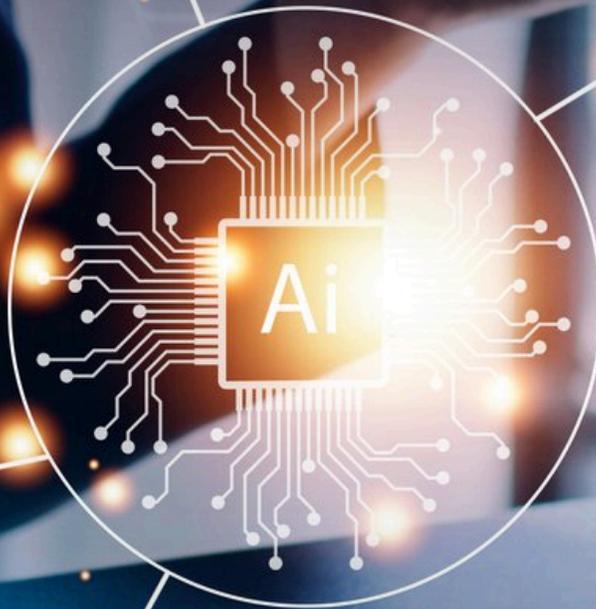


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# WIRC BULLETIN

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**Digital Transformation in Internal Audit,  
AI, Technology and Practical Insights**



**ICMAI**  
THE INSTITUTE OF  
COST ACCOUNTANTS OF INDIA

भारतीय लागत लेखाकार संस्थान  
Statutory Body under an Act of Parliament  
(Under the jurisdiction of Ministry of Corporate Affairs)

WESTERN INDIA REGIONAL COUNCIL



Follow us on:    

**MSME & Start-up Promotion Committee of  
WESTERN INDIA REGIONAL COUNCIL**

is pleased to announce

# MSME CONCLAVE 2025

**4 CPE  
CREDIT HOURS**  
will be provided  
to CMAs

## Theme:

# उद्योगोन्नति

**“Cost to Competitiveness:  
Empowering MSMEs & Start-ups  
for Strategic Growth”**



 Sat, **15<sup>th</sup> November, 2025**

 **9:00 AM - 6:00 PM**

 **HOTEL CENTRE POINT,**  
24, Central Bazar Road, Ramdaspath, Nagpur, Mah. 440010

## Hosted by:

**ICMAI Nagpur Chapter**

## Delegate Fees:

**Rs.1,000 +18% GST**

## Scan & Register:



## Supported by:

**VIA**  
**VIA MSME FORUM**

Vidarbha Industries  
Association (VIA), Nagpur

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Sponsorship Type	Amount	No of Free Delegates	Logo on Backdrop
Platinum	2,00,000	8	Yes
Gold	1,50,000	6	Yes
Silver	1,00,000	5	Yes
Co-Sponsorer	50,000	2	NA

## PROGRAMME SCHEDULE

From	To	Details
09.00 am	10.30 am	Registration & High Tea
10.30 am	12.00 pm	Inauguration Session
12.00 pm	01.30 pm	Technical Session I: MSME Udaan - Schemes for Growth and Global Reach
01.30 pm	02.30 pm	Lunch
02.30 pm	04.00 pm	Technical Session II :Sustainability to Competitiveness - ESG as a Growth multiplier
04.00 pm	05.30 pm	Panel Discussion Session: Breaking Barriers-Addressing Key Challenges
05.30 pm	06.00 pm	Valedictory Session

## PAYMENT DETAILS

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## FOR REGISTRATION, PLEASE CONTACT

### Western India Regional Council of ICMAI

Rohit Chambers, 4th Floor, Janmabhoomi Marg, Fort,  
Mumbai 400 001. Maharashtra. India.

**Mob: 9819187416/ 9076020355**

**Email: wirc@icmai.in**

### ICMAI – Nagpur Chapter

243/3, "ICMAI Bhawan", Laxminagar,  
Nagpur – 4400 22.

**Mob: 0712 2227829 / 2228541•**

**Email: nagpur@icmai.in**

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## Vision Statement

"The Institute of Cost Accountants of India would be the preferred source of resources and professionals for the financial leadership of enterprises globally."



## Mission Statement

"The Cost and Management Accountant professionals would ethically drive enterprises globally by creating value to stakeholders in the socio-economic context through competencies drawn from the integration of strategy, management and accounting."





From the Desk of Chairman

## CMA Mihir Narayan Vyas

Chairman ICMAI -WIRC

“Every sunrise brings a new opportunity — an opportunity to transform, to innovate, and to lead!”

Dear Professional Colleagues,

As we welcome the vibrant month of November, filled with the festive spirit and renewed enthusiasm, let us begin by extending heartfelt congratulations to Team India Women’s Cricket Team for their phenomenal triumph and for making our nation proud on the global stage! Their victory stands as a shining example of teamwork, discipline, and determination — values we, as CMAs, also uphold in our professional journey.

This month’s WIRC Bulletin revolves around a highly relevant and futuristic theme “**Digital Transformation in Internal Audit – AI, Technology and Practical Insights**”. The role of Internal Audit has evolved beyond compliance — it has become the strategic nerve center of governance, risk management, and assurance. With Artificial Intelligence, data analytics, and automation tools transforming audit methodologies, CMAs must embrace technology as a catalyst to enhance transparency, efficiency, and foresight in every business decision.

This issue captures digital evolution beautifully — a blend of knowledge, innovation, and professional insights. Articles in this edition explore diverse dimensions - AI-driven audit tools, ERP-based control mechanisms, digital documentation, and futuristic audit readiness. It’s a must-read for every CMA aspiring to be “**AI-Ready**” and “**Future-Fit**”!

I am delighted to share that the Western India Regional Council will host the “**MSME Conclave 2025**” on the theme “उद्योगोन्नति – Cost to Competitiveness: Empowering MSMEs & Start-ups for Strategic Growth” on **15th November 2025 at Hotel Centre Point, Nagpur**. I invite all members to participate in large numbers in this important initiative dedicated to empowering MSMEs and start-ups.

Furthermore, we are proud to announce that the “**Regional Cost Convention (RCC)**” of ICMAI-WIRC will be held on **13th & 14th February 2026** in the vibrant city of Vadodara. Please mark your calendars for this grand regional convention — a perfect platform for learning, networking, and collaboration.

Equally exciting is the **Students Regional Cost Convention (SRCC)** scheduled for **17th & 18th March 2026 in Surat**, the cleanest city of India. I urge all our enthusiastic students to participate wholeheartedly and make the SRCC a resounding success.

I’m happy to inform you that, **63rd National Cost & Management Accountants Convention (NCMAC) from 9th to 11th January 2026 at Coimbatore, Tamil Nadu**. Let us represent the Western Region with pride and unity at this national-level congregation. I request all members to come together at this national platform to celebrate our profession’s achievements and vision.

### Professional Development Initiatives:

The Professional Development Committee continues to empower members through meaningful learning interventions. In October 2025, several impactful programs were conducted:

- CPE Webinar on “GSTAT Readiness – Key Points to Keep in Mind” on 8th October 2025, in collaboration with the Taskforce for GST & Income Tax, where CMA (RV) Pankaj Kannaujiya shared practical insights.
- Seminar on the Insolvency and Bankruptcy Code, 2016, jointly organized with the Insolvency Professional Agency of ICMAI at WIRC Auditorium on 8th October 2025. CMA Harshad Deshpande, Central Council Member, graced the event as Guest of Honour.

- CPE Webinar on “Concurrent Audit in Cooperative Banks” held on 11th October 2025 with CMA CS CA KenishMaheshchandra Mehta as expert speaker.
- CPE Webinar on “Code of Ethics” on 16th October 2025, addressed by CMA (Dr.) Ashish Prakash Thatte, Central Council Member, ICAI.

## Students’ Activities & Empowerment

The Students Coordination Committee and Taskforce for Empowering Young CMAs organized a **Diwali Rangoli Competition** on 17th October 2025 at the WIRC Office. Students showcased their creativity through vibrant designs, filling the premises with festive energy and youthful enthusiasm.

To assist students preparing for the December 2025 term examinations, WIRC will be conducting **Crash Courses for Foundation, Intermediate, and Final levels** after 15th November 2025. I urge all students to avail this opportunity to strengthen their preparation.

## New Initiative – Cost Audit – ज्ञानसत्र (GyaanSatra)

Further, the Professional Development Committee of WIRC is planning to launch a focused “**Cost Audit – ज्ञानसत्र (GyaanSatra)**” Webinar Series in November. This series will explore cost audit practices across diverse industries and sectors, fostering learning and industry connect.

In line with our sustainability and digital transformation goals, WIRC plans to transition the WIRC Bulletin to a fully digital format from 1st January 2026. During November–December 2025, we will conduct a brief reader survey to understand preferences. Members requiring printed copies may subscribe on a minimal cost basis. Let us embrace this shift as part of our collective responsibility toward a greener, smarter future.

As India continues its journey toward becoming the “**Vishwa Guru**”, the economy is witnessing significant transformation — from Digital India to AI Bharat, from green finance to global manufacturing leadership. The role of CMAs in shaping cost efficiency, policy analytics, and strategic decision-making has never been more crucial. Together, we must rise to the call of our times — to be knowledge catalysts and change enablers in the nation’s progress.

As we approach the year-end, let us reaffirm our collective resolve to lead with innovation, integrity, and inclusivity. WIRC remains steadfast in serving our members, students, and the larger professional community with renewed energy and futuristic vision.

**Let’s continue to learn, adapt, and evolve — because the future belongs to those who are “AI Ready” and “Ethically Strong.”**

With Warm Regards,

**CMA Mihir Narayan Vyas**

Chairman

Western India Regional Council of

The Institute of Cost Accountants of India



### “CMA: The Navigator of Numbers, the Architect of Accountability.”

In a world driven by change and uncertainty, Cost and Management Accountants (CMAs) stand as steadfast pillars of clarity. They look beyond the balance sheets to understand the soul of an organisation — turning scattered data into strategic decisions, and transforming financial information into business intelligence. CMAs don’t just report numbers; they interpret them, forecast with them, and inspire action through them.

Their expertise fuels sustainable growth as they lead businesses through crises, cost disruptions, and competitive markets. With a deep-rooted commitment to governance, precision, and value creation, CMAs embody the perfect balance of analytical thinking and strategic foresight. They are the quiet power behind boardroom decisions and the unseen guardians of organisational resilience — making them not just accountants, but catalysts for transformation.



Written by,

## CMA Nanty Nalinkumar Shah

Vice Chairman ICMAI - WIRC &  
Chairman, Editorial Board - WIRC Bulletin

**“The future belongs to those who embrace change before it becomes necessity.”**

Dear Esteemed Members,

The month of November marks the season of reflection, renewal, and readiness — a time when we not only look back at our progress but also gear up for new beginnings. As we step closer to the year-end, it's inspiring to witness the profession's continuous adaptation to technology, innovation, and transformation — shaping a future where digital intelligence meets professional excellence.

This month's theme – “Digital Transformation in Internal Audit: AI, Technology and Practical Insights” – is both timely and thought-provoking. Internal Audit, the cornerstone of governance and assurance, is witnessing a paradigm shift. From manual reconciliations to intelligent automation, from traditional sampling to AI-driven predictive analytics — the role of auditors has evolved from being watchdogs to value creators. The integration of Artificial Intelligence, Machine Learning, Blockchain, and advanced ERP systems is redefining audit methodologies, enhancing transparency, efficiency, and foresight.

The November WIRC Bulletin presents a rich blend of knowledge and practical insights, curated thoughtfully for our readers. This edition features articles on:

- AI Tools and their fascinating facilities in auditing and accounting
- GST and Working Capital considerations through the audit lens
- ERP Integration in Auditing Processes
- Internal Audit in the Digital Era – Challenges and Opportunities
- AI-Ready CMAs for Sustainable Economic Growth
- Comprehensive Checklists for Internal Audits

and many other contributions touching upon contemporary professional developments and insights that reflect the dynamic landscape of our profession.

Each article in this issue reflects the collective expertise, research, and commitment of our contributors — members and professionals who consistently share their knowledge to enrich our fraternity. I extend my heartfelt gratitude to all authors, reviewers, and readers for their continued support, valuable suggestions, and constructive feedback that guide the growth of this bulletin.

