

ASIAN DEVELOPMENT BANK

NEP 31401

TECHNICAL ASSISTANCE

TO THE

KINGDOM OF NEPAL

FOR

CAPACITY BUILDING FOR THE ACCOUNTING AND AUDITING PROFESSION

December 1999

CURRENCY EQUIVALENTS

(as of 23 November 1999)

Currency Unit	–	Nepalese Rupee/s (NRe/NRs)
NRe1.00	=	\$0.0144
\$1.00	=	NRs69.3

The Nepalese rupee is closely linked to the Indian rupee (Re) at NRs1.60 to Re1.00. It is fully convertible on all current account transactions. For the purpose of calculations in this report, the rate of \$1.00 = NRs69.3 is used, which was the rate prevailing at Fact Finding 1999.

ABBREVIATIONS

ADB	-	Asian Development Bank
AG	-	auditor general
ASB	-	Accounting Standards Board
AuSB	-	Auditing Standards Board
CA	-	chartered accountant
IAS	-	International Accounting Standards
IAuS	-	International Auditing Standards
ICAN	-	Institute of Chartered Accountants in Nepal
RA	-	Registered auditor
TA	-	Technical assistance

NOTE

In this report, "\$" refers to US dollars.

I. INTRODUCTION

1. In response to requests from the Government, the Asian Development Bank (ADB) included assistance for corporate and financial governance in its medium-term country assistance plan. To analyze key issues and help formulate a possible policy reform and capacity building agenda for corporate and financial governance, small-scale technical assistance (TA)¹ was provided in 1999. An ADB mission visited Nepal in September 1999 to finalize and discuss the findings of the TAs in a workshop held in Kathmandu, with representation from a wide range of stakeholders from the private and public sectors, including the accounting and legal professions, the business community, bankers, and Government officials. Deficiencies in accounting and auditing standards, and inadequate information disclosure were identified as a key impediments to improving corporate and financial governance.

2. The 1999 country assistance program includes a TA for capacity building for corporate and financial governance.² Following the stakeholder workshop, the Government asked ADB to focus the TA on capacity building for the accounting and auditing profession by helping the Institute of Chartered Accountants in Nepal (ICAN) adopt international accounting and auditing standards (IASs and IAuSs), and develop education and professional standards for the accounting and auditing profession. The objectives, scope, financing, implementation arrangements, and terms of reference of the TA were finalized and reconfirmed by the Government in October 1999. The TA framework is presented in Appendix 1.

II. BACKGROUND AND RATIONALE

3. Since the introduction of a democratic system in the early 1990s, the Government has announced a number of policy reform measures to stimulate private investment and financial intermediation. However, the impact of these reforms on sustained economic growth has been limited. This is largely due to the weak underlying structure and poor enforcement mechanisms for financial and corporate governance. Although some efforts have been made by the multilateral and bilateral financing agencies, as well as the private sector, particularly the chambers of commerce, corporate governance is widely recognized as a key issue for sustained private sector development

4. The standards for information disclosure currently in use in Nepal are a combination of Government regulations (stipulated, for instance, in the Tax Law, Company Law, and Securities Exchange Act) and Indian and Nepalese accounting practices. These standards are not always consistently applied and are subject to varying interpretation. They do not lead to a sound and objective assessment of the financial strength of the audited entity.

5. In addition, Nepal has a shortage of qualified accountants and limited capacity for professional skill development. The university courses offering accounting and commerce

¹ TA 3135-NEP: *Financial Sector Regulation and Governance* and TA 3136-NEP: *Improvement of Disclosures and Corporate Governance*, both for \$150,000, approved on 22 December 1998. Final reports of the TAs were submitted in September 1999.

² The TA Capacity Building for Corporate and Financial Governance was first listed in ADB Business Opportunities in June 1999. This TA was divided into two TAs: Capacity Building for the Accounting and Auditing Profession in Nepal and Establishing a Focal Point for Continuing Financial Sector Reforms.

majors can only meet the required level of knowledge for accounting technicians. Many of the estimated 30,000 practitioners currently involved at various levels in bookkeeping and accounting have not received any formal training and have rudimentary accounting knowledge. Accountants wishing to become chartered accountants (CAs) must meet international professional and educational requirements. Most of the 150 CAs in Nepal graduated from courses in India.

