigation Mr. Barsha Man Pun "Ananta" on 22 December 2019 at Hotel Radisson.

International Accounting Day Celebrated

The Institute celebrated International Accounting Day, 2019 on 10 November, 2019 in Kathmandu and other cities of the country. The celebration commemorates the day in 1494 when Luca Bartolomeo de Pacioli published his critical work *Summa de arithmetica, geometria, proportioni et proportionalita*, meaning "everything about arithmetic, geometry and proportion", and included analysis and documentation of bookkeeping practices. This publication was the foundation for further advancement of accounting and positioned Luca de Pacioli as "The Father of Accounting." A walkathon program with an objective of widely spreading message about significance of accounting was organized to mark the celebration of International Accounting Day, 2019.



Vice President CA. Madan Krishna Sharma delivering speech at the Programme.

The Walkathon Programme was formally inaugurated by the Vice President of the Institute CA. Madan Krishna Sharma where Council Members, Past Presidents, ICAN Members, CA Students, ICAN employees and other accounting professionals were present. The Walkathon started from Bhirkuti Mandap went through Ratna Park and finally concluded at Bhirkuti Mandap. More than 800 individuals participated in the walkathon programme.



Participants at the Walkathon program.

Honorable Chairman of Public Accounts Committee, Mr. Bharat Kumar Shah, Chief Guest of the programme shed light on the relationship between the Institute and Public Accounts Committee in the matters of national interest. The closing ceremony was also addressed by Special Guest Prof. Dr. Dill Raj Sharma, Dean of Faculty of Management Tribhuvan University (TU). Closing ceremony was concluded with the thanking remarks by Immediate Past President CA. Jagannath Upadhyay (Niraula). Speaking on the closing ceremony Acting Executive Director of the Institute, Mr. Binod Neupane stressed on the importance of accounting education along with the relevance of celebrating International Accounting Day.

Capacity Development Training on NFRS for SMEs

The Institute has organized a three day Capacity Development Training on Nepal Financial Reporting Standards for Small and Medium Sized Entities (NFRS for SMEs) for ICAN members from 6 to 8 December, 2019 in Nepalgunj, Banke. The training was addressed by Council Member RA. Kedar Nath Poudel. 28 members of the Institute participated in the capacity development training.

Capacity Development Training on Audit Process of Cooperative Institutions

The Institute organized a two-day “Capacity Development Training on Audit Process of Cooperative Institutions” from 15-16 November, 2019 in Dang. The training covered various topics such as Acts and Regulations governing operation of cooperative institutions, guidelines to cooperative institutions, accounting policies adapted by cooperative institutions, code of ethics applicable to auditors of cooperative institutions, and model financial statements of cooperative institutions.

The opening ceremony of the training was addressed by Council Member RA. Abdul Karim Khan. Altogether 43 members of the Institute participated in the capacity development training.

Representation in “The Belt and Road” Forum

Accounting Regulatory Department of Ministry of Finance, People’s Republic of China jointly with Xiamen National Institute Research Center organized “The Belt and Road” National Accounting Standards Cooperation Forum on 7-8 November, 2019 in Xiamen, China for Financial and Economic Development in the sector. Council Member CA. Kiran Dongol, RA. Meera Shrestha and Executive Director CA. Sanjay Kumar Sinha represented the Institute in the forum.

Chairman of the Accounting Standard Board of Nepal CA. Mahesh Khanal presented a progress report on the implementation of Accounting Standards (Nepal Financial Reporting Standards) in Nepal. The forum was also participated by the Chairman of the Auditing Standard Board of Nepal CA. Anup Kumar Shrestha, members of Accounting Standards Board and Auditing Standards Board.

Participation in Interaction Program Organized by FCGO

The Financial Comptroller General Office (FCGO) had organized an interaction programme on 25 October, 2019 to explore avenues for increasing effectiveness of internal audit of the Government of Nepal. President CA. Krishna Prasad Acharya represented the Institute in the program.

Visit of ICAEW QA Consultants

Quality Assurance Review Consultants from the Institute of Chartered Accountants in England and Wales (ICAEW) Mr. Alan Hind and Ms. Linda Barnes visited ICAN from 4-15 November, 2019.



Quality Assurance Review Consultants are viewing presentation.



Quality Assurance Review Consultants are with the Quality Assurance Board Chairman & officials at ICAN premises.

