

# PRACTICING OPPORTUNITIES FOR COST AND MANAGEMENT ACCOUNTANTS IN BANGLADESH : PROSPECTS & CHALLENGES



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**Abstract:** The paper has delineated the existing and potential opportunities for professional practices in Bangladesh, which are particularly related to the domain of the Cost and Management Accountants (CMAs) qualified from the Institute of cost and management Accountants of Bangladesh (ICMAB). As per the findings, CMAs in Bangladesh are mostly not in practice. Over the last few years, on an average only around 14 percent of the total members are engaged in practice and remaining 86 percent are in job or other type of engagements (as on 30 June 2019, 15.8 percent of the CMAs were in practice). But there are regulatory provisions in various statutes, rules and government orders/notifications [such as the Companies Act, the Cost Audit (Report) Rules, the Public Issue Rules and Corporate Governance Code of the Bangladesh Securities and Commission, Income-tax Ordinance, the Value Added Tax (VAT) Consultant Licensing Rules, 2019; the VAT and Supplementary Duty (SD) Rules, the Customs Consultant License Rules, the Customs (Identification, Assessment and Collection of Anti-dumping Duty on Dumped Products and Determination of Injury) Rules, etc.], under which CMAs have a number of opportunities where they may be engaged in some professional practices where only CMAs are allowed (e.g., cost audit) or more than one professional including CMAs are allowed (e.g., corporate governance compliance audit, transfer pricing certification, VAT consultant, income tax practitioner, etc.). Due to their professional competency, CMAs in practice are also subject to hiring for other professional and advisory services such as internal audit, management audit, performance audit, business process re-engineering and standard operating procedure development, project feasibility study and value chain analysis, productivity improvement, risk management, etc. The paper has also highlighted the prospects and challenges in availing these practicing opportunities by CMAs.

**Keywords:** Cost accountant, Cost and management accountant (CMA); CMA in practice.

**Disclaimer :** The views expressed here are of the authors' own and not linked with their institutional capacities.

## 1.0 Introduction

Given the global scenario, Bangladesh has been advancing at a pace which is often referred to as an 'unbelievable puzzle.' The country achieves 6 percent-plus growth for the first time in financial year (FY) 2003-04 (6.27 percent) and thereafter in three financial years (FYs) the GDP growth rates were below 6 percent but above 5 percent (5.96 percent in 2004-05, 5.05 percent in 2008-09 and 5.57 percent in 2009-10), otherwise the rates were above 6 percent but below 7 percent up to FY 2014-15. Then the 6 percent growth rate trap was broken up in 2015-16 (7.11 percent). The speed of growth rate has been continuing to surpass the preceding year since then (7.28 percent in 2016-17, 7.86 percent in 2017-18, 8.15 percent in 2018-19 and a projection of 8.2 percent in the budget of 2019-20. The target set in the Vision 2021 of Bangladesh is to transform the socio-economic environment of Bangladesh from a low-income economy to the first stages of a middle-income economy in the fiftieth. In July 2015, Bangladesh was elevated (according to the World Bank's classification) from a low income to a lower middle-income country (LMIC) status. By the targets of the Vision 2041, Bangladesh is expected to be transformed into a developed country by 2041.

In this development pathway, as a professional community of the Cost and Management Accountants (CMAs), one of the major concerns is how CMAs can contribute through their professional accounting competency towards this development endeavor. Before the UNCTAD (United Nations Conference on Trade and Development) XIII ministerial conference (held on 21-26 April 2012 at Doha, Qatar), as stated by the UNCTAD's Intergovernmental Working Group of Experts on International Standards of Accounting and Reporting (ISAR):

*Accounting plays an essential role in economic development. High-quality corporate reporting is key to improving transparency, facilitating the mobilization of domestic and international investment, creating a sound investment environment and fostering investor confidence, thus promoting financial stability. A strong and internationally comparable reporting system facilitates international flows of financial resources while at the same time helping to reduce corruption and mismanagement of resources. It also strengthens international competitiveness of enterprises in attracting external financing and taking advantage of international market opportunities (ACCA, 2012: 4).*

Thus, accounting can play the most impactful contribution to the development strive of a country through its professional accountants' engagements. Although CMAs in Bangladesh are even less than one per one lakh population, still we have the potential to do the needful in diverse technical areas of the overall path of progress of our country. Next section delineates the extent of professional practice by the CMAs, followed by a section on a detailed account of practicing opportunities of the CMAs in Bangladesh. Then the discussion follows to capture the prospects and challenges in this regard and finally a note is given on the way forward.