6. To sustain the corporate and financial sector in the long run, there is an urgent need to adopt IASs and IAUss, and develop an organized profession of accountancy. It is widely accepted by the Government and the stakeholders that early institutionalization of the profession is crucial for organized development. The creation of the Institute of Chartered Accountants in Nepal (ICAN) under the CA Act, 1997, is a reflection of this consensus. Its 17-member council, the governing body, is vested with full and final responsibility to formulate a corporate plan and detailed policies to supervise ICAN functioning.³ Four standing committees oversee regular ICAN affairs. Resources allocated to ICAN are very limited. The CA Act made an important initial step in entrusting the council “to comply or ensure compliance with the International Accounting Standards, the International Auditing Guidelines, and the guidelines received from the International Federation of Accountants.” All of the CA Act provisions are now effective except for two clauses, relating to (i) ICAN’s power to issue certificates of practice and (ii) repeal of the Auditor’s Act, 1974. These two clauses are expected to be made effective once a credible plan for introducing IASs and IAUss, and skills development to effectively comply with IASs and IAUss are developed.

7. ICAN has a small body of qualified members with two distinctly separate categories of membership, comprising CAs and registered auditors (RAs). All license holders who qualified from a foreign accounting body were admitted as CA members when ICAN was established. There are now 87 CA members. All classes of RAs holding valid licenses from the auditor general (AG) on the date of enactment of the CA Act – then numbering 2,862 – were also allowed to obtain ICAN membership.⁴ However, the number of RAs increased rapidly, to more than 6,000 by September 1999. ICAN has not agreed to give membership to the new RAs, without clear establishment of their effective qualifications and competence. With the enactment of the CA Act, 1997, all the functions of the AG in relation to licensing of auditors are envisaged to be transferred to ICAN. So far this has been opposed by the AG on resolution of the pending finalization of a transition plan by ICAN to deal with the large number of required audits, and the fate of the registered auditors who are not admitted as ICAN members.

8. Two years after its formal establishment, ICAN still faces the challenge of fully establishing the functions of a professional body of accountants. The delay is a result of (i) opposition to repealing the Auditor’s Act, 1974; (ii) lack of support and understanding from the Government regarding the high level of professional qualifications expected from an independent auditor; and (iii) insufficient membership, financial support, and human resources in ICAN to perform its tasks as a professional body, including the provision of training. As the accounting and auditing profession in Nepal is currently structured, the move to match international standards will disarrange the established hierarchies. While there is a general

³ The council has 14 elected members, with 10 from the CA members and 4 from the RA members. The remaining 3 members are nominated by the Government.

⁴ Under the Auditor’s Act, 1974, four classes of RAs exist. The auditor general is authorized to issue licenses to persons with certain educational qualifications and practical experience for the four classes. However, there is no system of examination required to test eligibility of the audit license.

awareness of the importance of improving accounting and auditing standards, there are concerns and differences in opinion on how to bring about changes. In managing the transition, the benefits to the profession and to society at large from improving certain information and disclosure standards are not always easy to capture, and need to be made very explicit to those sceptical of standard reforms. To effectively address these challenges, a clear direction for the future of the accounting and auditing profession needs to be developed. Fortunately, a number of ICAN members are highly motivated to bring about and lead the change process, and are looking for support for this.

9. The Government, elected with a strong mandate for economic development in June 1999, has expressed a strong desire and commitment for financial sector reforms. ADB, together with the World Bank and the International Monetary Fund, is currently designing a comprehensive assistance package for financial and private sector development. Within this framework, ADB's assistance will focus on financial sector issues excluding commercial banks, as well as corporate governance and business practices, including transparency and information disclosure. The analytical underpinning and potential scope for ADB's involvement were discussed in detail in TAs 3135 and 3136 (footnote 1). The full introduction of international accounting and auditing standards is an integral part of this, and a lengthy process that should start early on. Recognizing the preeminent role of ICAN in establishing and supervising information and disclosure standards for financial sector reform, there is strong rationale and urgency for ADB to help ICAN build its capabilities to adopt the IASs and IAUs.