During their visit discussion sessions were held with the Council members, members of the Quality Assurance Board, ICAN members and ICAN officials regarding quality assurance review process adapted by the Institute.

Staff Training

The Institute organized a two days training for its staff on the theme “New ME for VisioNext Goal YesiCAN” from 27-28 December, 2019 at Nagarkot, Bhaktapur.



Staffs of ICAN are taking training at Nagarkot.

Addressing the programme, President and Vice President mentioned that the Institute is committed for all round development of its employees and urged all employees to contribute positively for the overall growth of the Institute.

UDIN Made Compulsory

The Institute had launched UDIN application that allows generation of 18 digits Unique Document Identification Number (UDIN) for every certification / audit service provided by ICAN members having Certificate of Practice (CoP). UDIN system was launched with voluntary compliance from 01 Shrawan, 2076 and mandatory compliance from 01 Kartik, 2076.

Members Activities

Registration of New Chartered Accountant at ICAN

The Institute registered 91 chartered accountants pursuant to Sec 16 (2) of the Nepal Chartered Accountants ACT, 1997. During the period of October 2019 to December 2019, the new chartered accountants are as follows:

Mem. No	Name of Member
1393	SANJEETA NEPAL
1394	BASUDEV JOSHI
1395	PRABESH DHAKAL
1396	ROJINA BAJRACHARYA
1397	SITAL KUMAR CHAND

1398	GANGA PRASAD REGMI
1399	PADAM PRASAD BHATTARAI
1400	PRASIDDHA ACHARYA
1401	SANU KANCHHA LAMA
1402	ALINA BASNET
1403	RAMA SHRESTHA
1404	ANIMA MAHARJAN
1405	SAJAN LAMICHHANE
1406	CHANDRA KANTA SIGDEL
1407	PRERANA RAI
1408	SANJAY KARMACHARYA
1409	RASHMI D.C.
1410	PRASANT TAMANG
1411	ANISHA THAPALIYA
1412	TRISHNA ADHIKARI
1413	RITU ADHIKARI
1414	MANJU BHANDARI
1415	SWETA SHAHI
1416	NAINA SHRESTHA
1417	BISHAL SAPKOTA
1418	NEERU SHRESTHA
1419	NAWARAJ BHANDARI
1420	SANDIP BARAL
1421	SRIJANA SHARMA
1422	SANTOSH BISTA
1423	HARI PRASAD KANDEL
1424	PRAGYA SUWAL
1425	SONIMA THAPA
1426	PRADEEP NARAYAN SINGH
1427	ISHA SHRESTHA
1428	BINAYA ADHIKARI
1429	PRABIN BASYAL
1430	SANGAM GYAWALI
1431	SATISH PANDEYA
1432	APEKSHYA CHHETRI
1433	BIBEK PANTHEE
1434	UJWAL NEUPANE
1435	SHREE KRISHNA RAJTHALA
1436	NETRA PRASAD BASHYAL
1437	SANTOSH GYAWALI
1438	BIJAY SINGH PARAJULI

1439	SUBASH GHIMIRE
1440	INDRA PRASAD MAINALI
1441	SANGAM RAJ SIPKHAN
1442	BISHESH CHAUDHARY
1443	BIROD WAGLE
1444	AMIR RIJAL
1445	KIRAN PRASAD REGMI
1446	LALAN KUMAR CHAUDHARY
1447	YUBRAJ BASYAL
1448	MANOJ K.C.
1449	AVASH GAUTAM
1450	PRAMOD PANDEY
1451	SABITA KHANAL
1452	SANTOSH KUMAR CHAUDHARY
1453	PRABHAT BHAKTA SHRESTHA
1454	ROHIT RAJ MAHARJAN
1455	MOHASIN KHAN
1456	SURENDRA DEVKOTA
1457	ANKUSH OJHA
1458	RAJU GIRI
1459	KUSUM MAHARJAN
1460	BINAM RIMAL
1461	RAJU GHORASAINI
1462	TIRTHA PRASAD YADAV
1463	YUBRAJ RAUT
1464	HARI PRASAD KHANAL
1465	SHYAM KHADKA
1466	DIPENDRA RAJ NEUPANE
1467	LAXMAN ADHIKARI
1468	BISHWA NATH UPRETI
1469	VIPIN K. AGRAWAL
1470	SANTOSH KHANAL
1471	PRAPANNA GAUTAM
1472	ANUJA K. C.
1473	RIDHESH SHRESTHA
1474	TEK RAJ PANERU
1475	SAMEER NIRLA
1476	GANESH BAHADUR THAPA
1477	SAURAV DUWADI
1478	PRATAP KARMACHARYA
1479	PRATIVA BANIIYA

