



WIRC wishes all Members & Students

Happy Diwali



Internal Audit - Different Dimensions

WESTERN INDIA REGIONAL COUNCIL
THE INSTITUTE OF COST ACCOUNTANTS OF INDIA
(STATUTORY BODY UNDER AN ACT OF PARLIAMENT)

Follow us on    

Glimpses of Training Programme for Co-op. Dept. Officials, Mumbai organised by Western India Regional Council



CMA Ashish Bhavsar, Hon. Secretary WIRC-ICAI, Shri. J. D. Patil, District Deputy Registrar, Mumbai 1, CMA Shriram Mahankaliwar, Chairman WIRC, Shri. Bajirao Shinde, Divisional Joint Registrar, Mumbai Division, Shri. Sushil Shelar, District Special Auditor Class-1 Cooperative Societies, Mumbai, CMA Vinayak Kulkarni, Vice Chairman WIRC-ICAI.



CMA Shriram Mahankaliwar, Chairman WIRC felicitating Mr. Bajirao Shinde, Divisional Co-Registrar Co-operative Societies, Mumbai



Shri Madhav Prabhune, Banking Consultant is being felicitated by CMA Vinayak Kulkarni, Vice Chairman WIRC-ICAI



CMA Ashish Thatte, CCM-ICAI & Speaker is being felicitated by CMA Vinayak Kulkarni, Vice Chairman WIRC-ICAI



CMA Deepak Tikekar is being felicitated by CMA Vinayak Kulkarni, Vice Chairman WIRC-ICAI



CMA Vinayak Kulkarni, Vice Chairman WIRC-ICAI felicitating CMA Deepak Ukidave



View of Co-op. Dept. Officials



THE INSTITUTE OF COST ACCOUNTANTS OF INDIA

(Statutory Body under an Act of Parliament)
WESTERN INDIA REGIONAL COUNCIL



During the celebration, clay lamps known as Diyas are lit to symbolise the triumph of virtue over evil, as well as the victory of light over darkness. On the occasion of Diwali, people also leave their windows and doors open to welcome Goddess Lakshmi into their houses.

Our warm wishes to you on Diwali



CMA Shriram N. Mahankaliwar
Chairman



CMA Vinayak B. Kulkarni
Vice Chairman



CMA Ashishkumar S. Bhavsar
Hon. Secretary



CMA Chaitanya L. Mohrir
Treasurer



CMA Dinesh Kumar Birla
Regional Council Member



CMA Harshad S. Deshpande
Regional Council Member



CMA Mahendra T. Bhombe
Regional Council Member



CMA Arindam Goswami
Regional Council Member



CMA Ashwin Dalwadi
Central Council Member



CMA (Dr.) Ashish P. Thatte
Central Council Member



CMA Debashish Mitra
Central Council Member



CMA Neeraj Dhananjay Joshi
Central Council Member



CS Makrand Lele
Government Nominee





FROM THE DESK OF CHAIRMAN

Respected Dear Professional Colleagues

Festive Greetings!!!

I congratulate all the successful students who have cleared their Final & Intermediate examinations for June 2022. WIRC is shortly planning to have Felicitation Programme for all Successful Candidates from Mumbai and Suburbs. As per Headquarters guidelines, we are also preparing to conduct 12 days Pre-Campus Orientation Programme for the Final Students before appearing for the Campus Placement.

To increase the visibility of our Profession and create more opportunities for Practising members, WIRC office bearers had a meeting with Managing Directors of Saraswat Co-op. Bank CMA Arti Patil MD (operations) & Abhijit Prabhu, MD (Business) & submitted representation for inclusion of CMAs for Stock Audit, Credit Review assignment, Risk Management etc., & other Banking Empanelment at their headquarters at Prabhadevi on 12th September 2022.

We also met Shri Milind Mhaiskar IAS, Secretary-Housing Dept. (RERA) to submit Memorandum for Inclusion of Cost Accountants for Certification of Cost of Project in Explanation III to Rule 5 (ii) for ongoing projects within the meaning of the first provision to sub-section (1) of section 3 of the RERA Act on 12th September 2022.

Sequel to our Professional Development initiative, WIRC in association with Department of Co-operation, Mumbai, Government of Maharashtra organized Workshop for Co-operative Department Officials of Mumbai on 21st September 2022 at Mumbai District Co-operative Bank, Mumbai. Inaugural session was attended by Mr. Bajirao Shinde, Divisional Co-Registrar, Co-operative Societies, Mumbai alongwith other sub registrar & Special auditor of Mumbai Region. During the Workshop, 4 technical sessions were organised on topics such as 'How to read Balance Sheet of all types of Co-operative Society with Ratio Analysis, GST for Co-operative Societies, Income Tax for Co-operative Societies, Fund Flow and Cash Flow Statement' etc., which was very well appreciated by the department. I appreciate the efforts of all the Office Bearers of WIRC & Chairman of Task force for Co-operative, Trust, MSME & Banking, WIRC in co-ordinating the entire Programme.

PD & CPD Committee of WIRC started Series on Cost Accounting Standards from October 2022. Two CEPs were conducted on CAS1 CAS2, CAS3 during the month at Thane SMFC.

WIRC conducted Virtual meetings of various taskforce during the month. Taskforce for Young CMAs was held on 24th September 2022 in which members suggested to improve WIRC presence on Social Media.

Meeting of Taskforce for Women Empowerment was held on 27th September 2022 in which members discussed for having a Lady Convention to be held on 8th October 2022 at Pune.

Taskforce for Members in Industry was held on 1st October 2022 in which it was decided to organise Industry sector wise seminars, to create one HR Forum for better awareness about the Profession as well as creating Employment opportunities & increase in Participation for Campus Placement & to appoint State wise co-ordinators for better co-ordination.

In response to an Initiative of WIRC to have Career Counselling drive across the Region & Chapters to create Career Awareness about CMA Course, necessary advisory guidelines for conduct of Career Counselling programmes were given to all Chapters & office bearers of the Chapters along with necessary material in soft copies. I express pleasure in informing you that many Chapters have supported this initiative and conducted Career Counselling Programmes in their respective areas, a brief report is given in this issue.

WIRC also conducted two Career Guidance lectures in Mumbai; one at M. L. Dahanukar College of Commerce, Vile Parle on 12th September 2022. CMA Srinivas Bala guided the students. More than 200 students attended the programme. 2nd lecture was conducted at V. K. Krishna Menon College of Commerce and Economics, Bhandup on 28th September 2022 where CMA Shailaja Balamurali guided the students. More than 300 students attended the programme. Similarly, Ahmedabad, Nagpur and Nasik-Ojhar Chapters also organised Career Counselling lectures.

WIRC is planning to conduct Regional Cost Convention in the month of January 2023 at Mumbai. Dates & Venue will be informed in due course.

Look forward to your suggestions to improve the operational efficiency & Working of WIRC.

I wish all the members, students, staff and their families Happy Diwali and Prosperous New Year

With Warm Regards

CMA Shriram Mahankaliwar

Chairman, WIRC-ICAI



Respected Seniors and Dear Professional Colleagues

I am sure you and your family enjoyed the Navratri festival celebration after a gap of 2 years. Dussera is believed to be a symbol of a victory of good over evil. Let's keep bad things away from institute and profession.

Results have been declared for the June 2022 exam. I would like to congratulate all the successful students from bottom of my heart. For the complete CMAs, this result is one of the milestone in the life and they will enter in the professional world.

In September office bearers of WIRC had a meeting with CMA Aarti Patil MD (operations) and Abhijit Prabhu MD (Business) of Saraswat Co-Operative bank at Mumbai. We have submitted our representation for inclusion of CMAs in banking Empanelment for different services. It was a very fruitful discussion and CMA Aarti Patil assured that she will look into the representation positively.

We also had a meeting with Shri. Milind Mhaiskar, Principal Secretary Housing Department at Mantralaya. We have submitted a memorandum for inclusion of Cost Accountants for RERA certification.

15th Sept is the birth anniversary of Sir Mokshagundam Vishveshwaraya. It is observed as the Engineers' day, as a tribute to the great engineer In India. He was the first civil engineer who helped in building some of the architectural marvels, including the Krishna Raja Sagar dam in Karnataka. For our costing profession also an engineering knowledge is very essential so let's tribute the legend.

On 21st Sept WIRC in association with Co-Operative department, Government of Maharashtra organized a workshop for Co-Operative Department Officials. Officials form government appreciated the knowledge shared in the 4 technical sessions, on topics Income tax for Co-operative societies, Accounts, GST related provisions for Cooperative societies fund flow and cash flow statement.

26th September was celebrated as World Environmental Health Day, MAEH has brought together environmental health professionals across the globe to discuss the theme "Prioritizing Environmental Health for Healthier Communities in Global Recovery". This year's theme is 'Only One Earth', which draws our attention towards playing our role effectively while living in perfect harmony with nature – without proving a burden on it.

Diwali is one of the biggest festival in India. We all celebrate Diwali as per our tradition. Diwali is festival of lights. During Diwali time we enjoy sweets, crackers, and get together with family and friends. This year we are taking a new initiative to share the joy of Diwali with our CMA family. All the members are requested to share their Diwali celebration photos and we will publish the same in November 2022 bulletin.

With Gleam Of Diyas And the Echo Of the Chants, May Happiness And Contentment Fill your whole Life. Wishing You A Happy and prosperous Diwali.

Regards,

CMA Chaitanya Mohrir
Chairman, Editorial Board

Internal Audit of Information Systems

CMA Anuradha Makarand Dhavalikar

Mob.: 96571 18887

E-mail : anudhavalikar@gmail.com



Internal Audit of the Information Security function is a part of the Information Security Framework that can be termed as a detective control. The internal audit of the Information Systems is not mandatory under the Indian laws. However, the statutory financial auditors are expected to give their opinion on the functioning of the internal controls of the entity. Thus, in an IT enabled environment, the audit of information systems is generally taken up in depth by the internal auditors. The statutory financial auditors rely on the opinion of the internal auditors to quite an extent. The internal auditors for Information Systems can be employees or other outside experts. This may be either a periodic activity, or it may be a continuous control activity.

In this article, we will discuss the internal audit of an information system that is typically enabled with electronic information technology tools and has other physical and intangible components, very typical to an average Indian business. Internal audit of Information Systems provides the management the first line of defence against preventable errors and detects any omissions that may affect the validity or quality of information.

To begin with, we study the components of a typical information system. Then, we gain an insight into risk management - the identification of risks, classification, management strategies and internal controls involved. We will then discuss the use of Internal Audit as a risk mitigation tool.

The standard frameworks offered by certain global

organisations is discussed in brief. This will give the readers an idea of an information systems governance framework that has been widely accepted across the globe.

What are information Systems?

Most of us equate “Information Systems” with “IT Systems and MIS,” which are commonly found in large corporate entities. Can you imagine Amazon or Flipkart business models without the strong IT systems? It would be impossible for these businesses to operate without the technology. Now, let us take a look at the local grocery stores. The closest IT enabled information system that shopkeeper has is his android phone app that helps him place orders and make payments to his suppliers. The rest of the information system like inventories, prices, discounts, credit etc. are either noted in a small notebook or are embedded in the minds of the shopkeeper and his assistants.

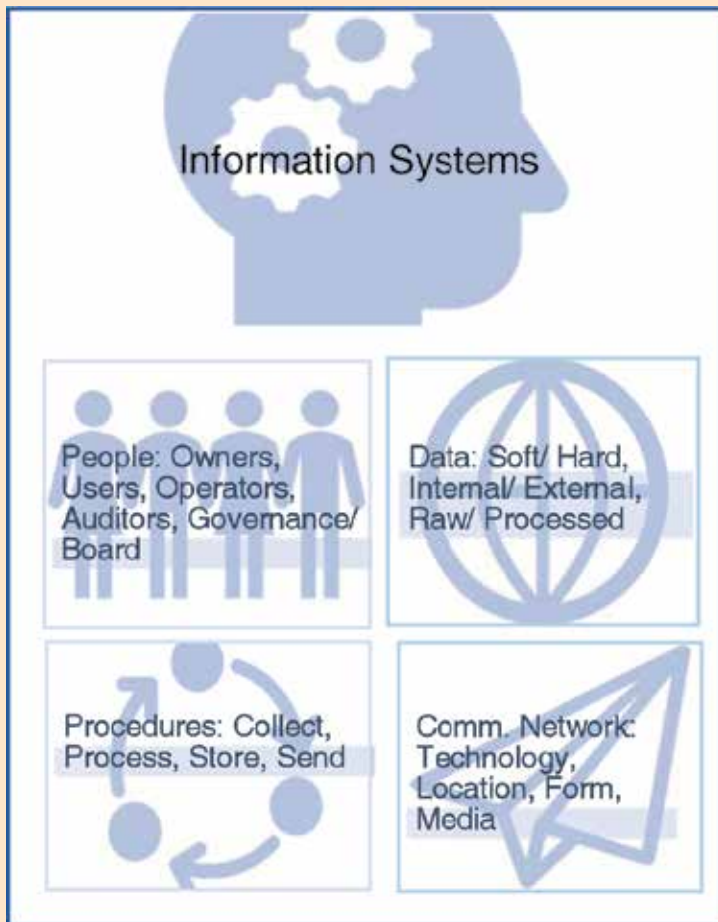
Essentially, in any business environment, an information system is a collection of processes and components for collecting data, processing it, storing it, and conveying it as information to its users, with the objective of making it useful to the recipient for further analysis, coordination, control, decision support or planning. We can divide an information system into its components, and take up one component at a time. If we follow the input-process-output route, we can prepare a list out the components involved at each stage. As an auditor, it is important to identify risks and test the internal controls at each stage of the system, vis-à-vis the nature of the components.



A component View of Information Systems One approach to the internal audit may be to tackle each component separately, where questionnaires and checklists could be designed to cover all aspects of internal controls in each component.

The advantages of this approach are many. The peculiarities

of each component attract different types of risks. The auditors require different skill sets and tools to test the internal controls in each. For example, in an ERP system driven approval hierarchy for purchase orders, the auditor needs to understand the flow of the data, validation of inputs, process rules, integrity of the users. Each component faces external threats and internal risks. Each needs different



A component View of Information Systems

skills and technical expertise. One challenge in using this approach is the humungous task of putting together all the components again, to see the broader picture.

What are Information System Risks?

The goal of any information system is to make valid and relevant information available to authorised users in a timely and convenient manner. Businesses invest heavily in their information systems with certain business objectives in mind. The most common amongst these are:

1. Achieving operational excellence

Information Asset	Asset Class	Threat	Vulnerability	Risk	Risk Class
ERP system – Hardware	Vital	Power failure	Generator switch-over takes 2 minutes	Loss of transaction support for 2 minutes per failure – approx. ₹24 lakhs pa	Medium
ERP system - Software	Vital	Hacking and Ransomware	Password leaks	Ransom – approx. ₹100 crore per event Loss of reputation – approx. ₹500 crore per event	High
ERP system – Ordinary User Licence	Essential	Limited number of licences	Sharing login credentials amongst employees, errors, circumventing internal controls	Operational loss – approx. ₹1 crore per event	Low

Risk Management Strategies

Once the risks are identified, analysed, evaluated, and classified, the next step is to prioritise the risks. The highest

2. Bringing in new products, services, business models
3. Closer relationship with customers, suppliers and regulators
4. Faster and improved decision making
5. Gaining competitive advantage
6. Business continuity and sustainability

The goals and objectives of information systems vary, as the circumstances, such as technology, business environment, legal and regulatory requirements, physical and social environment, and financial feasibility surrounding each organisation vary.

A risk is a measured threat of a potential circumstance or event, expressed as a function of the adverse impact(s) that might arise in case of its occurrence and the likelihood of its occurrence. An information risk may be defined as a risk to an organisation's operations, its assets, its people, its reputation, associated organisations or its country, due to the potential of unauthorised and inappropriate access, use, modification, disruption, destruction, or disclosure of pertinent information or information systems.

Risks are identified for each group of information assets. The approaches to risk identification may be asset-vulnerability based or event-based. Methods like brainstorming, pessimistic thinking, feedback from employees, vendors and customers, and employing outside experts.

Risk Classification

Information risks are “Common Risks,” that is, risks that permeate business or internal risks, as well as external risks. It is a common practice to classify information assets into vital, essential and desirable. Further, attributes such as privacy, restricted access and public are assigned to each information asset. This is helpful in quantifying and classifying risks in both asset-vulnerability and event-based approaches. Based on the value assigned to the risk and VED class of the underlying asset, it may be classified into “high, medium or low” category.

An example of the classification is presented as a table below:

risks are addressed first, in greater detail as compared to the lower-class risks. For example, in a hospital, patient medical data is a high-risk asset. If it is stored on a private

cloud, its leakage would lead to large financial losses and legal action. Thus, it would be treated as a priority information asset. Compared to this, employee attendance records stored on the private cloud would be considered a lower priority.

While planning the roadmap for managing the risks assessed and prioritised, it is generally ensured that the overall goals and objectives of the organisation and the objectives of the information system's risk management team are well aligned. The information risk management function is, after all, a sub-set of the Enterprise Risk Management function. The risk appetite of the management guides the extent and depth of the plans to manage the information risks.

While defining the Information Risk Management Strategy, certain important factors are considered:

1. The budgetary outlay allocated to the team and the current financial condition of the organisation play an important part in determining what strategies, tools and techniques can be adopted for managing the information risks.
2. The time-frame of the strategy is important. Many organisations prepare 3-year rolling plans with annual plans within them. This helps in dealing with the rapid changes in technology, while maintaining the continuity of the original plan.
3. The management's idea of a safe environment may vary with respect to their interactions with different stakeholders. For example, the management would like to assure the customers and vendors that their business information is safe and secure. At the same time, the management may require the employees to reach for a competitive advantage or cost advantage as compared to the competitors. Some organisations may not go beyond the minimum safety levels required by law. The decided level of safety for each information asset group or infrastructure will guide the formation of the strategy for the given time-frame.
4. People play an important role in the formation of the risk management strategy. Their level of competency, integrity, culture, and finally, availability for working on the risk management program determine the types of solutions designed to manage risks.