In line with the spirit of digital transformation, I am pleased to share that WIRC plans to transition the WIRC Bulletin to an entirely soft copy (online) format from 1st January 2026. Printed copies will be discontinued to promote sustainability and efficiency. However, over the next two months, WIRC will conduct a survey to assess members' preferences. Those desiring a physical copy may receive it at a nominal subscription charge.

This move will not only enhance accessibility but also align our publication with the Institute's vision of digital advancement and environmental consciousness.

As we embrace the spirit of transformation — both digital and professional — let us continue to uphold the values of excellence, ethics, and evolution that define the CMA fraternity.

Wishing you all a wonderful November filled with energy, new learnings, and festive joy as we celebrate the season of lights, gratitude, and growth.

**“Innovation distinguishes between a leader and a follower.” – Steve Jobs**

With warm regards,

**CMA Nanty Nalinkumar Shah**

Vice Chairman &

Chairman Editorial Board

ICMAI-WIRC

## WIRC WELCOMES NEW ASSOCIATE MEMBERS - OCTOBER 2025

Sl No	Membership No.	Name	City
1	58295	Anoop H Deshmukh	Ahiwara
2	58398	Jigar Mukeshbhai Upadhyay	Ahmadabad
3	58332	Nirma Laxmanbhai Suthar	Ahmedabad
4	58197	Rashmi Ranjan Behera	Alibaug
5	58342	Gulshan Kumar Rajendra Singh	Ankleshwar
6	58323	Yash Suresh Narkhede	Aurangabad
7	58362	Saurabh Prakash Muley	Aurangabad
8	58167	Sanyam Jain	Balod
9	58436	Shakir Ikbai Ibrahim Natha	Bharuch
10	58254	Atharwa Joshi	Bhopal
11	58365	Chandni Sahu	Bilaspur
12	58276	R Narayanan	Mumbai
13	58290	Ketan Ulhas Dharmadhikari	Dhule
14	58331	Shakeel Khan	Indore
15	58394	Shreya Jain	Indore
16	58404	Subhro Jyoti Chakraborty	Rajula
17	58172	Shruti Nirmal Kumar Maurya	Mumbai
18	58186	Satyavan Rajkumar Prajapati	Mumbai
19	58248	Tarun Babulal Bora	Mumbai
20	58271	Avanish Ashok Pal	Mumbai
21	58286	Sophiya George Pathil	Mumbai
22	58372	Akshada Rajendra Shinde	Mumbai
23	58430	Ashwini Shivaji Salunkhe	Mumbai
24	58448	Ruchik Rajendra Chavan	Mumbai
25	58431	Kapil Raju Padole	Nagpur
26	58190	Pranita Pramod Tandel	Navi Mumbai
27	58402	Rakesh Harishchandra Dhumal	Navi Mumbai
28	58249	Mayurkumar Ramanbhai Lad	Navsari
29	58334	Hima G Kulai	Panvel
30	58361	Somnath Satish Hajare	Pune
31	58432	Abhijit Nag	Pune
32	58166	Nihal Naik	Raigarh
33	58171	D Monalisha	Raipur
34	58282	Riya Agrawal	Raipur
35	58210	Pooja Sunil Kulkarni	Sangli
36	58174	Murtuza Najmuddin Cutlarywala	Surat
37	58339	Manish Ganpat Shahu	Surat
38	58357	Naveen Bablu Agrawal	Surat
39	58258	Vidisha Pandey	Thane
40	58160	Radhika Ramniklal Thakkar	Thane (West)
41	58169	Kajal Sanjaybhai Jingar	Vadodara
42	58216	Mohammed Aadil Mohammed Rashid Ansari	Vadodara
43	58221	Patni Devyanshi Shailesh	Vadodara
44	58255	Surendra Sanjaykumar Jadhav	Vadodara
45	58273	Siddharaj Devdatta Falnikar	Vadodara
46	58378	Mehul Vinodbhai Kharva	Vadodara



Written by,

**CMA Rammohan Bhawe**

**Mob - 9167446744**

**Email - mohanbhave2@gmail.com**

## AI for Internal Audit : From Hindsight to Predictive Assurance

### Executive Summary

Internal audit has always been central to organizational governance, providing independent assurance on risks, controls, and processes. Traditionally, audit methods relied on **statistical sampling, manual testing, and post-event reporting**. While this approach offered value in stable environments, it is increasingly misaligned with today's fast-paced, digitized, and data-intensive businesses.

Artificial Intelligence (AI), combined with data analytics, is transforming this function. AI enables auditors to move beyond hindsight and even insight, toward **predictive assurance** — identifying anomalies, predicting risks, and enabling real-time monitoring. Tools such as **IDEA, ACL, Alteryx, Power BI, MindBridge AI, and Generative AI (GPT)** now provide auditors with capabilities to analyze full populations of data, detect hidden fraud patterns, automate documentation, and deliver sharper risk assessments.

This whitepaper explores:

- The **limitations of traditional internal audit** in a digital business environment.
- The **shift to data-driven auditing** and its advantages over sampling.
- How **AI and Generative AI** augment the auditor's role through anomaly detection, policy interpretation, automated reporting, and predictive insights.
- Practical **use cases and case studies** that demonstrate the application of AI in detecting fraud, monitoring expenses, and strengthening governance.
- An **implementation roadmap** for audit teams beginning their AI journey.
- **Risks, ethical considerations, and governance safeguards** required to ensure responsible AI adoption.

Ultimately, AI does not replace auditors; it **enhances their role as strategic advisors**, equipping them to focus on foresight rather than hindsight. Internal audit is evolving from a periodic, backward-looking function into a **continuous, technology-enabled partner** in risk management and corporate resilience.

### Introduction

Internal audit is widely recognized as the **third line of defense** within the governance, risk, and compliance framework recommended by the **Institute of Internal Auditors (IIA)**. It provides independent and objective assurance to boards, audit committees, and senior management on the adequacy of risk management, internal controls, and governance processes.

Traditionally, the role of internal auditors has been one of **evaluation and verification**. Auditors review records, test compliance with policies, and report on exceptions. Their findings offer assurance that processes operate as intended, risks are mitigated, and financial reporting is reliable.

However, the environment in which internal audit operates has changed dramatically:

- **Business transactions are digitized and high-volume**. Even mid-sized organizations may process millions of records across finance, procurement, payroll, and operations.
- **Regulatory expectations have grown**. Frameworks such as **SOX, GDPR, SEBI Listing Regulations, and RBI guidelines** require robust monitoring and timely reporting.
- **Stakeholders demand real-time assurance**. Boards and regulators expect early detection of risks rather than post-event explanations.

- In this environment, **traditional audit methods are increasingly inadequate**. To remain relevant, internal audit must evolve from a retrospective evaluator to a **forward-looking advisor**, leveraging technology to keep pace with business complexity.

## Limitations of Traditional Audit Approaches

The conventional audit toolkit — built around **statistical sampling, manual review, and periodic reporting** — has served organizations for decades. Yet its shortcomings are now evident:

### 1. Sampling Gaps

- Statistical sampling often covers only **5–10% of total transactions**.
- High-risk or fraudulent items may fall outside the sample and remain undetected.
- Fraud schemes often occur in low-frequency, high-value outliers unlikely to be selected.

### 2. Delayed Insights

- Traditional audit cycles identify exceptions **weeks or months after they occur**.
- By the time findings are reported, losses may already have crystallized.

### 3. Manual Dependence

- Auditors spend significant time on **document checks, reconciliations, and repetitive testing**.
- Manual effort introduces fatigue, inconsistency, and human error.

### 4. Mismatch with Business Speed

- Digital businesses operate in real-time, high-frequency environments.
- Audit processes tied to quarterly or annual cycles cannot keep pace with continuous transactions.

### 5. Resource Intensive

- Scaling up requires more manpower rather than smarter methods.
- This model is unsustainable given budget constraints and rising stakeholder expectations.

These limitations create the case for **data-driven and AI-enabled audit methodologies** that expand coverage, accelerate insights, and align assurance with modern business realities.

## The Data-Driven Audit Shift

Data-driven auditing marks the first step beyond traditional methods. Instead of sampling, auditors analyze **entire populations** of data. This shift offers:

- **100% Coverage** — No transaction is excluded, minimizing the risk of oversight.
- **Faster Exception Detection** — Automated analytics flag anomalies in minutes rather than weeks.
- **Hidden Risk Identification** — Sophisticated fraud patterns or subtle control failures emerge more clearly when entire datasets are examined.
- **Continuous Monitoring** — Key controls can be tracked in near real-time.

Common data-driven tests include:

- Duplicate vendor payments.
- Ghost employees or fake vendors (duplicate bank accounts, suspicious addresses).
- Weekend or holiday claims.
- Segregation-of-duties violations.

Early adopters have long used tools like **IDEA** and **ACL (Audit Command Language)** for this purpose. These platforms allow extraction, analysis, and testing of large datasets with precision. While powerful, they are largely rules-based and retrospective.

## Why AI is a Game-Changer

Artificial Intelligence takes data-driven auditing to the next level. Unlike rule-based analytics, AI can:

### 1. Handle Big Data

- Analyze millions of records beyond the capacity of spreadsheets or manual methods.

## 2. Detect Complex Patterns

- Use machine learning to uncover relationships or anomalies invisible to standard filters.

## 3. Automate Documentation

- Reduce time spent preparing audit reports, checklists, and working papers.

## 4. Generate Predictive Insights

- Move beyond identifying past exceptions to **predicting future risks**, enabling proactive risk management.

## 5. Enhance Natural Language Processing (NLP)

- Interpret complex policies, contracts, or regulations and translate them into actionable audit procedures.

## Generative AI in Internal Audit

Generative AI (GenAI), such as **GPT models**, adds a layer of intelligence to audit by producing structured, human-readable outputs from raw data. Key applications include:

### • Audit Programme Generation

- Example: Input prompt “Generate audit steps for payroll” → AI produces structured checklists covering access controls, approval workflows, statutory deductions, etc.

### • Exception Summarization

- Transforming raw anomalies into professional observations with root cause, risk rating, and recommendations.

### • Policy Interpretation

- Converting complex regulatory requirements into stepwise audit procedures.

### • Report Drafting

- Automating sections of audit reports, ensuring consistency of tone and formatting.

This reduces administrative workload and allows auditors to focus on **professional judgement and advisory roles**.

## Technology Landscape

The ecosystem of tools available to auditors now spans:

- **Traditional Tools:** IDEA, ACL, SAP Audit functions.

- **Modern Enablers:**

- **Alteryx:** Workflow automation, anomaly detection.
- **Power BI:** Data visualization, dashboards, anomaly detection.
- **MindBridge AI:** Purpose-built AI audit platform with machine learning-based risk scoring.
- **GPT Models:** Generative AI for documentation, analysis, and interpretation.

Each tool has a role: IDEA for forensic testing, Alteryx for workflow automation, Power BI for visualization, GPT for narrative reporting. A **layered ecosystem** provides maximum efficiency.

## Case Studies and Practical Use Cases

### 1. Expense Claim Monitoring

- Traditional audit: Sample 50 claims from 5,000.
- AI audit: Test all 5,000 in minutes.
- Outcome: Detection of duplicate claims, weekend anomalies, and policy violations.

## 2. Vendor Fraud Detection

- AI-driven network analysis can identify linked vendors with shared addresses, bank accounts, or unusual payment patterns.

## 3. Continuous Monitoring Dashboards

- Power BI dashboards with anomaly detection monitor transactions in real time.
- Deviations flagged instantly, enabling **continuous assurance**.

## 4. Case Example (Financial Services)

- Implementation of AI auditing tools reduced exception detection time by **60%**, audit reporting cycle by **40%**, and improved auditor satisfaction by **85%**.

## Implementation Roadmap for Audit Teams

For auditors new to AI, a structured approach helps adoption:

### 1. Identify High-Volume, High-Risk Areas

- E.g., vendor payments, payroll, expense reimbursements.

### 2. Start Small with Analytics

- Transition from Excel to IDEA/ACL for broader testing.

### 3. Experiment with Dashboards

- Use Power BI or Tableau to visualise anomalies and trends.

### 4. Integrate Generative AI for Reporting

- Automate draft audit observations and checklists.

### 5. Upskill Audit Teams

- Invest in **data literacy and AI awareness training**.
- Align with ICAI/ACCA/IIA guidelines.