1480	PRAHLAD BASNET
1481	DIWAKAR ADHIKARI
1482	PRAKASH KUMAR KHADKA
1483	MANOJ MANDAL

Students Activities

Examination Completed

The Institute conducted examination of CAP – I, CAP – II and CAP – III level from 1 to 9 December, 2019. Examination of all levels was conducted in Kathmandu and Pokhara, whereas, examination of CAP I and CAP II level was conducted in Biratnagar, Butwal and Birgunj in addition to Kathmandu and Pokhara.

Details of the examination are as given under:

S. N.	Level	Description	Both Group	First Group	Second Group
1	CAP I	Total Applicant	1405		
		Total Appeared	1320		
2	CAP II	Total Applicant	1283	459	254
		Total Appeared	1226	341	210
3	CAP III	Total Applicant	266	259	271
		Total Appeared	262	230	235

Membership Examination Result Published

The Institute published the result of membership examination conducted in September, 2019. Altogether 74 individuals qualified from foreign accounting bodies have passed the membership examination of ICAN where altogether 151 were appeared in the examination.

Participation in CA Students' International Conference

Six students of Chartered Accountancy Professional (CAP) III level represented ICAN in the CA Students' International Conference organized by the Institute of Chartered Accountants of India (ICAI) from 14-15 December, 2019 at Pune, India.

Participating students were selected after evaluation of essay and presentation on the given topics.

One year Internship for Foreign CA Degree Holders

Pursuant to Nepal Chartered Accountants Regulation, 2061, Rules 41(KA) of its 5th amendment, The Institute of Chartered Accountants of Nepal has made mandatory provision of one year internship to the foreign CA degree holders for getting Membership and Certificate of Practice. During the period of October 2019 to December 2019, total number of 82 chartered accountants member from ICAI joined one year internship.

Student Registration

Chartered Accountancy course is being attraction to the student interested to make their career in accounting and auditing profession. From October 2019 to December 2019. Altogether 962 new students enrolled in different level of chartered accountancy course and accounting technician course. Details are as follows:

Level	CAP I	CAP II	CAP III	AT
No of Student Registration	1143	6	19	1

Chartered Accountant (CAP I level) Student Orientation Program

The Institute organized an orientation program for newly enrolled Chartered Accountancy Professional (CAP – I) level students from 24th to 26th December, 2019 at ICAN Building, ICAN Marg, Satdobato, Lalitpur.

The purpose of the program was to orient students about chartered accountancy course and welcome them in the fraternity of CA students.

CA. Sanjay Kumar Sinha, Executive Director of the Institute welcomed the students during his address. CA. Himal Dahal, Deputy Director presented on various facilities students are provided by the Institute and future prospects after qualifying as a Chartered Accountant.



Participating students on Orientation program.

Altogether more than 1000 students participated in the orientation program.

International News

Participation in IFAC Conference

International Federation of Accountants (IFAC), in partnership with the Malaysian Institute of Accountants (MIA) organized a conference with the theme “A Future Ready Accountancy Profession: Developing Accountancy Capacities in Emerging Economics” at Kaula Lumpur, Malasiya from 10-12 December, 2019. The conference was participated by President CA. Krishna Prasad Acharya, Vice President CA. Madan Krishna Sharma, Council Member RA. Bahadur Singh Bista and Executive Director CA. Sanjay Kumar Sinha.

Participation in SAFA Events

The Institute of Chartered Accountants of Bangladesh (ICAB) hosted various meetings of South Asian Federation of Accountants (SAFA), a SAFA International Conference and an award distribution ceremony in Dhaka, Bangladesh.

Meeting of various committees of SAFA viz. Committee on Education, Training and CPD, Committee for Improvement in Transparency, Accountability and Governance (ITAG), Committee on Professional Ethics and Independence and Committee for Cooperatives and NPO Sector were organized. President CA. Krishna Prasad Acharya, Vice President CA. Madan Krishna

Sharma, Council Member RA. Abdul Karim Khan and Acting Director Mr. Binod Neupane represented the Institute in these meetings.