III. THE TECHNICAL ASSISTANCE

A. Objectives

10. The overall goal of the TA is to support the Government's effort to improve the quality of information disclosure and transparency in Nepal's corporate and financial sectors. To achieve this goal, the immediate TA objectives are to (i) establish ICAN as the preeminent professional body, and an effective and sustainable self-regulatory organization for the accounting and auditing profession in Nepal; (ii) harmonize existing practices for accounting and auditing, and increase consistency with international standards for transparency and reporting; (iii) guide the profession over an adjustment period in adopting higher quality international standards; and (iv) develop the professional capacity and ethical standards of its members. All these efforts are intended to increase public confidence in the accounting profession and greater information reliability in the financial sector. The assistance is proposed within the context of a package of financial sector restructuring and reform measures being formulated by the Government with the assistance of ADB, World Bank, and IMF.

B. Scope

11. The findings of TA 3136 (footnote 1) suggest that a time frame of about seven years is required to comprehensively adopt the accounting and auditing standards in line with IASs and IAUs. However, adoption of the basic framework of the IASs will be completed within the first

year.⁵ This includes development of a sufficient skills base to fully understand and apply those standards at all levels. The TA will help ICAN lay the institutional foundation to manage the adoption process. Specifically, the TA will

- (i) advise on establishment and operation of ICAN as a professional self-regulatory accounting body to create public confidence in the accounting profession; develop and revise the corporate, financial, and governance plan for ICAN; and develop a plan to help members achieve the transition to higher professional standards and bring about greater awareness among accountants of the need to promote the profession;
- (ii) build capacities of the ICAN council and other stakeholders to guide the adoption of international accounting and auditing standards over the medium term;
- (iii) develop and provide pilot training to facilitate understanding of international accounting and auditing standards among accounting professionals, regulators, businesses, and other providers and users of financial information;
- (iv) develop a certification curriculum for chartered accountants and other accounting technicians;
- (v) develop training and education programs targeting different levels of accounting professionals;
- (vi) develop quality control and support systems for ethical standards, and continuing professional education and disciplinary procedures;
- (vii) evaluate the professional qualifications of its membership, and develop a suitable mechanism for monitoring feedback and compiling ICAN statistics; and
- (viii) promote a mechanism for ICAN consultation with stakeholders, including creation of modalities for information dissemination.

C. Cost Estimates and Financing Plan

12. The TA is estimated to cost \$785,000 equivalent, including a foreign exchange cost of \$455,000 and local currency cost of \$330,000 equivalent. ADB will provide \$665,000 equivalent, to cover the entire foreign exchange costs and \$210,000 equivalent of the local currency costs. The financing will be provided on a grant basis from the ADB-funded TA Program. The Government and ICAN will contribute \$120,000 equivalent to cover the remaining local currency requirements, including office space, local transportation, counterpart staff, and administrative and clerical services. Details of the cost estimates are provided in Appendix 2.

D. Implementation Arrangement

13. The Ministry of Finance will be the Executing Agency, and ICAN the Implementing Agency. The Ministry of Finance and ICAN will provide the necessary office space, as well as secretarial and logistic support for the consultants.