### 6. Establish Governance

- Define protocols for data privacy, model validation, and auditor oversight.

## Risks, Ethics, and Governance

Adopting AI requires safeguards:

### • Data Privacy

- Ensure compliance with **GDPR, Indian Data Protection Act, and local regulations**.
- Use encryption, secure storage, and defined retention policies.

### • Over-Reliance on AI

- Avoid blind trust. AI outputs must be validated by auditors.

### • Bias and Transparency

- AI models may contain algorithmic bias. Document methodologies and perform independent checks.

### • Human Oversight

- Professional skepticism and judgement remain essential.

The IIA (2023 guidance on AI) emphasizes that internal auditors must act as both **users and evaluators** of AI, balancing efficiency with ethical responsibility.

## The Role of the Auditor in the AI Era

AI enhances, rather than replaces, the auditor's role. Key shifts include:

- **From Testing to Advising**
  - Auditors spend less time on sampling and more on strategic risk assessment.
- **Judgement Over Automation**
  - AI highlights patterns; auditors provide context, ethical judgement, and recommendations.
- **Collaboration with AI**
  - Human + AI partnership yields richer insights than either alone.

As the saying goes: “AI won't replace auditors, but auditors who use AI will replace those who don't.”

## Future Outlook

The audit profession is moving towards:

- **Real-Time Assurance**
  - Continuous dashboards monitoring key controls.
- **Predictive Analytics**
  - Identifying fraud before it occurs.
- **Human–AI Collaboration**
  - Combining data-driven scale with professional judgement.

Internal audit will shift from **retrospective compliance checks** to **foresight-driven, strategic assurance**, supporting resilience and governance in a complex digital world.

## Conclusion

AI is not a replacement for internal auditors — it is an amplifier of their capabilities. By adopting AI tools, auditors can expand coverage, accelerate insights, and provide foresight into emerging risks.

The path forward involves a combination of **technology adoption, skill development, and governance safeguards**. With thoughtful implementation, internal audit will move decisively from hindsight to predictive assurance, delivering unprecedented value to organizations.

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Written by,

**CMA Gopal Thakkar**

Mob - 9978911532

Email - gopal14thakkar@gmail.com

## Internal Audit: A Cornerstone of Governance and Assurance

### 1. Introduction

Internal Audit has emerged as a key element of good governance, risk management, and internal control systems in modern organizations. It provides independent and objective assurance to the management and those charged with governance regarding the adequacy and effectiveness of risk management, control, and governance processes. Today, it stands as an independent, objective assurance and advisory service that is an indispensable component of effective corporate governance. Its primary purpose is to add value and improve an organization's operations by bringing a systematic, disciplined approach to evaluate and enhance the effectiveness of governance, risk management, and control processes.

The modern Internal Audit (IA) function is a strategic partner to the Board and senior management, providing them with objective assurance, advice, insight, and foresight necessary to navigate complex risks and accomplish organizational objectives.

### 2. Meaning and Scope

An independent management function, which involves a continuous and critical appraisal of the functioning of an entity with a view to suggest improvements thereto and add value to and strengthen the overall governance mechanism of the entity, including the entity's strategic risk management and internal control system.

The scope of internal audit extends beyond mere financial controls. It encompasses operational efficiency, compliance with laws and regulations, safeguarding of assets, and the reliability of management information systems.

### 3. Statutory Provision and Applicability

**Section 138(1) of the Companies Act, 2013** mandates that:

“Such class or classes of companies as may be prescribed shall be required to appoint an internal auditor, who shall either be a chartered accountant, cost accountant, or such other professional as may be decided by the Board to conduct an internal audit of the functions and activities of the company.”

The Companies (Accounts) Rules, 2014 – Rule 13, prescribes the classes of companies required to appoint an internal auditor.

Internal Audit is mandatory for the following companies:

#### A. Every listed company

#### B. Unlisted public companies having:

- Paid-up share capital of ₹50 Crores or more during the preceding financial year, or
- Turnover of ₹200 Crores or more during the preceding financial year, or
- Outstanding loans or borrowings from banks/public financial institutions exceeding ₹100 Crores at any point of time during the preceding financial year, or
- Outstanding deposits of ₹25 Crores or more at any point of time during the preceding financial year.

**C. Private companies having:**

- Turnover of ₹200 Crores or more during the preceding financial year, or
- Outstanding loans or borrowings exceeding ₹100 Crores at any time during the preceding financial year.

**4. Appointment**

The Audit Committee of the Board or, in its absence, the Board of Directors appoints the internal auditor, who may or may not be an employee of the company.

The Internal Auditor may be a Chartered Accountant, Cost Accountant, or other professional decided by the Board.

**5. Objectives**

Internal audit ensures that all business activities comply with internal policies and external regulations while promoting operational efficiency.

Key objectives include:

- **Evaluation of Internal Controls:** Assessing whether internal control systems are adequate and effective.
- **Risk Management:** Identifying, evaluating, and suggesting measures to mitigate organizational risks.
- **Compliance:** Ensuring adherence to statutory requirements and internal policies.
- **Operational Efficiency:** Recommending improvements in processes to enhance performance and cost-effectiveness.
- **Fraud Prevention:** Detecting and preventing irregularities, frauds, and leakages of revenue.

**6. Role and Responsibilities of Internal Auditors.**

The primary role of an internal auditor is to provide independent assurance that an organization's risk management, governance, and internal control processes are operating effectively.

**Key Responsibilities****a. Risk Assessment and Management**

- Identify potential risks across departments (financial, operational, compliance, IT).
- Evaluate the effectiveness of risk mitigation strategies.
- Recommend improvements to reduce exposure to risk.

**b. Internal Controls Evaluation**

- Assess the adequacy and effectiveness of internal controls.
- Ensure controls are in place to prevent fraud, errors, and inefficiencies.
- Test controls and report any weaknesses.

**c. Compliance Monitoring**

- Ensure adherence to laws, regulations, and internal policies.
- Review compliance with industry standards and ethical practices.
- Report non-compliance and suggest corrective actions.

**d. Operational Audits**

- Evaluate the efficiency and effectiveness of business operations.
- Identify areas for cost reduction or process improvement.

**e. Financial Audits**

- Verify accuracy of financial records and reports.
- Ensure proper accounting procedures are followed.
- Detect and prevent financial misstatements or fraud.

**f. IT and Cyber security Audits**

- Assess the security of information systems.
- Review data protection measures and access controls.
- Evaluate disaster recovery and business continuity plans.

**g. Reporting and Communication**

- Prepare audit reports with findings and recommendations.
- Communicate results to senior management and the audit committee.
- Follow up on implementation of audit recommendations.

**h. Advisory and Consulting Role**

- Provide insights during strategic decision-making.
- Advise on process improvements and risk mitigation.
- Support organizational change initiatives with risk-focused input.

**7. Internal Audit Process**

The Internal Audit Process is a systematic, disciplined approach designed to evaluate and improve the effectiveness of an organization's risk management, control, and governance processes

The process generally comprises six major stages:

**(i) Planning Phase**

The planning phase defines the overall **audit strategy** and **objectives**.

**Key Activities:**

- Understand the business: structure, processes, and environment.
- Define audit scope and objectives in line with company strategy and Board/Audit Committee directives.
- Develop audit plan and schedule (annual or periodic).
- Identify key risks and areas of focus.
- Allocate resources and timelines.

**Deliverable:** Internal Audit Charter / Annual Audit Plan approved by the **Board / Audit Committee**.

**(ii) Risk Assessment and Scoping**

This step involves identifying key **risk areas** and determining where the audit should focus.

**Key Activities:**

- Identify and evaluate inherent and control risks.
- Rank processes by risk exposure and impact.
- Select audit areas and sampling accordingly.
- Align with risk management framework of the organization.

**Deliverable:** Risk Control Matrix (RCM) or Audit Universe.

**(iii) Fieldwork & Execution**

The actual audit examination is carried out during this stage.

**Key Activities:**

- Conduct walkthroughs of processes and systems.
- Perform control testing, substantive checks, and analytical procedures.
- Collect and document audit evidence.
- Identify control weaknesses or non-compliances.
- Discuss findings with process owners for factual accuracy.

**Deliverables:** Working Papers, Audit Evidence, Preliminary Findings Report.

**(iv) Reporting**

After completion of fieldwork, the internal auditor reports findings to management and the Board/Audit Committee.

**Key Activities:**

- Summarize observations, implications, and recommendations.
- Classify findings by risk level (High/Medium/Low).
- Obtain management responses.
- Prepare final internal audit report.
- Present key findings to the Audit Committee or Board.

**Deliverables:** Internal Audit Report containing:

- Executive Summary
- Detailed Findings
- Risk Implications
- Management Action Plans
- Auditor's Conclusion

**(v) Follow-up & Monitoring**

This stage ensures that corrective actions suggested in the audit report have been implemented.

**Key Activities:**

- Track the status of corrective actions.
- Conduct follow-up audits if required.
- Report unresolved or repeated issues to the Audit Committee/Board.
- Evaluate effectiveness of remedial actions.

**Deliverables:** Follow-up Report / Compliance Status Report.

**(vi) Communication & Documentation**

Throughout the audit process, proper documentation is maintained for quality assurance and accountability.

**Documentation Includes:**

- Audit plan and scope
- Risk assessments
- Checklists and working papers
- Evidence gathered
- Reports and management responses

## 8. Emerging Trends in Internal Audit

Trend	What It Means / Why It's Emerging	Implications for Internal Auditors
1. AI / Gen AI & Automation	Internal audit functions are increasingly using AI and automation tools (e.g. for data analytics, anomaly detection, automating routine tasks). The growth in generative AI is especially strong.	Auditors need new skills: understanding AI tools, evaluating their risks (bias, data privacy, model reliability), plus ensuring AI governance & oversight. Also need to integrate automation into the audit workflow for efficiency.
2. Continuous/Real-Time Auditing	Moving away from strictly periodic audits (quarterly, annually) to more continuous monitoring and auditing of risk areas, enabled by more data, better tools.	Internal audit plans will need to adapt. The scope, resource allocation, and audit scheduling change. Also, infrastructure (IT / data access / dashboards) must support frequent / ongoing audit evidence.
3. ESG/ Sustainability Audits	Increasing stakeholder, regulatory, investor pressure on environmental, social and governance factors. Internal audit is more involved in verifying ESG disclosures, operational practices, sustainability reporting.	Auditors may need to expand their expertise (e.g. environmental science, carbon accounting, human rights and supply chain ethics). Audit levers shift somewhat: more non-financial data, external bench-marks, metrics beyond traditional financials.
4. Cyber security, Data Privacy, & Digital Risk	As organizations digitize more operations, remote work, cloud adoption, etc., threats from cyber often rise. Also, regulatory pressures around privacy, data use, third-party risk.	Internal audit needs to collaborate more with IT / security teams; must assess technical controls, but also human and process risks. Need stronger knowledge in cyber risk, in frameworks (e.g. ISO, NIST), in evaluating vendor and third-party cyber security practices.
5. Advisory Role Expansion	Internal auditors are being asked to do more than just assurance: provide insights, help with strategy, risk-management design, process improvement and predictive risk analytics.	Internal audit teams may need to shift mindset: more consulting / advisory skills, more communication, collaboration with management and board, not just pointing out issues but helping design better controls and processes. Also may lead to expectation of more timely, actionable reporting.
6. Skills/Talent Up gradation	With all the above, the demand for new skills is rising: data analytics, AI/ML basics, cyber risk, ESG, ability to interpret large complex data, critical thinking, communication, stakeholder engagement. Actomate+1	Internal audit functions need to invest in training/up skilling; recruit people with hybrid skills (audit + tech). Also perhaps more cross-functional teams. Soft skills become more important.
7. Enhanced Use of Data Analytics & Process Mining	Audit functions making greater use of analytics, big data, process mining to understand processes deeply, uncover anomalies, map process flows, and find inefficiencies.	Need tools and infrastructure for handling large volumes of data, dashboards, visualization; staffs need greater analytical capability; controls over data quality and access become critical; privacy/security around data usage must be managed.
8. Governance of Emerging Tech & Regulatory Landscape	As AI, automation, big data usage grows, regulators are catching up. There's increasing focus on governance, ethics, transparency, accountability of tech systems. Also rules regarding ESG reporting, data privacy, etc., are becoming stricter.	Internal audit has to audit not only "what is done" but also "how it is done" — governance frameworks, ethical guardrails, oversight of AI models, ensuring compliance with emerging regulations. Also likely more involvement with policy risk, regulatory risk.
9. Remote / Hybrid Auditing & Digital Tools	Audit teams are using remote auditing tools, digital evidence, cloud platforms, virtual collaboration. Especially post-COVID many processes remain hybrid or remote.	Need robust IT infrastructure, secure and auditable digital data flows; remote audit protocols; ability to assess controls of remote work / digital operations; cyber security risk of remote tools.
10. Increasing Stakeholder Expectations & Transparency	Stakeholders (boards, investors, regulators) expect more assurance, better reporting (including non-financial), higher transparency, accountability. Audit functions are under greater scrutiny.	Internal auditors have to improve reporting quality: clarity, relevance and timeliness; also develop metrics/KPIs for internal audit itself; possibly more external disclosures; effective communication with Audit Committees / Boards.