The risk management strategies fall into the following categories:

1. Risk Acceptance – This strategy is adopted where the risk is common, constant and can be dealt with effectively. An example of this is the risk of viruses and malware infections. This can be easily dealt with by suitable firewalls, protocols, and other such software tools. This is an accepted risk for the use of internet in the organisation.
2. Risk Avoidance – This strategy involves the avoidance of the circumstances or processes that face the risk. An example of risk avoidance could be having multi-level authentications such as password, secret question, and retinal or fingerprint scan for important authorisations. This helps in avoiding the risk of leaked passwords and hackers gaining control over the process.

3. Risk Transfer – In this strategy, the risk is transferred to an outside party. An example could be the physical security of the server room that is outsourced. The Managed Security Service Providers such as Cipher, SecurityHQ, Secureworks, IBM, Verizon etc. are some examples of such operators in India.
4. Risk Reduction – The risks that cannot be avoided or transferred must be dealt with through risk reduction. Systems must be put in place to mitigate the risks. For example, the credit card information may be broken into sections and kept by the credit card company at different locations or with a large number of unrelated entities, to ensure compliance with the PCI DSS requirements. It would require a huge coordinates effort and a large expense for a fraudster to hack through the systems of several DBMs with several layers of security and figure out the algorithm to piece it together.

The final steps in risk management involve implementation of the strategy and periodic review. Course correction would be required from time to time to ensure that the goals and objectives are achieved. Any change in the environment needs to be assessed again for its impact on information security.

Controls

Information risk management controls are a set of policies, procedures and techniques that are followed by an organisation to give a reasonable assurance to the management that the information assets and infrastructure are operating smoothly and securely. These controls help in ensuring authenticity, integrity, availability, confidentiality, message nonrepudiation, and access control. Internal controls promote accountability of the people in the Information Systems. Some legislations such as the Companies Act, 2013 (India) and the Sarbanes-Oxley Act, 2002 (USA) require the organisations to undergo an audit of the internal controls. Thus, these organisations need well documented internal control mechanisms.

The controls can be classified into 3 main categories:

1. Supportive Controls – These are a framework of controls that are required for all other forms of controls. The framework involves the identification of activities, monitoring the information systems for unusual or suspicious activities, and resolve basic threats. These include Identification Controls (user, asset, process identifications), Cryptographic key controls (storage, distribution, and maintenance), Security Administration Controls (network, operating system, applications), and System Protection and Controls (residual information, layering, process separation) for technical integrity.
2. Preventive Controls – These are controls that are designed to address threats before the occurrence of an event. These may be aimed at risk mitigation or risk acceptance. These are generally comprised of Authentication, Authorisation and access controls, Non-repudiation controls, Communication Controls and Privacy controls.
3. Detective and Recovery Controls – These controls set to work to identify and recover information or assist

business continuity after the occurrence of an event. These are generally configured to set to work in tandem with the preventive controls, so that if a preventive control fails, the detective and recovery controls are in set in motion to identify the occurrence and start the recovery and restoration process as soon as possible. The most common amongst these are:

- a. Audit controls
- b. Intrusion and containment controls
- c. Proof of wholeness controls
- d. Secure restoration controls
- e. Virus detection and eradication controls

A framework of controls is created to cater to the needs of the entity. Such a framework may be specifically designed for the entity, or it may be adapted from the readily available frameworks:

1. ISO/IEC 27001/2 -
2. NIST Cyber Security Framework (CSF)
3. NIST Special Publication (SP) 800-53
4. COBIT 2019
5. HITRUST Common Security Framework (CSF)

Internal Audit

The audit of the Information System, its operations, practices, and infrastructure may be carried out by the

internal auditors as a part of a larger audit, such as the internal audit as per the Companies Act, 2013, or it may be carried out independently. The internal audit of IS may or may not follow the traditional internal audit of financial statements. The basic purpose of the internal audit is to act as a detective control. It is designed to ensure that the organisational objectives are met effectively and efficiently, the information assets and infrastructure are protected and their integrity is preserved. This includes assessing the internal controls in the system. Meeting organisational goals and objectives requires that the IS goals and objectives are met. The goals of the information system are to make available complete, unrepudiated and validated information on time to the authorised persons. The Internal Audit function is required to provide its opinion on the functioning of the internal controls in the information systems. The IA also reviews the IS goals for their alignment with the organisational goals. The hierarchy of authority and responsibility in carrying out the operations of the IS function are also an important area of audit. Thus, the IA examines all the components of the IS – People and Organisation, Technology Hardware and Software, Policies, Processes and Time.

Internal Audit Functions

The functions of the internal auditors while auditing the Information Systems are the same as that of the organisation's internal audit functions. It lends an assurance to the

Sr. No.	IA Function	IS Perspective
1	Monitoring Internal Controls	Internal controls in the IS may be supportive, preventive or detective and recovery. The internal auditors must satisfy themselves that the controls are adequate, considering the nature and size of the operations. The continuous nature of IS operations requires a continuous monitoring of the internal controls. For example, if a financial transaction in a bank account is partially posted by an internet banking user, the controls must be designed to identify and roll back such transactions immediately. The IA checks the presence, functioning and risk of failure of this control.
2	Review of Operational Activities	The IS collects data from various sources, validates, stores, analyses and delivers it to authorised users as and when required. The operations are reviewed at each stage through checks and balances, tracing transaction history, audit trail, error and exception identification.
3	Review of Compliance with Laws	The IA must list out the laws applicable to the IS and review compliance with them. For example, in India, the audited financial statements are required to be made available to the shareholders at the registered office or other branches of the company. In an IT enabled environment, the IA seeks assurance that the statements are accessible in the electronic form at the said location, to authorised persons, through secure access.
4	Examination of Financial and Operational Effectiveness & Efficiency	The IA examines the IS operations to see if the desired IS goals are met with efficiency and cost effectiveness. For example, the IA may review IS projects that may be underway, to see if they are being implemented as per schedule, and if the budget allocated to them is being utilised judiciously. Financial propriety in the operations is examined.
5	Review of Risk Management	The IA reviews the risk management framework employed by the IS for adequacy, effectiveness, efficiency, and continuity. The IA requires an in-depth understanding of the various internal and external threats to the IS assets and IS infrastructure. The formalisation of the risk management framework is helpful to both, the auditor and the auditees.
6	Governance	In most large organisations, the IS function has an organisation structure with defined roles and the corresponding job specifications. The authority and responsibility attached to each position in the organisation are generally defined. Policies and procedures for delegation and performance review are generally stated. The IA examines the governance framework of the IS function for adequacy, balances and checks, adherence to the given policies and directives, change management and review mechanisms.

Internal Audit Process

Like any other internal audit process, this too follows the steps –



The Planning phase can be divided into pre-engagement and post-engagement planning. Before a formal proposal for internal audit, the IA service providers often carry out a brief survey of the existing IS infrastructure and assess the nature and volume of transactions. They may often hold discussions with the functional and operations department personnel to understand the pain areas. This is helpful in determining the proposed scope. A detailed plan may be prepared after obtaining the engagement letter. This includes a detailed as-is mapping, gap analysis, risk identification and prioritisation, and selecting the audit approach, methods and techniques. The audit team requirements can be assessed – number of persons, skill-sets and experience, and the hierarchy.

The fieldwork can begin after the structure is manned. The fieldwork involves examining the selected processes, verifying assets, testing controls, and obtaining evidence of compliance or otherwise. The plan may be reviewed periodically in the light of the team's findings and additional checks and measures may be introduced in areas where the auditors feel the need for further assurance.

Once the teams have submitted their working papers, analyses and observations, the internal auditor in-charge puts them together and reviews the work as a whole. The internal audit report may be prepared after discussions with the stakeholders, to obtain their buy-in and to understand if there are any issues that the audit team may have misunderstood or missed out. The final report is submitted to the management or the audit committee and discussed as per their requirement.

When there are matters that the stakeholders have agreed to resolve within the audit period, the internal auditors review the action-taken reports from them and incorporate them in the audit documentation.

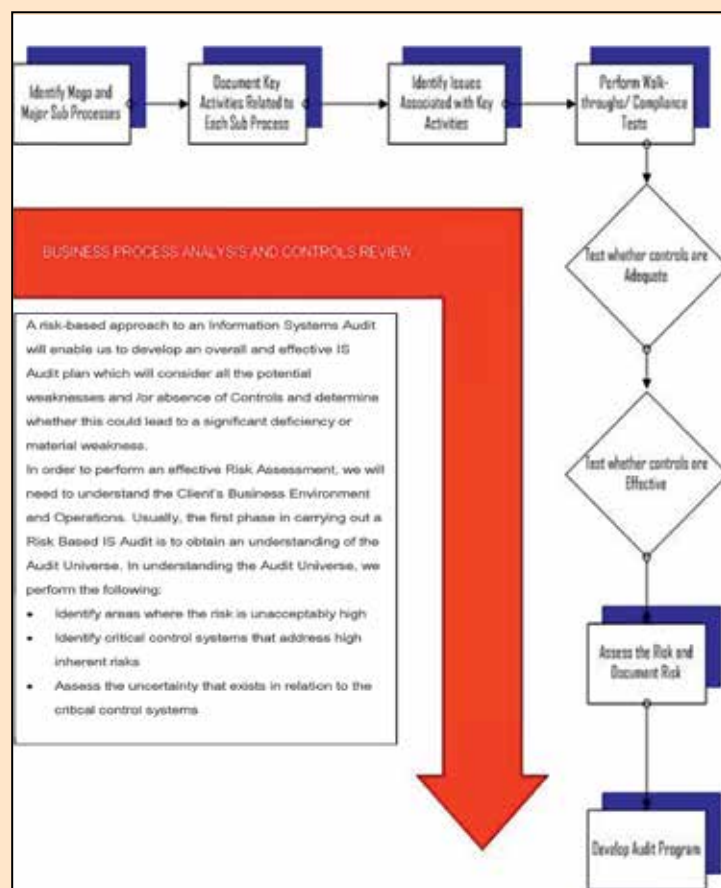
As in the case of internal audit of any other function, the internal auditors prepare the audit plan after taking into consideration the previous period's audit report and the actions taken on the observations and suggestions therein. The new plan must incorporate any changes in information assets and infrastructure, organisation structure, technology, and environment.

As the volume and complexities in data handling goes up, the organisations prefer to automate the IS processes. This helps them to mitigate the risk of human errors. The use of various technology tools to collect, store, analyse, retrieve, and report information has increased the speed at which the

information is processed and made available to the users. As the time required to process and report goes down, the responsibility of the internal auditor goes up. The internal auditors must gear up to audit the information systems on a real-time basis, so that errors and lapses may be quickly identified and the risk of incorrect information and unauthorised access are kept low.

In an ERP environment, and where large amounts of data are handled by the IS, it is not always possible for the Internal Auditor to verify each process and transaction. Data analytics is increasing in volume and complexity. The IT innovations are leading to increased use of AI and other tools in the information systems and their security. The IA too may follow a risk-based audit program for the IS function.

In this approach, a map of processes and sub-processes is created, with the risk profile of each. The areas of priority are decided based on the quantification of the impact of a risk. Higher the loss, greater the priority.



The use of IT & AI Tools in Internal Audit

In the era of Big Data, Cloud Computing, SaaS and ERP systems, the internal auditor is required to deal with various technologies. The fieldwork involving examination, analysis, gathering evidence and recording findings, the auditors tend to use Computer Aided Audit Techniques (CAAT) and Artificial Intelligence (AI) Tools. Besides testing the ongoing transactions on the existing infrastructure, the Internal auditor is also required to see if the progression of new software or applications and change to any of the existing software follows the Development → Test → Training → Go Live route, as per the policies of the organisation.

Audit Software – The use of generalised audit software such as Audit Command Language (ACL) is common in the IA practices of the Big 4 audit firms. Analyzer by Arbutus and Interactive Data Extraction and Analysis (IDEA) are some more examples of audit software. Such software allows data to be extracted from the client's system, independent of the IT. It can connect to a variety of IT systems like Oracle Database, SQL Server, Microsoft Power BI, and so on. It can be configured to automate simple audit tasks such as sorting, tabulating, summarising, and generating analytical reports. It is helpful in drawing samples from large data sets to find irregularities or patterns in transactions that could indicate control weaknesses or fraud.

Audit Toolkit – It is a complete set of resources that deals with the entire cycle of internal audit. A variety of tools are available online, AuditScripts and MetricStream (proprietary software), and ADAudit Plus and Gensuite (open source) being some of the examples of audit software. Alternatively, large organisations with complex information systems may prefer to design their own proprietary audit software and tools to meet the requirements.

Test Data – Often, auditors create mock transactions for different scenarios. These are shadow transactions, that mimic the possible events in the given business. The existing IS processes are used to run these as normal, under controlled conditions. The outcomes of these transactions are examined to see if the systems are functioning as per design, and that the internal controls are active. In highly automated and IT enabled information systems, the internal auditor may want to create a replica of the live system onto a test server and test the transactions with the help of test data. This allows the auditor to test the system without hampering the operations. A complete set of evidence can be easily collated from the test server.

Artificial Intelligence (AI) –

With the advent of Big Data and ERP, internal auditors face the threat of becoming Data-Rich and Information-Poor. The recent developments in AI have given the opportunity to reduce the time required to handle large volumes of repetitive data, to identify common threads in transactions that help in detecting errors, omissions and frauds, and to improve the quality of reporting. AI tools such as AuditMap.ai are already in use in several organisations. Deloitte has tied up with Ottawa.ai for the use of AI in its audits. Among the well-known AI service providers are Kyndryl, OptiSol Business Solutions, AiBrain. The use of AI in internal audit

of IS has certain advantages like reduction in manual work (and human errors), providing a comprehensive view of the IS, obtaining strategic insights on time, and attracting the best talent to IA (which would otherwise be disinterested). The first argument against the use of AI in IA is that it is as bad as, if not worse, the human mind that designed it. The AI tools may not be equipped to learn quickly enough. They may give a false assurance of comprehensive coverage, while leaving out pockets of information or areas that it might not be designed to handle. The next question is that of financial feasibility. Not every audit firm or business entity can afford such custom-designed tools for internal audit. The sheer mismatch in the financial risk of a non-AI IA exercise and the cost of an AI-enabled IA discourages most organisations from using AI. The legal, practical and ethical issues surrounding the use of AI must be studied before jumping onto the bandwagon.

IS Framework

The internationally accepted IS frameworks provide a minimum or benchmark structure to design and implement an organisation's IS infrastructure and organisation. This becomes the base for the IA to examine the internal controls of the IS function. Using an available IS framework facilitates the main activities of IS design, namely, control gap analysis, prioritising controls, determining the as-is state, minimising third party risks, standardising IS processes across all functions and branches of the organisation.

1. ISO/IEC 27001 and 27002 series – These standards are derived from the old BS and IEC series. ISO 27001:2013 is the internationally recognised specification for an Information Security Management System (ISMS), and it is one of the most popular standards for information security. The most recent version of the standard is ISO / IEC 27001:2013 and implements improvements made in 2017 as well. ISO 27002:2022 deals with the best practices that are recommended by the International Standards Organisation for implementing and maintaining ISMS. If an organisation holds ISO certification for ISO 27001, the internal auditor is better placed to carry out the audit, as all the practices, procedures and policies are inked, and periodic compliance certified by the ISO auditors.
2. NIST Cyber Security Framework (CSF)

The National Institute of Standards and Technology (NIST) was founded in 1901 and is, presently, a part of the U.S. Department of Commerce. The NIST CSF provides a framework for promoting the protection of critical infrastructure. The framework consists of standards, guidelines, and practices. The core and informative references are also available. A roadmap identifies the key areas of cyber security and discusses future steps. It fosters communication between organisations (and different stakeholders) on cyber security and risks. The framework is very similar to that of ISO 27001. The framework can be followed voluntarily.

3. Control Objectives for Information Technologies (COBIT)

This is a framework issued by ISACA. In its initial form,

it was meant to guide the financial auditors understand the IT environment and risks involved. Now, it has matured into a support tool for the managers and a guide to the auditors. It takes into consideration technical issues, business risks and control requirements in a general manner, and can be tailored to suit almost any organisation. COBIT 2019 is the latest version of the framework. The COBIT 2019 framework makes a clear distinction between Management and Governance. It recognises six principles of governance. ISACA supports COBIT users with implementation resources, practical guidance and insights, as well as comprehensive training opportunities. The framework works well with other compliance and governance frameworks in use, as it is flexible and also holistic in its approach.

4. HITRUST Common Security Framework (CSF)

HITRUST CSF was developed by a not-for-profit organisation to address the information security issues in the healthcare sector, as required by the government regulations. It has now grown into a broad framework that can be applied to any sector and geography. It has a set of prescriptive requirements that take care of multiple regulations and standards such as ISO, NIST, PCI, HIPAA and CMMC. It provides a common base for reporting under various laws. The HITRUST CSF is a freeware, and can be downloaded by any organisation. It is also available on a paid basis through SaaS. The organisation provides various certification programs to those organisations who wish to obtain one, for regulatory purposes.

It is important for the internal auditor to understand the basic framework which has been adopted by the auditee organisation. The departures from the original framework to align it with the organisational requirements are important areas of audit. The way the changes have been made and their impact on the control adequacy and operational continuity have to be examined by the internal auditor for risks.