ICAN delegates also attended the “SAFA International Conference on Foreign Direct Investment: Destination”. ICAN President CA. Krishna Prasad Acharya represented the Institute as a Panelist in a panel discussion of this conference. An award distribution ceremony was also organized to distribute the SAFA Best Presented Annual Report Awards, Integrated Reporting Awards and SAARC Anniversary Awards for Corporate Governance Disclosures Competition, 2018.

Various companies from Nepal were also felicitated during the event. NMB Bank Limited, Citizen Bank International Limited, NIC Asia Bank Limited, Mahalaxmi Bikas Bank Limited, Oriental Hotels (Radisson Hotel Limited) and Nepal Clearing House Limited for being adjudged as recipient of awards in SAFA Best Presented Annual Report Awards (SAFA BPA Awards), Integrated Reporting Awards and SAARC Anniversary Awards for Corporate Governance Disclosure Competition, 2018.

Oriental Hotels Limited stood “2nd Runner Up” in Service Sector (Excluding Financial Services and Communication & IT) category of SAFA BPA Awards 2018 whereas, NMB Bank Limited, Citizen Bank International Limited, NIC Asia Bank Limited were awarded with “Certificate of Merit” under category of Public Sector Banks (Including Cooperative Banks) of SAFA BPA Awards, 2018. NMB Bank Limited was also awarded with “Certificate of Merit” of SAARC Anniversary Awards for Corporate Governance, 2018. Mahalaxmi Bikas Bank Limited was awarded with “Certificate of Merit” under the “Financial Service Sector” category of SAFA BPA Awards, 2018. Nepal Clearing House was awarded with “Certificate of Merit” under public sector entities category of SAFA BPA Awards, 2018.

Participation in CAPA and IFAC Meetings

Confederation of Asian and Pacific Accountants (CAPA) had organized CAPA Committee and Board Directors Meeting, Members Meeting and Assembly of Delegates

and Board from 10-15, 2019 in Vancouver, Canada. Alongside these meetings, International Federation of Accountants (IFAC)’s Council and Assembly meetings were also organized.

President, CA. Krishna Prasad Acharya, participated in these meetings representing ICAN.

Participation in SAFA Events

South Asian Federation of Accountants (SAFA) organized conference marking session for the SAFA Best Presented Annual Reports Award (SAFA BPA Awards) and SAARC Anniversary Awards for Corporate Governance, 2018 on 16 - 17 October, 2019 in Colombo, Sri Lanka.

Annual Reports of various institutions from SAFA member bodies were evaluated for SAFA BPA Awards and SAARC Anniversary Awards for Corporate Governance, 2018. On that occasion, meeting of SAFA’s Committee for Improvement in Transparency, Accountability and Governance was also organized on 18 October 2019.

Participation in IPSASB Roundtable meeting and Capacity Building Forum

International Public Sector Accounting Standards Board (IPSASB), Asian Development Bank (ADB) and Confederation of Asian and Pacific Accountants (CAPA) had jointly organized 2019 IPSASB roundtable meeting and capacity building forum’s meeting from 09-10 October, 2019 at ADB Headquarter, Manila, Philippines. These events comprised of various technical sessions such as session on IPSASB update, strategy implementation, revenue project, transition to accrual basis of accounting, comparative approaches and experience sharing of adapting accrual basis of accounting, digital transformation and technology for public sector etc. Simultaneously, meeting of Public Sector Financial Management Committee (PSFMC) was also organized.

Council Member and Chairman of Public Finance and NPSAS Committee CA. Yuddha Raj Oli represented the Institute in these events and meetings.

Nepal standards on Auditing (Based on IAASB Hand Book 2016 Edition)

