

The World Bank has extended a grant of US 500,000 dollars to the Institute of Chartered Accountants of Sri Lanka (CA Sri Lanka) aimed at enhancing the core technical activities of the Institute.

The grant channeled through the bank's Institutional Development Fund (IDF) will cover the implementation of an audit quality assurance programme, an initiative to assist and educate Small and Medium-sized Practices (SMPs), a programme to increase awareness and adoption of International Financial Reporting Standards (IFRS) and to help improve the adoption of Sri Lanka Public Sector Accounting Standards (SLPSAS).

Underscoring the importance of this grant, CA Sri Lanka President Mr. Sujeewa Rajapakse addressing the media in Colombo on April 3 emphasized that the grant supports activities aimed at improving transparency and accountability by strengthening corporate and public sector governance.

"Improving transparency and accountability are critical to improving the investment climate, building investor confidence and strengthening corporate and public sector governance. The IDF grant supports activities aimed at achieving these results through strengthening financial reporting and auditing standards and practices," he noted.

While emphasizing the significance of the small and medium enterprises (SMEs) in the growth of the country's economy, Mr. Rajapakse underscored that the World Bank grant will help improve the quality of SME audits by strengthening the skills and competencies of small and medium audit practitioners who primarily carry out audits of the SMEs. He also noted that every necessary step will be taken to strengthen the financial reporting of SMEs by improving the awareness and skills in IFRS for SMEs among SME accountants.

The grant will also support CA Sri Lanka's initiative to develop the country's public sector accounting standards aligned with the International Public Sector Accounting Standards in public sector organisations in Sri Lanka.

Mr. Rajapakse also noted that the World Bank grant will also support the Institute's efforts to strengthen the quality of financial reporting of state owned enterprises through the adoption of IFRSs and SLPSAS.

"At a juncture when every sector and every profession is facing new challenges, I believe this grant will help us strengthen not only the accounting profession in the country but will also be a platform to further increase the professional standing of chartered accountants here," Mr. Rajapakse concluded.

Mr. Onno Ruhl, World Bank Director Operations Services and Quality, South Asia Region addressing the gathering stated that The World Bank has been continuously engaged with the professional accounting and auditing organizations in Sri Lanka. The World Bank carried out the ROSC A&A (Report on Standards and Codes (Accounting and Auditing) diagnostic assessment

in 2004 that provided a menu of policy options for the Government of Sri Lanka regarding the capacity building of the accounting and auditing profession. The ROSC report enabled the Government of Sri Lanka as well as the professional accounting and auditing bodies in Sri Lanka to take a holistic view on the requirements of the profession as well as the nature and extent of capacity building required for enabling the profession to meet the increasing demands from a growing economy. The present IDF grant support is to implement some of the key recommendations from the ROSC report and will therefore provide a further impetus to the growth of the private sector in Sri Lanka. The CASri Lanka was one of the key partners of the Bank in carrying out the ROSC diagnostic and commended CASri Lanka's continuous commitment shown towards the implementation of the ROSC recommendations over the years. This new partnership with the Bank is yet another symbol of the strong support provided by CASri Lanka –for enabling the growth of the private sector and its enhanced transparency and accountability.

MrRuhl also stated that Sri Lanka has been leading by example in the South Asia region through its ability to introduce modern financial management systems and practices both in the private and public sectors. The CASri Lanka is now taking these efforts to a higher level by enabling the adoption of international standards and practices in accounting and auditing. He stated that The World Bank is very happy to support this excellent initiative and that the outcomes of this IDF grant activity will make a significant contribution to the growth and development of Sri Lanka.

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