Additional Requirements of an IS Auditor

To be effective in the audit of information systems, the internal auditor must possess or develop certain qualities in addition to those required of an internal auditor –

1. Mastering Change – the technology and business environment are undergoing disruptive changes. The organisations need to adapt the information systems quickly to meet their requirements. These changes must be made without compromising on information

security. Corresponding response to change in audit plans, approaches, methods and techniques should be made by the internal auditor.

2. Successful Relationship Management – The internal auditor has to deal with various levels and departments within the organisation, the customers, the regulators and the vendors. The key is to maintain good relations to obtain inputs and assess risks while a keeping oneself detached in terms of interest. Building trust is an important part of the job.
3. Communication – The Covid-19 pandemic has disrupted the conventional means of communication through physical team meetings and one-on-one interviews. Using these impersonal means judiciously and following the protocols of such communication are necessary to ensure clear communication and maintain cordiality. It is now a common practice to communicate through electronic means. Using these impersonal means judiciously and following the protocols of such communication are necessary to ensure clear communication and maintain cordiality. The internal auditor must be effective in communicating through such media.
4. Upgrading Skills – Holding a degree like CISA or DISA would be of immense help to the internal auditor. These courses give the theoretical knowledge and practical perspective needed for carrying out the audit in a compact program. The auditor must keep up with the changes in the industry, technology, audit tools and the growing business of the client or employer. A curious nature is helpful in this matter.

Conclusion

Internal Auditors are the eyes and ears of the management. Internal audit of information systems plays an important role in the organisation's risk management and governance. The increasing dependence on IS for decision-making and controlling exposes organisations to risks attached to the IS. Where an independent team conducts this audit, the resources are dedicated and better results are obtained. The efficiency of the IS function can be improved with the help of internal audit. IA ensures continuous monitoring of the processes and components, so that any change in the risk profile and risk environment can be quickly identified and preventive measures taken. In some regulated sectors like pharmaceuticals, information system is audited and certified for legal compliances related to information security.

“Education is the manifestation of the perfection already in man. Religion is the manifestation of the Divinity already in man. Therefore the only duty of the teacher in both cases is to remove all obstructions from the way. Hands off! as I always say, and everything will be right. That is, our duty is to clear the way. The Lord does the rest.”

— Swami Vivekananda

Internal Audit of Cost Records



CMA (Dr.) Ashish P. Thatte

Mob.: 98209 73559

E-mail: ashishpthatte@gmail.com

Possibly most of us missed this topic in the earlier years. Since WIRC has chosen theme of Internal Audit it has provoked me to write about this subject. Institute has already published Guidance Notes on Internal Audit of Cost Records which is available on request from Technical Department located at Delhi. Those who wish to have a copy can write to technical.addldir1@icmai.in and obtain the copy. The details are given in this Bulletin. Although I am inspired to write by the above Guidance Note my approach is equally comprehensive.

Meaning of Internal Audit: Internal Audit helps companies to check their operational efficiency and manages accounting processes. This helps them to check standard rules and regulations from time to time. This is important to note that companies perform Internal Audit not just as Assurance Audit but also as Value Added Activity. In other words internal audit is an independent, objective assurance and consulting activity designed to add value and improve an organization's operations. It helps an organization accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control, and governance processes.

Section 138 of companies Act empowers Chartered Accountants, Cost Accountants and other professionals to perform Internal Audit of Companies which are also mandated. Further elaboration of applicability is described in Rule 13 of Companies (Accounts) Rule 2014 amended from time to time. Readers can refer those sections for further details.

Meaning of Cost Records: The Companies (Cost Records and Audit) Rules 2014 provide that the company shall maintain cost records in form CRA-1. Form CRA-1 does not contain any formats but prescribe principles that must be followed while maintaining such records. These Rules have no specific mention for maintenance of cost records in accordance with the Generally Accepted Cost Accounting Principles (GACAP) and Cost Accounting Standards (CAS) issued by the Institute of Cost Accountants of India. Proviso under sub-section 3 of section 148 requires the Cost Auditor to certify that the cost accounting records have been maintained in compliance with the Cost Auditing Standards issued by the Institute of Cost Accountants of India with the approval of the Central Government. As the Cost Auditing Standards requires compliance with the cost accounting standards, hence the cost records must comply with the principles laid down in CRA-1 as well as with the cost accounting standards issued by the Institute. In this context, it may be noted that the Council of the Institute of

Cost Accountants of India has already made it obligatory on the part of practicing cost accountants to ensure compliance with the cost accounting standards that are issued by the Institute. Hence, a cost auditor is required to make his observations on any departure from compliance with the cost accounting standards. Such conformance to Cost Accounting Standards is to be followed to the extent these are found to be relevant and applicable and the variations, if any, are required to be indicated and explained.

Need for Internal Audit of Cost Records: Internal Audit of Cost Records must be seen from the angle of having more or less like Financial Audit and Operational Audit. I may not be same as Legal compliances but definitely for Operational Audit. In many cases it has been found that companies do maintain Cost Centres but many a times no attention is given to entries passed in Cost Centres except at end of the year. Also distribution of expenses or allocation of expenses is not made proper as per Cost Accounting Standards. All these records should be corrected at the earlier stages only. Also many a times companies do not close production orders and stocks are not properly created in records. By such changes made from time to time helps companies to give correct reports not only to management but also for external purposes. This helps in establishing controls over the operations of the company, the purpose may or may not be achieved by Cost Audit which is concluded after 5 to 6 months of end of the financial year.

The parameters for evaluation of controls should be defined in terms levels of accuracy required for critical control, moderate and low control areas. This will require a risk analysis, that is, the identification of risks and their impact in terms of money as well as intangibles. Once this map is ready, the actual information flow and internal checks and controls should be observed and evaluated against the set parameters. The methodology adopted for each kind of record will depend on the nature and level of risk involved.

Benefits of Internal Audit of Cost Records: Internal audit of cost records is a specialized service and the cost benefit analysis is always in its favour. However, it is noted that little significance is given to this function and the companies do not get the benefits of cost audit, they deserve. Many times, some limited areas of internal audit of cost records are assigned to existing team of internal audit and it is considered as a compliance of the requirement of internal audit of cost records. Such an approach may be in the nature of self-goal and should be avoided. An effective and robust system of internal audit of cost records should get developed for the benefit of Indian industry and Indian economy. Companies do not give importance to advantages

of Internal Audit of Cost records hence my suggestion to all Cost Accountants to give a routine suggestion to companies to undertake internal audit of cost records every quarter or at least every half year. The benefits includes main objectives achievement like Exercising Better Control, Strengthening Cost Accounting System, Drawing right and appropriate Cost Accounting Policies, Continuous Review, Periodic Cost Statements, Performance Appraisal and assistance and guidance to management. This is always to be considered as part of better corporate governance and that surely appeals management.

Special cases wherein suggested to take Internal Audit of Cost Records from time to time: There are few such suggestions one can give to take internal audit of cost records from time to time. This includes situations like change of ERP in mid of the year, or usage of very complicated ERP systems etc. Even companies those who maintain Cost Records out of their system also needs to have a look

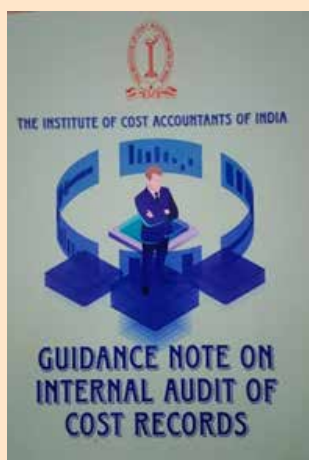
into those records every quarter. It is important here to say that Internal Audit does not just mean cost audit in a periodic way but Internal Auditor is expected to check all the controls and systems of recording cost records by test check basis with possibly higher samples. This may include looking into the systems developed by companies and as a matter of accuracy even system generated reports can also be checked especially those of developed by own.

As stated earlier Institute has already published guidance notes on the same topic hence any further reading or more valuable reading on the subject these Guidance Notes can be referred.

References: <https://www.wallstreetmojo.com/internal-audit/>

<https://www.theiia.org/en/about-us/about-internal-audit/>

The publications can be availed through Courier / Speed Post by sending a Demand Draft (DD) Please include courier charges as per the following:



- *Guidance Note on Internal Audit of Cost Records (INR 120 per copy) Demand Draft in favour of "The Institute of Cost Accountants of India" payable at New Delhi & send to Shri Pranav Sharma, Senior Officer (Technical), ICAI, CMA Bhawan, 4th Floor, 3, Institutional Area, Lodhi Road-110003 email: technical.so1@icmai.in Phone No.: 011-24666116*

Payment through online transfer:

- *Bank Name: State Bank of India, Lodhi Road Branch, New Delhi-110003*
- *Current Account No.: 30678404793, MICR Code: 110002493, IFSC Code: SBIN0060321*
- *PAN: AAATT9744L GSTN: 07AAATT9744L1ZU*

Please send transaction number, screenshot of the payment confirming the successful transfer of money, to technical.so1@icmai.in

THE INSTITUTE OF COST ACCOUNTANTS OF INDIA

(Statutory Body Under An Act of Parliament)

INTERMEDIATE AND FINAL EXAMINATION TIME TABLE & PROGRAMME – DECEMBER 2022

PROGRAMME FOR SYLLABUS 2016

Attention: Intermediate & Final Examination (December-2022 Term) Will be held on alternate dates for each group.				
Day & Date	INTERMEDIATE (Time: 10.00 A.M. to 01.00 P.M.)		FINAL (Time: 2.00 P.M. to 5.00 P.M.)	
	(Group – I)	(Group – II)	(Group – III)	(Group – IV)
Thursday, 5th January, 2023	Financial Accounting (P-05)	-----	Corporate Laws & Compliance (P-13)	-----
Friday, 6th January, 2023	-----	Operations Management & Strategic Management (P-09)	-----	Corporate Financial Reporting (P-17)
Saturday, 7th January, 2023	Laws & Ethics (P-06)	-----	Strategic Financial Management (P-14)	-----
Sunday, 8th January, 2023	-----	Cost & Management Accounting and Financial Management (P-10)	-----	Indirect Tax Laws & Practice (P-18)
Monday, 9th January, 2023	Direct Taxation (P-07)	-----	Strategic Cost Management – Decision Making (P-15)	-----
Tuesday, 10th January, 2023	-----	Indirect Taxation (P-11)	-----	Cost & Management Audit (P-19)
Wednesday, 11th January, 2023	Cost Accounting (P-08)	-----	Direct Tax Laws and International Taxation (P-16)	-----
Thursday, 12th January, 2023	-----	Company Accounts & Audit (P-12)	-----	Strategic Performance Management and Business Valuation (P-20)

Duplicate Invoice Check in SAP- Internal Audit tool

CMA Chaitanya L. Mohrir

Mob: +91 90110 11332
E-mail: vedchaitanya@gmail.com



This topic makes me nostalgic and makes me to travel time to my article-ship days, where I used to ask my boss and the counterpart from company “is there any system to check if an invoice is posted, processed and paid more than once?”. I still remember I have checked end to end purchase procedure. When I started working as SAP consultant, I got the answer to my question given by SAP to address this issue.

There can be multiple reasons for the duplicate invoice posting, an invoice posted more than one time due to inefficacy of accounting staff or Vendor has sent invoice for more than one time because of delay in payment or misplace the invoice or there is an intension to make a fraud and invoice posted more than once and payment also made. In this case a targeted efforts are required to find out the same and prevent the same.

SAP has given a functionality “Check for Duplication of Invoice Entry”. This functionality will check the duplicate invoice entry to avoid the invoice posted and payment made twice. When accounting Clark enters invoices, the system checks in accounting documents in finance module and then in logistic invoice verification.

Logistic Invoice verification config

1. In the Vendor Master (in case of S/4 Hana BP) select Chk double inv Check box.
2. The system only checks for duplicate invoices in Logistic invoice verification if some one enters the reference document number at the time of invoice postings
3. In case of logistic invoice verification there are following 6 fields checked to identified duplicate invoice in standard SAP.
 - Company Code
 - Vendor
 - Currency
 - Gross Invoice Amount
 - Reference document number
 - Invoice Date

There is a option available that following 3 fixed fields can be skip in logistic invoice verification config.

- Reference document number
- Invoice date
- Company code

Whether duplicate invoice check should consider the above fields depends upon the configuration activated or deactivated in transaction OMDRC (IMG Path - Materials Management -> Logistics Invoice Verification -> Incoming Invoice -> Set Check for Duplicate Invoices)

Co. Name	Check Co. Code	Check Reference	Check Inv. Date
0001 SAP A.G.	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
0003 SAP US (IS-HT-SW)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

FI Integration

One of the following checks is performed in Financial Accounting, depending on the entry in the Reference field: If accounting clerk enter a reference document number in the current invoice or credit memo, then the system checks for previously posted invoices or credit memos in Financial Accounting that match the following attributes:

- Company code
- Vendor
- Currency
- Document date
- Reference document number

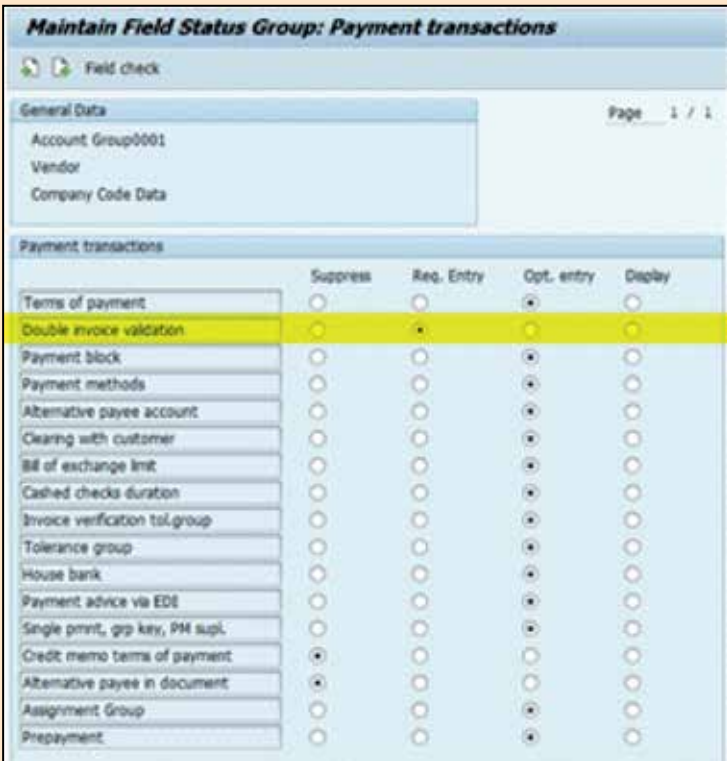
If accounting clerk do not enter a reference document number in the current invoice or credit memo, then the system checks for previously posted invoices or credit memos in Financial Accounting that match the following attributes:

- Company code
- Vendor
- Currency
- Document date
- Amount in document currency

Required FI config

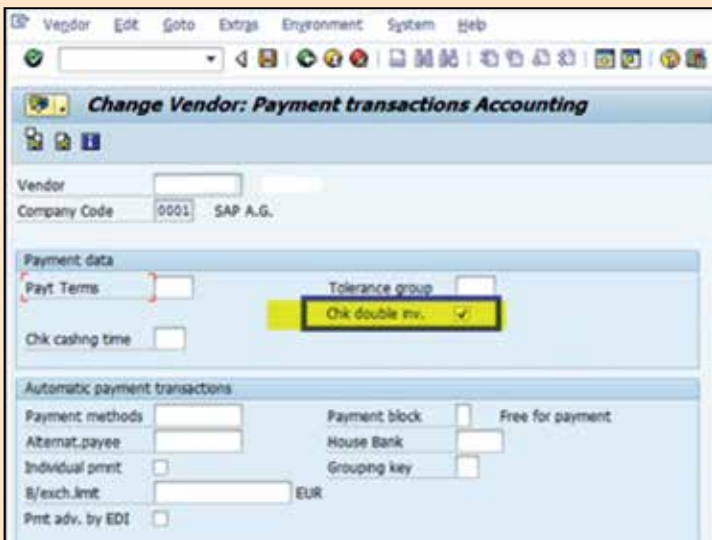
1. **Maintain Field status Group :** In the field status group “double invoice verification” should be set as “Req entry”. This check will ensure that whenever a vendor master is created Check Double inv field become mandatory for vendor creation and it will be always checked.

Transaction	OMSG
Path	IMG -> Financial Accounting -> Accounts Receivable and Accounts Payable -> Vendor Accounts -> Master Data -> Preparations for Creating Vendor Master Data -> Define Account Groups with Screen Layout (Vendors)



2. **Maintain vendor master data** : Need to check the Chk double Inv Check box always

Transaction	FK01/FK02/XK01/XK02. IN case S/4 HANA “BP”
Path	Accounting -> Financial Accounting -> Accounts Payable -> Master Records



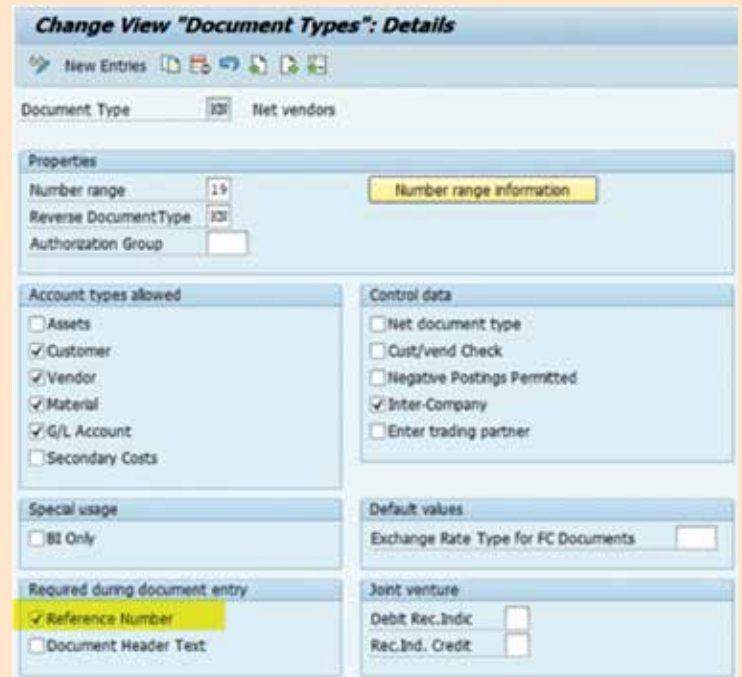
3. **Change Message Control** : WE need to change the message control and need to put a hard stop to post the duplicate invoices in system. So we need to set the message as Error message.

