

# **CONSTITUTION**

## **SAFA CONSTITUTION**

### **Constitution [Revised]**

[This Constitution was adopted in its original form on August 22, 1984 and has incorporated the amendments *agreed and approved* at the meeting of Assembly on the eighteenth day of December, 2006]

#### **I. NAME**

The name of the organization shall be “The South Asian Federation of Accountants”(herein after referred to as the “SAFA”)

#### **II. MISSION**

SAFA as a forum of professional accountancy bodies is committed to positioning, maintaining and developing the accountancy profession in South Asian Association for Regional Co-operation (SAARC) Region and ensuring its continued eminence in the world of accountancy; in the public interest and towards broad economic development of the region.

#### **III. JURISDICTION**

The jurisdiction of SAFA shall be in tandem with the jurisdiction of SAARC and its member countries.

#### **IV. SECRETARIAT**

SAFA’s Permanent Secretariat shall be located at New Delhi, India.

#### **V. REGIONAL SECRETARIAT**

SAFA may set up one or more Regional offices in one or more of the countries falling within its jurisdiction.

#### **VI. OBJECTIVES AND FUNCTIONS**

SAFA shall, in the public interest work towards strengthening the accountancy profession and subserve in the interest of the broad economic development of SAARC Region. For this purpose SAFA shall undertake such functions as are necessary for achievement of its mission including the following:

1. to understand the profession in the regional context and continuously work towards its development in keeping with global trends;

2. to participate and play the leadership role on the International forums;
3. to promote harmonize accountancy profession in SAARC Region and in keeping with global development;
4. to play promotional role for the countries within its jurisdiction, where the accountancy profession does not exist or is not sufficiently developed;
5. to promote and set professional standards;
6. to act as interface between international bodies and member-bodies;
7. to promote and develop state-of-the-art research compact; and
8. to carry out such other activities as are considered incidental or ancillary to the above or considered expedient in furtherance of the development of Accountancy profession in the *SAARC Region*.

## **VII. MEMBERSHIP**

1. The membership of SAFA shall consist of the following:
  - a) Accountancy bodies listed in Appendix A
  - b) Accountancy bodies in the Countries falling within the jurisdiction of SAARC which apply for membership, subsequent to the adoption of this Constitution and are admitted by the Assembly on the recommendations made by SAFA Board
2. Admission to membership of SAFA shall be guided by the following:
  - a) The applicant Accountancy body should be sponsored by a member of SAFA. If there is one member body in the country of applicant body, such member body shall be consulted before admission. In case there are more than one member bodies in the country of applicant, such member bodies shall be consulted before admission. In case there is no member body in the country of applicant, the application shall be sponsored by any of the member body.
  - b) The applicant Accountancy body should be recognized by law within the country as a substantial national organization of a good standing within the accountancy profession.
3. Members shall undertake to:
  - a) subscribe to the mission and objectives of SAFA as set out in this Constitution ;
  - b) support the work of SAFA and make such financial contribution as may be fixed from time to time by the Assembly; and
  - c) abide by the provisions of this Constitution, policies and programme of SAFA and work towards their implementation to the extent practicable under local circumstances.
4. A member body may withdraw from SAFA by giving six months' notice in writing to the President of SAFA.

5. Any member body may be suspended and expelled by the Assembly on the recommendation made by the Board, after giving an opportunity to that member body to present its case in writing and/or orally for the following causes:
  - a) non-compliance with the obligations of membership as stated under clause (3) above; or
  - b) acts of omission or commission bringing the accountancy profession into disrepute.

## **VIII. OBSERVER**

Appropriate representative authority/body in member countries of SAARC, which do not have accounting bodies, could be accorded status of observer by the Assembly. Similarly, accounting body or related organization in other countries/international institutions or bodies of relevance to SAFA mission can be given the status of observer. The observer would have right to participate in the discussion in the Assembly without a right to vote. The observer shall support the mission, objectives, policies and work Programme of SAFA.

