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ICAI Press Release

ICAI TO ISSUE FORENSIC ACCOUNTING & INVESTIGATION STANDARDS

With an increasing number of Accounting, Financial and Loan irregularities, there is a pressing need of Forensic Accounting and Investigation professionals in India to conduct their professional assignments in a manner which is based on the comprehensive, qualitative and prudent set of Standards, and also to collect evidences which may be subject to high level of scrutiny in a court of law. Benefits of these standards will enable:

1. Process standardization across the board.
2. Collection of evidences based on a process which may be subject to high level of scrutiny in a court of law.
3. Will be used in all the professional assignments relating to engagement of Forensic Accounting and Investigation
4. As the Forensic Auditor can identify the Fund Diversion, Siphoning of Funds and other related activities, relating to Corporate, these standards will be helpful to the Public Interest Entities as well.

The Role of Forensic Auditor is very crucial and therefore required in every sphere of Business. With the support of Forensic Audit Report, during the Insolvency resolution process, the Committee of Creditors can identify and declare the Promoters/ Directors of the Corporate Debtor Company, as “Willful Defaulter” and thereby take the necessary steps.

The Council of The Institute of Chartered Accountants of India (ICAI) has accepted the proposal of the Digital Accounting and Assurance Board (DAAB) of ICAI to develop and issue a set of **Forensic Accounting and Investigation Standards** (FAIS) in India. These set of Standards will result into process standardization across the board.

CA. Atul Kumar Gupta, President , ICAI said “ *The project of developing Forensic Accounting and Investigation Standards (FAIS) is an outcome of extensive discussions within the ICAI on the need for the CA community to curtail its dependence on overseas literature and Standards, and instead develop its own set of intellectual property along the lines of the government’s vision of an “Atmanirbhar Bharat”. These FAIS are being prepared and drafted indigenously but will be helpful for the Forensic Professionals worldwide. Forensic Accounting Profession will gain an importance in the Forensic Accounting world by a set of disciplinary approach and will demonstrate Atmanirbharta in Forensic Accounting & Investigation.*”

President, ICAI further added “ *The ICAI is the only Institute in the accounting world which is developing a full set of FAIS standards for its Forensic Professionals. In fact, such intellectual property can be the basis of exporting our CA services to the world, which is finding our extensive experience in this area highly unique and top-notch.*”

ICAI, is already successfully conducting a **flagship Certificate Course on Forensic Accounting & Fraud Detection** since 2009. So far more than 6400 members of ICAI have successfully completed the course and providing Forensic Accounting & Investigation Services to Law Enforcement Agencies, Banks and to various corporates. FAIS will enhance Indian Forensic Professional’s role in the International Forensic Accounting and Investigation Services and will create an opportunity to export these services.

Not just for professionals, but FAIS will also be useful to the Law Enforcement Agencies, Corporates, Banks & Other stakeholders to appreciate the common practices and understand finer nuances of conducting Forensic Accounting & Investigation Engagements. Forensic Accounting and Investigation Professionals will be able to contribute in Judicial Proceedings as an Expert with the help of FAIS. Also related Stakeholders like Directorate of Enforcement (ED), Central Bureau of Investigation (CBI), Serious Fraud Investigation Office (SFIO), Economic Offence Wing (EOW), Reserve Bank of India (RBI) and others will gain more confidence in their investigations by involving Forensic Professionals supported by FAIS. ICAI will also be sharing expertise and guidance from these agencies during the development of Standards.

A. OBJECTIVE & SCOPE:

The proposed objectives of the FAIS is to codify best practices in the twin domains of Forensics and Investigations, set basic quality benchmarks for conducting assignments in these areas and position the ICAI as a thought leader and regulator in these areas.

The scope of the FAIS is to give ICAI members a good overview of the Forensics and Investigations, how to undertake projects and assignments in these areas, how to conclude the work completed, and finally how to report findings to its stakeholders.

The FAIS is proposed to be principle based and therefore will stipulate certain basic (but mandatory) requirements to be fulfilled by members who undertake such assignments. FAIS will also provide recommendatory guidance on the procedures which may be followed in completing such assignments.

The Standards will be developed and prepared as per the ICAI typical standard setting process (including public exposure) and follow a methodical framework as decided and approved by DAAB. The detailed scope and content of the Standards will be proposed by the experts, and post due exposure, approval of DAAB and the Council, these standards will be issued.

B. PROPOSED CONTENT:

Summary of the proposed content of FAIS is given below:

FAIS No.	TITLE	BASIC SCOPE
INTRODUCTION TO THE FAI STANDARDS		
1	Preface to FAIS	Introduction, Overview and Process
2	Framework Governing FAIS	The FAIS Structure, components, elements
3	Basic Principles of FAI Services	Attribute and Performance Principles
100	STANDARDS ON KEY CONCEPTS (100 SERIES)	
200	STANDARDS ON PRACTICE MANAGEMENT (200 SERIES)	
300	STANDARDS ON THE EXECUTING ASSIGNMENTS (300 - 400 SERIES)	
500	STANDARDS ON SPECIALISED AREAS (500 SERIES)	
600	STANDARDS ON QUALITY CONTROL (700 SERIES)	
700	DEFINITIONS AND TERMS	

In most part the content will be based on the practical experience of the experts supported with theoretical aspects on areas which require a sound basis for codification.

Each Standard will follow a 6-para template approach, as follows:

1. Introduction/Background
2. Objectives of Standard
3. Requirements
4. Explanation of Requirements
5. Documentation for compliance
6. Effective date

C. LIST OF STAKEHOLDERS FOR INPUTS ON EXPOSURE DRAFTS :

- 1) The Ministry of Corporate Affairs
- 2) The Ministry of Home Affairs
- 3) The Reserve Bank of India (RBI) – Including Regional Offices
- 4) The Securities and Exchange Board of India (SEBI)
- 5) The Comptroller and Auditor General of India (CAG)
- 6) The Controller General of Accounts (CGA)
- 7) The National Cyber Coordination Centre (NCCC)
- 8) The National Crime Records Bureau (NCRB)
- 9) The Central Bureau of Investigation (CBI)
- 10) The Enforcement Directorate (ED)
- 11) The Economic Offences Wing (EOW)
- 12) The Serious Frauds and Investigations Office (SFIO)
- 13) National Company Law Tribunal (NCLT)
- 14) Insolvency and Bankruptcy Board of India (IBBI)
- 15) Computer Emergency Response Team- (CERT)
- 16) The Insurance Regulatory and Development Authority (IRDA)
- 17) The Data Security Council of India
- 18) The Central Board of Direct Taxes

- 19) The Central Board of Excise and Customs
- 20) The Institute of Cost Accountants of India
- 21) The Institute of Company Secretaries of India
- 22) Recognised Stock Exchanges in India
- 23) The Indian Banks' Association
- 24) The Standing Conference of Public Enterprises
- 25) The National Bank for Agricultural and Rural Development
- 26) The Indian Institute(s) of Management (Various)
- 27) The Telecom Regulatory Authority of India
- 28) The Central Registrar of Co-operative Societies
- 29) Industry bodies/associations, such as, The Confederation of Indian Industry, The Associated Chambers of Commerce and Industry, The Federation of Indian Chambers of Commerce and Industry, etc.
- 30) State Police Agencies and Cyber Crime Cells
- 31) Any other body considered relevant by the Digital Accounting and Assurance Board, keeping in view the nature and requirements of the Forensic Accounting and Investigation Standards.
- 32) Gujarat Forensic Sciences University