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Advisor (Cost)

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CMA J.K. Budhiraja  
Sr. Director(Technical)



**Communique from Chairman**

***"Life isn't about finding yourself. Life is about creating yourself "- George Bernard Shaw***

Dear Professional Colleagues,

As members are aware that the four cost auditing standards (101-104) approved by Central Government in terms of Section 148(3) of the Companies Act 2013 are to be complied with by the cost auditors in an audit of cost records maintained as per the provisions of Companies Act 2013 read CRA-1 of the Companies (Cost Records and Audit) Rules 2014. After recommendation Cost Auditing and Assurance Standards Board (CAASB), 19 more Standards on Cost Auditing (SCAs) were approved by the Council and these were forwarded to Central Government for approval under Section 148(3) *ibid*. The Standing Technical Committee constituted by the Ministry of Corporate Affairs, that also comprises a representative of the Institute has finalized five more Standards on Cost Auditing ((105-109)) for approval by the Central Government.

Section 148 of the Companies Act 2013 makes a reference "cost auditing standards". The Council in view of the international practices and in view of acronym of "cost auditing standards" (CAS) similar to "Cost Accounting Standards" (CAS), on the recommendation of CAASB approved that "the term Cost Auditing Standards and Standards on Cost Auditing ((SCAs)) would denote the same meaning and will be used interchangeably".

The members and other Stakeholders are aware that the each of the Cost Auditing Standards apart from "REQUIREMENTS" of the Standard to be complied with mandatorily by a cost auditor in an audit of cost records also contains "Application Guidance" to the requirements and guidance for carrying the requirements set out in the SCA. Considering that the members and Stakeholders need further guidance on both "Requirements and Application Guidance" on the SCAs, the CAASB in its recently held meeting considered a draft "Practical Guide to the Standard on Cost Auditing (SCA) 101 - Planning an Audit of Cost Statements" that covers para wise explanation with suitable examples and illustrations wherever required. Considering the contents of "Practical Guide", the Board directed the CAASB Secretariat to prepare a comprehensive Guidance Note covering all aspects of cost audit as reflected in the Standards on Cost Auditing, i.e. SCA-101 to SCA-119. The Institute through its website <http://icmai.in/icmai/caasb/SCA-101-Suggestion.php> has already invited valuable suggestions from all stakeholders on 29<sup>th</sup> March 2017. The last date of forwarding the suggestions is 15<sup>th</sup> April 2017. I request all the stakeholders to kindly spare their valuable time and forward suggestions within the stipulated time so that the suggestions may be considered by the CAASB while finalizing the Comprehensive Guidance Note (SCAs 101-109).

The Board is also in the process of finalizing the Frequently Asked Questions (FAQs) on SCAs 101-104 and hope to finalize in the next meeting of CAASB.

My best wishes to members and their families on the occasions of Ram Navami, Good Friday, Baishaki, Bahag Bihu and Bengali New Year.

(CMA P. Raju Iyer)

6<sup>th</sup> April, 2017