## 9. Challenges in Internal Audit

Common challenges faced by internal auditors include:

### a. Rapid Technological Changes

Automation, Artificial Intelligence (AI), Block chain, and Cloud Computing have transformed business processes faster than internal audit frameworks can adapt. Traditional audit tools often lag behind the speed and complexity of digital systems.

**Challenges:**

- Lack of real-time access to data.
- Inadequate technological skills among auditors.
- Difficulty auditing AI models, data privacy, and cyber security frameworks.

**b. Data Overload & Quality Issues**

With the explosion of data, auditors face challenges in identifying relevant, reliable, and accurate information for effective decision-making.

**Challenges:**

- Unstructured or incomplete data.
- Inconsistency across departments.
- Data manipulation or lack of audit trail in ERP systems.

**c. Shortage of Skilled Manpower**

Internal audit now demands multi-disciplinary expertise — accounting, analytics, IT, ESG, risk, and communication.

**Challenges:**

- Talent gap in data analytics and cyber security auditing.
- Over-reliance on external consultants.
- Difficulty in retaining trained professionals.

**d. Increasing Regulatory and Compliance Pressure**

Internal audit functions must comply with a growing list of laws — Companies Act, SEBI (LODR), FEMA, GST, ESG disclosure norms, etc.

**Challenges:**

- Keeping up with frequent regulatory changes.
- Lack of integrated compliance systems.
- Heightened risk of penalties for lapses.

**e. Maintaining Independence and Objectivity**

Internal auditors are employees (or hired consultants) but need to remain independent from management influence.

**Challenges:**

- Pressure from management to modify or suppress findings.
- Conflicts of interest when auditors perform consulting roles.
- Lack of direct access to the Audit Committee.

**f. Integration with Risk Management**

Internal audit should align closely with Enterprise Risk Management (ERM) — but often operates in silos.

**Challenges:**

- Misalignment between audit and risk priorities.

- Poor communication with risk and compliance teams.
- Absence of a dynamic, risk-based audit plan.

#### g. ESG and Sustainability Assurance

New ESG reporting obligations under SEBI BRSR and MCA sustainability frameworks require internal audit validation.

##### Challenges:

- Lack of ESG audit methodology.
- Shortage of auditors trained in non-financial metrics.
- Inconsistent data sources and measurement standards.

#### h. Cyber security and Data Privacy Risks

Auditors must ensure systems are resilient to threats, breaches, and ransom ware attacks.

##### Challenges:

- Limited cyber expertise.
- Evolving regulatory expectations (e.g., Digital Personal Data Protection Act 2023).
- Need for continuous IT controls review.

#### i. Weak Follow-Up Mechanisms

Even well-identified audit issues often remain unresolved due to poor tracking and follow-up systems.

##### Challenges:

- Lack of accountability for implementation.
- Ineffective reporting to Audit Committee.
- No automated mechanism for status monitoring.

#### j. Stakeholder Expectation Gap

Boards, regulators, and investors expect auditors to provide forward-looking insights — not just compliance checks.

##### Challenges:

- Pressure to deliver strategic advice beyond audit scope.
- Balancing assurance vs. advisory roles.
- Communicating technical findings in business language.

## 10. Conclusion

Internal Audit today is not merely a compliance requirement — it is a strategic management tool. Through its proactive approach, it ensures transparency, accountability, and long-term value creation. Under the statutory framework of Section 138 of the Companies Act, 2013, the internal audit function serves as a guardian of corporate integrity, ensuring that organizations remain resilient, ethical, and sustainable. By providing independent, objective assessments and actionable recommendations, internal auditors add significant value to organizations. As businesses face increasing complexity and technological advancements, the role of internal auditing will continue to evolve, requiring auditors to embrace new tools, skills, and approaches.



Written by,

**CMA Arjya Priya Sinha**

**Mob - 8918860947**

**Email - cmaarjyapriyasinha13@gmail.com**

## Integration of GST, Working Capital and ERP systems in Internal Audit

### Introduction

The Goods and Services Tax (GST) revolutionized the Indian taxation system by unifying multiple indirect taxes, improving transparency, and enhancing compliance. Simultaneously, Enterprise Resource Planning (ERP) systems have become the nerve center of corporate financial management. When integrated effectively, ERP platforms help organizations automate tax compliance, optimize working capital, and enrich internal audit capabilities.

Internal audits now extend beyond routine checks, becoming strategic instruments that assess digital compliance, liquidity management, and system integrity. The triangulation of **GST rules, working capital dynamics, and ERP-based control systems** creates a comprehensive ecosystem for financial accountability and operational efficiency.

### GST and the Internal Audit Function

Internal audits under the GST regime focus on evaluating compliance accuracy, input tax credit (ITC) claims, and reconciliation of transactions across books and returns such as GSTR-1, GSTR-3B, and GSTR-2B. A GST internal audit ensures firms maintain effective internal controls, verify financial integrity, and avoid penalties from mismatches or non-compliance.<sup>[1]</sup>

Automated ERP systems support these objectives by cross-validating invoice-level data, flagging anomalies, and generating audit trails. Modern GST audits also leverage technological integration for real-time risk detection. For instance, recurring ITC mismatches can immediately alert auditors to potential working capital blockages — an issue of critical concern for businesses in liquidity-sensitive sectors.<sup>[2]</sup>

### Impact of GST on Working Capital

Working capital forms the operational backbone of any enterprise, determining its ability to sustain day-to-day activities. The introduction of GST has had mixed effects on working capital:

- **Positive impact:** Unified tax frameworks have eliminated cascading taxes, enabling efficient ITC utilization and improving long-term liquidity. Logistics optimization under GST has also minimized inventory backlog, supporting improved cash flow.<sup>[3]</sup>
- **Negative impact:** Delays in refund processing and credit blockages under the Reverse Charge Mechanism (RCM) often lead to temporary liquidity crunches, especially in service sectors.<sup>[4]</sup>

To mitigate these challenges, CFOs increasingly rely on ERP-integrated dashboards that track ITC positions, refund trends, and vendor compliance performance. Automation thus becomes central to unlocking working capital efficiency in the GST era.

### ERP Systems: The Backbone of Audit Integration

ERP systems consolidate tax, finance, procurement, and accounting data, creating a single version of truth for internal auditors. Modern ERP solutions from SAP, Oracle, and Tally now come pre-embedded with GST modules, ensuring automated invoicing, ITC matching, and direct GSTN portal filing.<sup>[5][6][7]</sup>

**The key benefits of ERP integration include:**

- **Trackable Audit Trails:** Enabling auditors to trace every transaction and its GST treatment.
- **Real-Time Data Synchronization:** Reducing manual errors through automated reconciliations.<sup>[6]</sup>
- **Compliance Confidence:** Ensuring GST rule updates are embedded instantly across reporting workflows.
- **Process Efficiency:** Minimizing manual journal entries and paper-based vouchers during audits.

Modern ERP platforms also enable **automated vendor communication systems** powered by artificial intelligence (AI) to ensure ITC claims remain aligned with GST returns and GSTR-2A/2B data, thereby reducing audit risks.<sup>[5]</sup>

**Integration of GST and ERP in Internal Audits**

Integrating GST modules within ERP systems helps auditors move from transactional checks to predictive governance. The inclusion of Tax Rule Engines, automated return filing connectors, and cloud-based storage solutions supports compliance precision and transparency.<sup>[7][5]</sup>

**ERP-enabled internal audits involve:**

- Linking GSTR datasets to ledger accounts for instant variance analysis.
- Validating ITC eligibility and identifying blocked credits impacting liquidity.
- Using RPA and AI to examine 100% of transactions rather than sampling subsets.<sup>[8][9]</sup>
- Generating dashboard alerts when mismatched invoices threaten compliance metrics.

Such integration transforms audits into **continuous assurance mechanisms**, replacing periodic checks with rolling, system-driven compliance validations.

**Working Capital Optimization Through ERP-Audit Synergy**

With GST driving real-time compliance, working capital analytics through ERP platforms has gained significance. Integration allows internal auditors to evaluate liquidity impacts and identify redundancies like excess inventories or delayed ITC claims.

**ERP-enabled dashboards help in:**

- Tracking cash conversion cycles (CCC) and inventory turnover ratios.<sup>[10]</sup>
- Visualizing credit utilization patterns in light of tax liabilities.
- Reviewing supplier and customer reconciliation mismatches linked to tax credits.

By combining audit data with ERP financial analytics, auditors can recommend process improvements that concurrently enhance compliance and liquidity.

**Internal Audit Evolution: AI and Automation**

The rise of AI and robotic process automation (RPA) has transformed internal audit from a reactive to a proactive function. AI-driven systems like those described by Datricks provide continuous monitoring and anomaly detection, ensuring real-time visibility into financial and tax risks.<sup>[8]</sup>

**Automation fosters:**

- **Faster Compliance Reviews:** Real-time anomaly detection replaces retrospective manual checks.
- **Reduced Audit Costs:** Firms that automate at least 25% of controls report up to 27% lower audit fees.<sup>[11]</sup>

- Enhanced Financial Integrity: Predictive diagnostics prevent non-compliance before it occurs.<sup>[9]</sup>

Such enhancements integrate perfectly with ERP-enabled GST compliance, where AI tools scan GSTR filings, detect mismatches, and predict liquidity stress points.

## ERP Upgrades and Compliance Risks

Internal audit plays a vital role during ERP upgrades. Integrating compliance assessments from the outset prevents loss of essential controls and aligns system configurations with statutory requirements. Involvement of auditors ensures that:<sup>[12]</sup>

- Control checkpoints are properly mapped to new modules.
- Data integrity between pre- and post-upgrade phases remains uncompromised.
- Documentation supports regulatory scrutiny and data retention policies.

Proactive internal audit participation thus safeguards enterprise compliance continuity amidst technological transitions.

## Challenges in Integration

**While integration offers numerous advantages, several challenges persist:**

- Complex Data Synchronization: Non-uniform IT systems and decentralized operations complicate end-to-end reconciliation.
- Delayed Refund Mechanisms: Working capital blockages due to slow ITC recoveries stress operational liquidity.<sup>[4]</sup>
- High Cost of ERP Customization: Smaller enterprises face significant financial barriers to advanced automation.<sup>[6]</sup>
- Skill Gap in Audit Teams: Lack of ERP audit literacy limits the exploitation of system-based analytics.<sup>[13]</sup>

Addressing these barriers requires collaborative governance between finance professionals, IT departments, and compliance officers.

## The Future: Integrated Digital Assurance Framework

The convergence of GST, working capital management, and ERP systems signals a broader move toward **integrated digital assurance frameworks**. These systems combine real-time transaction monitoring, automatable control testing, and self-correcting intelligence.

**Future-ready internal audits will rely on:**

- AI-enhanced ERP ecosystems where risk alerts, tax reconciliations, and liquidity forecasts operate in tandem.<sup>[11][8]</sup>
- Blockchain-led transparency ensuring unalterable transaction records for GST and ITC validations.
- Continuous auditing models replacing periodic audit windows with 24×7 data-driven oversight.

This fusion strengthens financial resilience, promotes regulatory consistency, and enhances stakeholder confidence — all central pillars of a robust corporate governance framework.

## Conclusion

The integration of GST regimes, working capital insights, and ERP systems has revolutionized internal auditing from procedural compliance to strategic enterprise governance. In 2025 and beyond, businesses that harmonize these pillars gain a competitive edge through liquidity stability, audit efficiency, and regulatory transparency.