14. The TA will be implemented over 12 months; it is expected to commence on 1 April 2000 and be completed on 31 March 2001. The TA will require a total of 35 person-months of

⁵ This includes IASs 1, 2, 7, 8, 10, 20, 24, 30, 33, etc.

consulting services, including 11 person-months of international consulting and 24 person-months of domestic consulting. The international consultants will include (i) a team leader who is an expert on establishment and operation of professional accounting bodies and is familiar with IASs and IAUss; (ii) one professional accountant who is familiar with IASs and IAUss, and has significant experience in evaluating and implementing accounting and auditing standards; and (iii) one expert in designing and conducting training programs on accounting and auditing subjects, and developing professional qualification requirements for the accounting profession. The domestic consultants will include two accountants who are familiar with Nepalese accounting practice, and relevant domestic laws and regulations, as well as knowledge of IASs and IAUss. One domestic information technology expert will also be recruited for 2 person-months to help create modalities for information dissemination, such as compiling ICAN statistics and development of an ICAN website. The team of international and domestic consultants will be recruited in accordance with ADB *Guidelines on the Use of Consultants* and other arrangements satisfactory to ADB for engagement of domestic consultants. The simplified technical proposal will be used to select the consultants. The terms of reference for the consultants are provided in Appendix 3. The international expert on establishment and operation of professional accounting bodies will be the team leader and take responsibility for the quality of the overall TA output.

15. Within four weeks of TA commencement, the consultants will (i) prepare an inception report, (ii) provide a time-bound work plan for building the institutional capacity of ICAN to function as a self-regulatory organization, (iii) build the technical capacity of ICAN to adopt IASs and IAUss in Nepal, and (iv) design training programs and certification curriculum. A progress report will be submitted within three months of TA commencement to provide a detailed status report on the corporate and financial governance plan, and certification curriculum and training programs. An interim report will be submitted within six months of TA commencement. The draft final report will be submitted within eleven months of the start of services. Two stakeholder workshops will be held after the submission of the interim and draft final reports to solicit views and feedback on the proposed changes and training programs. The final report will be submitted at the end of the TA incorporating the views expressed at the stakeholder workshop and ADB's comments. ADB will closely monitor and supervise the TA during implementation through regular review missions and feedback on consultants' reports.

IV. THE PRESIDENT'S DECISION

16. The President, acting under the authority delegated by the Board, has approved the provision of technical assistance, on a grant basis, to His Majesty's Government of Nepal in an amount not exceeding the equivalent of \$665,000 for the purpose of Capacity Building for the Accounting and Auditing Profession, and hereby reports such action to the Board.

TECHNICAL ASSISTANCE FRAMEWORK

Action	Targets/Verifiable Indicators	Monitoring Mechanism	Major Risks/Assumptions
Goal			
1. Improve information disclosure in the corporate and financial sectors.	<ul style="list-style-type: none"> - Increase in the number of public and private companies with an annual turnover over Rs100 million that submit audited accounts in a timely manner, in line with the new accounting and audit standards by 10 percent 	<ul style="list-style-type: none"> - Institute of Chartered Accountants in Nepal (ICAN) statistics 	<ul style="list-style-type: none"> - Full effectiveness of ICAN Act (1997) - Government commitment to compel public and private companies to comply with stipulated accounting standards - Development of sufficient qualified accountants and auditors
Objectives			
1. Establish ICAN as the preeminent professional institute for accounting and auditing profession.	<ul style="list-style-type: none"> - ICAN membership statistics; client perception and public awareness of ICAN professionalism 	<ul style="list-style-type: none"> - ICAN statistics - Feedback surveys mainly through workshops/seminars 	<ul style="list-style-type: none"> - Willingness of accountants/auditors to embrace ICAN as their professional organization
2. Increase consistency with international standards for transparency and reporting.	<ul style="list-style-type: none"> - Adopt action plan to introduce new standards in line with international standards - Public announcement of action plan 	<ul style="list-style-type: none"> - Technical assistance (TA) progress reports 	<ul style="list-style-type: none"> - Agreement of ICAN members on benefits and suitability of international standards to be applied in Nepal
3. Guide the profession through an adjustment period in adopting higher quality international standards.	<ul style="list-style-type: none"> - Degree of acceptance of new standards (increase in qualified accountants/auditors and application of new rules) 	<ul style="list-style-type: none"> - ICAN statistics - TA progress reports 	<ul style="list-style-type: none"> - Willingness and capacity of unskilled accountants and registered auditors to participate in skills upgrading program
4. Develop professional capacity of ICAN members.	<ul style="list-style-type: none"> - Number of certified members - Number of high-quality training courses 	<ul style="list-style-type: none"> - ICAN statistics - TA progress reports 	