## 2.0 CMAs in Practice

The Cost and Management Accountants (CMAs) are not accustomed with practicing engagements. As shown in Table-I, taking weighted average figure for four years' data (2015 and from 2017 to 2019), about 14.3 percent of the total members are engaged in practice (17.7 percent of FCMA and 7.3 percent of ACMA). Thus, about 85.7 percent of the total members are not engaged in practice (82.3 percent of FCMA and 92.7 percent of ACMA).

**Table-I: ICMAB Members' Practicing Status**

Member Type	Practicing Members (as on 30 June)				Non-Practicing Members (as on 30 June)				Total Members (as on 30 June)			
	2015	2017	2018	2019	2015	2017	2018	2019	2015	2017	2018	2019
FCMA	127	145	138	170	650	709	729	735	777	854	867	905
ACMA	22	28	55	39	358	389	375	379	380	417	430	418
<b>Total</b>	<b>149</b>	<b>173</b>	<b>193</b>	<b>209</b>	<b>1,008</b>	<b>1,098</b>	<b>1,104</b>	<b>1,114</b>	<b>1,157</b>	<b>1,271</b>	<b>1,297</b>	<b>1,323</b>

Note: CMA = Cost and Management Accountant; FCMA = Fellow CMA; ACMA = Associate CMA.

Sources: ICMAB's Members and Practising Firms 2015, 2017, 2018, and 2019.

As shown in Table-2, on 30 June 2019, there are 169 CMA firms, of which 145 firms are operated by lone member and 24 firms are of partnership structure. Taking weighted average figure for four years' data (2015 and from 2017 to 2019), there is 7.9 percent growth in sole proprietorship firms from 2015 to 2019, 7.5 percent growth in partnership firms over the same period and 7.8 percent growth in total firms over the same period. As on 30 June 2019, only 15.7 percent of total ICMAB members were in practice (18.8 percent of FCMA and 9.1 percent of ACMA). At the end of financial year 2018-19, two-member partnership firms were 11 in number, three-member partnership firms were 10 in number, there were only 3 partnership firms having four partners in each firm.

**Table-2: ICMAB Members in Practice**

[Figures in number]

Firm Type	Members, Practising Firms and Members in Practice	Members and Firms as on 30 June			
		2015	2017	2018	2019
Sole Proprietorship	Firm (Total)	107	126	138	145
	FCMA	92	112	120	121
	ACMA	15	14	18	24
Partnership	Firm (Total)	18	19	21	24
	2-member Firm	12	10	10	11
	3-member Firm	6	09	9	10
	4-member Firm	—	—	2	3
	FCMA	35	33	41	49
	ACMA	7	14	14	14
Total Firms and Members in Practice	Firm	125	145	159	169
	FCMA in Firms (% of total FCMA)	127 (16.34)	145 (16.98)	162 (18.57)	170 (18.78)
	ACMA in Firms (% of total ACMA)	22 (5.79)	28 (6.71)	32 (7.44)	38 (9.09)
	Total Members in Practice (% of total Members)	149 (12.88)	173 (13.61)	193 (14.88)	208 (15.72)

Sources: ICMAB's Members and Practising Firms 2015, 2017, 2018, and 2019.

### 3.0 Practicing Opportunities

The practicing opportunities available for CMAs in Bangladesh may be classified as: Statutory Audit, Compliance Certification and Consultancy Functions. It is to be noted here that in the previous Cost and Management Accountants Ordinance, 1977 (Ordinance No. LIII of 1977) there was no mention of the term “audit” in the area of activities of a member in practice and this was an issue in some cases used for an attempt to keep our members deprived in their practicing assignments. However, in the Cost and Management Accountants Act, 2018 (Act No. LXX of 2018), this has been addressed to its highest level as follows:

Section 2(2) of the CMA Ordinance 1977	Section 2(2) of the CMA Act 2018	Remarks
Save as otherwise provided in this Ordinance, a member of the Institute shall be deemed “to be in practice” when, individually or in partnership with one or more members of the Institute in practice, he, in consideration of the remuneration received or to be received:-	“Member in practice” means such a member who, after obtaining qualification prescribed under this Act, individually or as a partner of a cost and management accountant firm constituted with one or more members of the Institute in practice, in consideration of the remuneration received or to be received:-	—
(a) engages himself in the practice of cost and management accounting; or	(a) engages himself in the practice of cost and management accounting; or	same

Section 2(2) of the CMA Ordinance 1977	Section 2(2) of the CMA Act 2018	Remarks
—	(b) offers to perform or performs services in regard to management decision-making, devising planning and performance management systems, and providing expert opinion on matters having regard to financial reporting and control associated with the formulation and implementation of an organization's strategy; or	new
—	(c) offers to perform or performs services involving the auditing or assurance services with a view to certifying cost and management accounting records and reports and other statements related thereto;	new
(b) offers to perform services involving the costing or pricing of goods or services, or the preparation, verification or certification of cost accounting and related statements, or holds himself out to the public as a cost and management accountant; or	(d) offers to perform or performs services involving costing or pricing of goods or services, or the preparation, verification, auditing, or certification of cost accounts as mentioned in section 220 of the Companies Act, 1994 (Act No. XVIII of 1994) and related statements, or holds himself out to the public as a cost and management accountant; or	changed
(c) renders professional service or assistance in or about matters of principles or detail relating to the cost and management accounting procedures, or the recording, presentation or certification of costing facts or data; or	(e) renders professional service or assistance in or about the principles and detailed matters relating to the cost and management accounting procedures, the recording, presentation or certification of costing facts or data or matters relating thereto; or	same
—	(f) renders such other services as the Government may determine as functions to be performed by a Cost and Management Accountant; or	new
(d) renders such other services as, in the opinion of the Council, are or may be rendered by a cost and management accountants in practice; and the words "to be in practice", with its grammatical variations and cognate expressions, shall be construed accordingly.	(g) renders such other services as, in the opinion of the Council, are or may be rendered by a cost and management accountant in practice or to be in practice.	similar
Explanation- An associate or fellow who is a whole-time salaried employee of any person shall not be deemed "to be in practice" within the meaning of this sub-section.	Explanation: For the fulfillment of the purpose of this sub-section, within the meaning of "member in practice", an associate or a fellow member who is a whole time salaried employee under any person shall not be included.	—

The current scope in each of these functions are:

#### A. Statutory Audit

##### (a) Cost Audit of Prescribed Companies

Section 220 of the Companies Act, 1994 mentions, "...the Government may, by order, direct that an audit of cost accounts of the company shall be conducted in such manner as may be specified in the order by an auditor who shall be a Cost and Management Accountant within the meaning of the Cost and Management Accountants Ordinance, 1977 (LIII of 1977)". In pursuance to above provision, the Ministry of Commerce has directed for Cost Audit of a total of eighty eight (88) companies in six (6) sectors: Sugar (15 companies), Fuel and Power (05 companies), Jute (06 companies), Textile (42 companies), Pharmaceuticals (12 companies) and Fertilizer (08 companies). Among them the Audit is done intermittently in most of the sugar companies, and few of the jute and fuel and power sectors companies. Despite several reminders from the Ministry of Commerce the cost audit is not done in most of them.

##### (b) Cost Audit for Public Issue

Under Rule 3(2)(f) of the Public Issue Rules 2015 of the Bangladesh Securities and Exchange Commission (BSEC) [dated 28th December, 2015; published in the official Gazette on 31 December 2015], the general

requirements for filing application for a public offer include that an issuer may make an application for public offer of its securities, if it has got cost audit by professional accountants as per the Companies Act, 1994, if applicable. Thus, all companies shall have to get the Cost Audit done by the Cost and Management Accountants [the “Cost Auditor” term being used from June 2017], where applicable, before filing application for a public offer. This audit would be applicable for all the companies mentioned above. This has opened up new avenue of practice for CMAs.

### (c) Maintenance of Cost Accounting Records

As per the amended Cost Audit (Report) Rules 1997 vide SRO No. 17-Law/2005 dated 17 January, 2005 the selected companies are required to maintain ‘Cost Records’. As per Rules the cost records are to be maintained by the companies on regular basis for every financial year on monthly or quarterly or half-yearly or annual basis. Implementation of Cost accounting records is mandatory for the companies where cost audit has been made mandatory. Every company on which Cost Accounting record rules have been made compulsory shall have to keep cost records on regular basis. Such requirement has opened up consultancy opportunities in the designated companies.