Internal auditors, therefore, must evolve into digital assurance stewards, harnessing ERP data analytics, AI, and RPA to oversee not only compliance but also business value creation. As GST evolves into more automated versions like GST 2.0, ERP-integrated audits will become the cornerstone of financial reliability and strategic foresight in modern enterprises.

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5. Deloitte India. "Easing Working Capital under GST: Unlocking the Value of ITC." June 2025.<sup>[4]</sup>
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Ref.No:G/128/09/2025



30<sup>th</sup> September 2025

### NOTIFICATION

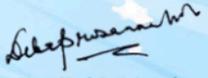
#### Issuance of Know Your Client (KYC) Guidelines for the PCMA's

The Council of the Institute in its 358th meeting held on 24th February 2025 issued the Know Your Client (KYC) Guidelines to be mandatorily followed by the Cost Accountants in Practice (PCMA's) before undertaking any financial transactions on behalf of their clients in order to monitor transactions of suspicious nature for the purpose of reporting the same to appropriate authority at the Institute/ Government in terms of the Central Government notification F. No. P-12011/12/2022- ES Cell-DOR dated 3rd May 2023.

The Financial Intelligence Unit (FIU), Ministry of Finance, Government of India has also accorded its approval to the Council approved KYC Guidelines on 17th September 2025 vide its communication to the Institute.

The objective of these KYC guidelines is to prevent PCMA's from being used, intentionally or unintentionally, by criminal elements for money laundering or terrorist financing activities. Further, the KYC guidelines enable the PCMA's to understand their clients and their financial dealings better in order to manage their risks prudently. PCMA's are considered as 'reporting entities' under the Prevention of Money Laundering Act, 2002 (PMLA) and can be held accountable for any dubious transactions handled / carried out on behalf of their client.

The Council approved Know Your Client (KYC) Guidelines is annexed here with.

  
CMA (Dr.) D.P. Nandy  
Secretary (Officiating)

For Details please refer-[https://icmai.in/upload/CAASB/KYC\\_Guidelines\\_PCMA's\\_2803\\_2025.pdf](https://icmai.in/upload/CAASB/KYC_Guidelines_PCMA's_2803_2025.pdf)

This is for information of all concerned.



Written by,  
**CMA Jyoti Chaudhary**

Mob - 82944 47729  
 Email - jyotijhachaudhary@gmail.com

## DRONA AND OTHER TOOLS : FASCINATING FACILITIES BY AI IN AUDITING AND ACCOUNTING

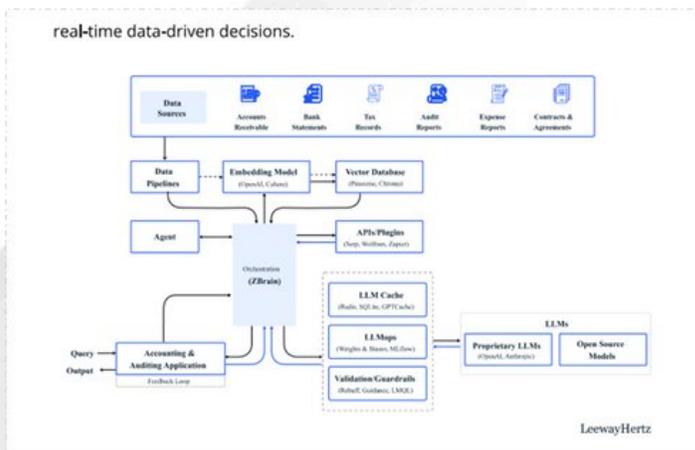
### SYNOPSIS:

1. Introduction,
2. How Does AI in Accounting and Audit work?
3. Popular Tools of AI in use,
- 3A. Drones in supply chain,
4. Benefits and Limitations of AI in Accounting and Audit,
5. Conclusion.

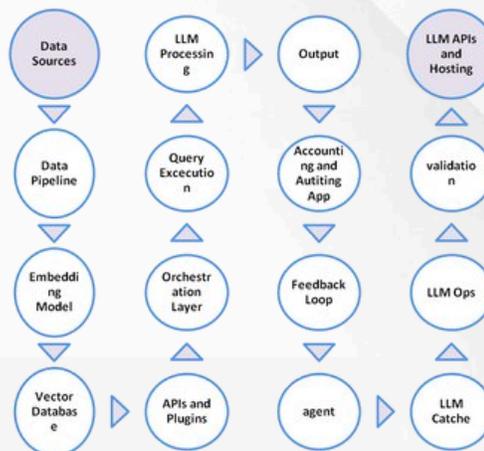
### 1. INTRODUCTION:

Traditionally the audit process has been a manual and time consuming process. In the new era technology takes center stage, ushering in the wave of accuracy and precision, and at the heart of this evolution is the rise of audit automation. AI has transformed the accounting auditing process, significantly enhancing accuracy and efficiency while providing deep insights into business operations. Integrating AI into accounting and auditing process entails several components aimed at streamlining data analysis, general insights and supporting decision making.

### 2. HOW DOES AI IN ACCOUNTING AND AUDITING WORK?:



STEP – WISE PROCESS OF HOW AI TOOLS WORKS IN AUDING AND ACCOUNTING;



### 3 POPULAR TOOLS OF AI IN AUDIT AND ACCOUNTING:

Here's a look at the 10 best AI tools for finance and accounting in 2025 and what they are best known for:

- (a) Team-GPT – Best for team collaboration and streamlining financial workflows with AI-powered insights.
- (b) Vena Solutions – Best for financial planning and budgeting with customizable templates and real-time forecasting.
- (c) Nanonets Flow – Best for automating document processing, including invoices and receipts.
- (d) Stampli – Best for accounts payable automation and simplifying invoice approvals.
- (e) Booke AI – Best for bookkeeping automation and simplifying expense tracking for businesses.
- (f) Xero – Best for small businesses seeking a comprehensive accounting platform with integrated tools.
- (g) HighRadius – Best for accounts receivable and cash management automation with predictive analytics.
- (h) NetSuite – Best for enterprise-level financial management and ERP integration.
- (i) Trullion – Best for lease accounting and automating compliance with ASC 842 and IFRS 16 standards.
- (j) Domo – Best for real-time financial analytics and creating interactive dashboards for better decision-making.

NB. : For detailed features and pricing one can visit the given site - <https://team-gpt.com/blog/ai-tools-for-finance-and-accounting/>

### 3A DRONA IN SUPPLY CHAIN:

DRONES can increase efficiency in the supply chain in the following fields:

- |                              |  |
|------------------------------|--|
| 1. Inventory Management      | 6. Supply Chain Visibility                     |
| 2. Warehouse Operations      | 7. Emergency Response and Supply Drops         |
| 3. Last-Mile Delivery        | 8. Drone-Powered Data Collection for Analytics |
| 4. Monitoring and inspection | 9. Fleet and Route Optimization                |
| 5. Cargo Transportations     | 10. DAAS- Drone as a service                   |

#### (i) Inventory Management:

- Function: Drones are used to automate inventory counting, scanning barcodes, and RFID tags in warehouses and distribution centers.
- Benefits: Increased accuracy: Reduces human errors in inventory tracking.
  - Time-saving: Automates stocktaking, reducing time spent on manual checks.
  - Real-time updates: Drones can provide up-to-date stock levels quickly.
- Example: Companies like Walmart have tested drones to scan and monitor inventory in their warehouses.

#### (ii) Warehouse Operations:

- Function: Drones are used for picking, packing, and transporting goods within a warehouse.
- Benefits:
  - Speed: Drones can carry small packages between sections of a warehouse faster than humans.
  - Space optimization: Drones can reach hard-to-access areas, maximizing storage space.
  - Autonomous operation: Drones can work without human intervention, improving operational efficiency.
- Example: Amazon has explored drones to automate warehouse tasks like picking and transporting items to fulfillment stations.

#### (iii) Last-Mile Delivery:

- Function: Drones deliver packages directly to customers' doorsteps, bypassing traditional transportation methods like trucks and vans.
- Benefits:
  - Faster delivery: Drones can provide quicker delivery times, especially for short-distance shipments.

- Cost savings: Reduces last-mile delivery costs, particularly in urban or rural areas where traditional vehicles may be inefficient.
- Environmental impact: Drones are often more energy-efficient than trucks, reducing carbon emissions.
- Example: Wing (a subsidiary of Alphabet/Google) and Amazon Prime Air have tested drone delivery services in select regions.

**(iv) Monitoring and Inspection:**

- Function: Drones are used to inspect facilities, infrastructure, and equipment, such as warehouses, distribution centers, and transportation routes.
- Benefits:
  - Safety: Drones can reach hard-to-reach or hazardous locations (e.g., high warehouse shelves, large shipping containers).
  - Real-time data: Drones can provide real-time visual data, allowing businesses to monitor equipment and inventory conditions.
  - Preventive maintenance: Regular drone inspections help detect maintenance issues before they become major problems.
- Example: Drones are used in construction and logistics for monitoring the condition of shipping yards and storage facilities.

**(v) Cargo Transport (Long-Distance Shipping):**

- Function: Drones can be used for short-range cargo transportation, especially for urgent or high-priority items that need to be transported quickly.
- Benefits:
  - Quick transit: Drones can bypass traditional roads and traffic, leading to faster transportation of goods.
  - Reduced congestion: Drones can ease congestion in areas with heavy traffic or difficult road access.
  - Small-to-medium cargo: Drones are ideal for lightweight parcels, especially those that need fast delivery.
- Example: Companies like UPS Flight Forward have been testing drones for delivering medical supplies between hospitals and research centers.

**(vi) Supply Chain Visibility:**

- Function: Drones enhance supply chain transparency by providing real-time data and tracking for shipments and deliveries.
- Benefits:
  - End-to-end visibility: Drones can provide live-streaming and data-gathering capabilities, allowing businesses to track the progress of shipments in real time.
  - Monitoring progress: Drones can also check the status of goods in transit, helping logistics managers anticipate delays and take corrective actions.
- Example: DHL and Maersk are exploring drone solutions for tracking shipping containers and shipments from ports to warehouses.

**(vii) Emergency Response and Supply Drops :**

- Function: Drones can be used in disaster-stricken or remote areas to deliver essential supplies like food, medicine, or first-aid kits.
- Benefits:
  - Access to hard-to-reach areas: Drones can reach locations where roads or infrastructure have been destroyed (e.g., after earthquakes or floods).
  - Rapid deployment: Drones can quickly deliver critical supplies during emergencies, often in a fraction of the time it would take for ground vehicles.
- Example: Zipline uses drones to deliver medical supplies to remote locations in Rwanda and Ghana.

**(viii) Drone-Powered Data Collection for Analytics:**

- Function: Drones gather data related to supply chain operations, such as traffic patterns, shipping conditions, or warehouse conditions.

- Benefits:
  - Big data collection: Drones can collect large amounts of data (e.g., temperature, humidity, or traffic congestion) and feed it into supply chain analytics.
  - Operational optimization: This data can be used to forecast demand, optimize routes, and improve efficiency in the supply chain.
- Example: Land O'Lakes has used drones for precision agriculture and logistics data collection to optimize farming and supply chain operations.

**(ix) Fleet and Route Optimization:**

- Function: Drones assist in optimizing routes for ground transportation, improving the efficiency of fleets, and even analyzing traffic patterns to identify the most efficient delivery methods.
- Benefits:
  - Route efficiency: Drones can monitor traffic, roadblocks, or weather conditions in real time to help logistics managers reroute trucks.
  - Hybrid systems: Drones can act as part of a hybrid delivery system, optimizing both aerial and ground transportation routes.
- Example: UPS and FedEx are investigating drone-based solutions to complement their existing fleet and improve overall delivery efficiency.

**(x) Drone-as-a-Service (DaaS) :**

- Function: Companies that don't want to invest in their own drones can use Drone-as-a-Service (DaaS) providers, which offer drones for specific logistics tasks on-demand.
- Benefits:
  - Cost efficiency: Instead of purchasing and maintaining drones, companies can lease them as needed.
  - Scalability: DaaS allows businesses to scale their drone use up or down depending on seasonal needs or specific projects.
- Example: Companies like Skycatch and Draganfly provide drone services for construction, agriculture, and logistics industries.