Transaction	OBA5
Path	IMG Path - Financial Accounting-> Financial Accounting Global Settings -> Document -> Default Values -> Change Message Control for Document Processing



4. **Maintain Document type** : We also need to maintain the document type config and maintain the Reference Document Number (XBLNR) field as mandatory for vendor invoice document type.

Transaction	OBA7
Path	IMG Path - Financial Accounting-> Financial Accounting Global Settings -> Document -> document types -> Define Document Types



With the above configurations when ever a invoice is getting posted a duplicate invoice check process gets carried in background and if with reference to reference document field a duplicate entry observes system will give a error message “Check whether document has already been entered under number XXXXXX”

We need to note here that the implementing this inbuilt process of checking duplicate invoice postings will not eliminate the risk of the duplicate invoice posting and payment with a intension of AP staff to commit fraud but it will defiantly make the system robust. Apart from this it is also suggested to have the besat practices to mitigate the risk of duplicate invoice postings.

1. Restrict access to create/change vendor master data. Organization need to create a framework for preventing duplicate vendors.
2. Check and block the vendors which do not have any transaction for last 1 year. (period can be decided by organization)
3. Making any changes to sensitive fields of vendor master data like Bank account number, alternate payee requires approval by higher authority (transaction FK08)

Lets use the inbuilt processes suggested by SAP and make the system robust and reduce the chance to post the double invoice

**Reference: Help.sap.com

Management Audit: A key to success!!!!!!

CMA Vinod Shete

Mob.: 86980 76687

E-mail: Vinod_shete@rediffmail.com



Earning profit is the company's main objective. Financial statements are required in order to assess a company's financial health and profitability, and a financial audit is carried out in order to confirm the veracity and integrity of the financial data. The world over, this financial audit is required. Since this auditing is limited to the financial aspects of business, it is important for every company to do successfully in the current competitive environment. The idea of management audit emerges. All of the management functions are appraised, assessed, or evaluated as part of a management audit.

The management audit concentrates on flaws, inefficiencies, or incapacities in carrying out the activities and functional domains of management while bearing in view the profit-earning aim of management. A business can survive in the market in the current era of intense competition provided it offers high-quality goods at reasonable prices. The management can examine and determine the scope of cost reduction and control with the aid of a management audit. Since it is a process of expert evaluation and assessment of the overall functioning of all management roles and functional domains, there is still room for improving shortfalls and redesigning policies and plans.

Management audit is an emerging concept in auditing. It evaluates how well a management team is putting strategy and resources to use. It aids management in establishing practical and realistic goals. It considers both financial and non-financial aspects, including as the economy and its effects on the management and objectives of the organisation.

According to William F. Kelly, "A management audit is a critical review of an organisational structure and administration. Its purpose is making recommendations for adjustment and improvement. An audit may involve a whole company structure or be restricted to one of its parts such as division or department."

Why Management Audit?

A management audit basically examines how well each manager has performed. It doesn't look into whether the formalities have been completed or not, or whether the procedures have been followed.

It analyzes actual performance and compares it with pre-determined goals. It focuses on outcomes rather than files. It can be very beneficial in a variety of circumstances, including the following:

- i) A foresighted manager might regularly conduct a management audit to assess the effectiveness of various managers and link that assessment to an incentive

programme. This review may be carried out based on certain, objective norms.

- ii) It quantifies the multiple inputs a management requires, such as labour hours, salaries, supplies, overheads, and capital resources. The outputs are evaluated based on their quantity, profitability, or performance goals. The evaluation of performances involves comparing inputs and outputs.
- iii) Foreign collaborators may also occasionally carry out a management audit. They might use this information to evaluate the managerial potential of their peers.
- iv) In a manner similar to this, a bank or other financial institution can choose to have a management audit conducted before approving loan advances or agreeing to participate to an undertaking's equity capital.

Key Drivers:

The management audit plays a pivotal role in enhancing the effectiveness of the business:

- i) The policies and objectives are properly set by management audit in light of the changing environment, competitor strategies, technological advancements, consumer preferences, etc.
- ii) It helps management make system improvements in response to improvements or innovations in management concepts, methods, and strategies.
- iii) It improves management in enhancing the efficiency with which policies are carried out and resources are utilised.
- iv) It defines the course for goals, regulations, and business growth.
- v) It gives space for open communication between the business and the environment, maximising the advantages of environmental opportunities while minimising the adverse consequences of environmental risks.

Prerequisite:

It is hard for one person to possess all the necessary knowledge to carry out a management audit. A group of experts should conduct the management audit to get the best results.

The management audit team should therefore consist of experts from a range of fields, such as finance, engineering, science, psychology, and the like. These individuals require the proper instruction. Top management should provide complete cooperation and the resources needed for them to

build the required skills to assess the many management areas.

The management auditor has a multitude of activities to perform before starting the auditing process, including preliminary work.

Value Additions to Business:

- i) Identification of management's current, potential, and weak points is important. With both the help of this knowledge, significant advancements or flaw corrections are produced.
- ii) It aids in establishing and evaluating the organization's design system. It then assigns accountability for planning.
- iii) It improves the system and communication. Information management systems are used effectively. A good system makes sure there are no deviations from the standard.
- iv) It evaluates the decision-making process and, consequently, decision quality. It aids management in encouraging greater objectivity in decision-making.
- v) By continually evaluating every part of the organisation and raising the bar, it safeguards the interests of the organisation.
- vi) In light of changes in the business world, it enables the management identify opportunities through innovations.

vii) It aids management in improving coordination and evaluating control methods.

viii) It helps the management identify the problems that hinder profitability and, consequently, how to get eliminate of them so that profitability can improve.

ix) It recommends management to increase productivity and make other improvements.

x) In every organisation, human resources are vital. Management audit supports the improvement of the system for performance evaluation and the development of human resources.

Conclusion:

Change is inevitable. Accepting change is challenging, though and management audit is no exception. A professional management auditor will dispel all of the management's concerns and objections by being approachable and knowledgeable about the assigned task. He would persuasively argue his point of view and explore the modifications and suggestions. In order for his reports to receive the favorable and anticipated response from the management, he would develop a culture of trust. A professional management auditor uses two methods: suggestions for improvement and a participatory approach.

A Management Audit is a critical tool for coping with today's competitive business environment and ensuring organisational sustainability. !!!!!!!

Management Story – 'Seeing is Believing'



CMA Abhay Deodhar

Many a times, one can learn from interactions with dignitaries, directors positioned at the helm of the affairs. It contains opportunity for improvement (OFI) as you proceed further in your service life. Here is one such experience:

I had an opportunity to be a part of 'ON SITE' project team of leading foreign JV company desiring to set up a factory in industrial zone near Rajasthan state border. In the proposed factory, production process has a requirement of ETP plant. Project team was told by the regulating authorities, that the proposed factory should have its own ETP plant, however, the industrial area does have common sewage treatment facilities for the factories in the vicinity. We also checked as to pipe lines and other equipment laid for handling sewage of the factories in that area. Consequently, we thought that Sewage Treatment Plant (STP) is not needed and reported to the Indian director & foreign directors accordingly.

One day, we were surprised to receive a call from our Indian director about the STP plant. He informed that, he along with the foreign director reviewed the progress of the project in general and cross checked with neighbouring companies as to the requirement of STP. He further informed that pipe lines and equipment for sewage handling are in place but... but they are not functional or operational. As a result, common STP facilities are non functional. He advised to have a meeting with project civil contractors and request them to install STP plant. He asserted, in a factory project, one has to be cautious to check the things at micro level of the matter, assess ground reality and ensure that end to end things work or function as desired or as planned.

The incidence may be small and brief, but, dispassionately speaking the experience contains solid message – 'Seeing is Believing' or 'GENBA' in Japanese terms, i.e. visit the real place (of action) or field.

System Audit a Measuring Scale for Internal Control Process

CMA Arunabha Saha

Mob.: 93239 51476

E-mail: saha.arunabha@gmail.com



A process is a systematic way of executing tasks. Management is a process of optimal use of material resources, machines and human activities to achieve common organisational goals. It is not a one-time act but a continuous process. Management of a process is a well-defined system of setting goals, planning, controlling and execution of any action. It constitutes a set of interrelated operations or functions necessary to accomplish desired organisational objectives. A management system is a set of such processes and procedures used by an organization to ensure that it can fulfil the tasks required to achieve its objectives.

The System Audit is a review and analysis of the management systems of a company to understand how it works. It also gives recommendation regarding its controls, use, effectiveness, security and risk assessment of the system. It uses objective evidence rather than subjective opinion about the system.

The systems audit consists of:

1. Verification of controls of the process in a system, in order to evaluate their effectiveness and present some recommendation and advice.
2. Verify and judge the information generated from the laid down process objectively.
3. Examination and evaluation of the processes of computerisation / digitalisation and data processing.
4. The resources invested in a process, the profitability of each process and its effectiveness and efficiency are evaluated.

Objective and benefits of System Audit:

1. Improve the cost-benefit ratio of the systems to achieve operational goal and objectives.
2. Increase the satisfaction and security/ confidentiality of the users of the computerised systems by increasing the reliability and integrity of the system.
3. Minimize the existence of risks in the systems and safeguarding of assets.
4. Optimize and streamline decision making by effective and efficient use of resources.
5. Compliance with significant policies, procedures, laws, and regulations.
6. Error reduction or eradication.
7. Removal of ambiguity or confusion.

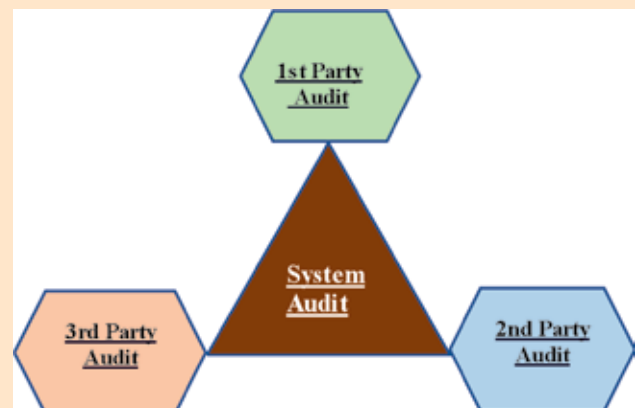
For any management system it should be supported by a

pre-defined process. Without a pre-determined process there will be no basis to improve the system. The pre-determined process includes well laid down plans, procedures, work instructions, checklist, outlines, diagrams, flow charts, process maps and standard operating practice of the process.

A process audit examines how a process (singular process) works within an organisation, and a system audit looks at the entire operation of an organisation. i.e process audit is a subset of system audit.



System audits are classified into three types:



1st party system audit: These are conducted by, or on behalf of the organization itself for management review and other internal purposes.

2nd party system audit: It is conducted on customer and supplier business relationship. For example, a customer

performs an audit of a supplier to ensure that they are meeting the requirements those specified in their contract.

3rd party system audit: It is conducted by an external agency for the purpose of certification of the process. They do not have any business relationship to the Auditee organisation. Like Surveillance, Due-diligence, Recertification audit etc.

System audits are becoming increasingly important as the business process become more complex, to ensure everything is running smoothly across all teams involved in executing a given system.

In the present scenario, a business is driven by data and information generated in the course of business. The data / information that is processed within a company is incalculable. Companies now a days, use complex software (ERP) and computerised equipment (RPA) to control its full business activities in an optimised and efficient manner.

The audit of Information systems is vital to review the process and evaluation of controls in the software, as well as their use, efficiency, and security in the company, which processes the information.

GRC (Governance, Risk Management, and Compliance Management) helps to eliminate redundant and disparate processes, resources and tools that result in wastage of money and time. It helps to address cyber security risks. It also keeps audit logs and compile reports through software. Thus, the study of GRC can help to execute the system audit of an organisation effectively.

The information system audit is conducted by performing compliance test of a process through data sampling. Processing controls ensures that the incoming data is processed according to established rules and also how the particular data is to be processed through the application.

Some examples of outcome of System Audit (1st Party):

A. Procure to Pay Process and its internal controls:



Out of the total process Steps-3,5,8 and 9 are most vital. Special emphasis to be given in these four steps.

- Purchase Requisition Approval (Step-3):
 1. Evaluation of process of need.
 2. Review process of the departmental head.
 3. Process of verification of the available budget.
 4. Process of validation for completeness of purchase requisition form.

It is 1st stage of initiating an order for purchase.

- Purchase Order Approval (Step-5):
 1. Ensure the legitimacy and accuracy of specifications.
 2. Proper compliance of the SOP maintained.
 3. Validation of the Vendor.
 4. Validation of the pricing and lead time of the vendor.
 5. Penalty clauses if vendor fails to supply as per PO.
 6. Payment terms.

It is a critical step because, when an officer approves a purchase order, a legally binding contract is activated with the vendor.

- Invoice Approval (Step-8):

Once goods receipts (GR) are approved a three-way match between the PO, Vendor Invoice, and GR is to be performed.

 1. Validation of three-way matching procedure.
 2. Process of rectification if discrepancies found.

Based on invoice approval final payment (last mile to control out flow of cash) to be made.

- Vendor Payment (Step-9)

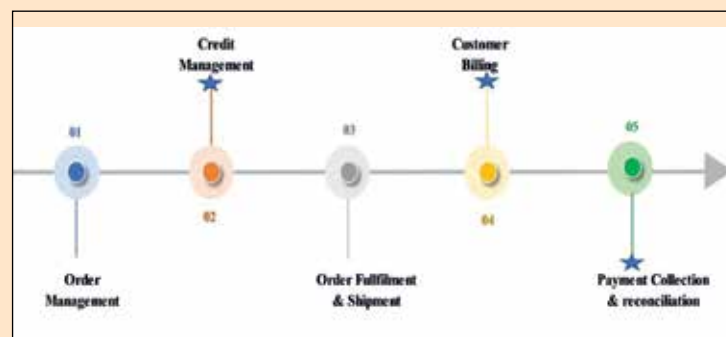
Upon receiving an approved invoice, the finance team will process payments as per contract/ PO terms.

System audit to ensure:

The system should not allow same entry/ payment twice, the control mechanisms are:

1. Proper approval process for payment.
2. Maker & Checker system for payment.
3. Accounts payable department preferably to be centralised.
4. Payment to be made based on original approved invoice only.
5. Vendors Bank details in Master data should not be accessible to the person preparing vendor payment.
6. No payment entry should be allowed if it is not through Purchase Order (PO) in the system.
7. Once the full payment is made against a PO no payment entry will be allowed.
8. No payment entry should be allowed with same Invoice No. of the same vendor.

B. Order to Cash Process and its Internal Controls:



Out of the total process Steps-2,4 and 5 () are most vital. Special emphasis should be given to these three steps in system audit.

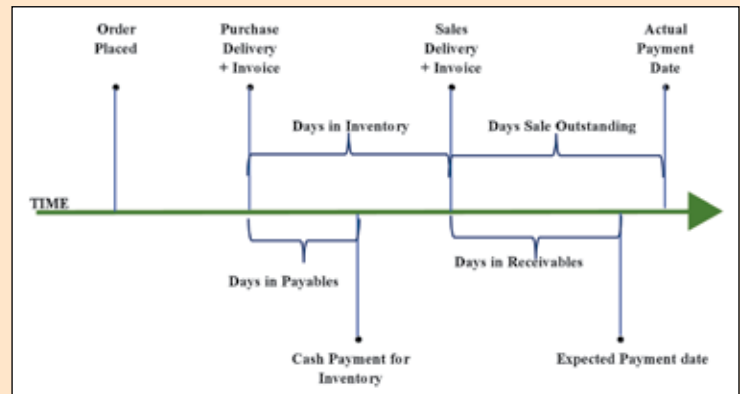
System audit to ensure:

- Proper Credit Management reduces the chance that the company will run short of cash flow in executing the whole process.
- Customer Bill should be raised and send in time and as per Sales Order (SO) terms and conditions. Effect of proper Taxation should be taken care. Ensure correctness of the Tax Invoice to customer. The Sales & Distribution (S&D) module of the company should be robust and capable of accepting the customisation as per implication of Tax.
- Accuracy of ageing report of debtors.