## B. Compliance Audit

### (a) Corporate Governance Compliance Audit

According to the Bangladesh Securities and Commission’s Corporate Governance Guidelines 2012 [Notification No. SEC/CMRRC/2006-158/134/Admin/44, dated 07 August 2012, published in the official gazette on 30 August 2012], each listed company is required to obtain a certificate from a practicing Cost and Management Accountant or Chartered Accountant or Chartered Secretary regarding compliance of conditions of Corporate Governance Guidelines of BSEC and shall send the same to the shareholders along with the Annual Report on annual basis. For the first time the cost and management accountants have got statutory mandate of certification of corporate governance in all the listed companies. This is a wide opportunity for CMAs as all the listed companies are under

the scope of this audit. Previous 2012 Corporate Governance Guidelines have been replaced by the new Corporate Governance Code 2018 of BSEC [Notification dated 03 June 2018; published in the Gazette on 10 June 2018, w.e.f. 01.01.2019]. And under similar condition [Condition No. 9(1) of the Code], a listed company shall obtain a certificate from a practicing Professional Accountant or Secretary (Chartered Accountant or Cost and Management Accountant or Chartered Secretary) other than its statutory auditors or audit firm on yearly basis regarding compliance of conditions of Corporate Governance Code of the Commission and shall such certificate shall be disclosed in the Annual Report.

## C. Consulting Opportunities

### (a) Transfer Pricing

As per section 107F of the Income-tax Ordinance 1984 the Deputy Commissioner of Taxes (DCT) may require a report from a Cost and Management Accountant or Chartered Accountant regarding all or a part of the information, documents and records of Transfer Pricing to be furnished under section 107E. This is also a new provision in the Finance Act 2015 and CMAs need to grab the opportunity.

### (b) Income Tax Practice or Appearance as Authorized Representative or Tribunal Member or ADR Facilitator

Cost and Management Accountants are entitled under section 174(2)(e) of the Income Tax Ordinance 1984 to act as an “authorized representative” to appear before any income tax authority or the Appellate Tribunal on behalf of an assessee. CMAs are also entitled under section 174(2)(f) of the Income Tax Ordinance 1984 to get license for tax practice as an ITP (income tax practitioner) registered by the National Board of Revenue (NBR) without further examination conducted by the NBR as per the provision of rule 37(2)(v) of the Income Tax Rules 1984. For ITP purpose, CMAs have to follow the procedures laid down in rule 37(3). In accordance with the proviso to clause (f) of sub-section (2) of section 174, “an income tax practitioner shall be a member of any registered Taxes Bar Association”. CMAs having professional practicing experience of at least eight

years are also eligible to become a member of the Taxes Appellate Tribunal under Section 11(3)(v) of IT Ordinance, 1984 to exercise the powers and functions of the Tribunal. And other way, as stated above, CMAs are also entitled to appear before the Appellate Tribunal in connection with any tax proceedings vide Section 174(2)(e) of Income Tax Ordinance 1984.

Provision for resolving income tax disputes lying with any income tax authority, Taxes Appellate Tribunal or Court through Alternative Dispute Resolution (ADR) was introduced by inserting Chapter XVIII B in the Income Tax Ordinance 1984 by the Finance Act 2011. As per section 152K, for functional purpose of ADR, the NBR may select or appoint Facilitator. According to rule 10(d) of the Income Tax Dispute Resolution (Procedure) Rules 2012 [SRO No. 68-Ain/Aykar/2011, dated 05.03.2012], a CMA having at least 10 (ten) years of experience on income tax is eligible to act as an ADR Facilitator.

#### (c) Licensed Value Added Tax Consultant and VAT Agent

Since June 1998, as per provision of rule 4(1)(c) of the Value Added Tax Adviser (License) Rules 1998 [VAT SRO No. 117-Ain/98/178-Musak, dated 11 June 1998], a Cost Accountant is eligible for getting license for practicing as a licensed VAT Adviser subject to fulfillment of some other conditions (written and oral examinations). Same conditions are applicable for chartered accountants who can also work as a facilitator of the VAT ADR as per rule 5(1)(c) of the Value Added Tax (Alternative Dispute Resolution) Rules 2012 [VAT SRO No. 117-Ain/98/178-Musak, dated 11 June 2012].