## 4 PROS AND CONS OF AI IN ACCOUNTING AND AUDITING:

AI is transforming accounting and auditing by automating tasks, improving accuracy, and enhancing decision-making. AI-powered tools can handle data extraction, document review, and reconciliation, allowing accountants and auditors to focus on strategic analysis and complex tasks.

Here's a more detailed look:

### 4.1 In Accounting:

- Automation of Routine Tasks: AI can automate tasks like invoice processing, expense management, and generating financial reports, freeing up accountants for more value-added work.
- Improved Accuracy: AI algorithms can reduce human error in data entry and calculations, leading to more reliable financial reports.
- Enhanced Data Analysis: AI can analyze vast amounts of financial data to identify trends, anomalies, and potential fraud, providing valuable insights for decision-making.
- Better Forecasting and Planning: AI-powered tools can provide real-time insights and predictive analytics for cash flow management, risk mitigation, and strategic planning.
- Tax Optimization: AI can assist in tax research, return preparation, and advisory services by analyzing financial data and identifying potential deductions and credits.
- Fraud Detection: AI can identify patterns and anomalies that may indicate fraudulent activity, helping to prevent financial losses.
- Improved Customer Service: AI-powered chatbots can answer routine customer queries about account balances and financial statements, providing faster and more efficient service.

#### 4.2 In Auditing:

- Enhanced Efficiency: AI can automate time-consuming tasks like data extraction, document review, and reconciliation, allowing auditors to focus on higher-level analysis.
- Comprehensive Data Analysis : AI can analyze large datasets, identify trends and anomalies, and flag potential risks, improving the quality and efficiency of audits.
- Real-time Monitoring: AI can enable real-time data analysis, providing continuous insights into financial performance and potential risks.
- Improved Risk Assessment: AI can help auditors identify and assess risks more effectively by analyzing large datasets and identifying potential areas of concern.
- Fraud Detection: AI algorithms can be used to detect fraudulent transactions and activities, enhancing the overall audit process.
- Better Decision-Making: AI-powered tools can provide auditors with real-time insights and predictive analytics, enabling them to make more informed decisions.
- Automated Audit Processes: AI can automate various audit procedures, such as selecting outliers for examination, testing entire populations, and performing reconciliations.

#### 4.3 Challenges:

- While AI offers significant benefits, there are also challenges to its adoption, including:
- Data Privacy and Security: Ensuring the privacy and security of financial data when using AI is crucial.
- Integration with Existing Systems: Integrating AI tools with existing accounting and auditing systems can be complex.
- Cost of Implementation: Implementing AI solutions can be expensive, particularly for smaller firms.
- Need for Skilled Professionals: AI requires skilled professionals to develop, implement, and maintain AI-powered tools.
- Potential for Bias: AI algorithms can be biased, leading to unfair or inaccurate results.
- Despite these challenges, the use of AI in accounting and auditing is expected to continue to grow, transforming the way businesses manage their finances and ensuring greater efficiency, accuracy, and security.

## 5. CONCLUSION:

AI has transformed the process of audit and accounting including supply chain and inventory management with automation. Automation means less manual interference and hence more accuracy. The use of AI Audit Tools enables comprehensive evidence from expensive financial data sets. This proactive approach facilitates early fraud detection and error identification contributing to a more robust financial reporting system. No wonder that AI and auditing will have a strong and unavoidable relationship for foreseeable future and all professionals of this field will have to be well versed with AI.

THE INSTITUTE OF COST ACCOUNTANTS OF INDIA (STATUTORY BODY UNDER AN ACT OF PARLIAMENT)		
INTERMEDIATE AND FINAL EXAMINATION TIME TABLE & PROGRAMME – DECEMBER 2025		
ATTENTION: INTERMEDIATE & FINAL EXAMINATION (DECEMBER – 2025 TERM) WILL BE HELD ON ALTERNATE DATES FOR EACH GROUP.		
Day & Date	FINAL (Time: 10.00 A.M. to 01.00 P.M. - IST) PROGRAMME FOR SYLLABUS 2022	INTERMEDIATE (Time: 2.00 P.M. to 5.00 P.M. - IST) PROGRAMME FOR SYLLABUS 2022
Wednesday, 10th December, 2025	Corporate and Economic Laws (P-13)	Business Laws and Ethics (P-05)
Thursday, 11th December, 2025	Cost and Management Audit (P-17)	Operations Management and Strategic Management (P-09)
Friday, 12th December, 2025	Strategic Financial Management (P-14)	Financial Accounting (P-06)
Saturday, 13th December, 2025	Corporate Financial Reporting (P-18)	Corporate Accounting and Auditing (P-10)
Sunday, 14th December, 2025	Direct Tax Laws and International Taxation (P-15)	Direct and Indirect Taxation (P-07)
Monday, 15th December, 2025	Indirect Tax Laws and Practice (P-19)	Financial Management and Business Data Analytics (P-11)
Tuesday, 16th December, 2025	Strategic Cost Management (P-16)	Cost Accounting (P-08)
Wednesday, 17th December, 2025	Electives (Any one of three Papers) : (i) Strategic Performance Management and Business Valuation (P-20A) (ii) Risk Management in Banking and Insurance (P-20B) (iii) Entrepreneurship and Start up (P-20C)	Management Accounting (P-12)



Written by,

**CMA Harshit Verma**

Mob - 7003431422

Email - cmaharshitverma@gmail.com

## INTERNAL AUDIT

### Introduction

Internal auditing is an independent, objective assurance and consulting activity designed to add value and improve an organization's operations. It assists an organization in accomplishing its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of:

- Risk management
- Control processes ,Governance processes
- Compliance with laws and regulations In contrast to an external audit, which usually occurs and reports annually, internal audits are ongoing and inherent in the organization's system of internal control.

### Objective

Key objectives of internal auditing are:

- Testing the effectiveness of internal controls and verify that policies and procedures are effective.
- Identifying risk and control weaknesses and also inefficiencies in operations and significant risks.
- Testing for compliance: Ensure compliance with laws, regulations, and internal policies. Testing the integrity of financial reporting: Ensure accuracy and integrity of financial statements.
- Advisory to the Board and Management: Advise upon and make recommendations for process adjustments to manage the risk.

### Scope of Internal Audit

The scope of internal audit varies depending on the organization's size, industry, and regulatory framework. It typically covers:

- **Financial Audits:** Verifying the correctness and reliability of financial transactions and records.
- **Operational Audits:** Assessing the efficiency and effectiveness of operations.
- **Compliance Audits:** Ensuring compliance with external and internal rules and regulations.
- **Information Technology Audits:** Evaluating the robustness of IT systems and data security.
- **Forensic Audits:** Investigating frauds and irregularities.
- **Environmental and Sustainability Audits:** Ensuring ESG (Environmental, Social, and Governance) compliance.

### Role and Scope of CMA (India) in Internal Audit

Cost and Management Accountants (CMAs) are governed by the Institute of Cost Accountants of India (ICAI-CMA) and are especially qualified professionals in the area of cost accounting, financial management, and strategic planning. The position of CMAs in internal audit is a well-defined niche and is growing rapidly.

**a. Statutory Recognition**

The CMAs are recognized under the Companies Act, 2013 as eligible professionals to conduct internal audits of certain classes of companies. Additionally, they are authorized to provide assurances and advisory services under competing regulatory landscapes.

**b. Areas of Value Addition by CMA in Internal Audit**

**Cost Control & Optimization:** CMAs are proficient in analysing the cost structure and suggesting cost savings.

**Budgeting & Variance Analysis:** They monitor deviations and suggest corrective actions.

**Process Improvement:** CMAs improve business performance through process audits and apply lean management techniques.

**Performance Auditing:** They assess the productivity and efficiency of the various units of a business.

**c. CMA as Internal Auditor: Suitable Uniqueness**

CMAs offer strength that blends their financial knowledge with operational insight worthy of being internal auditors in manufacturing, service, and public enterprises. As they are trained as management accountancy professionals, they will not only rely on compliance but seek value creation as well.

**Tools and Techniques Used in Internal Audits**

Internal auditors, including CMAs, use a range of methodologies and tools such as:

- Risk-based auditing
- Control self-assessments
- Data analytics and business intelligence tools
- ERP audit modules (like SAP, Oracle)
- Audit management software (e.g., TeamMate, AuditBoard)

**Evolving Trends in Internal Audit**

The internal audit landscape is changing with several emerging trends:

- Integrated Reporting
- Use of AI and Automation
- Cybersecurity and Data Privacy Audits
- Sustainability Audits
- Agile Auditing

CMAs with expertise in data analytics, risk management, and cost optimization are well-positioned to lead in these areas.

**Conclusion**

The internal audit function is no longer merely a compliance function—it is now a strategic enabler of operational excellence and sustainable growth. In this evolving ecosystem, CMAs (India) can play a key role. With their depth of knowledge in cost management, financial acumen, and business strategy, CMAs are not only capable internal audit professionals, but can also serve as trusted advisors to ensure performance improvement and risk management. As organizations undergo increasing scrutiny and complexity, the need for qualified internal audit professionals (especially CMAs) is likely to increase substantially.



Written by,

**Heena P. Matalia**

Mob - 8511078826

Email - heena.matalia-afm@msubaroda.ac.in

## Internal Audit in the Digital Era: Integrating Working Capital, GST, and AI for Smarter Governance

**"Internal audit is not a box to be checked but a value to be delivered." — Richard Chambers**

Internal audit today is no longer a tick-box activity; it is the heartbeat of any organization that ensures money, resources, and compliances are in the right place. This paper illustrates how internal audit is shaping business in India, especially when connected with working capital management, Goods and Services Tax (GST), and Artificial Intelligence (AI).

### Abstract

This article explores the evolving role of internal audit in India's corporate landscape, focusing on its integration with working capital management, GST compliance, and cost audit practices. Anchored in statutory frameworks such as the Companies Act 2013, Cost Audit Rules, and other professional regulations, the study highlights how AI is transforming audit functions from periodic checks into continuous, data-driven governance tools. Practical insights and visual aids illustrate how Indian organizations can leverage technology to achieve robust governance and heightened audit effectiveness. It concludes that integrating AI into audit practices empowers organizations to strengthen governance, enhance compliance, and drive smarter, technology-enabled decision-making.

### Introduction

Internal audit serves as the backbone of strong corporate governance and effective risk management in the modern organizational landscape, ensuring compliance, transparency, and operational efficiency. In India, Section 138 of the Companies Act 2013 mandates internal audits for specified companies, with professionals from recognized accounting and governance bodies overseeing risk and control systems. As the Indian regulatory environment evolves with the rise of GST, dynamic working capital requirements, and the integration of advanced technologies such as AI, internal auditors are compelled to adapt their methodologies and leverage state-of-the-art tools for enhanced efficiency and compliance.

Artificial Intelligence (AI) is transforming audit practices by automating routine tasks, enabling real-time monitoring, and enhancing fraud detection. These tools integrate with accounting systems, generate standardized documentation, and support dashboards for continuous risk assessment. AI powered internal audits reduce human error, streamline compliance with laws like the Companies Act and cost audit rules, and allow auditors to focus on strategic advisory roles.

As Hon'ble Prime Minister **Shri Narendra Modi emphasized at the Paris AI Summit, "We are in the dawn of the AI age,"** highlighting how technology is reshaping economies and demanding adaptive strategies in areas like auditing to track economic offenders and ensure robust internal controls. In this context, internal audit augmented by AI ensures resilient, scalable, and future ready organizations.

### Legal Framework Supporting Internal Audit

Act / Rule	Key Role in Internal Audit
Companies Act, 2013	Mandatory internal audit for certain companies
Cost Audit Rules	Ensures cost efficiency and record-keeping
ICAI Guidelines	Sets auditing standards
ICSI Guidelines	Ensures compliance with corporate and secretarial laws
GST Act, 2017	Tax compliance and Input Tax credit management
Information Technology Act, 2000	Data protection and cyber evidence in digital audits
SEBI (LODR) Regulations, 2025	Enhanced audit committee roles and reporting requirements

## Internal Audit and Working Capital Management

Working capital, defined as current assets minus current liabilities, reflects short-term financial health. Internal auditors play a pivotal role in scrutinizing working capital cycles, including inventory turnover, receivables collection, and payables optimization, to identify inefficiencies and recommend improvements. For instance, auditors assess key financial ratios like the current ratio and cash conversion cycle to ensure funds are not tied up unnecessarily, thereby enhancing firm performance.