Action	Targets/Verifiable Indicators	Monitoring Mechanism	Major Risks/Assumptions
Outputs			
<p>1. Establishment of ICAN as self-regulatory and sustainable organization.</p> <p>2. Time-bound action plan for introducing new standards</p> <p>3. Strategy and mechanism for communication and consultation with members, accountant and audit profession, and other stakeholders</p> <p>4. Training curriculum and materials to enable ICAN to offer training</p>	<ul style="list-style-type: none"> - Corporate, financial, and governance plan specifying regulatory function and powers - Processes to monitor compliance - Approval by ICAN governing body - Approval by ICAN governing body - Consultative workshops - Establishment of ICAN website - Development of training courses - Conduct of pilot courses 	<ul style="list-style-type: none"> - TA progress reports - Adoption of plan by ICAN council - TA progress reports - TA progress reports - TA progress reports 	<ul style="list-style-type: none"> - Support by Government to promote ICAN development as major component of overall financial sector reform - Repeal of Auditors Act, 1974 - Giving powers to ICAN (instead of the auditor general) under the CA Act to issue licenses of audit to qualified persons. - Status of the registered auditors seeking eligibility to obtain licenses - Counterpart funding and resources on sustainable basis
TA activities			
<p>1. Develop and review corporate and financial governance plan for ICAN, which includes a membership plan.</p>	<ul style="list-style-type: none"> - 2 person-months of international and 4 person-months of domestic consulting 	<ul style="list-style-type: none"> - TA progress reports 	<ul style="list-style-type: none"> - Full ownership of the TA by the Government and ICAN - Competent consultants

Action	Targets/Verifiable Indicators	Monitoring Mechanism	Major Risks/Assumptions
2. Develop detailed working procedures for the Accounting Standards Board and Auditing Standards Board of Nepal.	- 1 person-month of international and 3 person-months of domestic consulting	- TA progress reports	
3. Provide workshops on the new standard setting and institutional framework.	- 1 person-month of international and 2 person-months of domestic consulting	- TA progress reports	
4. Coordinate and interact with related Government agencies (Nepal Rastra Bank, Company Registra, Ministry of Law, etc.) to establish institutional responsibilities of ICAN.	- 1 person-month of international and 1 person-month of domestic consulting	- TA progress report	
5. Develop a suitable mechanism for monitoring feedback and compiling ICAN statistics, and help ICAN to formulate a strategy for promoting public awareness.	- 1 person-month of international and 2 person-months of domestic consulting	- TA progress reports	
6. Develop training programs and materials on international accounting and auditing standards.	- 1 person-months of international and 2 person-months of domestic consulting	- TA progress reports	
7. Provide training seminars for approximately 25 standard setters.	- 1 person-month of international and 2 person-months of domestic consulting	- TA progress reports - Participants' evaluation reports	
8. Provide training on international accounting and auditing standards for approximate 25 professionals, business representatives, and regulators.	- 1 person-month of international and 2 person-months of domestic consulting	- TA progress reports - Participants' evaluation reports	

Action	Targets/Verifiable Indicators	Monitoring Mechanism	Major Risks/Assumptions
9. Develop general training and education programs for accounting and Auditing.	- 2 person-months of international and 4 person-months of domestic consulting	- TA progress reports	
10. Create modalities for information dissemination such as ICAN statistics, website, etc.	- 2 person-months of domestic consulting Consultants \$470,000 Equipment & software \$ 30,000 Training Materials \$ 30,000 Contingency \$ 90,000 Misc. \$ 45,000 Total \$665,000	- TA progress reports	

COST ESTIMATES AND FINANCING PLAN
(\$'000)