System Audit of Credit Management:

A hypothetical example of the Cash Flow implication in Order to Cash cycle:

The system audit can track and highlight the performance data across every stage of the order-to-cash process. By

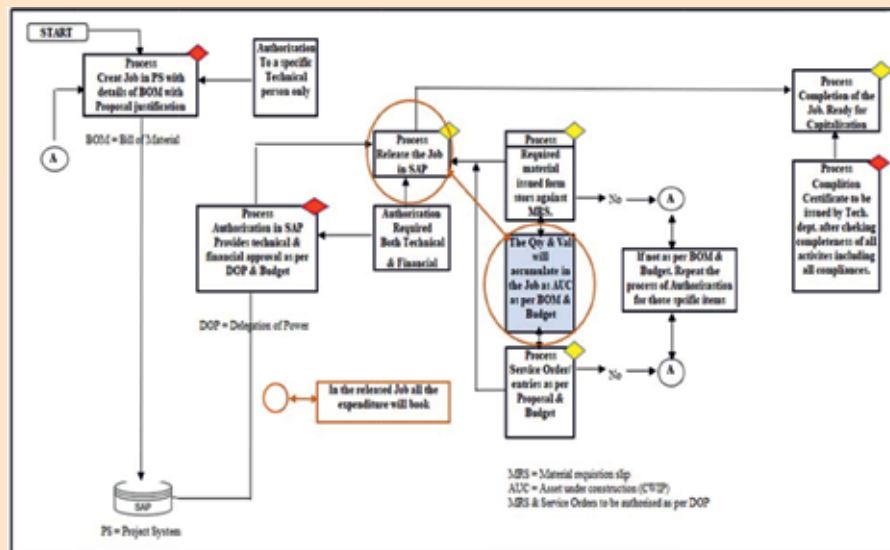


monitoring and analysing this data, company leaders can see the overall effect of their Order to Cash process (Cost-benefit analysis).

C. CapEx Project Management (in SAP) Process & its Internal Controls:

Example of system audit of Project System (PS) Module of SAP-ERP.

Flow chart of Capital Work in Progress (CWIP) till completion of the Job



The overall purpose of the system audit here is to provide assurance that the SAP-Project system is functioning to meet key business requirements. The audit assessed as below:

- To ensure that, from creation to completion of CapEx Job in SAP-PS is aligned with the standard operating process and proper control mechanism exists in the whole process.
- Processes and controls related to SAP security for user roles/ authorisations are operating effectively.
- SAP security controls related to automated processes and monitoring by user is well established.
- Standard and custom reports generated by SAP which meet business requirements and are easily accessible.
- Special attention should be taken in the area of Authorisation and Certification . (See diagram above)

- Stream line of booking of expenses for both Material and services (Value & Qty)

At the end of the Project, Capitalisation Process will start. This will be another set of Process. The overall objective of system audit of fixed assets is to assesses the adequacy and effectiveness of the internal controls over fixed assets management. To ensure the Correctness of the Process of Physical Verification of Fixed Assets- to comply with CARO Rule.

Above are the outline of the practical examples, how system audit works. Now, one can envisage the applicability of system audit on any business process in accounts & finance, compliance, technical, commercial, sales & marketing, HR, legal etc.

Reference:

www.sap.com/India, www.isixsigma.com
www2.deloitte.com, www.en.wikipedia.org

Top challenges for Internal auditors during Audit

CMA N. Rajaraman

Mob.: 75062 55388

E-mail: rajaraman.chandra@gmail.com



Internal auditors live in a world of risk. They are charged with helping organizations determine whether controls are in place to reduce risks in various processes and operations. They look for holes, inefficiencies, inconsistencies, and regulatory compliance issues.

Their efforts sometimes evoke anxiety within resource-strapped organizations, but the value of these detailed examinations is irrefutable: by understanding and addressing risk, they help convey credibility, confidence, and a competitive advantage.

The necessity of internal audits has long been established for highly regulated institutions like banks and credit unions, but there is hardly an industry that couldn't benefit from an independent, objective scrutiny of internal controls related to risk management, technology, governance, financial processes and other operations.

Insurance, healthcare, and manufacturing are among the industries that increasingly look to internal audits to help affirm their practices within a highly competitive landscape.

But the path to a successful audit has gotten more complex in recent years. Challenges have emerged or gotten steeper because of myriad forces affecting business operations and processes: from COVID-19 and labor shortages to the transition to an increasingly remote workforce and technology acceleration.

Here's a look into how these factors are affecting internal audit and how an organization can adjust and still meet these challenges

1. Talent shortage

Attracting and retaining internal audit staff has become a hardship in many sectors. Even though hiring budgets for auditors have increased overall, filling positions has never been tougher. Organizations need to be a place where auditors want to work. You need to recognize the premium workers place on flexibility in both where they work and when their workday starts and ends. Cookie-cutter rules about office hours and face time in the office are becoming obsolete.

By emphasizing individual growth and learning (professionally and personally), along with a commitment to work-life balance, your organization's audit department can stand apart.

2. Rise of remote work

The pandemic caused most organizations to pivot quickly to remote operations. And most employees aren't super excited about returning to full-time in-office work. If you

don't allow for flexibility, the chances rise that auditors you have on staff now will flee to other organizations. You don't want to risk losing valued team members by failing to make your remote-work policies permanent.

The flip side of having a more entrenched remote workforce is the option to hire auditing staff who live anywhere. The pool of available talent just got bigger. Be sure to communicate your openness to new hires from anywhere in the country. But do come to an agreement on the time zone you expect far-flung workers to abide by.

3. Relationship-building barriers

In addition to the challenges with your own staff working remotely, you may find that working with auditing clients remotely requires some new practices, too. Audits themselves are more likely to be done off-site nowadays. In the past, it was easier to foster relationships with an organization through the organic connections that developed during regular visits.

Even though technology options make the physical auditing process easier, it may be harder to feel like you're building an ongoing trusted relationship with advisors you work with at a distance. Fewer touchpoints between auditing departments, contracted auditors and internal stakeholders in operations and management require more proactive efforts to maintain close, working ties.

Consider your outsourced auditor as a collaborator. Sometimes a phone call now and then, even between jobs, can go a long way toward cementing a comfortable, trusting long-term relationship.

4. Evolving audit skill needs

Analytical and critical thinking skills have always been a necessity for internal auditors, but subject matter needs are expanding exponentially. Cybersecurity, data mining and analytics, and a vast array of IT systems require expertise that keeps growing and changing.

Even if you are fully staffed in your company's audit department, your needs will keep evolving as new areas of risk emerge. Stay current with those needs and be sure you have the capacity to audit based on emerging cyber threats and new technologies.

Your internal training for evaluating risk must keep up with the times. And you may need to develop a co-sourced arrangement with outside auditors for areas requiring specialized knowledge. As business operations become more complex and new risks are identified, outsourcing discrete auditing projects can alleviate pressures on your team to stay current.

5. Tech tool reassessment

Does your internal audit department have the right technology available to do the job? And is your team properly trained to use those tools and systems? Audits may well benefit from applying technologies such as continuous auditing, data analytics and cloud-based audit management software.

It's reasonable to expect that will become common, increasingly replacing audits based on data samples. AI technology will make it possible to pick out the exceptions when you're looking at, for example, whether needed documentation is accurate and complete. It would be a much more thorough process than what may be happening now when auditors inspect documents manually. More consolidation of systems and better communication between them will enhance the auditing process.

The fast pace of technology change is hardly the only source of friction in the auditing world. Organizations are adjusting to business model disruptions and taking a harder look at ESG and DEI policies, which are creating new areas of risk moving into the future. Such areas may well become the scope of internal audits going forward. Planning for these

risks will be key to internal audit departments staying relevant and vital to their organizations.

Way forward. AI/Big Data Analytics as an enabler

In keeping up with the rapid changes in the workforce and technology, the way future organization handles internal audits may also need to change.

The effects of artificial intelligence (AI) applications, which have gained importance recently, on internal audit and risk assessment are critical for the early detection of risks that arise in the processes of businesses that are becoming more complex and exposed to external factors due to digitalization.

With the internet of things (IOT) that are generally accepted all over the world, there are significant differences in the way businesses do business. This situation also forces companies to differentiate internal audit and risk assessment, which is a strategic and integral element of management processes. In this context, focus should be on the challenges and opportunities faced by internal audit and risk assessment because of digitalization, big data analysis and artificial intelligence applications depending on the rapidly developing digital work environments. ■

WIRC Associate Members – September 2022

M.No.	NAME	CITY
52864	Zia Musawar	Bhilai
52867	Sharayu Vilas Rane	Dombivli
52872	Mitusinh Parbatsinh Chauhan	Vadodara
52886	Avilash Prasad Pansari B	Bhilai
52887	Sonali Ramchandra Kadam	Dombivli
52889	Rahul Kumar Vastrakar	Bilaspur
52892	Kaustubh Manu	Bhilai
52894	Karuna Sahu	Bilaspur
52909	Megha Vishwakarma	Ahmedabad
52910	Purvang Bhadrash Shah	Vadodara
52925	Gawade Mangesh Rangnath	Chakan
52930	Mayuresh Manohar Bokil	Pune
52931	Nikita Prakash Premchandani	Vadodara
52932	Varun Narendra Chandratre	Ahmednagar
52948	Sankesh Kishorbhai Chavda	Thane
52950	Samadhan Harichandra Shriram	Mumbai
52955	Prachi Agarwal	Pune

M.No.	NAME	CITY
52960	Yogesh Shivaji Chatte	Navi Mumbai
52982	Charu Rajesh Kubba	Surat
53000	Suprabha Chandrashekhar Bhaskar	Mumbai
53012	Yugandhara Pratik Naik	Pune
53017	Kunal Sudam Wakte	Pune
53018	Doshi Bhavesh N	Mumbai
53020	Tushar Anil Kawade	Kolhapur
53027	Taniya Surana	Nagpur
53029	Vaibhav Shaileshkumar Sheth	Surat
53035	Suman Hooda	Vadodara
53040	Shubham Sahu	Durg
53052	Shailesh Kumar Thanvi	Mumbai
53053	Akshay Shailesh Kawa	Mumbai
53063	Punj Prakash	Mumbai
53065	Bhavin Arvind Bhai Katariya	Mumbai
53110	Deepak Somani	Pune

Role of Internal Auditors in Managing Climate Risk

CMA (Dr.) S. K. Gupta

Mob.: 98101 62341

E-mail: cbst.skgupta@gmail.com



Among the highest likelihood risks of the next ten years are extreme weather, climate action failure and human-led environmental damage

The Perspective

Climate change is arguably the most acute challenge facing our planet right now and is an issue that is quickly moving up the corporate agenda. Climate change is arguably the most acute challenge facing our planet during the 21st century. In 2020, for the first time in its history, five of the top ten global risks in the World Economic Forum's Global Risks Report are environmental, with climate change high on the risk agenda in terms of impact and likelihood. In addition to the obvious environmental and social impacts posed by climate change, it is also visibly disrupting businesses and threatening the global economy. According to the Global Commission on the Economy and Climate, it is estimated that between now and 2100, the potential financial losses arising from climate change could run from \$4.2trn to as much as \$43trn

Climate change is one that organisations simply cannot afford to ignore or side line any longer, for those that do not take action face the genuine risk of an existential crisis. Although the extent and immediacy of the impacts of climate change will depend on the type of organisations, their products, services and location, it now represents a risk for every organisation in every sector.

What is Climate Change?

Climate change refers to long-term shifts in the earth's weather patterns that can be caused by natural phenomena or human activity. Today, the term is commonly used to mean rising average global temperatures caused by the concentration of greenhouse gas emissions (GHG) in the atmosphere

Risks created by climate change:

Global corporations are facing an era of unprecedented business disruption and transformation as a direct result of climate change. Given the increased investor and societal pressure, corporate leaders recognize it would be perilous to ignore this. Climate risks can impact revenues, costs and risk profiles of companies, generally in a negative direction, causing earnings and cash flow to vary from expectations with growing regularity.

Internal Audit and Climate Risk

Internal audit has a responsibility – and a great opportunity – to add true value to the work of organisations on climate risk. If you're an internal auditor you're looking at all the business processes, all the operations of an organisation. If climate is a key factor in decisions and strategies, internal audit have every right to review how the organisation is looking at the risks around compliance with climate change targets and advise the organisation. Internal audit, as a trusted partner,

whether it be private or public sector, whether financial or manufacturing, should advise on how we can best keep our organisations on a straight line towards compliance.

The role of internal audit is the same for climate risks as it is for any other risks. Internal audit is the conscience of the organisation and they need to be able to provide independent views and assurance to the board and senior management that climate-related risks, like all other risks, are being managed appropriately and within appetite.

Climate-related risks are already impacting many organizations. Internal audit can add significant value by providing assurance over identification, mitigation, and management of such risks. Internal audit can also provide assurance over climate related threats and opportunities in four ways: strategy, risk analysis, meeting green finance principles, and reviewing sustainability metrics.

The World Economic Forum Global Risk Report 2021 also suggests auditors to:

- Ensure integration of climate in strategic initiatives and investment;
- Ensure that executive incentives are aligned to climate change and sustainability related targets
- Ensure consistent and transparent disclosure to all stakeholders;
- And finally, ensure effectiveness of the approach to integrate climate consideration in committee structure.

Board – Climate Risk – Internal Audit

Boards should begin by asking internal audit to undertake a climate risk audit engagement. Ask internal audit to identify what the following items say on climate change: the mission and purpose of the organisation; its long-term strategy; its organisational and governance policies; its declarations to its stakeholders (be they shareholders, customers, service users or staff); and the information associated with all non-financial and financial reporting. But rather than a simple information-gathering exercise, interviews with executive management could also be carried out in the aim of producing a more thorough report and independent recommendations directly to the Board.

Where climate change is a material and foreseeable risk, board directors have the obligation to address it as part of their risk oversight role. Because boards are realizing they must effectively manage climate risks to stay relevant, internal auditors are increasingly expected to help leaders accomplish this mission. Internal auditors may be asked to:

- Provide assurance on the effectiveness of climate change risk management.
- Review the integrity of climate-related data and information disclosures.

- Assess climate-related compliance and disclosure obligations.
- Advise on climate-related processes, such as reviewing carbon use, climate impact within the supply chain, or executive incentives that are aligned to climate and sustainability targets.
- Internal auditors can review how often management reassesses the impact of existing climate risks. If the organization is impacted by legislative or regulatory changes, management needs to track these, too. Additionally, internal auditors should examine how climate risks within the organizations' third-party vendors and partners are monitored. Climate risks must be appropriately escalated and aggregated effectively.

Role of Internal Audit in the context of Climate Risk

Internal audit has much to offer in the climate change space. Gaining knowledge about the issue and early engagement with the organisation to understand whether the risks and opportunities have been identified and assessed are crucial first steps. As the eyes and ears of the board, internal auditors are also well-placed to ensure climate change is gaining enough attention at the top, to advise integrating these risks and opportunities into strategic and operational planning. There is a huge opportunity here for internal audit to show their worth to the organisation they serve by being ahead of the curve and ensuring boards and executives are taking the necessary measures for the business to be climate resilient.

As an independent function, internal audit is certainly in an advantageous position in the context of Climate Risk impacting an organization.

- Internal audits can help ensure that key risks to the organization are properly identified, prioritized, and corrected. For example, an internal audit can provide advice on strategies for the development of the climate change risk process. The auditors may ask the management about the resilience and sustainability of the organization as well as the sustainability report of the organization.
- Another means of adding value to the internal audit is to verify that the company plan complies with the applicable regulatory framework. The root cause analysis of possible non-compliance with the regulations may be facilitated by the auditors. Coordinating self-assessment workshops can identify areas where the climate change strategy is not aligned with its business processes.
- Internal audit should ensure that the corporate risk management process of the organization is properly focused on climate change risks. The auditors can help to develop a granular risk view that allows management to develop appropriate risk management strategies. In addition, management should assess whether benchmarks, metrics, success criteria, key performance indicators, and leading practices have been established.
- Internal audit's relationship with regulators and standard-setting bodies can be critical both in helping to better understand their requirements, and in providing them with assurance over the organisation's response to these requirements.
- If concerned that their organisation is not doing enough to address climate change risk, internal auditors should have the confidence to approach the Board and raise this as an issue deserving of attention.

- Internal audit's work around climate change is not just about audits. It requires the function to better understand the risks and opportunities through desk research and conversations with key stakeholders within the business. These first steps are essential and we would like to see all internal audit functions – regardless of what sector and level of risk associated with climate change in their organisation – develop their understanding of the issue and carry out a climate change risk assessment.
- Internal audit is well placed to provide assurance that the organisation is responding to changing standards in a timely and appropriate manner by designing and implementing revised policies and procedures. Where relevant, also assessing the impacts of the changing standards on the viability of products and services or creating new business opportunities.
- Act as a trusted advisor to the organisation in terms of how it is identifying, managing and mitigating the risks and opportunities associated with climate change. Secondly, to comment on and assess the measures that the organisation puts in place to reduce its environmental impact and contribution to climate change.
- Internal audit is best positioned to independently validate the effectiveness of disclosures and completeness of climate-related metrics. This is particularly important given the general lack of availability and quality of environmental data, as the topic of climate change or environment, social, and governance issues are still fairly recent to many firms.

Internal Audit – Climate Risk – Skills

There might be present in an organisation the fear of being seen to lack expertise. Climate change is still seen by many as a new and emerging risk, and it is understandable that a degree of courage might be needed for anybody in a leadership position to initiate a focus on a topic that they understand relatively little about. But maintaining the status quo as opposed to identifying new challenges could make the difference between an organisation coasting along and surviving versus adapting and thriving. It is the Board's responsibility to ensure that its internal audit activity has the right combination of resources, skills and training to address climate change risk. The need for internal audit to have skills and training in this space will only increase over time.

Conclusion

All organisations, regardless of sector, will need to adapt to accommodate the world's changing climate. Internal audit has the skills to play a leading role within the organisations they serve, to ensure that climate related risks and opportunities are fully understood. Internal audit's helicopter view of the organisation, coupled with its direct link with the Board and senior leadership, puts it in an ideal place to ensure that an appreciation of climate change risk is embedded within an organisation's strategy.