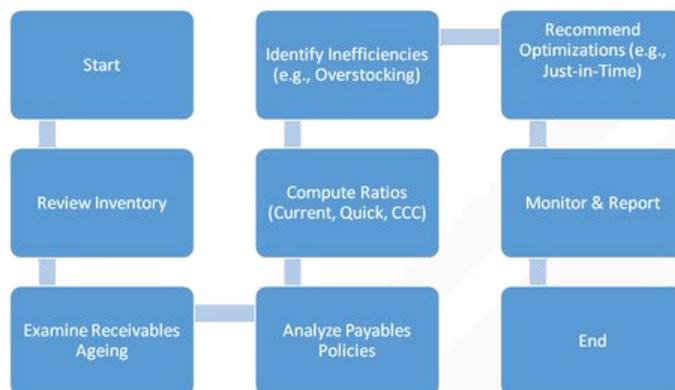
### Flowchart of Internal Audit Process in Working Capital Management

This flowchart outlines a step-by-step approach, helping auditors systematically address working capital issues:

For example, a Pune-based automotive component manufacturer improved its debtor turnover ratio by 18% after implementing digital invoice tracking suggested by auditors.

A mid-sized Indian textile company where an internal audit revealed excessive inventory holding due to poor demand forecasting. By recommending vendor-managed inventory systems, the audit reduced working capital tie-up by 25%, freeing funds for expansion. This aligns with the Companies Act's emphasis on safeguarding assets and preventing mismanagement.

Studies show that high-quality internal audits positively influence working capital decisions, moderating the relationship between these practices and overall profitability.



## Integrating GST Compliance into Internal Audits

GST compliance requires internal auditors to verify the accuracy of GST returns, such as GSTR-1, GSTR-3B, and GSTR-2B, ensuring turnover declarations, tax payments, and input tax credit (ITC) claims are correct. Key checks include reconciling B2B invoices, credit/debit notes, and exports, while flagging discrepancies in ITC availed versus available. Non-compliance can trigger penalties, making internal audits essential for risk mitigation. Under the GST framework, auditors also ensure adherence to the Model All India GST Audit Manual, which emphasizes measuring compliance levels against GST Act provisions.

### Flowchart: GST Internal Audit Routine

Data Collection → Invoice Validation → Reconciliation of Returns → Compliance Check → Exception Reporting → Remediation Steps → Filing & Monitoring

Company secretaries, under ICSI guidance, conduct legal compliance audits in parallel, furthering GST adherence and corporate governance.

For example, A logistics firm in Mumbai faced recurring mismatches between GSTR-2B and purchase invoices, however, reduced discrepancies by 90% using an auditor-recommended automated reconciliation system.

A mid-sized trader facing ITC mismatches due to un-reconciled supplier invoices; an internal audit uncovered these, preventing potential disallowances and fines.

A mid-sized CA firm in Pune, previously struggling with late-night manual work during tax season, implemented cloud-based AI audit tools. This transition enabled them to complete GST reconciliations and statutory audits with higher accuracy, streamlined documentation, and greater client satisfaction — reducing the workload from late nights to early evenings.

Here, the principle of “**Minimum Government, Maximum Governance**” emphasized by Prime Minister Narendra Modi underlines the importance of efficient oversight and technology use.

## Cost Audit Rules and Synergies with Internal Audit

Section 148 of the Companies Act and the Companies (Cost Records and Audit) Rules, 2014, require specific companies to maintain cost records and appoint cost auditors for industries like steel or pharmaceuticals. Internal audits complement this by reviewing cost records for accuracy in material utilization, labor, and overheads, as outlined in guidance notes from the Institute of Cost Accountants of India (ICMAI). This integration helps in extracting waste from processes, echoing the sentiment that auditing internal operations yields more time and resources.

For example, in a steel manufacturing unit, an internal audit uncovered overstated overhead allocations, leading to cost savings of 15% through better allocation methods.

In one Pharma Company, internal audit corrections reduced production costs by 12%, ensuring compliance and better financial control.

This synergy with cost audits, under Section 148 of the Companies Act, helps detect waste and ensures fair pricing. As **Warren Buffett** once said, "**Price is what you pay. Value is what you get,**" underscoring the need for audits to deliver true economic value.

## Leveraging AI and Technology in Internal Audits

AI and digital tools are transforming internal audits by automating data analysis and risk prediction. Tools like data analytics software scan entire transaction datasets for anomalies, unlike traditional sampling methods. In GST audits, AI can auto-reconcile invoices, flagging discrepancies in real-time.

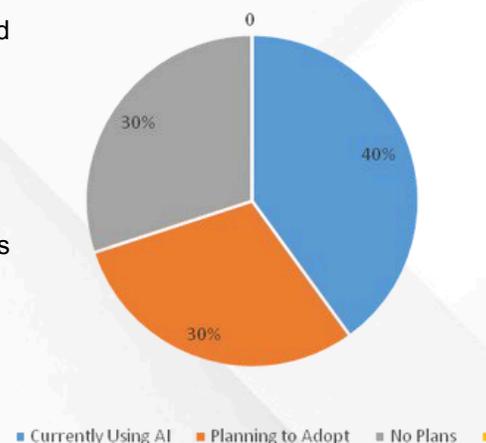
For example, platforms like Mind Bridge use AI for risk assessment in financial transactions, transforming traditional audits. Flowserve Corporation, where AI reduced audit time by 30% by prioritizing high-risk areas. In India, the Satyam scandal highlights audit failures where weak internal controls led to massive fraud, underscoring tech's preventive power. Conversely, Wipro's internal control lapses serve as a cautionary tale of accounting errors overlooked. After the Satyam case, Indian IT firms implemented AI-driven continuous monitoring, reducing incident resolution time by 30%.

Pie Chart on AI Adoption in Internal Audit (Based on IIA 2025 Pulse Survey)

- GenAI Usage: 40% (for activities like data analysis, for anomaly detection and predictive analytics)
- Planning to Adopt: 30% (within the next year)
- No Plans: 30% (due to cost or skill barriers)

This chart illustrates moderate adoption, with potential for growth as firms address barriers like budget constraints.

AI Adoption in Internal Audits



## Major Benefits and the Way Forward

Benefits include efficiency gains — testing entire populations rather than samples—and cost savings, but challenges persist, such as data security and skill gaps. In India, ICAI guidance positions internal auditors as key in fraud detection via tech, aligning with their unique oversight role.

- Improved audit effectiveness and efficiency: Over 90% of surveyed auditors reported increased efficiency with AI tools.
- Cost reduction: AI minimizes operational costs by automating repetitive, error-prone tasks.
- Enhanced fraud detection: Advanced algorithms surface unusual patterns within massive datasets instantaneously.

Challenges include data privacy under the Information Technology Act, 2000, and the need for auditor training.

## Conclusion: Internal Audit for a Future-Ready India

Internal audit is evolving into a strategic enabler of corporate resilience. When integrated with working capital optimization, GST compliance, cost audits, and AI technologies, it enhances financial discipline, risk management, and transparency. Supported by laws like the Companies Act and professional standards from ICAI, ICAI, and ICSI, auditors can shift from reactive checks to proactive insights. Real cases demonstrate tangible benefits, from cost reductions to fraud prevention. As audit practices modernize, Indian companies must upskill, innovate, and adopt tech-driven governance to ensure sustainable growth and stakeholder trust. Modi's vision of **"Zero defect, zero effect"** from his Make in India initiative in manufacturing resonates here, encouraging tech adoption for error-free audits with minimal environmental impact.

Aligning with Modi's **"Reform, Perform, Transform"**— this is exactly what internal audit does for an organization. By blending **law, finance, and technology**, internal audit ensures that businesses remain healthy, transparent, and competitive. Audit smart, govern sharp — India's future is transparent and tech-powered.

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Ref. No: G/128/10/2025



18th October 2025

### NOTICE

**Subject: Revision in the time limit for UDIN generation**

The Council of the Institute has decided to extend the time limit for generating the Unique Document Identification Number (UDIN) from 30 days to 60 days to ensure ease of doing business.

The Practising Cost Accountant should adhere to the revised time limit.

  
CMA (Dr.) D.P. Nandy  
Secretary (Officiating)

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### Internal Audit in the Digital Era

In the digital era, internal audit is no longer just a checkpoint — it's a smart, strategic compass. By integrating working capital insights, GST efficiency, and AI-driven analytics, it transforms governance into a proactive, intelligent system that protects, predicts, and powers business growth.





Written by,

**Dr. Dileep Kumar S. D.**

Mob - 8747831460

Email - dileepsd87@gmail.com

## AI-Ready CMAs: Strategic Partners in Sustainable Economic Growth

### Abstract:

Cost and Management Accountants (CMAs) are pivotal in driving sustainable economic growth through strategic cost management, financial governance, and performance optimization. With Artificial Intelligence (AI) transforming finance and auditing, technologies such as Machine Learning, Natural Language Processing, and Robotic Process Automation are enhancing efficiency, accuracy, and strategic insight. AI empowers CMAs with real-time analytics, predictive modeling, and continuous auditing, while also introducing challenges in data security, ethics, regulation, and skill gaps. By adopting AI competencies, fostering industry–academia collaboration, and integrating governance frameworks, CMAs can evolve as strategic partners who ensure transparency, resilience, and value creation in the digital economy.

### Introduction:

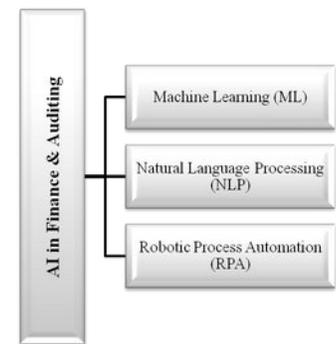
Cost and Management Accountants (CMAs) play a critical role in fostering economic development and growth by bridging the gap between financial information, strategic decision-making, and sustainable value creation. As economies become increasingly complex and competitive, the demand for professionals who can ensure efficient resource allocation, cost control, and long-term profitability has never been greater. CMAs bring precisely these capabilities making them indispensable drivers of both corporate success and national economic advancement. At the macro-economic level, CMAs contribute to the effective functioning of industries by ensuring cost efficiency, productivity enhancement, and responsible financial management. Through rigorous cost analysis and performance evaluation, CMAs help enterprises operate more competitively in domestic and global markets, thereby boosting exports, attracting investment, and generating employment. Their expertise in pricing strategies, cost audits, and profitability analysis ensures that businesses remain viable and resilient, which in turn strengthens the overall economic fabric.

Even in the case of public sector, CMAs support policy formulation and the efficient use of government resources. They assist in budgeting, cost-benefit analysis of public projects, and financial monitoring of infrastructure initiatives ensuring taxpayer funds are deployed for maximum socio-economic impact. This role becomes particularly crucial in developing economies like India, where fiscal discipline and efficient public spending directly influence growth trajectories. Further, within organizations, CMAs act as strategic advisors who align operational decisions with long-term business objectives. By integrating cost management with performance measurement and risk assessment, they enable companies to innovate, expand, and respond proactively to market changes. Their insights into sustainability accounting and Environmental, Social, and Governance (ESG) reporting also ensure that economic growth is balanced with environmental stewardship and social responsibility key pillars of modern development. However, CMAs are equally vital in the context of globalization and technological transformation. They guide organizations in adopting digital tools, leveraging data analytics, and managing risks associated with disruptive business models. Their ability to translate complex financial data into actionable strategies empowers businesses to scale sustainably, which contributes to GDP growth and industrial competitiveness.

From the light of the above, CMAs serve as catalysts for inclusive and sustainable economic growth. By ensuring optimal use of resources, strengthening corporate governance, and fostering innovation, they enhance both microeconomic performance and macroeconomic stability. In an era where economic resilience depends on agility, efficiency, and ethical governance, the role of CMAs is not merely supportive, it is foundational to achieving long-term prosperity for businesses, communities, and nations alike.

## AI in Finance and Auditing – Why?

Artificial Intelligence (AI) is transforming the landscape of finance and auditing, reshaping how organizations process information, assess risks, ensure compliance, and make strategic decisions. Technologies such as Machine Learning (ML), Natural Language Processing (NLP), and Robotic Process Automation (RPA) are no longer experimental tools they have become integral to modern financial management and assurance functions, driving unprecedented efficiency, accuracy, and insight. However, some of the important key dimensions as identified (figure – 1) and a brief discussion of the same.