## **IX. GOVERNANCE OF SAFA**

### **1. The Assembly**

- a) The Assembly shall comprise of President, Vice-president, *Immediate Past President (ex-officio)* Secretary-General and the heads of the member bodies or authorized representative of the member body. Head of member bodies may be accompanied at the meetings of the Assembly, by one technical advisor who shall have no right to vote and in case of his inability to attend any of the Assembly meetings he can be represented by his technical advisor or any other person nominated by the member body. In such a case that representative shall have a right to vote upon being duly authorized in writing by the concerned member body. A member body, whose representative has been elected as President or Vice-President as the case may be, shall vote in their capacity as representative of that member body. President, Vice-President, *Immediate Past President* and Secretary-General shall have no right to vote. However, President or the person chairing the meeting in his absence shall have a casting vote in case of tie on proposals requiring simple majority.
- b) The Assembly shall based upon the recommendation of the SAFA Board or otherwise have the authority to take all the steps considered necessary to further the mission and the objectives of SAFA including performing the functions of:

- i) approval of budget and work programme;
- ii) issues of strategies, policy and those emergent in nature;
- iii) determine the financial contributions to be made by each member body and the uses to which these should be put;
- iv) admit or reject applications for membership of SAFA;
- v) admit or reject application for admission as observer;
- vi) consideration and approval of audited financial statements of SAFA;
- vii) appointment of auditor for each accounting year and fix their remuneration;
- viii) establish rules and procedure consistent with the provisions of the Constitution;
- ix) accept resignation of a member body or an Observer; and
- x) modification in the Constitution, as may be required.
- xi) *any other matter*

### **Ordinary Meetings**

- c) A physical meeting of the Assembly shall be held at least once in a calendar year and the interval between two physical meetings shall not be more than 12 months. Other meetings of the Assembly can also be conducted through telephone or electronic mode in accordance with the specific guidelines set out by the Assembly. The meetings of the Assembly shall be convened and conducted as per the procedure approved by the Assembly.

### **Special Meetings**

- d) Special meetings of the Assembly shall be held at a time and place to be decided by the President within 45 days of receipt of written demand of not less than one half of the member bodies, stating the purpose of the meeting. Provided that the President shall also have the power to convene a special meeting to consider any agenda which in his discretion is of immediate importance to further the objectives of SAFA.

### **Quorum**

- e) Presence of more than one-half of the members eligible to vote or their representative shall constitute the quorum for meeting of the Assembly. In the absence thereof meeting shall stand adjourned for such other date as may be decided by the President. On the date to which the meeting is adjourned, the meeting shall proceed to transact the business notwithstanding the fact that there may be less than one-half of the members or their representatives present.

## **Vote**

- f) Each member body shall have one vote which shall be exercised by the head of the member body or its authorized representative. President, Vice-President, *Immediate Past President* and Secretary-General shall have no right to vote. The President shall, however have a casting vote both at the meeting of the Assembly and the SAFA Board in the event of tie on all matters requiring simple majority.
- g) Decisions of the Assembly shall be taken by a simple majority of absolute total number of members bodies except on the matters where any other majority has been specified in Appendix 'B' of the Constitution or otherwise specified by the Assembly by a *unanimous vote* from time to time. Voting shall be by show of hands unless a poll is requested by at least two members or their representatives.

## **Mail Ballot**

- h) Except for amendments to the Constitution and such other matters as have been *specifically* referred to in 'IX'(g) above, a mail ballot by post or electronically may be taken when so authorized by the President, The decision shall be taken based on the majority of those voting within the stipulated time and date. Votes received after that *date* shall not be counted.

## **Notice of Meetings**

- i) SAFA shall give a preliminary notice to the member bodies and seek representations from member bodies for any item to be included in the agenda for the ordinary meetings. Thereafter, a notice of not less than 45 days shall be given for an ordinary meeting of the Assembly to be held physically and shall be accompanied by a statement of business to be transacted.
- j) No business other than that included in the agenda for the ordinary meeting shall be transacted at such meeting except with the consent of the President.
- k) After receipt of written demand of members representing not less than one half of the member bodies or at the discretion of the President to convene a special meeting as the case may be, SAFA shall give a notice of not less than 45 days to convene a special meeting of the Assembly to be held physically and shall be accompanied by a statement of business to be transacted. Provided that the special meeting can be held at a shorter notice if written consent of all the member bodies is received to that effect.

- l) In case of special meeting no other business shall be transacted at the meeting except the business for which the Assembly is specially convened.

### **Chairman of Meetings**

- l) The President shall be the Chairman of every meeting of the Assembly. In his absence, the Vice President shall act as the Chairman. In the absence of both, the Assembly may elect any other from its members to be the Chairman for that meeting.