Similarly, we call on internal audit teams to show leadership here. Internal audit functions already have the skills they need to grapple with these issues. Take advantage of the direct link to the Board, ask questions and challenge. Opening-up a dialogue on climate change is the first step that needs to be taken if organisations wish to keep up now and excel in the future. Indeed, internal audit can be a key part of an institution's effort to build organizational resiliency for climate change, shift culture, and unlock new business opportunities.

Internal Audit and Risk Management



CMA Santosh S. Korade

Mob.: 97305 77016, 93569 56185

E-mail : santoshkorde77@gmail.com

Abstract

Audit is one of important non-separable aspect of organisation. Audit is mandatory to organisation as per statute on which basis organisation is formed. Audit has various types like as Financial Audit, Internal Audit, Statutory Audit, Cost Audit, Tax Audit, System Audit, Management Audit etc. “Auditor is a watchdog, not a bloodhound”. The role of internal audit is to provide objective and independence assurance to the board and senior management on the effectiveness of governance, risk management, and internal controls. Risk management is a fundamental foundation of any organization’s governance, risk and compliance program. With regulatory pressures ever-increasing, the need to take a consistent, efficient and effective approach to risk has never been greater. A successful risk management program can be attributed to a number of roles including chief compliance officer, general counsel risk manager but here we explore specifically the role of internal audit. “What responsibility do internal auditors have for risk and its management also assure that adequate process has adopted by organisation to control, manage and mitigate risk” will analyse through this article.

What is internal audit?

Internal auditing is an independent, objective assurance and consulting activity designed to add value and improve an organization’s operations. It helps an organization accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control, and governance processes. Many companies also have their own internal audit team in-house. The internal audit team within a company can range from one to hundreds of auditors, depending on the company size. These organizations may

also partner with outside consulting firms on big projects or if they need more expertise.

Applicability of Internal audit

Section 138 of Company Act 2013 read with Rule 13 of the Companies (Accounts) Rules 2014, provides for internal audit in specified companies. The following companies shall be required to appoint an internal auditor-

- (a) Every listed company;
- (b) Every unlisted public company if satisfy any of the criteria given as under-
 - paid-up share capital of fifty crore rupees or more during the preceding financial year
 - turnover of two hundred crore rupees or more during the preceding financial year
 - outstanding loans or borrowings from banks or public financial institutions exceeding one hundred crore rupees or more at any point of time during the preceding financial year
 - outstanding deposits of twenty five crore rupees or more at any point of time during the preceding financial year; and
- (c) Every private company if satisfy any of the criteria given as under-
 - turnover of two hundred crore rupees or more during the preceding financial year; or
 - outstanding loans or borrowings from banks or public financial institutions exceeding one hundred crore rupees or more at any point of time during the preceding financial year

Internal Audit applicability in Table Form

Criteria	Listed companies	Unlisted public companies	Private limited companies
Paid-up share capital	Internal Audit is mandatory without any threshold	Rs. 50 crores or more	Not applicable
Turnover		Rs. 200 crores or more	Rs. 200 crores or more
Outstanding loans or borrowings from banks or financial institutions		Exceeding Rs. 100 crores	Exceeding Rs. 100 crores
Outstanding deposits		Rs. 25 crores or more	Not applicable

What Is Risk Management?

Risk management sometimes referred to as enterprise-wide risk management, or ERM can encompass a range of risk control activities. It is used to identify, assess, manage and control risks, sometimes relating to single projects or

very specific risks; sometimes more widely to assess and mitigate risks facing an entire organization.

These risks often relate to regulatory compliance; governance, risk and compliance are intrinsically linked, and with compliance in the spotlight, both within and

across industries, compliance risk is often a key focus of the risk management program. An effective risk management program enables an organization to understand its risk appetite, and take strategic decisions accordingly. It helps leaders/top management to put in place appropriate risk management frameworks and actions, communicate risk information consistently internally, and to put in place on going measurement that enables risk mitigation approaches to be refined and fine-tuned.

A robust and comprehensive approach to risk management helps organizations to manage their risks by:

- An ability to approach business decisions fully informed regarding their potential risk.

- Enabling consistent and full reporting of risks.
- Analysing and modifying Risk management program according to situation
- Helping top management to understand the full range of risks they face, and their implications.
- Allowing business leaders prioritize risk mitigation actions and plans.
- Better oversight of risk programs and potential threats to reduce risk
- Continuous improvement of risk management programs.

What is role to be played by Risk Management and Internal Audit:	
Role of Risk management	Role of Internal audit
Develop the risk management policy plan & framework	Audit the adequacy and effectiveness of the risk management policy framework
Implementation of risk management framework	Audit implementation of the risk management framework
Advise management on integration of risk management into business operations and their roles in making it work	Audit commitment of management towards risk management and the take up of their roles
Advise on the allocation of accountability for risks, controls and tasks	Audit whether accountable managers fulfil those roles and are capable
Advise top management on the interpretation of risk management information	Provide independent assurance of the risk management information submitted to the Board
Provide appropriate risk management status and performance information to the Board Audit and Risk Committee	Provide an independent view on the credibility and reliability of the risk management information submitted to the Board Audit and Risk Committee
Act as an advisor and mentor to management on risk management matters	Act as an independent reviewer to provide assurance on management’s capability and performance in risk management

Role of the Internal Auditor in Risk Management?

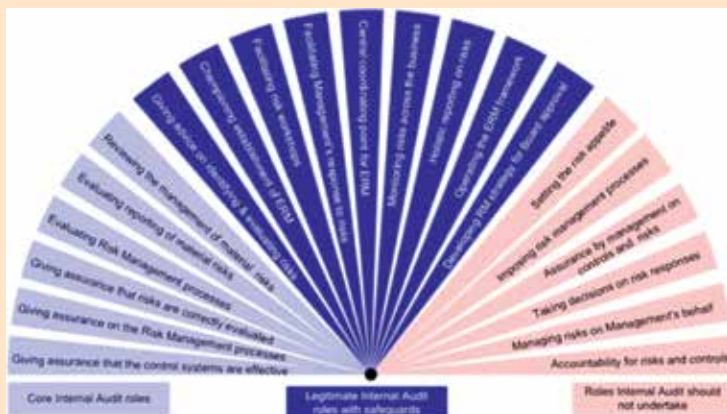


Figure : Internal audit and risk management roles

Evaluate the efficacy of risk management procedures:

One of the internal auditor’s primary roles as the need to evaluate the efficacy of risk management procedures that are currently in place. Internal auditor has to check adequacy of risk management program frame by organisation according risk assessment in field where organisation is operating. Auditor ensures that risk management procedure will aid to reduce/control risk.

Assessments of risk management program: Internal auditors can be responsible for carrying out regular annual, in many cases assessments of an organization’s risk management program, particularly as they relate to regulatory compliance. Internal auditor should assess risk management program of organisation.

The audit compliance report : The audit compliance report produced forms the basis of continuous improvement, identifying any shortcomings and enabling compliance teams to put in place remedial actions, while developing an effective compliance audit strategy should be a central part of any compliance program.

Compliance monitoring: Compliance monitoring gives the business assurance that the risks they face are being tackled, and that appropriate steps are being taken to identify and manage the full range of business risks. Key to this is the ability of compliance and internal audit teams to work together in order to deliver a 360-degree solution to risk assessment and mitigation as they relate to regulatory compliance requirements.

Assurance: When it comes to risk, the internal audit function is primarily to give the organization’s board and top management assurance that the business is managing risk successfully. Ideally, this assurance is two-fold: confirming that the organization’s biggest business risks

are being managed effectively, and that the processes that govern and monitor this are themselves effective. This will give safeguard assurance against risk.

Consultative Role : The internal auditor may also play a consultative role; not just delivering decision on the effectiveness of current risk management approaches, but advising on ways to improve them. While advising on best practice risk management processes should cause no issues, auditors who assume any kind of management responsibility for implementing these processes risk conflicts of interest when also reviewing them.

Role of Internal Auditors to Conduct Risk Management

This is one of important advisory role has to play by internal auditor. In many ways, the internal audit function is ideally placed to lead on risk. Internal auditors have an understanding of risk and its implications on a par with their risk manager colleagues; in fact, they have a comprehensive oversight of all things governance, risk and compliance. Typically, internal auditors are objective and analytical also key competencies for anyone providing impartial assessment. They tend to take a moderate approach to risk, demonstrating neither extremely risk-averse nor high-risk behaviours.

Are There Any Risk Management Roles the Internal Auditor Shouldn't Undertake?

If the internal auditor is responsible for assessing your risk management processes they should not also play a role in developing these processes. Doing so will obviously create a conflict of interest when reviewing their effectiveness. Similarly, internal auditors who provide assurance on risk management should not also be involved in deciding whether these assurances are adequate.

Implement Effective Internal Audit Processes to reduce/control/minimize Business Risk

Internal auditor's role is to assess effectiveness of risk management program placed to reduce, control, minimise risk, finding out loopholes or weakness of program, advice for modifying, alteration of program. Effective implementation of internal audit process to audit risk management process and program will leads to bring more efficacy in risk management process. When reviewing risk management

processes, it's vital that internal audit is able to access a full picture of current performance, and the procedures in place to manage and respond to the risks identified.

Can internal audit be directly involved in risk management initiatives?

Globally board/audit committees are relying more on internal audit to provide recommendations on enhancing risk management process. Risk management, as the second line of defense, aims to build risk management capabilities within operational management and to monitor the first line of defense activities in risk management. As per the (Institute of Internal Audit) IIA Position Paper on "The Role of Internal Auditing in Enterprise-wide risk management":

"A risk management function (and/or committee) facilitates and monitors the implementation of effective risk management practices by operational management and assists risk owners in defining the target risk exposure and reporting adequate risk-related information throughout the organization."

Involvement of Internal audit in risk management may lead to situations where it takes on management responsibilities resulting in impairment of objectivity and independence. Some internal audit functions have indicated that they are involved in decision making and executions responsibilities with regard to risk management including participation in setting risk appetite, making decisions on risk responses and implementing risk responses.

Conclusion

Today's era is competition era. "High Risk High Return" and "No Risk No Return" this is baseline for business earning, but risk will most time cause of huge losses to business, hence reduction of risk, control of risk, minimise of risk are important task for business management. Risk Management program help organisation to reduce/control risk by taking some precautionary steps. Internal audit will check, assess those steps, assure that measurements taken by organisation are adequate, sufficient, and efficient to avoid risk losses. It is also come to know that role of internal auditor is advisory as well as Consultative apart from auditor role. ■

Advanced to Fellow Membership(WIRC) - September 2022

SR. NO.	MEMBER NO.	NAME	CITY
1	33616	Neetu Mukherjee	Raipur
2	15327	Swapan Kumar Dutta	Mumbai
2	40285	Mohammad Akbar Miyan	Thane

Cost Audit - Status And Way Forward



CMA Lt. Dhananjay Kumar Vatsyayan (Ret.)

Mob.: 95455 51752, 89990 70378

E-mail: dvatsyayan@yahoo.com

*“A General can't win a war, if he doesn't know the cost of war”
– Art of War*

1. ABSTRACT

CMA is an old profession developed before World War II to control defense expenditure. The profession established in India after Second World War by British ruler. On 28th May, 1959, the Institute was established by a special act of Parliament, namely, the Cost and Works Accountants Act, 1959 as a statutory professional body for the regulation of the profession of cost and management accountancy.

It established as Cost & Works Accountants of India with head quarter in Calcutta and four Regional Offices in Mero. Slowly it moved out of Metro to various Tire II cities, however its reach is very limited and it is still not a force to recon with. It is still struggling to establish its credential in societies & industries at large.

2. PRESENT STATUS

CMA goes through plenty of financial and operational data during Costing & Cost Audit process. The Formats as per Cost Record Rules are quite exhaustive and informative. Cost Accountants put lot of efforts to compile this information and present it in systematic manner. Cost Auditor think that Cost Audit Reports highlight Cost Saving potential and profit optimization opportunities. It also reveals information about asset utilization, indirect tax, related party transaction etc.

However, Industries response is not up to mark and Cost Audit is not a welcome move by them. Many Industries oppose Cost Audit and argue that information revealed in Cost Audit are either known to Industries or it is too late to act. They are very reluctant and just wish to complete the statutory requirements, where Cost Audits are applicable. The Cost Audit reports are adapted by board of directors as formalities and recommendations of Cost Auditors are generally like information falling to deaf ears. The information revealed in Cost Audit Reports are generally not shared with even employees in order to protect secret information.

3. PROBABLE REASONS

- a) The prescribe Formats as per Cost Records Rules are generic in nature (except few Industries). However certain parts of formats should be Industry specific in order to cater its special requirement.
- b) Many Cost Auditors lacks industry specific information, and company employee easily plays

with their ignorance.

- c) Cost Audits are generally conducted after end of financial year and completion of financial audit. Time available to complete the Cost Audit are very limited, which certainly effects the quality of Cost Audit Report.
- d) Company employees are also reluctant to share information with Cost Auditors.
- e) Industries resist involvement of external agencies and rely on internal agencies or traditionally evolved system.
- f) Most of the software including ERP fail to generate report in line with Cost Accounting Record Rules. Data needs to be handled in Excel Sheets out of software / ERP, which can be manipulated or subject to data corruption.
- g) Industries think that Price of final product is Market driven and Cost information does not add any value to operational requirement except buy or make decision.

4. THE IMPACT ON INDUSTRIES

- a. Many companies fail to survive and flourish, after short period of establishment.
- b. Company lacks required resources at one hand and plenty of resources are unutilized on other hand. It fails to recognize and establish facts.
- c. Variance analysis remain a mathematical exercise rather than fact finding exercise.
- d. Industry fails to understand “what went wrong” and their efforts to overcome the problem is like beating around the bush.
- e. Company fails to detect problem areas in advance and adverse conditions are only known when companies are in deep trouble.
- f. Impact of Indirect expenses are generally ignored by supplier while negotiating price with purchaser.
- g. Company fails to understand integrated approach and always analyze in stand-alone environment.

5. THE IMPACT ON CMA

- a) Most of CMA join industry as employee on completion of their education.
- b) Market value of fresh CMA in job market is lower than their counter part in other professional education.

- c) Though practice is open to all but very few CMA choose this option. The main reasons of choosing employment and not the practice can be summaries as under.
1. Very difficult to secure an assignment of Cost Audit for new entrants.
 2. Cut throat competition on Cost Audit Fee and many time even well-established firm quote too low fee. New entrant finds it difficult to survive in this situation.
 3. The practical exposures provided during the courses are not enough to stand alone. They lack confidence and exposure.
 4. CMA Profession are not well recognized by society in comparison to sister profession. Best talents are reluctant to join this stream.
 5. Passing percent of CMA is very low and many student prefer courses like MBA (Finance) over CMA.

6. WAY FORWARD

A. Industries

- a. The finding of Cost Audit Report must be shared with all HOD and decision makers.
- b. Industries should consider it an opportunity to know areas need attention and having potential to improve.
- c. Safe guarding of information must be looked objectively. Well informed Cost Accountant will be in position to advice better.
- d. Industries must share its concern and areas needs to be looked into by a cost accountant while conducting Cost Audit or similar assignment.

B. Institute

Institute can contribute a lot to trade off the present status and convert the profession to a major force to reckon with. It needs to identify its strength, weakness, opportunity and threats clearly.

- a. Industries specific formats should be developed in addition to common format being used.
- b. The Regional Office & Chapters should function like friend, guide & philosopher to every CMA in service or in practice. It should be in position to provide solution to every member in need.
- c. Industries specific information should be available to student and members on demand. Following type of information must be made available.
 - i. Process flow or manufacturing process being followed in general.
 - ii. Important operational parameters like Theoretical Calculation, Yield, Utilization, Wastage (Normal & Abnormal), Manpower required, Process time (Tap to tap in in batch process) etc.
 - iii. Industry specific terminology being used.

- iv. Critical parameters need to be focused while conducting Cost auditing
 - v. Decision makers of Industries are generally looking for which information.
 - vi. Where Cost Accountant add value to the system and report.
- d. Digital lab (Dummy environment) should be promoted to have virtual exposure of practical aspect, being faced by Cost Accountant in service and practice like
- i. Filling of Income tax return and related issue.
 - ii. Filling of Indirect tax and related issue.
 - iii. Finalizing of TB, P&L, Balance sheet and its schedule.
 - iv. Cost Audit and Maintenance of Cost Records including appraisal report.
 - v. Fixation of Transfer price for inter unit transfer & related party transaction of goods and services.
 - vi. Utilization of costing data for generating industry friendly report over and above Cost Audit Report formats.
 - vii. Development of various modules like Linear & Non-linear programming, fixing inventory levels, Assignments, Transportations, Traveling Sales Man problem, Regression & Co-relation, Tools & Techniques of Data Analytics.
- e. Institute can develop some mechanism where Small & Medium scale industries can have positive interaction with regional offices / chapters. Industries (Small & Medium scale) problem be analyzed and solution be made available at nominal fee.
- f. Institute interaction with local bodies (Municipal, Gram Panchayat), District administration etc. should increase. It can provide positive suggestion in decision making process.

C. Cost Auditors

Cost Accountants needs to improve it reporting, analysis and mechanism to support industries. Following list is only indicative not exhaustive. Any one can add it further.

- a. Cost Audit needn't wait till financial audits are over. They can compile most part of report & Analysis parallelly and share its report with HOD & Management. However, it is not preferred by industry and it will also have duplication of work at Cost Accountant end.
- b. The Cost Audit Report must include information beyond Cost Audit Record Rules.
 - i. Cost Auditors receive plenty of information and this information can be used for various type of analysis like performance analysis, identifying optimum level of economic operation, identifying under utilize resources, existing inventory level

- vs required inventory level, potential to save cost etc.
- ii. Cost Auditors should clearly identify uneconomical products & segments, which needs to be discontinued or look at other options.
 - i. In depth analysis of business process and excellent recommendation for business improvement
 - ii. Cost Auditor will be able to get insight of data and offer various suggestions on time. They can find out fraud, abnormal operations, down time and consumption (material & Utility) excess than standard.
 - c. Artificial intelligence / machine learning can be utilized for high-speed Cost Audit in efficient way. The routine job can be supported by new technology and Auditor can focus on analytical part.
 - i. Trend analysis using techniques of machine learning, Co-relation & regression formulas

should be adapted, where ever technical relation are not available.