Item	Foreign Exchange	Local Currency	Total Cost
A. Asian Development Bank Financing¹			
1. Consultants			
a. International			
i. Expert on Establishing Professional Accounting Body	100	0	100
ii. Accounting Standards Specialist	75	0	75
iii. Accounting Training Specialist	100	0	100
iv. Per Diem	50	0	50
b. Domestic			
i. Two Accountants	0	110	110
ii. Information Technology Expert	0	10	10
iii. Administrative Support	0	25	25
2. International Travel	30	0	30
3. Domestic Transportation	0	10	10
4. Equipment ^a	30	0	30
5. Training – Seminars and Workshops	0	15	15
6. Training Materials	0	15	15
7. Communication and Reports	5	0	5
8. Contingencies	65	25	90
Subtotal (A)	455	210	665
B. Government Financing			
1. Government/ICAN Contribution ^b			
a. Office Space	0	40	40
b. Local Transportation	0	20	20
c. Counterpart staff and others	0	60	60
Subtotal (B)	0	120	120
Total	455	330	785

^a Two computers, one printer, and one photocopy machine.

^b ICAN = Institute of Chartered Accountants in Nepal.

¹ Financed by ADB on a grant basis from ADB-funded TA Program.

TERMS OF REFERENCE FOR CONSULTING SERVICES

A. International Consultants

1. Expert on Professional Accounting Body/Team Leader (4 person-months)

1. The team leader will be a member of an International Federation of Accountants (IFAC) member institute. As the team leader, this consultant will be responsible for the overall management of the technical assistance (TA) and timely delivery of reports. The consultant is required to have wide experience in the establishment and operation of professional accounting bodies. In close cooperation with the other consultants, this consultant will have the following responsibilities:

- (i) In conjunction with the Institute of Chartered Accountants in Nepal (ICAN) council, develop and revise the corporate, financial, and governance plan for establishing ICAN as an appropriate self-regulatory organization, and set up a governing body responsible under the enabling Government legislation for adopting the regulations to manage the accounting and auditing profession, enforcing a code of ethics, and a discipline process. A membership plan to help members achieve the transition to higher professional standards will also be included.
- (ii) Advise the ICAN Council on governance structure, including research, financing, and administration.
- (iii) Work closely with the training experts to develop and review professional regulations, including entrance requirements, syllabus, professional and practical education, examination, certification, accreditation, code of ethics, discipline to deal with members' noncompliance, and standards of practice.
- (iv) Specify modifications to the enabling legislation, regulatory framework, or administrative procedures to implement the TA recommendations.
- (v) Assist ICAN in formulating a strategy to (i) promote public awareness of the international accounting standards (IASs) issued by the International Accounting Standards Committee (IASC), and international auditing standards (IAuSs) as issued by the International Auditing Practices Committee (IAPC), and (ii) enhance communication and consultation with members, the accounting and audit professions, and other stakeholders.
- (vi) Coordinate and interact with related Government agencies (Nepal Rastra Bank, Company Registra, Ministry of Law, etc.) to help establish ICAN's institutional capacity.
- (vii) Develop a suitable mechanism for monitoring feedback, and compile ICAN statistics.

- (viii) In consultation with the Government, ICAN, and the Asian Development Bank (ADB) make arrangements for two stakeholder workshops, with the assistance of the other consultants in the team.
- (ix) Examine and provide recommendations on qualification requirements for the issuing of audit license and reservation of title for professional accountants.

2. Professional Accountant (3 person-months)

2. The consultant is required to have experience with international accounting firms on evaluation and implementation of accounting and auditing standards, and substantive knowledge in IASs as well as their introduction to developing countries. In close collaboration with the team leader, this consultant will have the following responsibilities:

- (i) Develop working procedures for the Accounting Standards Board (ASB) and Auditing Standards Board (AuSB).¹
- (ii) Help ICAN build the technical capabilities to support ASB and AuSB, including drafting detailed proposals for setting up a technical committee to foster the standard-setting process, and establish good contacts with the International Federation of Accountants, IASC, and IAPC.
- (iii) Review current accounting and reporting rules in Nepal, and make detailed recommendations on harmonizing the practices and standardizing the financial reporting and auditing practices in line with IASs and IASBs.
- (iv) Review and develop the detailed phased implementation plan as recommended under TA 3136 for adopting IASs and IASBs.
- (v) Based on the review of items (iii) and (iv), recommend transitional arrangements for compliance by different types of reporting entities.²
- (vi) Assist the team leader in preparing the various reports.