## **2. SAFA Board**

- a) The SAFA Board shall comprise of President, Vice-President, *Immediate Past President*, Secretary-General and one member nominated by each of the member-body and who can be accompanied in the meeting of the SAFA Board with one technical advisor. The Vice-President shall be deemed to be the member nominated by the body, which he represents, and the said body shall not have any right to nominate any member on the Board during the tenure of Vice-President.
- b) Every member of the Board *other than President, Vice-President, Immediate Past President* shall have tenure of three years and shall be liable to retire by rotation. A person cannot be a member of the Board for more than two consecutive terms. A term served in part would constitute as a one full term served.
- c) The SAFA Board shall meet at least four times in a year physically or through tele-conferencing or video conferencing through the use of audiovisual method, once in each quarter of the calendar year.
- d) The SAFA Board shall perform administrative, financial and other functions such as:-
  - i) consider policy, strategic and emergent issues for recommendation to the Assembly
  - ii) make recommendations to Assembly for constitution of committees and their terms of reference
  - iii) recommend to the Assembly on application for the admission as member, observer and on their suspension or removal
  - iv) recommend to the Assembly about the appointment of the auditor and fixation of their remuneration
  - v) set up task forces, study groups etc as may be required from time to time

- vi) consider the budget of SAFA and its committees, for recommendations to the Assembly
  - vii) consider, receive and approve the financial statements of the SAFA for placing before the Assembly
  - viii) consider and adopt the reports of committees, task force, study groups etc
  - ix) determine response to other bodies or groups of bodies except on strategic, policy or emergent issues, for which recommendation shall be made to the Assembly
  - x) determine the publicity policy for SAFA, including policy on more prominent positioning at SAARC level
  - xi) maintain dialogue with the national Accountancy bodies, Government and regulators in different countries wherever required, for the furtherance of the objectives of SAFA
  - xii) appointment of employees, fixation of their remuneration and service conditions
- e) The quorum for the meeting of the SAFA Board shall be one-half of its total strength rounded off to nearest whole number. In the absence of the required quorum, the meeting shall stand adjourned to such date and time as may be decided by the President, SAFA. If the quorum is also not present on such a date, the number present shall constitute the quorum.
- f) *Every member shall have one Vote. President, Vice-President, Immediate Past President, Secretary General shall have no right to vote.*
- g) *Decisions of SAFA Board shall be taken by a simple majority except on the matters where any other majority is specified in Appendix 'B' to this constitution.*
- h) The meeting of the Board shall be convened and conducted in accordance with the procedure as may be approved by the Assembly from time to time.

### **3. Committees of SAFA Board**

#### a). Standing Committee on Finance

Standing Committee on finance shall comprise of President, Vice President and one of the other member of the Board elected by the Board unanimously, to deal with the issue relating to accounts/budget/finance and related matters.

b). Non-Standing Committee(s)

Assembly on the recommendations of the Board may constitute one or more non-standing Committees with their terms of reference from time to time. Non-Standing Committee(s) would normally be constituted to deal with the matters which may be required to be considered on a continuing basis for mid-term and long-term basis. The Board shall be authorized to constitute Working Groups/Task Forces to consider the emerging issues or other important matters specific in nature, with such terms of reference and components as may be considered appropriate.

- c). The Chairman and members of each of the non-standing Committee shall be appointed by the SAFA Board with the approval of the Assembly for a term of two years and is liable to retire by rotation. The SAFA Board shall observe the general parameters set out in the criteria for such appointment in Appendix 'C'. The Chairman of such a Committee may co-opt one person subject however to the fulfillment of the criteria contained in Appendix 'C' and the approval of the SAFA Board.
- d) The requirement of the quorum for the meeting of standing as well as non-standing committee shall be the same as in case of a meetings of the SAFA Board.
- e) *Decisions of the Committee shall be taken in accordance with the procedure as may be laid down by the SAFA Board.*
- f) The meetings of the standing as well as non-standing committee of SAFA shall be convened and conducted in accordance with the procedure as may be approved by the Board.

## **X. ROTATION**

The rotation of the Board members and the Committee members shall be in accordance with the principles laid down in this Constitution and as amended by the Assembly for the time being.

## **XI. PRESIDENT**

The meeting of the Assembly shall elect a President from amongst the members of the Assembly or nominees of the member bodies of SAFA. He shall hold office for one year or for such extended period till a new President is elected at the Ordinary Meeting of the Assembly. Any person who holds or has held the office of President shall not be eligible for re-election even though he may be liable for re-appointment or continues to be the head of his respective member body.