After the effectiveness of the new VAT and SD Act 2012 from 01 July 2019, the new VAT Consultant Licensing Rules, 2019 [S.R.O. No. 202-Ain/2019/59-Mushak, dated 13 June 2019; amended by S.R.O. No. 323-Ain/2019/85-Mushak, dated 13 October 2019] have been made. Under Rule 3(1)(e) of these Rules, VAT Consultant license may be given to a retired official of the VAT Department having at least five years of working experience in the post not below the rank of the 9th Grade of the National Pay Scale or a Chartered Accountant or Chartered Secretary or Cost and Management Accountant having at

least five years of experience without participating in the examination subject to the receipt of appropriate application and inclusion of a course on the subject of VAT in the curriculum of their study.

Under Rule 16(2)(c) of the VAT and SD Rules 2016 [effective from 01.07.2019], a Cost and Management Accountant registered as a member of the Institute of Cost and Management Accountants of Bangladesh (ICMAB) can be appointed as VAT Agent.

#### (d) Licensed Customs Consultant and Authorized Representative

As per provision of rule 4(1)(d) of the Customs Consultant License Rules 2000 [Customs SRO No. 71-Ain/2000/1827-Shulka, dated 06 March 2000; vide DLR, 2002: 516-520], a Cost Accountant is eligible for getting license for practicing as a licensed Customs Consultant subject to fulfillment of some other conditions (written and oral examinations). Under section 196K of the Customs Act, 1969, a Customs Consultant may attend before any officer of Customs, an appellate authority, the National Board of Revenue (NBR) or the Government in any proceedings under the Customs Act or any rules made thereunder, on behalf of a person if authorized by him in writing in this behalf (DLR, 2002: 376-377).

#### (e) Cost Accounting Professional in Taking Anti-Dumping Measure

In Bangladesh, Anti-Dumping (AD) measures are taken under the Customs Acts 1969 (IV of 1969) and the Customs (Identification, Assessment and Collection of Anti-dumping Duty on Dumped Products and Determination of Injury) Rules, 1995. Chairman of Bangladesh Tariff Commission is the designated authority to impose AD duty to be collected by the Customs Authority. Antidumping measure is normally applied in the form of customs duties on the concerned product from a particular source. The substantive conditions for the application of AD measures are: (i) Dumped imports; (ii) Injury to the domestic industry producing the like products; and (iii) Causal link between the dumped imports and the injury. Filling up the prescribed application in this regard is very technical and cost accounting expertise is very important here, particularly in delineating “cost

accounting system” and to compute the “injury” which includes three measures: (i) material injury (present); (ii) threats of material injury (future); and (iii) Material retardation of the establishment of adomestic industry. Bangladesh has yet to be successful in imposing AD duty, possibly due to the weaknesses in the application procedure with costing and other accounting data not given by any cost accounting professional. Practicing CMAs can be of very good use in competent implementation of the three pillars of AD measures –dumping, injury, and causation.

#### (f) Other Areas

In order to avail professional service, Bangladesh Bank also encourages involvement of CMAs in various tasks of the central or commercial banks. Besides the above, the CMAs are also competent to practice or do consultancy in the following areas: (i) VAT Audit; (ii) Inventory Audit; (iii) Internal Audit; (iv) Management Audit; (v) Performance Audit; (vi) Business process re-engineering and SOP (Standard Operating Procedure) development; (vii) Project feasibility study and value chain analysis; (viii) Annual business plan development; (ix) Financial and cost accounting system development, implementation and outsourcing; (x) Performance monitoring and evaluation; (xi) HR (Human Resource) recruitment and training; (xii) Supply chain optimization and management study; (xiii) Productivity improvement; (xiv) Market survey and research; (xv) Socio economic survey; (xvi) Corporate registration functions with RJSC (Registrar of Joint Stock Companies and Firms), BIDA (Bangladesh Investment Development Authority), CCIE (Chief Controller of Imports & Exports) and others; (xvii) Risk management professional; (xviii) Work force optimization; (xix) Business process translation for ERP (Enterprise Resource Planning) development; (xx) IT (Information Technology) infrastructure and ERP development and implementation; (xxi) Environmental compliance and management; (xxii) Corporate valuation services; (xxiii) Total Quality Management (TQM), Lean Management and KPI (Key Performance Indicators) Analysis; (xxiv) Monitoring and Evaluation of System and Project; (xxv) Development and implementation of Inventory and Fixed Assets Management System; and so on.