LIST OF STANDARDS

S.No.	NSA No.	Standards
NEPAL STANDARDS ON QUALITY CONTROL(NSQCs)		
1	NSQC1	Nepal Standard on Quality Control (NSQC) 1 : Quality Control For Firms that Perform Audits and Reviews Of Financial Statements, and Other Assurance and Related Services Engagements
AUDITS OF HISTORICAL FINANCIAL INFORMATION		
200-299 GENERAL PRINCIPLES AND RESPONSIBILITIES		
1	NSA 200	Overall Objective of the Independent Auditor and the conduct of an Audit in Accordance with Nepal Standards on Auditing
2	NSA 210	Agreeing the Terms of Audit Engagements
3	NSA 220	Quality Control for an Audits of Financial Statements
4	NSA 230	Audit Documentation
5	NSA 240	The Auditor's Responsibilities Relating to Fraud in an Audit of Financial Statements
6	NSA 250	Consideration of Laws and Regulations in an Audit of Financial Statements
7	NSA 260 (Revised)	Communication with Those Charged with Governance
8	NSA 265	Communicating Deficiencies in Internal Control to Those Charged with Governance and Management
300-499 RISK ASSESSMENT AND RESPONSE TO ASSESSED RISKS		
9	NSA 300	Planning an Audit of financial statements
10	NSA 315(Revised)	Identifying and Assessing the Risks of Material Misstatement through Understanding the Entity and Its Environment
11	NSA 320	Materiality in Planning and Performing an Audit
12	NSA 330	The Auditor's Responses to Assessed Risks
13	NSA 402	Audit Considerations Relating to an Entity Using a Service Organization
14	NSA 450	Evaluation of Misstatements Identified during the Audit
500-599 AUDIT EVIDENCE		
15	NSA 500	Audit Evidence
16	NSA 501	Audit Evidence-Specific Considerations for Selected Items
17	NSA 505	External Confirmations
18	NSA 510	Initial Audit Engagements—Opening Balances
19	NSA 520	Analytical Procedures
20	NSA 530	Audit Sampling
21	NSA 540	Auditing Accounting Estimates, Including Fair Value Accounting Estimates, and Related Disclosures
22	NSA 550	Related Parties
23	NSA 560	Subsequent Events
24	NSA 570 (Revised)	Going Concern
25	NSA 580	Written Representations
600-699 USING THE WORK OF OTHERS		
26	NSA 600	Special considerations-Audit of Group Financial statements (including the work of component Auditors)
27	NSA 610(Revised)	Using the work of Internal Auditors
28	NSA 620	Using the work of an Auditors Expert

700-799 AUDIT CONCLUSIONS & REPORTING		
29	NSA 700 (Revised)	Forming an opinion and Reporting on financial statements
30	NSA 701	Communicating Key Audit Matters in the Independent Auditors Report
31	NSA 705 (Revised)	Modifications to the opinion in the Independent Auditors report
32	NSA 706 (Revised)	Emphasis of Matter Paragraphs and other Matter Paragraphs in the Independent Auditors Report
33	NSA 710	comparative information-corresponding Figures and comparative Financial Statements
34	NSA 720 (Revised)	The auditor's responsibilities relating to Other information in Documents Containing Audited Financial statements.
800-899 SPECIALIZED AREAS		
35	NSA 800 (Revised)	special Considerations-Audit of financial statements Prepared in accordance with special Purpose Frame works
36	NSA 805 (Revised)	special Considerations-Audits of Single Financial statements and Specific Elements, Accounts or Items of a Financial statements
37	NSA 810 (Revised)	Engagements to Report on Summary of Financial Statements
NEPAL AUDITING PRACTICE NOTES		
38	NAPN 1000	Special considerations in Auditing Financial Instruments
AUDITS AND REVIEW OF HISTORICAL FINANCIAL INFORMATION		
2000-2699 NEPAL STANDARDS ON REVIEW ENGAGEMENTS(NSREs)		
39	NSRE 2400	Engagement to Review Financial Statement
40	NSRE 2410	Review of Interim Financial Information Performed by the Independent Auditor of the Entity
ASSURANCE ENGAGEMENTS OTHER THAN AUDITS OR REVIEWS OF HISTORICAL FINANCIAL INFORMATION		
3000-3699 NEPAL STANDARDS ON ASSURANCE ENGAGEMENTS (NSAEs)		
3000-3399 APPLICABLE TO ALL ASSURANCE ENGAGEMENTS		
41	NSAE 3000	Assurance Engagements Other than Audits or Reviews of Historical Financial Information
3400-3699 SUBEJECT SPECIFIC STANDARDS		
42	NSAE 3400	The Examination of Prospective Financial Information
43	NSAE 3402	Assurance Reports on Controls at a Service Organization
44	NSAE 3410	Assurance Engagements on Greenhouse Gas Statements
45	NSAE 3420	Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus
RELATED SERVICES		
4000-4699 NEPAL STANDARDS ON RELATED SERVICES (NSRSs)		
46	NSRS 4400	Engagements to Perform Agreed-Upon Procedures Regarding Financial Information
47	NSRSs 4410 (Revised)	Compilation Engagements
48	AUDIT QUALITY	A Framework for Audit Quality: Key Elements that Create an Environment for Audit Quality
49	ASSURANCE FRAMEWORK	Amend Nepal Framework for Assurance Engagements