- ii. There are many on line classes available, which can be utilized to sharpen the skill base.

7. CONCLUSION

- a. The Cost Audit process is not yet stabilized in many industries and it will take some time to evolve further.
- b. Cost Audit is having tremendous potential to unfold existing opportunities, present status of company.
- c. Cost Accountants, Institute of Cost Accountants and Industries can work hand in hand to grab maximum benefit from Cost Audit.
- d. “Necessity is the mother of invention”. Cost Auditor has to invent new techniques, use latest technology. It is necessary for the Cost Auditor to upgrade its knowledge & skill base with latest tool & techniques.

“Jay Hind”

Training Programme for Co-operative Department Officials, Mumbai

WIRC in association with Department of Co-Operation, Mumbai organized Workshop for Co-operative Department Officials of Mumbai on 21st September 2022 at Mumbai District Co-operative Bank, Mumbai. Inaugural session was attended by Mr. Bajirao Shinde, Divisional Co-Registrar Co-operative Societies, Mumbai, Mr. J. D. Patil, District Sub-Registrar Co-operative Societies, Mumbai City-1, Mr. Pratap Patil, District Sub-Registrar Co-operative Societies, Mumbai-2, Mr. Rajendra Veer, District Sub-Registrar Co-operative Society, Mumbai-3, Mr. Kailas Jeble, District Sub-Registrar Co-operative Societies, Mumbai-4, Mr. Sushil Shelar, District Special Auditor Class 1, Co-operative Societies, Mumbai. CMA Shriram Mahankaliwar, Chairman WIRC felicitated Mr. Bajirao Shinde, Divisional Co-Registrar Co-operative Societies, Mumbai by offering sapling and shawl. CMA Vinayak Kulkarni, Vice Chairman, WIRC & CMA Ashish Bhavsar were also present during the inaugural session.

First Technical Session was on “How to read Balance Sheet of Co-operative Housing Society & Credit Society with Ratio Analysis”. CMA Ashish Thatte, CCM-ICAI & Shri Madhav Prabhune, Banking Consultant were the speakers.

Second Technical Session was on “GST for Co-operative Societies” for which CMA Ashish Thatte, CCM-ICAI was the speaker.

Third Technical Session was on “Income Tax for Co-operative Societies”. CMA Deepak Tikekar was the speaker.

Fourth Technical Session was on “Fund Flow and Cash Flow Statement” by CMA Deepak Ukidave. Smt. Rakhi Gawade, Assistant Registrar proposed vote of thanks.

125 officials from for Co-operative Department have attended the programme.

CMA Vinayak Kulkarni, Vice Chairman, WIRC coordinated the entire programme.

Social Stock Exchange in India

CMA Jyoti Chaudhary

Mob.: 82944 47729

E-mail : jyotijhachaudhary@gmail.com, 37067jyoti@icmaim.in



ABSTRACTS:

- 1) Understanding Business Ecosystem
- 2) Social Stock Exchange
- 3) Evolution of SSE in India
- 4) Scenario of SSE in India
- 5) Regulatory Scheme for SSE
- 6) Global Relevance
- 7) SEBI on Social Stock Exchange
- 8) Fund raising by Social Enterprises
- 9) Social Intent and Impact
- 10) Conclusion

1) UNDERSTANDING BUSINESS ECOSYSTEM:

A business ecosystem is the network of organizations — including suppliers, distributors, customers, competitors, government agencies, and so on — involved in the delivery of a specific product or service through both competition and cooperation. The idea is that each entity in the ecosystem affects and is affected by the others, creating a constantly evolving relationship in which each entity must be flexible and adaptable in order to survive, as in a biological ecosystem. Ecosystems create strong barriers to entry for new competition as the ecosystem already consists of the players that allow it to function. The theory of business ecosystems was developed by business strategist James Moore in 1993.



[source of pic. : <https://www.tr3dent.com/business-ecosystems-seeing-is-believing/>]

In the 1930s, British botanist Arthur Tansley introduced the ecosystem to describe the ecosystem and the environment: air, water, earth, etc. , are flexible, and adapt to sharing with external disruptions. Business strategist James Moore adopted this biological concept in his 1993 Harvard Business Review article entitled “Predators and Prey: A New Ecology of Competition”, in which he compared companies operating in a developing commercial world in a biological society that adapted and evolved to survive. . . Moore suggested that the company could be seen as a single firm in the industry, but as a member of a business ecosystem with participants from all over the industry. Moore described the business ecosystem as follows: An economic community supported by a foundation of interpersonal organizations — the organisms of the business world. The economic community produces valuable goods and services for consumers, who are also members of the ecosystem. Membership also includes suppliers, leading producers, competitors, and other stakeholders. Over time, they change their skills and roles and often adapt to the guidelines set by one or more companies. Those companies that hold leadership roles may change over time, but the role of the ecosystem leader is appreciated by the public because it allows members to move forward with shared ideas to coordinate their investments and find supporting roles.

In essence, a business ecosystem consists of a network of connected companies that work collaboratively to compete and collaborate to grow sales and livelihoods. The ecosystem includes suppliers, distributors, consumers, government, processes, products, and competitors. If the ecosystem prospers, it means that participants have established behavioural patterns that simplify the flow of ideas, talent, and money across the system.

[Description of Business Ecosystem (investopedia.com)]

2) SOCIAL STOCK EXCHANGE:

The social stock exchange is a platform that allows for the listing of non-profits and non-governmental organizations. This allows these organizations to raise funds for community outreach without receiving donations. Social media markets help raise money for non-profit organizations that aim to bring about positive change in society. You can buy shares in welfare companies operating in the fields they believe in and tested for exchanges controlled by SEBI. A 2018 study on the state of public enterprises in India

conducted by the British Council revealed that 57% of social enterprises in India are over-indebted and unable to achieve equity. This serves as a major impediment to the growth of the social enterprise and the social welfare system it aims to achieve. The social stock exchange will help close these barriers and help such businesses raise funds to continue doing good for the community. In addition, India has a number of human development goals to be achieved by the UN. Since government alone cannot achieve victory, non-profit organizations can be financially empowered to do so at the grassroots level. Another obstacle is the lack of investment licenses for charities. An initiative such as establishing a social stock exchange could bring more research and literature into the field to assist those in charge of social welfare in the community.

It will also help to reduce the dependence of non-profit organizations on donations and funding and help to build a strong framework that focuses only on impactful development and sustainable development in the community. Such a funding structure can enable non-governmental organizations to obtain funds through direct listings in the stock market. Although newly arrived in India, several countries such as the UK, Italy, Brazil, and Canada have a stock exchange to help such organizations. India has 31 lakh + non-profit organizations that can benefit from the concept of public stock exchanges by raising funds for public investors.

A panel of experts set up by SEBI released a detailed report on 1 Jun 2020, in which they set out the framework for setting up and operating a social stock exchange in India. Currently, non-profit and non-governmental organizations in the country receive donations, CSR (Social Responsibility), SRI (Social Responsible Investment), government assistance, and other charitable activities. The social stock exchange may be able to combine all of these support options into a single, cohesive platform. The forum will not only help raise revenue but will also help track the social and financial benefits closed by public enterprises. The social stock exchange is expected to be a different part of the current stock market. Only those public enterprises will be selected to be listed on the stock exchange that has reported a positive impact on the community and are reliable and able to do so in the future. Non-profit and non-governmental organizations must adhere to all the rules set by the Information Center. The social auditors will also make sure that they are aware of the social impact of the organization after the organizations have reported their work. The proposal is that investors who buy shares of such organizations in the stock market will be entitled to tax benefits under Section 80G of the IT Act. Meanwhile, stock companies of such companies may view this as a CSR action.

3) EVOLUTION OF SSE IN INDIA:

The Hon'ble Finance Minister announced in her Union Budget speech for the year 2019-20 the creation of a Social Stock Exchange (SSE) under the regulatory

ambit of SEBI, where social enterprises and voluntary organizations work for realizing social welfare objectives can be listed and raise capital as equity. It gained momentum during the COVID-19 violence, highlighting the importance of public finances in mitigating the negative effects on the most vulnerable. Under the leadership of Shri Ishaat Hussain, SEBI formed a working group ('WG') to investigate SSE matters. WG's broad mandate was to review and make recommendations on:

- Buildings and mechanisms that can be put on the security market to facilitate fundraising by social enterprises and voluntary organizations;
- A basic regulatory framework, including requirements for eligibility for participation, disclosure, listing, trading, supervision, etc.

Responding to WG's recommendations on SSE, SEBI established a Technical Team ('TG') led by Drs. Harsh Kumar Bhanwala has the authority to review and make recommendations on the following topics:

- Corporate Non-Profit Organizations (NPOs) and community-based for-profit enterprises (FPEs) and to define profitable community / business investment in SSE.
- Evaluate financial reporting, governance and performance, as well as public impact reporting and disclosure rates for NPOs and FPEs on the SSE.
- The rules of social auditors, eligibility standards, and other coordinators, such as the database and their regulatory bodies are required (SRO).

Stock Exchanges have an impact on the community and aim to ensure that their primary target is SSE. Three filters, including target population, completed tasks, and volume of activities, are used to determine community benefit. Among the 15 broad categories of social work listed in the SEBI 2021 technical committee report, it should focus on the marginalized and disadvantaged, such as eliminating malnutrition, poverty, inequality, promoting gender equality, education, health care, and environmental protection. The company must qualify for a qualified social worker in 67% of its activities to be listed on the SSE.

4) SCENARIO OF SSE IN INDIA:

It is a great challenge to meet the Sustainable Development Goals (SDGs) deadline of 2030 in India, despite the impressive growth of private companies and non-profit organizations working in the social sector. The 17 member states are required to adhere to the SDGs, such as peace, justice, and quality education. India is ranked 131st out of 189 countries in the Human Development Index 2020, with 0.645 points. It is estimated that there are more than one million nonprofit organizations in India contributing to HDI and the country's GDP. Social enterprises and social groups aim to improve the quality of life in the country. To fulfill their obligations, they must be given adequate funding, financial assistance, or support. SCENE SSE INDIA

It is a great challenge to meet the Sustainable Development Goals (SDGs) deadline of 2030 in India, despite the impressive growth of private companies and non-profit organizations working in the social sector. The 17 member states need to adhere to the SDGs, such as peace, justice, and quality education. India is ranked 131st out of 189 countries in the Human Development Index 2020, with 0.645 points. It is estimated that there are more than one million nonprofit organizations in India contributing to HDI and the country's GDP. Social enterprises and social groups aim to improve the quality of life in the country. To fulfill their obligations, they must be given adequate funding, financial assistance, or subsidies.

5) REGULATORY SCHEME FOR SSE:

The regulatory requirements for SSEs will not be limited to SEBI, but should also comply with a variety of other laws, depending on the source of funding or alternatives. The regulatory framework for SSEs will be determined by the source of funding, either domestic or foreign.

- **DOMESTIC SOURCE:** Securities Transaction Tax ('STT') should be paid to SSE traders, and this will have an impact on exchange volume and revenue. The investor must also pay Capital Gains Tax on long-term profits from the sale of shares on the SSE. As defined in Section 80G of IT Act, the maximum deduction is 10% of total revenue, which acts as a barrier to willing donors. Also, the working group proposal requires that first-time investors be eligible for a 100% investment tax of up to Rs. 1 lakh in SSE partnership fund. The organization must meet certain requirements to be registered under Section 80 G, 12A / 12AA, and at the time of its review every five years. NPOs must meet certain registration requirements under Section 80G and 12A / 12AA, including their business type, income, etc. In addition, the SSE forum will be a breach of terms if it is used to trade NGO securities.
- **FOREIGN SOURCE:** The Foreign Contribution Act (Act), 2010 ('FCRA') defines an external source as a budget allocated to non-citizens in a Section 8 Company, as defined in subsection (j) of Section. All donations received from outside sources are governed by the Foreign Donations Control Act. In addition, it is not permitted to invest any of these external contributions in projects or programs that promise high-profit genes, for example, chips, assets, or assets that are not directly related to the goals or objectives of the organization or organization.

6) GLOBAL PREVALENCE

Various nations have established their own SSE such as Brazil's Socio-Environmental Impact Exchange (BVSA), Portugal, and SASIX, Jamaica (JSSE) of South Africa, the UK, Singapore, and Canada's Social Venture Connexion (SVX). The idea was very popular in these nations but later it faced many challenges and as a result it was closed for one or the same reason. By introducing

the latest products or securities, this exchange on the matching platform only served as a source of information and helped to gain investor confidence; did not open new NPO trade routes. [3] Non-profit organizations were encouraged to calculate the impact rather than raise funds. Furthermore, not all non-profit organizations have the same opportunity to participate. Only three of the seven SSEs set worldwide are still active. Currently, the SSE of Canada, Singapore, and Jamaica is still in operation. However, in India, the concept of SSE has been widely introduced, creating more NPO approaches and better opportunities for FPE competition. It provides not only a platform for equity trading tools but also debt tools.

7) SEBI ON SOCIAL STOCK EXCHANGE IN INDIA:

SEBI, India's capital market regulator, on Tuesday approved the creation of a stock exchange for non-profits and for-profit businesses. SEBI has approved a separate framework for the exchange of public stock for the listing of a non-profit organization and for-profit public enterprise involved in 15 comprehensive social activities approved by the market regulator.

Public companies can raise funds equally, issuing zero coupon principal bonds, joint funds, public funds and development impact bonds. Contributing funds Existing funds will be re-registered as public funds and may have a reduced value of ₹ 5 crore compared to ₹ 20 crore previously set.

SEBI will work with Nabard, SIDBI and stock exchanges to establish a 100 million million chassis fund. Experts say that with India ranked 129th out of 189 countries in the Human Development Index, social trade could do more for the social sector. Although funding from individual philanthropists will reach ₹ 70,000 crore by 2018, according to Bain and Company, there is an opportunity to help these companies use other funding sources such as international philanthropy, local CSR, official development assistance, etc. always.

8) FUND RAISING BY SOCIAL ENTERPRISES:

The market regulator SEBI decided on a social stock exchange framework to raise funds for public enterprises. The Social Stock Exchange (SSE) framework is based on the recommendations of the working group and the technical team formed by the regulator. Following the board meeting, SEBI Chairman Ajay Tyagi said SSE would be a separate segment of existing markets.

9) SOCIAL INTENT AND IMPACT:

Social Enterprises (SEs) eligible to participate in the SSE must be organizations that have social purpose and influence as their primary objective – Non-Profit Organizations (NPOs) and for-profit social enterprises. Further, such intent should be demonstrated by focusing on appropriate social goals for underserved or less privileged populations or regions. Social enterprises will have to engage in a social activity from the 15 comprehensive list of activities approved by SEBI. When asked about the timetable for SSE,

Tyagi said he could not set the timeline for change and would coordinate with the government to move forward. Regarding fundraising, Sebi said eligible NPOs can raise funds through equity, zero coupon zero principal bonds, mutual funds, social impact funds and development impact bonds. NPOs wishing to raise funds in the SSE will need to be listed on the exchange. The regulator said social venture funds under Sebi's Alternative Mutual Funds norms will be rebaptized as social impact funds. Also, corpus requirements for such funds will be reduced from Rs 20 to Rs 5 to Rs 5. Also, the reference to "silent returns" will be removed. SEBI said it will make appropriate changes to its regulatory framework to mandate initial and sustained disclosures for social enterprises that cover governance, financial and social impact-related aspects. Social audit is mandatory for fundraising SEs: He also said that social audit will be mandatory for fundraising or SSE registered SEs. Only well-known firms/institutions with expertise in social auditing will be allowed to conduct social audits employing social auditors who have qualified for the certification course run by the NISM.

ICAI will function as an SRO for social auditors: In addition, a separate sustainability directorate within ICAI will function as an SRO for social auditors. The regulator said it will work with NABARD, SIDBI and the exchanges towards establishing a Rs 100 crore capacity building fund. The regulator said making the framework operational will require changes to several norms and these will be taken up by SEBI.

Who cannot take the SSE? : In May, a SEBI panel recommended that corporate foundations, political and religious organizations, among other entities, should not be allowed to be in the SSE. Social exchange is a new concept in India and such an exchange is meant to serve private and non-profit sector providers by channelling more capital to them. The idea of SSE was first voiced by Finance Minister Nirmala Sitharaman in her 2019-20 Budget Speech.

11) CONCLUSION :

As per article published in mises.org, Murray Rothbard once asked Ludwig von Mises at what point on the spectrum of statism is the point that designates a country as "socialist." To his surprise, Mises said that there was, indeed, a clear-cut delineation: The Stock Market.

Mises said, "A stock market is crucial to the existence of capitalism and private property. For it means that there is a functioning market in the exchange of private titles to the means of production. There can be no genuine private ownership of capital without a stock market: there can be no true socialism if such a market is allowed to exist."

So Social Stock Exchange is best suited to mixed economy like India. Where functioning of socialism is based on mechanism of Capitalistic views. After the concept of CSR this seems to be one step further to remove economic inequality and bringing equal opportunity in India.