## 4.0 Prospects and Challenges

In Bangladesh the Cost Audit is at its nascent stage. Despite the issuance of a number of directives by government little progress could be made so far. The possible reasons are:

- (a) There is lack of awareness about the benefits of Cost Audit among the administrative ministries and policy regulators.
- (b) Maintenance of record rules for the sectors/ units where cost audit has been introduced is mandatory. Lack of awareness about the uses of record rules is the main reason for no-compliance.
- (c) Some of the cost accounting record rules have become outdated in view of changes in technology, business process and other external factors.
- (d) To ensure standard application of cost accounting system and quality audit there is strong need for developing/adopting Cost Accounting Standards. The Institute has so far issued 31 Bangladesh Cost Accounting Standards (BCAs)<sup>1</sup>. Along with issuance of BCAs, there is strong need for their uses by the practicing cost accountants, regulators and academicians.
- (e) Capacity building is one of the prime concerns for the profession. Due to limited practicing experience the CMAs’ technical capability has to be developed further. In the month of August 2019, the Institute sent a pool of 20 CMAs to Delhi for practical training on cost audit conducted by the Institute of Cost Accountants of India (ICAI). In the previous years also training on cost audit were conducted in Dhaka and Chittagong by the experienced practitioners of India. They are expected to contribute to develop further resource pool of potential Cost Auditors in Bangladesh.
- (f) As per section 22(1) of the Financial Reporting Act, 2015 the Financial Reporting Council’s functions would mostly be done through the following four divisions: (i) Standards Setting Division; (ii) Financial Reporting Monitoring Division; (iii) Audit Practice Review Division; and (iv) Enforcement Division. These Divisions, among others, would oversee the Cost Audit reporting, audit quality and other enforcement activities. CMAs would therefore be under the strict scanner of FRC.

<sup>1</sup> The BCASs can be downloaded globally in mobile phones through Google Play Store.

(g) Under section 2(w) of the Money Laundering Prevention Act, 2012 (effective from 16.01.2012), “Reporting Organization” includes “corporate service provider” and “accountant”, who are liable to report “suspicious transaction” and “suspicious activity” of their clients if they come to their notice to the Bangladesh Financial Intelligence Unit (BFIU) with the approval of government. Section 2(z) of the Money Laundering Prevention Act, “suspicious transaction” means such transaction – (i) which deviates from usual transactions; (ii) of which there is ground to suspect that, the property is the proceeds of an offence, or it is financing to any terrorist activity, a terrorist group or an individual terrorist; and (iii) which is, for the purposes of the Money Laundering Prevention Act, any other transaction or attempt of transaction delineated in the instructions issued by BFIU from time to time. Under Rule 2(1)(aa) of the Money Laundering Prevention Rules, 2019 [S.R.O. No. 30-Ain/2019, dated 31.01.2019, published in the Gazette on 13.02.2019], “Suspicious Activities” for the purpose of the Money Laundering Prevention Act the activity defined by BFIU from time to time. For practicing professional accountants, it’s a new challenge to face.

(h) In accordance with the provisions of the Financial Reporting Act 2015 (FRA), major implications on ICMAB or its members or cost audit practice include: (i) ICMAB’s punishment to any of its members to disqualify him to be the Chairman or Executive Director of the Financial Reporting Council (FRC) [u/s 13(i)]; (ii) FRC’s Audit Practice Review Division’s observance of ICMAB’s activities regarding cost audit practice [u/s 25(1) (a)]; (iii) FRC’s cost audit practice code, guideline or regulation to have supremacy over ICMAB’s own cost audit related rules or guidelines [u/s 27(2)]; (iv) cost audit practice to be unauthorized while ICMAB’s action under disposal on FRC’s enforcement recommendation [u/s 34(1)]; and (v) enlisted cost auditor to intimate the FRC, ICMAB or concerned regulator about public interest entity’s inaction on severe irregularity within prescribed time [u/s 36] (GOB, 2015a; Bala, 2017).