The President shall be the Chief Executive Officer of SAFA and Chairman of SAFA Board

## **XII. VICE- PRESIDENT**

The meeting of the Assembly shall also elect a Vice-President from amongst the members of the Assembly or nominees of the member bodies of SAFA. The term of office of the Vice –President shall be one calendar year, and for such extended period till a new Vice-President is elected at the ordinary meeting of the Assembly. He shall in the absence of the President, perform all such functions as have been specifically assigned to the President and such other functions as may be assigned to him by the Assembly.

## **XIII. SECRETARY-GENERAL**

The Assembly shall appoint a person as Secretary-General or such other designation as may be determined, to carry out such activities of SAFA as may be prescribed by Assembly from time to time. He shall have the right to participate in the meetings of the Assembly, SAFA Board and the Standing Committee, but without a right to vote.

The Secretary-General shall be the executive head of the Secretariat.

The Secretary-General may be removed by the Assembly by passing unanimous resolution consisting of endorsement from all the member bodies.

## **XIV. CASUAL VACANCY**

Notwithstanding the provisions of section ‘XI’, if a casual vacancy arises in the case of the office of the President, the Vice President shall take over as the President and shall hold the office for the residual term. He shall be eligible to be elected as President for the immediately succeeding term. If a casual vacancy arises in the case of the office of the Vice-President, the Assembly may elect the Vice President from among the members of the Assembly or nominees of the member bodies for the residual term. Casual vacancy on the SAFA Board, or any of Committees shall be filled in accordance with the procedure outlined for nomination of the member in respect of whom casual vacancy has occurred.

## **XV. FINANCIAL CONTRIBUTION**

Each member body shall make such non-refundable contribution annually as may be decided by Assembly from time to time provided that the financial contribution paid by each member body shall be same except under compelling reason for a specific body, which may be decided by the Assembly.

SAFA may raise financial resources in such other manner as may be determined by the Assembly unanimously from time to time.

## **XVI. ACCOUNTING YEAR**

The Accounting year of SAFA shall commence on 1<sup>st</sup> January and end on 31<sup>st</sup> December every year.

## **XVII. ACCOUNTS AND AUDIT**

The financial statements shall be prepared annually for each accounting year and shall be audited in accordance with the applicable auditing standards.

## **XVIII. GENERAL**

1. SAFA shall maintain close coordination with the International accounting bodies and shall endeavor to promote the aims and objectives of these bodies.
2. Assembly shall have the power to constitute Public Interest Oversight Board (PIOB) and to determine their scope, powers and functions.

## **XIX. AMENDMENTS TO THE CONSTITUTION**

Amendments to the Constitution shall require a unanimous approval passed by the Assembly consisting of the absolute total number of members and shall not be carried out except at a meeting of the Assembly provided that the representative who is unable to attend the meeting may vote through a postal ballot.

The professional accountancy bodies, which are signatories to the Constitution of the South Asian Federation of Accountants, hereby collectively agree to amend SAFA Constitution, 1984.

SIGNED THIS EIGHTEENTH DAY  
OF DECEMBER 2006 AT KATHMANDU, NEPAL)  
FOR AND ON BEHALF OF

**Bangladesh**

The Institute of Chartered  
Accountants of Bangladesh

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The Institute of Cost and  
Management Accountants of Bangladesh

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**India**

The Institute of Chartered  
Accountants of India

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The Institute of Cost and  
Works Accountants of India

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**Pakistan**

The Institute of Chartered  
Accountants of Pakistan

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The Institute of Cost and  
Management Accountants of Pakistan

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**Sri Lanka**

The Institute of Chartered  
Accountants of Sri Lanka

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**Nepal**

The Institute of Chartered Accountants of Nepal

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## **APPENDIX A**

### **SAFA CONSTITUTION**

#### **Member Bodies**

The Institute of Chartered Accountants of Bangladesh

The Institute of Cost and Management Accountants of Bangladesh

The Institute of Chartered Accountants of India

The Institute of Cost and Works Accountants of India

The institute of Chartered Accountants of Pakistan

The Institute of Cost and Management Accountants of Pakistan

The Institute of Chartered Accountants of Sri Lanka

The Institute of Chartered Accountants of Nepal [added on 29<sup>th</sup> November 1997]

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## APPENDIX B

### SAFA CONSTITUTION

#### Vote at Assembly and SAFA Board

1. Unanimous Vote [See Note 1]

Matters requiring *resolution* carrying unanimous approval of all the members (*present or through postal endorsement*) of the Assembly meeting and SAFA Board meeting.