Bibliography:

- 1) Adam Hays, "Business Ecosystem", Published on 20th Jan, 2021,
[<https://www.investopedia.com/terms/b/business-ecosystem.asp>]
- 2) Anonumous, "What is Stock Exchange in India",
[What is Social Stock Exchange in India?-India CSR Network]
- 3) Guests/ Anonymous, "Social stock exchanges in India: Can they help lift the underserved?", Published on 16th Oct. 2021,
[Social stock exchanges in India: Can they help lift the underserved? | The Financial Express]
- 4) Paul F. Quick, Stock Market Socialism, published on 2/2/1999
[<https://mises.org/library/stock-market-socialism#:~:text=For%20it%20means%20that%20there,market%20is%20allowed%20to%20exist.%22>]
- 5) Various Internet Searches

DIWALI CELEBRATIONS

Diwali is festival of lights, crackers and sweets. The lights and family gatherings are a special time to come together with loved ones. Members are requested to share their photos of enjoying Diwali with family member's alongwith small write up. We will publish it in the November 2022 issue of WIRC Bulletin.



MIS Reports for Repairs Cost including monitoring, controlling and reducing Total Repairs Cost

Rashmika Mahiya



CMA Rajesh Kapadia

Mob.: 99090 29382

E-mail: rajeshanita2007@yahoo.com

Nowadays, Cost Reductions are the number one priority in Corporate World. This is also true for Maintenance Managers who face Cost Control Programmes imposed by Senior Management.

And as Repairs Cost often becomes Major Cost Component of Fixed Cost and thereby in Cost of Sales, it pays to Monitor / Control / Reduce Repairs Cost.

This can be achieved through MIS Report as mentioned in Annexure I & Annexure II.

Annexure I will highlight areas where management can initiate required steps / actions to monitor, control and reduced expenses on Repairs Cost.

An illustrative checklist is produced here under :

Following Checklist (It is Illustrative in Nature and not Exhaustive) is suggested to monitor, control and reduce expenses on Repairs Cost.

- There should be proper purchase procedure for AMC / ARC to ensure reasonable price and quality of work for sustainable production.
- AMC involves expertise. It is of proprietary nature. It should be awarded to OEM to ensure quality work which will in turn ensure sustainable production
- In case of ARC, it is not of proprietary nature but it should be awarded to party which has required knowledge and more important required resources to ensure quality of work for sustainable production.

Sometimes, with respect to some ARC, the concerned department like Mechanical Engineering or Electrical Engineering or Instrument Engineering or may be HR may feel that Service provider is not adequately equipped to provide satisfactory services like :

Unable to bring adequate no of people for work or

Unable to bring people for required no of hours or days

This may result in delay in completing the desired work.

This may bring in the necessity to “ EXPLORE NEW VENDORS”.

While Exploring New Vendors company may consider the Capacity to provide the required services to the satisfaction of the concerned department

- At the time of negotiation, price is usually arrived at on the basis of last purchase price, if any, plus inflation and scope of work involved.

- Sometimes, high repair cost is the result of deferred maintenance.

- Modifying equipment is necessary sometimes, typically, when process parameters change or when s

Not upgrading equipment will result in increased failures.

- * **Modifying equipment** is necessary sometimes, typically, when the equipment was not initially specified correctly or when process parameters change.

Not upgrading equipment will result in increased failures.

- * Sometimes, high repair cost is the result of deferred maintenance.

Deferred Maintenance is the practice of postponing maintenance activities to save costs or to meet budget or to realign available budget monies.

The failure to perform needed repair could lead to asset deterioration and untimely asset impairment.

Generally, a policy of continued deferred maintenance may result in higher costs, asset failures, and in some cases, safety, health & environmental implications.

- * **Training is the foundation of cost reduction.**

One would agree that training would increase awareness and prompt well thought actions from equipment operations.

The training needs to be correct training and include engineers, maintenance technicians and operators.

All these employees influence equipment reliability in some way.

Results of Actions taken as above will be reflected in Annexure II which will shows Trend of Productwise Year Wise Per MT Expenses on Repairs.

If Per MT Expenses on Repairs is high then it means either High Incidence of Repairs Expenses for that Product / Products or Due to Low Capacity Utilisation, Per MT Expenses on Repairs is high.

ANNEXURE I:**Yearwise Trend of Cost Centrewise Repairs Cost as % of Total Repair Cost for Company / for Plant 1 / for Product 1**

YEAR	CY (Rs Lacs)	%	PY1 (Rs Lacs)	%	PY2 (Rs Lacs)	%
PARTICULARS						
Break Up of Cost Centerwise Repairs Cost						
COST CENTRES						
Manufacturing Cost Centres						
Manufacturing Plant-1						
Manufacturing Plant-2						
Manufacturing Plant-3						
Utilities Cost Centres						
Power Plant						
Boiler						
DM Water Plant						
Filtration Plant						
Cooling Water Plant						
Chilled Water Plant						
Air Compressor						
Nitrogen						
Other Cost Centres						
TOTAL REPAIRS COST						

ANNEXURE II:**Repairs Expenses Per MT of Product for Key Products**
(Repairs Expenses with respect to Production Cost Centres)

SR No.	KEY PRODUCTS	UNIT	CY	PY1	PY2
1	PRODUCT 1	RS / MT			
2	PRODUCT 2	RS / MT			
3	PRODUCT 3	RS / MT			
4	PRODUCT 4	RS / MT			
5	PRODUCT 5	RS / MT			
6	PRODUCT 6	RS / MT			
7	PRODUCT 7	RS / MT			
8	PRODUCT 8	RS / MT			
9	PRODUCT 9	RS / MT			
10	PRODUCT 10	RS / MT			

CY = CURRENT FINANCIAL YEAR

PY1 = PREVIOUS FINANCIAL YEAR 1

PV2 = PREVIOUS FINANCIAL YEAR 2

NOTE : VIEWS EXPRESSED ARE THE PERSONAL VIEWS OF THE AUTHORS

CHAPTER NEWS

AHMEDABAD

Residential Program at Diu & Somnath

Chapter had organized Residential Program at Diu & Somnath during 26th August 22 to 28th August 22. There was esteemed presence of CMA Ashwin Dalwadi, CCM & CMA Ashish Bhavsar, Hon. Secretary WIRC. The inaugural speech was delivered by CMA Malhar Dalwadi, Chairman of Ahmedabad Chapter and CMA Mihir Vyas, Chairman of Baroda Chapter. CMA Priyank Vyas, Secretary Baroda Chapter proposed vote of thank.

All the sessions were very interactive and found useful to the participants. The members & their family also visited the Somnath Temple. The program was well organized and enjoyable too.

Celebration of Hindi Diwas

Chapter organized Sher-O-Shayari, Hindi Kavita & Gazal competition on the occasion of Hindi Diwas on 14th September 2022 in which about 20 students enthusiastically participated. In this competition, CMA Malhar Dalwadi, Chairman welcomed Jury Shri Manishbhai Pathak and honoured by Shawl. CMA Mitesh Prajapati, Secretary gave inaugural address and conveyed the importance of Hindi Day to everyone present. CMA Malhar Dalwadi, encouraged everyone to participate in the competition with enthusiasm during his occasional sermon. Jury Shri Manishbhai Pathak explained the importance of literature in life. Participants in competition had present Sher-O-Shayari, Hindi Kavita & Gazal in Hindi.

Ms. Perna Pandey (Intermediate) was declared the first, Krishna Unadkat (Intermedaite) was second and Gopal Sadhu (Intermediate) was the third winner.

Webinar on Advanced Functions of Excel

ICAI-Nashik, Ahmedabad & Baroda Chapter jointly organized webinar on Advanced Functions of Excel under the initiative – Skill Development for future Professionals on 17th September 2022. CMA Bhushan Pagere, Chairman Nashik Chapter, welcomed speaker CMA Ashish Talikot and participant members. CMA Vandit Trivedi introduced speaker. CMA Ashish Talikot gave detailed presentation and explained on subject of webinar in very lucid manner. 215+ members & students participated in the webinar. The presentation was very useful to the participant members. CMA Nikhil Pawar proposed vote of thanks.

Career Counseling

During the month of September 2022, Chapter has done promotional activities for CMA course. As part of Career counseling activity, Oral Coaching Committee Team members met Principals of different schools, Colleges, universities and owners of Private classes and distributed pamphlets of course content. CMA Mitesh Prajapati – Chairman of Oral Coaching committee also visited following schools on 5th September 2022 for promotion of CMA Course.

- 1) Smt. H D Patel Vidhyalaya – Jashwantgadh between 3.00pm to 5.00pm where 100+ students participated. CMA Mitesh Prajapati briefed about CMA course.
- 2) Shree B M Patel Higher Secondary School – Umedgadh between 11.30 am-12.30pm where 50+ students participated and CMA Mitesh Prajapati briefed about CMA Course.

BARODA

Residential Program at Diu & Somnath

Chapter jointly with Ahmedabad Chapter arranges residential program at Diu & Somanth on 26/8/2022 to 28/08/2022, Chapter Members & their Families attend.

Empowering MSMEs

Chapter & Anand Branch of WIRC of ICAI Jointly with other Association Organized Empowring MSME Programme on 27th August 2022 at ICAI Bhawan, Atladra,. Mr. Abhay Desai was the speaker. Large number of Members attended the session.

Industrial Visit Green Brilliance

Chapter has organized an Education Trip to GREENBRILLIANCE Epoxy House Group Company, having market experience of over 40 years. The company provides solutions pertaining to solar energy harvesting. The visit will help students gain practical exposure and learn nitty gritty of company operations & various processes on 24th September 2022. No of students participated in the Industrial Visit. CMA Mihir Vyas Chairman & CMA Mohit Nagdev, member of Baroda Chapter coordinated the visit.

NAGPUR

In response to an Initiative of WIRC to Career counselling drive across the Region & all Chapters, Nagpur Chapter had conducted a Career Counselling program at Dr. Babasaheb Ambedkar College, Post Graduate (M.Com) Dept. which was well received by the students. CMA Shriram Mahankaliwar, Chairman WIRC, CMA P.S.Patil, CMA Pushparaj Kulkarni, CMA Renu Kulkarni, from Nagpur Chapter made the presentation.

Principal Dr.Mehare, Dr.Potdukhe, HOD, Akhil Ramteke Sir & other respected faculties of Dr. Babasaheb Ambedkar College were present on the occasion.

NASIK OJHAR

Webinar on Advanced Functions of Excel

Chapter organised a webinar on 17th September 2022 on “Advanced Functions of Excel” jointly with Ahmedabad and Baroda Chapter under the Skill Development for Future professionals.

Webinar started with a Chairman speech by CMA Bhushan Pagere, Chairman, Nashik Chapter delivered by adding importance of Excel Tool in our day to day Professional life. And he ensured participants to arrange new topics in the

future. Managing Committee member of Baroda chapter CMA Vandit Trivedi introduced speaker of the webinar CMA Ashish Talikot - Manager (Finance & Costing) at Anand Power Limited. Nasik, India.

CMA Ashish Talikot Sir covered session from short cut keys in excel which save time of members, then he covered all important topics of Excel which is useful in professional career.

CMA Nikhil Pawar proposed vote of thanks.

To make this webinar successful all Managing Committee Members of three Chapters contributed their efforts.

Career Counselling Programme

Chapter had successfully conducted Career Counselling Programme on 9th September 2022 at Arts, Science and Commerce College, Ojhar (MIG), Nashik by CMA Dipak Joshi Managing Committee member and at MVP- Arts, Commerce and Science College, Ojhar (MIG), Niphad, Nashik by CMA Mayur Nikam Treasurer of Nashik Ojhar Chapter

CMA Dipak Joshi & CMA Mayur Nikam guided the students about the details of CMA Course, Syllabus 2022 Coverage & Success Stories.

He also explained not only about the CMA Course but also given the information about the moral aspects in order to pursue the CMA course.

More than 190 students attended the above program.

NAVI MUMBAI

CEP on Project Finance: A Practitioner's perspective

Chapter conducted offline programme on "Project Finance: A Practitioner's perspective" on 28th August 2022 at KB

Patil College Conference Hall, Navi Mumbai - 400703. The speaker for this event was CMA Debasish Mitra GM Finance KRCL. CMA Vaidyanathan Iyer Chairman of the Chapter welcomed the audience and introduced the speaker and stressed on the importance of knowing a practitioner's view of Project finance for achieving better results.

The speaker deliberated on the various aspects of Project Finance covering areas with a special reference to Thermal Power generation Co, Practical approach on Project Finance, Common Loan Agreement and Dealing with different Agencies.

The lucid presentation & the interactive workshop came to an end with the vote of thanks being proposed by CMA B.N Sapkal, Past Chairman of the Chapter.

PUNE

Inauguration of 7 Days Training for Final

Chapter organized Inauguration of 7 Days Training (IOTP) for Final students from 25th September 2022 for the Oral & Postal students at CMA Bhawan, Karvenagar.

CMA Amit Shahane & CMA Abhay Deodhar were speakers for the program.

CMA Rahul Chincholkar, Coaching Committee Chairman welcomed & introduced the speakers to the participants. CMA Abhay Deodhar felicitated speaker CMA Amit Shahane and CMA Rahul Chincholkar, felicitated CMA Abhay Deodhar.

CMA Amit Shahane explained the students on topic Direct Taxation and CMA Abhay Deodhar Sir described the students about CMA's role in submitting the projects. Large number of students attended the session.

Career Counselling drive across the WIRC Region

Sl. No.	Organised by	College	Date
1	WIRC	M. L. Dahanukar College, Vile Parle, Mumbai	12th September 2022
2	WIRC	V. K. Krishna Menon College of Commerce and Economics, Mumbai	28th September 2022
3	Ahmedabad Chapter	Smt. H. D. Patel Vidhyalaya, Jashwantgadh	5th September 2022
4	Ahmedabad Chapter	Shree B M Patel Higher Secondary School – Umedgadh	5th September 2022
5	Nagpur Chapter	Dr. Babasaheb Ambedkar College, Nagpur	19th September 2022
6	Nasik Ojhar Chapter	MVP- Arts, Commerce and Science College, Ojhar (MIG), Niphad	9th September 2022



CMA Mihir Vyas, Chairman Baroda Chapter, CMA Ashwin Dalwadi, CCM-ICAI, CMA Ashish Bhavsar, Hon. Secretary WIRC & CMA Malhar Dalwadi, Chairman Ahmedabad Chapter during inaugural session of Residential Programme organised by Ahmedabad Chapter on 26th Aug. 2022 at Diu & Somnath.



Industrial Visit at Green Brilliance Epoxy House Group Company organised by Baroda Chapter on 24th September 2022.



CMA K. R. Jethani, Sr. Member & CMA Vaidyanathan Iyer, Chairman Navi Mumbai Chapter, felicitating CMA Debasish Mitra, CCM-ICAI & speaker during CEP organised by Navi Mumbai Chapter on 28th August 2022.



CMA Abhay Deodhar felicitating speaker CMA Amit Shahane during Inaugural session of 7 Days IOTP Training organised by Pune Chapter for Final students on 25th September 2022.

Career Counselling Drive across the WIRC Region



M. L. Dahanukar College, Vile Parle, Mumbai -
12th September 2022



V. K. Krishna Menon College of Commerce and Economics -
28th September 2022



Smt. H. D. Patel Vidhyalaya – Jashwantgadh,
Ahmedabad - 5th September 2022



Dr. Babasaheb Ambedkar College, Nagpur -
19th September 2022



MVP- Arts, Commerce and Science College, Nashik -
9th September 2022



CMA Shriram Mahankaliwar, Chairman WIRC met Managing Director of Saraswat Co-op Bank CMA Arti Patil MD (operations) & Abhijit Prabhu, MD (Business) for representation for inclusion of CMAs for Stock Audit, Credit Review, Risk Management etc., & other banking Empanelment on 12th September 2022. Also seen CMA Vinayak Kulkarni, Vice Chairman WIRC & CMA Chaitanya Mohrir, Treasurer WIRC

CMA Shriram Mahankaliwar, Chairman WIRC met Shri Milind Mhaiskar IAS, Secretary Housing Dept. (RERA) to Submit memorandum for Inclusion of Cost Accountants for certification under RERA Act on 12th September 2022. Also seen CMA Chaitanya Mohrir, Treasurer WIRC

Theme of November 2022

Cost Audit

Sub Theme : Experience sharing
Challenges Faced
Best Practices
Improvisation in Cost Audit
Cost Accounting Records

Please send your articles by e-mail to wirc.admin@icmai.in before 25th October 2022.

To,



If undelivered please return to:
THE INSTITUTE OF COST ACCOUNTANTS OF INDIA
WESTERN INDIA REGIONAL COUNCIL,
Rohit Chambers, Janmabhoomi Marg, Fort,
Mumbai 400 001.

Printed and Published by Chaitanya Laxmanrao Mohrir on behalf of the Western India Regional Council of the Institute of Cost Accountants of India. Printed at M/s. Surekha Press, Gala No. A 20, First Floor, Shalimar Industrial Estate, Matunga Labour Camp, Opp. Tata Power Co., Andhra Valley Road, Matunga, Dist. Mumbai, Pincode 400 019, Maharashtra. Published at Western India Regional Council of the Institute of Cost Accountants of India, Office No. 32, Rohit Chambers, 4th Floor, Janmabhoomi Marg, Fort, Dist. Mumbai, Pincode 400 001, Maharashtra. Editor : Chaitanya Laxmanrao Mohrir

Disclaimer

1. WIRC does not take responsibility for returning unsolicited publication material. Unsolicited articles and transparencies are sent in at the owner's risk and the publisher accepts no liability for loss or damage.
2. The views expressed by the authors are personal and do not necessarily represent the views of the WIRC and therefore should not be attributed to it.
3. WIRC is not in any way responsible for the result of any action taken on the basis of the articles and/or advertisements published in the bulletin. The material in this publication may not be reproduced, whether in part or in whole, without the consent of the Editor, WIRC.