However, Bangladesh, as a role model, completed the Millennium Development Goals (MDGs) journey with tremendous success by the end of 2015. The country then stepped into the era of the Sustainable

Development Goals (SDGs), which started from January 2016 and to be achieved by 2030. In this regard, more than three years before the adoption of the SDGs in September 2015, Peter Bakker, President, World Business Council for Sustainable Development (WBCSD), a Geneva-based CEO-led organization, told attendees at the United Nations Conference on Sustainable Development in Rio (aka Rio+20<sup>2</sup>) in June 2012 that “accountants would save the world.” According to Bakker (2013), to get all businesses involved in solving the world’s sustainability problems, accounting rules must be changed. All companies use water, energy, and paper, but few are held accountable. That’s why it is necessary to ensure that corporate reporting makes clear how a company is making its money, not just how much money it has made. For every robust, time-tested measure of return on financial capital, one measure for social capital, and another measure for natural capital are also needed (Bakkar, 2013). Hence, the CMAs can work as the expert on various corporate reporting in relation to SDGs such as sustainability reporting, integrated reporting, ESG (environmental, social and governance) reporting, impact reporting, etc.

Present challenge in our readymade garments sector is the burdensome compliance pressure from international buyer alliances with obvious cost escalation and on the other side fierce price competition among international suppliers and consequent falling or stagnant price. Here the survival factor might be target costing and value engineering for maintaining a steady or desirable profit. Application of various costing techniques (say, activity-based costing or throughput costing) can help in ascertaining product-specific true cost per unit and then its profitability can also be correctly measured. Thus, cost accounting professionals would be the immediate resort to survive in the thinly competitive global market of the garments sector.

H. Thomas Johnson and Robert S. Kaplan proposed a thesis in their book, *Relevance Lost: The Rise and Fall of Management Accounting* (1987) that “the management accounting systems in Western companies were no longer providing relevant information for decision making and control” (Johnson and Kaplan, 1991: xii). According to them, in this time of rapid technological

<sup>2</sup> The United Nations Conference on Sustainable Development – or Rio+20 – took place in Rio de Janeiro, Brazil on 20-22 June 2012. It resulted in a focused political outcome document, which contains clear and practical measures for implementing sustainable development (<https://sustainabledevelopment.un.org/rio20>; accessed 04-11-2016).



change, vigorous global and domestic competition, and enormously expanding information processing capabilities, management accounting systems are not providing useful, timely information for the process control, product costing, and performance evaluation activities of managers (Johnson and Kaplan, 1991: xix). However, Alan J. Richardson (2002: 92) states the following prospects:

*Professional associations of management accountants have taken up the challenge of regaining relevance by redesigning their training programs to emphasize the role of their members as decision-makers rather than information preparers. There has also been a boom in consulting firms offering to replace "obsolete" management accounting systems with new systems focused on activities, time, quality or throughput. It is clear that management accounting has entered a new phase in its development in which it is seeking to reinvent itself and reaffirm its legitimacy as a key part of modern management practice (Richardson, 2002: 92).*

As stated by David F. Linowes: "For the new generation of accountants, a great challenge lies ahead. It is a challenge to serve society to an extent unmatched in all history. It is a challenge to each accountant to serve himself by applying all his capabilities towards rounded, intellectual growth in a socially necessary function" (Linowes, 1965: 104).

## 5.0 Way Forward

Professional accounting practice centering only on cost audit and cost and management accounting services is undoubtedly a big challenge for sustainability. Still forward looking initiatives are the options.

- (a) There is no alternative to persuasive meeting with administrative ministries and policy regulators regarding the benefits of cost audit in the economy. ICMAB is required to take up some pilot projects for developing cost accounting models for selected sectors like: textile, fertilizer, jute, pharmaceuticals, fuel & power, edible & vegetable oil, cement, power generation, banking, NBFIs, etc. Demonstrating and implementing these projects can help convince the target customers about the benefits on the one hand and develop the practitioners' technical capability on the other.
- (b) The Institute has already setup a Cost Audit and Management Consultancy centre. The main objective of the venture is to provide institutional

support to the members to get involved in cost audit and provide consultancy services to the corporations, Government bodies, local and multinational private sector business organizations and individuals. In the process this can create a brand image of the Institute in the corporate arena. The Centre is working to solicit consultancy jobs for the members. The CMAs willing to get involved in practice can get the support of the center. This would also help provide the members a platform to grow their professional competence and market exposure for practicing in the designated field.