- a) Amendment *to the* Constitution;
- b) Removal of member (excluding that member);
- c) Determination of financial contribution from member bodies;
- d) Fixation of Conference/Seminars outside SAFA Region;
- e) Issues, which are strategic/policy in nature;
- f) Opting for a membership of International Accountancy Forum;
- g) Appointment and removal of Secretary-General;
- h) Establishment of Regional Secretariat of SAFA in one or more of the countries falling within its jurisdiction;
- i) Promoting and setting up of professional standards;
- j) Investment policy;
- k) Financial contribution from other than a member;
- l) Borrowings;
- m) Any other matter as decided by the Assembly from time to time.

*Except for matters at 1(a) to (c), a mail ballot by post or electronically of a member can be taken when so specifically authorized by the President.*

2. Special Majority [See Note 2]

Matters requiring *special* majority consisting of at least three-fourth of the absolute total number of members (*present or through postal or electronic endorsement*) in Assembly meeting and SAFA Board meeting.

- a) Admission of member body;
- b) Admission and removal of Observer;
- c) Approval of Capital Budget;
- d) Setting up of Committees and their terms of reference;
- e) Issues concerning any other International forum of Accountancy;
- f) Determining response to other bodies on technical issues;

3. Simple Majority [See Note 3]

Matters requiring simple majority of all the members in Assembly meeting and SAFA Board meeting.

- a) Consideration and approval of audited financial statements;
- b) Appointment of auditor and to fix their remuneration;
- c) Resignation of member body;
- d) Fixation of Conference/Seminars within the SAFA Region;
- e) Receiving the reports of the committees;
- f) Opening or closing of bank account;
- g) Calling for meeting.

Notes:

1. *Unanimous approval means affirmative vote of all the members entitled to Vote.*
2. *Special majority means affirmative vote of majority of at least three-fourth of the total absolute number of members entitled to vote or any other majority as the Assembly may decide unanimously from time to time.*
3. *'Simple majority' means affirmative vote of more than half of the total absolute number of members entitled to vote.*

## APPENDIX 'C'

### SAFA CONSTITUTION

#### Criteria for Members of Committees

1. The SAFA Board would invite nominations from member bodies for nominating members of proven eminence and ability to associate with different Committees/Task Forces of SAFA. The SAFA Board would aim to provide general balance between practitioners and non-practitioners and suitable representation would also be looked for "Public Representative". Given the fact that SAFA would advocate for an equal opportunity; nominations of lady members would be encouraged.
2. Nominees to the different Committees/Task Forces of SAFA should be associated at a senior level in their organization/firm and highly respected both inside and outside the profession.
3. The nominating organization should support their candidature and in the event of Board acquiescing to such nomination, the nominating organization shall indicate the kind of support it shall be extending to such candidature in discharge of SAFA activities.
4. Essential Requirements of a Nominee
  - a) nominee to the Committee/Task Force should be a person of ability, integrity and standing having special knowledge and professional experience of normally not less than 10 years in relevant field.
  - b) should be a person of eminence and well versed in accountancy, finance, business administration, business law, economics or similar discipline and should have sufficient exposure to IT skills.
  - c) should have a strong desire to work towards the improvement of standards that are applied by the accountancy profession with in South Asian Region.
  - d) no disciplinary action should be pending against him.
  - e) shows and would fully commit to various SAFA activities and work entrusted to him.
  - f) demonstrate willingness and expertise to provide guidance and facilitate assistance to professional accounting bodies in South Asian region.
  - g) demonstrated ability to engage in promotional activities that include meetings, delivering presentations and participation in workshops of international repute.
  - h) proficiency in written/spoken English will be essential.
  - i) ability to work in a collegial environment.

5. Time Commitment

- a) The nominee should undertake to be fully committed to the SAFA activities undertaken by its committee or task force.
- b) He should be able to devote at least 150 hours in a year for the SAFA activities taking together the time required for travel, attending the meetings and pre-post meeting work.
- c) It is expected that he should attend all the meetings of the committee of which he is a member and in the case of absence he should take prior permission from the Chairman of the Committee and keep the Board informed.

6. Financial Responsibilities

The cost towards nominee incurring any expenses related to SAFA for attending the meetings of committees shall be borne by the nominee's member body/such nominee himself.

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