उपचार

सजिलै टर्ष

१००० भन्दा बढी प्रकारका रोगहरूको
उपचार स्वर्च समेटिएको

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ग्याँस लिकेज भएमा यसो गर्ने

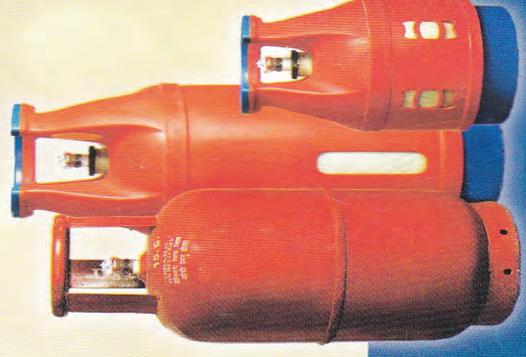
ग्याँसको तीस्रो गन्ध आइरहेको छ भने ग्याँस लिक भएको बुझ्नुपर्दछ । ग्याँस लिक भए पहिले रेगुलेटर बन्द गरेर चुल्हो बन्द गर्ने । आजको किलका निस्कने : सलाई, लाइटर, धुपजस्ता कुराहरु नबाल्ने । ग्याँस लिक भइरहेको सिलिन्डरबाट रेगुलेटर छुटाई सेफ्टी क्याप लगाएर बाहिर सुल्ला ठाउँमा राख्ने । आफूलाई अनुभव नभए तुरुन्त नजिकको तालिम प्राप्त ग्याँसस डिलर, उद्योग वा सुरक्षाकर्मीलाई सबर गर्ने ।

ग्याँस दुर्घटनाबाट बच्ने उपायहरु

सिलिण्डर ल्याउँदा, लैजाँदा नगुडाउने, सुताएर वा घोटाएर प्रयोग नगार्ने । गुणस्तरीय रेगुलेटर, पाइप, चुल्हो र लाइटर मात्र प्रयोग गर्ने । दुई/दुई वर्षमा ग्याँसको पाइप फेर्ने । सिलिण्डर र चुल्होको दूरी कमतीमा २ मिटर राख्ने । ग्याँस प्रयोग गर्दा मर्यादा र ढोका सुला राख्ने । साना पकाउँदा आजो छिटो टिप्ने कपडा नलगाउने र धुपिन प्रयोग गर्ने । मान्छामा सिलिण्डरसँगै सेफ्टी क्याप अनिवार्य राख्ने । मान्छाको काम सकिएपछि अनिवार्य रेगुलेटर बन्द गर्ने । ग्याँसको प्रयोग गर्दा सुरक्षासम्बन्धी ज्ञानहरु सिक्ने र परिवारका सबै सदस्यहरुलाई सिकाउने । सम्बन्धित कम्पनीको आधिकारिक डिलर (विक्रेता प्रमाणीकरण भएको) बाट मात्र ग्याँस खरिद गर्ने । Date Expire भएको, कुट्टिचएको, पुरानो सिलिण्डरहरु प्रयोग नगार्ने ।

ग्याँस बचत गर्ने उपायहरु

चुल्हो बाल्नुभन्दा पहिले पकाउने । सामानहरु ठिक पारौं । खानेकुरा उठिन थालेपछि आँच कम गरौं । गैडागुडी पकाउनुभन्दा पहिले िजाएर राखौं । सकभर परिवारका सबै सदस्यहरु एकैपटक खाना खाए बसौं । खानेकुरा सकभर प्रेसरकुकरमा पकाऔं । नियमित रूपमा चुल्हो सफा राखौं । गुणस्तरीय ग्याँस चुल्हो, खर पाइप र रेगुलेटर प्रयोग गरौं ।



ग्याँसको प्रयोग सुरक्षित तवरले गरौं । आफू पनि बुझ्ना अरुलाई पनि बुझाऔं । सम्भावित दुर्घटनाबाट बचौं र बचाऔं ।



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