- (c) Voluntary efforts are required to implement the record rules in the organizations where cost audit has been made mandatory. ICMAB may also propose for the services to the organizations concerned. This can also help soliciting consultancy job for the members.
- (d) Adopting standard reporting format and maintaining audit quality are the prerequisites for effective implementation of Cost Audit.
- (e) There is also need to operationalize Audit Implementation Cell to monitor implementation of Cost Audit, Cost Accounting practice and Cost Audit Quality Assurance.
- (f) There is need for preparing Cost Accounting and Cost Audit manual for the sectors where Cost Audit has been made mandatory.
- (g) Projects to update the cost accounting record rules may be taken immediately.
- (h) Marketing of CMAs' services is also important to make practicing efforts successful. The CMAs of the Institute are working in different multinational, local public and private sector and global development agencies. They can play a catalytic role for arranging consultancy jobs for the practicing members.
- (i) Training programs need to be arranged on implementation of record rules, Cost Audit and a host of key consultancy areas for grooming the CMAs.


The International Federation of Accountants (IFAC) has issued the fourth edition of its Guide to Practice Management for Small and Medium Sized Practices in January 2018 (IFAC, 2018) to help improve the management and operational efficiency of practices, especially small- and medium-sized accountancy

practices, to address opportunities and challenges; improve their competitiveness, profitability and sustainability; enhance their expertise, competence, and efficiency; create an environment conducive to the provision of high-quality services; and showcase global best practices and latest practice management techniques. The Guide has 8 (eight) modules: Module 1: Planning for Your Firm; Module 2: Practice Models, Associations, and Networks; Module 3: Building and Growing Your Firm; Module 4: People Power: Developing a People Strategy; Module 5: Leveraging Technology; Module 6: Client Relationship Management; Module 7: Risk Management; and Module 8: Succession Planning. Cost and Management Accountants (CMAs) choosing cost and management accounting practice as a career should follow this Guide and the related resources along with the updates.

In relation to the role of the global accountancy profession in addressing 21st century public sector challenges, Thomas Müller-Marqués Berger, Global Head of International Public Sector Accounting Standards (IPSASs) for Ernst & Young GmbH, has referred to capacity building measures and safeguarding measures on the basis of three Ts – Trust, Talent and Technology (Berger, 2019). In the similar parlance, to face the challenges of the CMA profession, these three Ts may be applied as follows:

- **Trust** – expanded credibility and reliability on CMAs’ reports and the suggestive courses of action;
- **Talent** – shifting talent from process-led roles to more value-added business partner roles; and
- **Technology** – massive capacity building efforts, and significant investment in new technologies and tools.

Subroto Bagchi in his book *The Professional* (2009), has ranked the top ten attributes of a professional: (1) Integrity; (2) Commitment and ownership; (3) Action orientation and goal seeking; (4) Continuous learning; (5) Professional knowledge/skills; (6) Communication; (7) Planning, organizing and punctuality; (8) Quality of work; (9) A positive attitude, approachability, responsiveness; and (10) Being an inspiring reference to others; thought leadership. In Bagchi’s language: “We live in an age of just-in-time learning. So it is not about how much you already know but how rapidly you can syndicate the knowledge required to solve a

problem. And that requires commitment, ownership and action orientation” (Bagchi, 2009: 207). Hence, before giving professional services to statutory or non-statutory clients, the practicing CMAs must be competent enough (being the knowledge authority and thoroughly conversant and experienced on the client organization’s operations and the most recent or upcoming developments in the concerned industrial sector) to serve the client with their highest level of satisfaction. Thereby, the demand side of the CMAs’ professional services would be established on a solid foundation with enormous potentials. 

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If you **fail**, never give up because **F.A.I.L.** means "First Attempt In Learning".  
**End** is not the end, in fact **E.N.D.** means "Effort Never Dies".  
 If you get **NO** as an answer, remember **N.O.** means "Next Opportunity".

~ **Dr. A. P. J. Abdul Kalam (1931-2015), the 11th president of India (2002-2007)**

"You have to perform at a consistently higher level than others. That's the mark of a true professional."

~ **Joseph Vincent Paterno (1926-2012)**