3. Training Expert (4 person-months)

3. The expert will help to

- (i) develop training programs and continuing professional education for different levels of the accounting professionals in relation to IASs and IASBs;

¹ TA 3136-NEP: *Improvement of Disclosures and Corporate Governance*, for \$150,000, approved on 22 December 1998, made recommendations on forming ASB and AuSB, with the expectation that ASB will go through a proper due process of exposure, comments, and finalization of each standard.

² For example, listed companies, public and private companies, etc.

- (ii) help provide training and knowledge upgrading for the existing accountants and auditors;
- (iii) develop training programs and help training to increase understanding of IASs and IAuSs among regulators, businesses, and other providers and users of financial information;
- (iv) develop certification curriculum, materials, and tests for the chartered accountants and accounting technicians;
- (v) assist ICAN in developing the capacity to set and grade professional examinations for chartered accountants and accounting technicians; and
- (vi) help the team leader prepare the various reports as required by the TA.

B. Domestic Consultants

5. The consultants will be members of ICAN and have experience of practicing accounting in other jurisdictions.

1. Chartered Accountant (10 person-months)

6. The consultant will

- (i) assist the team leader in developing and reviewing the corporate plan, financial, and governance plans;
- (ii) work with the team leader to advise the ICAN council on governance structure, including research, financing, and administration;
- (iii) help the team leader and the international training expert to develop and review professional regulations covering entrance requirements, syllabus, professional and practical education, examination, certification, accreditation, code of ethics, discipline to deal with members' noncompliance, and standards of practice;
- (iv) help the international professional accountant to review current accounting and reporting rules in Nepal, and make detailed recommendations on harmonizing practices and standardizing the financial reporting and auditing practices in line with IASs and IAuSs;
- (v) work with the international professional accountant to detail working procedures of ASB and AuSB;
- (vi) help the international professional accountant develop ICAN's technical capabilities to adopt IASs and IAuSs;
- (vii) specify modifications to the enabling legislation, regulatory framework, or administrative procedures to ensure TA implementation;

- (viii) assist ICAN in (a) becoming fully functional as an effective regulatory body to create public confidence, and (b) undertaking activities to promote and develop the accounting profession in Nepal;
- (ix) assist the team leader in coordinating and interacting with related Government agencies (Nepal Rastra Bank, Company Registra, Ministry of Law, etc.) to establish the institutional capacity of ICAN;
- (x) assist the team leader in developing a suitable mechanism for monitoring feedback and compiling ICAN statistics; and
- (xi) assist the team leader in preparing the various reports as required by the TA.

2. Training Expert (12 person-months)

7. The expert will

- (i) work with the international training expert to develop training programs and continuing professional education for different levels of the accounting professionals in relation to IASs and IAUs;
- (ii) assist ICAN in providing training for knowledge upgrading of existing accountants and auditors;
- (iii) assist the international training expert in developing training programs for ICAN and help with training to facilitate understanding of IASs and IAUs among regulators, businesses, and other providers and users of financial information;
- (iv) work with the international training expert to develop a certification curriculum, materials, and tests for the chartered accountants and accounting technicians;
- (v) assist the international training expert in helping ICAN develop the capacity for setting and grading professional examinations for the chartered accountants and accounting technicians; and
- (vi) assist the team leader in preparing the various reports.

3. Information Technology Specialist (2 person-months)

8. The specialist will

- (i) work with the team leader to develop a mechanism to promote consultation of ICAN with stakeholders; and
- (ii) help ICAN to create modalities for information dissemination, such as compiling ICAN statistics, and developing ICAN website.