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CMA P. Raju Iyer  
Council Member

### **MEMBERS**

CMA Balwinder Singh  
Council Member

CMA Niranjan Mishra  
Council Member

CMA Amit Anand Apte  
Council Member

CMA Dr. I. Ashok  
Council Member

CMA Vijender Sharma  
Council Member

Shri Sushil Behl  
Council Member Government  
Nominee

CMA Rakesh Singh  
Past President, ICAI

CMA B.B. Goyal  
Advisor, ICWAI – MARF

CMA Mrityunjay Acharjee  
Balmer Lawrie & Co Ltd

CMA S.A. Murali Prasad  
Practicing Cost Accountant

Shri R. Asokan  
Advisor (Cost)

CMA Ms Parvathy Venkatesh  
PHD Chamber

Shri Neelesh Kumar Sah  
O/o CAG of India

CS Ahalada Rao V  
ICSI

CA Manish Garg  
ASSOCHAM

CMA M.K. Anand  
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Shri M.P. Vijay Kumar  
CII

CMA P.V. Bhattad  
President

CMA Manas Kumar Thakur  
Vice-President

### **SECRETARY**

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



### **Communique from Chairman**

**“Set thy heart upon thy work, but never on its reward.” - The Bhagavad Gita**

Dear Professional Colleagues,

As a Chairman- Cost Auditing and Assurance Standards Board (CAASB) the term 2015-16 was eventful and when I look back I find that so much has happened yet so much is yet to come.

As per proviso to Section 148 (3) of the Companies Act 2013, the auditor conducting the cost audit shall comply with the Cost Auditing Standards issued by the Institute of Cost Accountants of India with the approval of Central Government. In view of this provision, the Government of India, Ministry of Corporate Affairs, vide their letter no. dated 10<sup>th</sup> September, 2015 accorded the Central Government's approval to the following Cost Auditing Standards:

1. *Cost Auditing Standard-101 on Planning an audit of Cost Statements;*
2. *Cost Auditing Standard-102 on Cost Audit Documentation;*
3. *Cost Auditing Standard-103 on Overall objectives of the independent cost auditor; and*
4. *Cost Auditing Standard-104 on Knowledge of business, its processes and the business environment.*

The Central Government vide letter dated 10<sup>th</sup> September 2015, while communicating aforesaid approval requested the Institute to expeditiously process and finalize atleast 15 more Cost Auditing Standards on or before 31<sup>st</sup> March 2016. I am happy to inform that in view of this direction, the Board set the target and developed the following fifteen standards and these were sent by the Institute to the Ministry of Corporate Affairs (MCA) in the month of March 2016 for its approval:

1. *SCA-105: Agreeing the Terms of Cost Audit Engagements*
2. *SCA-106: Audit Sampling*
3. *SCA-107: Audit Evidence*
4. *SCA-108 : Materiality in Planning and Performing Cost Audit*
5. *SCA-109: Cost Auditor's Responsibility Relating to Fraud in an Audit of Cost Statements*
6. *SCA-110: Written Representations*
7. *SCA-111: Evaluation of Misstatements identified during the Cost Audit*
8. *SCA-112: Analytical Procedures*
9. *SCA-113: Using the Work of Internal Auditors*
10. *SCA-114: Using the Work of Cost Auditor's Expert*
11. *SCA-115: Communication with Those Charged with Governance*
12. *SCA-116: Communicating Deficiencies in Internal Control to Those Charged with Governance and Management*
13. *SCA-117: Identifying and Assessing the Risks of Material Misstatement*
14. *SCA-118: The Cost Auditor's Response to the Assessed Risk*
15. *SCA- 119: Related Parties*



# THE INSTITUTE OF COST ACCOUNTANTS OF INDIA

(Statutory body under an Act of Parliament)

## Cost Auditing and Assurance Standards Board

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The above SCAs are hosted on the Institute website for the benefit and general information of the members and stakeholders. The mandatory application of these Standards in an audit of cost records shall come in force after approval of the Central Government and notification by the Institute of Cost Accountants of India.

The Board has not forgotten its responsibility to build technical capacity of its members and advocacy on these Standards on Cost Auditing (SCAs) through programs, seminars, workshops, webinars etc.

Towards the above efforts, CAASB conducted webinars on (i) *Overview of Standards on Cost Auditing [28th April 2016]*; (ii) *Significance and Impact of Standards on Cost Auditing [29th April 2016]*; (iii) *Salient points on SCA 101 to 103 [27th May, 2016]*, (iv) *Technical Aspects of SCAs 103-104 [7th June 2016]* and (v) *Technical Aspects of SCAs 101-102 [10th June 2016]*. The recorded webinars are available in the Knowledge Bank on the Institute website at <http://icmai.in/Knowledge-Bank/webinar.php>.

In addition to webinars, Cost Accounting Standards Board organized two Seminars on the theme: “*Analysis & Implications of Cost Accounting Standards and Standards on Cost Auditing*” on 5<sup>th</sup> and 12<sup>th</sup> May 2016 at New Delhi and Chennai respectively. Two such programs were also conducted by EIRC on 17<sup>th</sup> May 2016 at Kolkata and Patna Chapter on 22<sup>nd</sup> May 2016 at Patna.

I am grateful to the members of the Institute and Industry for forwarding the comments/ suggestions which enabled the Board to deliberate on improving the draft Standards into final form.

I am also grateful to the Board members, President, and Vice President for their continued support during the term.

I would also like to thank the Secretariat of CAASB for their tireless work in bringing out the aforesaid SCAs.

I extend my warm wishes to members and their families on the occasion of Eid-ul-Fitr and Jagannath Rath Yatra.

**4<sup>th</sup> July 2016**

**(CMA P. Raju Iyer)**