- **Machine Learning (ML):** Enables systems to learn from historical and real-time data, identifying patterns and trends that might be invisible to human analysis. In finance, ML algorithms are applied for predictive analytics, credit risk assessment, fraud detection, and portfolio optimization. In auditing, ML assists in anomaly detection, continuous monitoring, and risk-based sampling allowing auditors to focus on higher-value judgment tasks rather than manual data checks.
- **Natural Language Processing (NLP):** Extends AI's capabilities into interpreting and analyzing unstructured data such as contracts, regulatory filings, and email communications. Finance teams use NLP to automate regulatory reporting, extract insights from large volumes of documents, and monitor sentiment related to market movements. In auditing, NLP tools streamline review processes, identify compliance breaches, and enhance the clarity and accuracy of audit documentation.
- **Robotic Process Automation (RPA):** Complements these technologies by automating repetitive, rule-based tasks such as invoice processing, reconciliations, and data migration with remarkable speed and precision. In finance departments, RPA reduces cycle times, minimizes human error, and frees up professionals for strategic analysis. In auditing, RPA can execute bulk data checks, prepare standard reports, and ensure consistency across audit files, enhancing both efficiency and audit quality.

## AI's Impact on CMA Functions – How?

Artificial Intelligence (AI) is fundamentally reshaping the professional landscape of Cost and Management Accountants (CMAs). While the traditional CMA role has centered on cost control, budgeting, and decision support, AI has introduced transformative tools that not only automate manual processes but also empower CMAs to provide deeper, data-driven strategic insights. This disruption is evident across several key functional areas and these are presented in the (figure -2).



- **Automation of Routine Accounting Tasks:** AI-powered systems, often combined with Robotic Process Automation (RPA), can now handle repetitive and rules-based processes such as ledger postings, reconciliations, expense categorization, and variance reports with unmatched speed and accuracy. For CMAs, this automation reduces time spent on transactional work, enabling them to shift focus toward value-added activities like financial planning and performance analysis. It also minimizes human error, ensuring greater reliability in accounting data.
- **Real-Time Data Analytics and Predictive Modeling:** AI technologies, particularly Machine Learning (ML), allow CMAs to access and analyze vast datasets instantly. Real-time dashboards and analytics tools enable continuous monitoring of key performance indicators (KPIs), cost trends, and operational metrics. Predictive modeling helps CMAs forecast future financial scenarios ranging from sales trends to cost fluctuations supporting proactive decision-making. This real-time capability transforms CMAs from retrospective reporters into forward-looking advisors.
- **AI-Driven Cost Optimization and Scenario Planning:** By integrating AI algorithms with cost accounting systems, CMAs can identify inefficiencies, benchmark costs against industry norms, and recommend optimal resource allocation strategies. Scenario planning powered by AI allows for rapid simulation of "what-if" analyses, enabling organizations to assess the impact of pricing changes, supply chain disruptions, or market volatility. Such insights help businesses remain agile and competitive in dynamic environments.

- **Integration with ERP and Audit Management Systems:** Modern Enterprise Resource Planning (ERP) platforms and audit management systems increasingly embed AI functionalities, providing CMAs with unified access to financial, operational, and compliance data. This integration streamlines workflows, enhances data consistency, and supports continuous auditing practices. AI-enabled ERP systems can trigger alerts for anomalies, automate compliance checks, and generate actionable insights strengthening the CMA's role in governance and internal control.

## AI in Auditing: Redefining Assurance

Artificial Intelligence (AI) is transforming the auditing landscape, shifting it from a periodic, sample-based process to a continuous, intelligence-driven function. For Cost and Management Accountants (CMAs), this evolution creates new opportunities to strengthen assurance, improve risk detection, and safeguard organizational integrity.

- (a) AI enables continuous auditing by analyzing transactional data streams in real time, identifying anomalies as they occur rather than after periodic reviews. Machine Learning (ML) models and anomaly detection algorithms can flag unusual payment patterns, duplicate transactions, or irregular journal entries instantly. This capability enhances fraud prevention and allows CMAs to act proactively, reducing the financial and reputational impact of fraudulent activities.
- (b) Traditional audit planning often relies on historical performance and manual risk assessment. AI analytics revolutionize this process by using predictive modeling to evaluate risk levels across different operational areas. CMAs can leverage these insights to allocate audit resources more effectively, focusing on high-risk zones and ensuring optimal coverage. This targeted approach improves audit efficiency while maintaining robust oversight.
- (c) AI-powered monitoring tools integrate with Enterprise Resource Planning (ERP) and other business systems to provide continuous oversight of internal controls. These tools can automatically test control effectiveness, verify compliance with regulatory requirements, and alert management to control breaches. For CMAs, this means moving from periodic control reviews to real-time oversight, improving both responsiveness and compliance assurance.
- (d) As organizations increasingly rely on AI-driven decision-making, CMAs must expand their role to audit the AI systems themselves. This includes evaluating algorithmic fairness, transparency, and accuracy, as well as ensuring the quality and integrity of underlying data. CMAs can develop audit frameworks that validate AI model outputs, detect bias, and ensure that automated decisions align with ethical, regulatory, and strategic objectives.

## AI Adoption for CMAs – A Few Challenges

Artificial Intelligence (AI) is reshaping the financial and business landscape, offering Cost and Management Accountants (CMAs) unprecedented opportunities to enhance decision-making, optimize processes, and strengthen their strategic role. However, AI adoption is not without its complexities. Successfully leveraging its potential requires overcoming six critical challenges that intertwine technology, people, and governance.

- The first barrier is human resistance to change, fueled by fears of job displacement and skill obsolescence. CMAs must champion AI as a collaborative enabler, supported by targeted training and transparent communication. Closely tied to this is the need for new skillsets, as CMAs transition from routine accounting tasks to AI-enabled strategic analysis, requiring adaptability and continuous upskilling.
- Data privacy and security risks form another formidable challenge, with AI systems handling vast amounts of sensitive financial and operational information. The possibility of breaches, unauthorized access, or biased algorithms demands robust governance, regulatory compliance, and ethical safeguards.
- Compounding this are evolving regulatory frameworks, as AI governance, audit standards, and data protection laws are still in flux. CMAs must remain agile, aligning practices with both local and global requirements to avoid compliance pitfalls.
- From a financial standpoint, high implementation costs and uncertain ROI can slow adoption, particularly for smaller enterprises. Investments in technology, infrastructure, and training must be weighed against both tangible efficiencies and intangible strategic benefits.

## Competency Framework for the AI-Ready CMAs

The AI-ready CMA must possess a balanced mix of technical, strategic, and interpersonal skills, supported by continuous professional development and targeted certifications.

- Literacy involves understanding how AI algorithms work, their potential applications in finance and auditing, and their limitations. CMAs must be proficient in data analytics using tools for data visualization, predictive modeling, and trend analysis to interpret AI-generated insights effectively. Cybersecurity awareness is equally critical, as CMAs need to safeguard sensitive financial data against breaches, ensure compliance with data protection regulations, and understand the security implications of AI-driven systems.
- In an AI-driven business environment, CMAs must apply critical thinking to evaluate AI recommendations, question assumptions, and ensure decisions align with organizational goals. Change management skills enable CMAs to guide their organizations through AI adoption, addressing resistance and ensuring smooth transitions. As innovation leaders, CMAs should champion AI-enabled process improvements, explore emerging technologies, and foster a culture of continuous innovation.
- AI initiatives typically involve diverse teams from finance, IT, operations, and compliance. CMAs must collaborate effectively across these functions, bridging technical and business perspectives. Strong communication skills help in translating complex AI outputs into actionable insights for decision-makers. Adaptability ensures CMAs remain flexible in the face of rapid technological changes, evolving regulations, and shifting market dynamics.
- To strengthen AI readiness, CMAs should pursue professional certifications in areas such as data analytics, AI in business, and digital finance transformation. Institutions like the Institute of Cost Accountants of India (ICMAI), global accounting bodies, and technology providers offer specialized programs in AI, blockchain, and advanced analytics. Continuous learning through workshops, MOOCs, and industry seminars ensures that CMAs remain at the forefront of technological advancements.
- Collaboration between academic institutions, AI solution providers, and industry leaders is essential to create a talent pipeline with practical AI expertise. Joint initiatives could include AI-focused internships, live corporate projects for CMA students, and guest lectures by technology experts. Such partnerships can ensure that CMA professionals gain real-world exposure to AI applications, making them industry-ready upon qualification.

## Conclusion:

The evolution of the CMA profession is entering a pivotal phase where technological acumen is as critical as financial expertise. AI is not replacing CMAs, it is amplifying their strategic value, enabling them to move from transactional processing to proactive, insight-driven leadership. By mastering AI tools, ensuring ethical governance, and fostering cross-functional collaboration, CMAs can safeguard transparency, drive innovation, and sustain competitiveness in an increasingly digital economy. The future will belong to AI-ready CMAs who balance analytical precision with human judgment, positioning themselves as indispensable architects of sustainable growth and trusted stewards of organizational and national prosperity.

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Written by,

**CMA Rajesh Kapadia**

Mob - 99090 29382

Email - rajeshanita2007@yahoo.com

## **Check List of Internal Audit of Purchase Function**

In an organisation, where raw material is major cost element ( say 50 % to 80 % of product cost), purchase department assumes importance as it is at PO stage itself where the Product Cost Structure, Contribution n Product Profitability are decided.

So following illustrative check list of Internal Audit of Purchase Function shall enable the purchase department and the management to optimise raw material cost component of the product

### 1. Instances of emergency purchases

Emergency purchase more often than not indicates lack of coordination among purchase, production and marketing department. Often it results in exorbitant procurement prices distorting the product cost structure provided raw material input is major cost element ( raw material cost not less than 50 % of product cost)

Emergency purchase often results in poor quality purchase resulting into sales return / customers complaints damaging the reputation of the company.

So reasons for emergency purchase should be properly looked into including adequate coordination among purchase, production and marketing

### 2. Often purchase department to improve its KPI opts for purchase of poor quality raw material with corresponding lower procurement prices.

Input / Output Ratio should be regularly compared with Bills of Material.

Moreover, Auditor should insist that poor Input Output Ratio should be subject matter of regular discussion of executive meeting Auditor should go through Minutes of Meeting of Executive Committee with respect to Reasons for poor input output ratio, steps proposed to be taken to overcome it

### 3. Data should be compiled showing number of times purchase return against each vendor.

Reasons should be discussed by calling vendor / vendors in person.

If so warrants, should be black listed

### 4. Month wise trend of production should be compared with month wise trend of procurement quantity.

This will ensure that procurement quantity is in line with production quantity which shall ensure no undue inventory built up

### 5. There should be GRV wise analysis of key raw materials Inventory

For any GRV older than 3 months or more, reasons should be looked into why material is purchased more than 3 months ago n still in stock

### 6. For imported raw materials, local vendors should be explored which may result in less lead time with resultant lesser inventory

7. No of vendors for each of last 10 years for top 10 key raw materials

Expansion of vendor base should be imbibed in the culture of the company which shall inter alia result into following benefits  
Competitive price, reduced inventory, sustainable production n optimum capacity utilisation etc

8. There should be proper documented purchase manual providing for the purchase policy to be followed

9. There should be well laid down negotiation committee with representatives drawn from Production Department, Purchase Department, Marketing Department, Quality Control, Finance Department

For negotiation committee, usually hierarchy is defined based upon value of negotiation

General Manager, Additional General Manager, Deputy General Manager. Senior Manager, Manager etc

10. There should be well laid down Vendor Approval Committee with representatives drawn from Production Department, Purchase Department, Marketing Department, Quality Control, Finance Department

11. Practise of having single vendor for any key raw material should be discouraged Expand the vendor base or Put up own plant to manufacture this raw material ( which is also known as backward integration )

It is not unusual to see the cases where single vendor either discontinuing the supply or having started its captive consumption and with result that company having stopped receiving the raw material and even profitable plant seeing getting closed

12. Regular review of trend of procurement price vis a vis selling price to ensure contribution and profitability of the products.

13. Qualification, experience of staff of purchase department Ideally CMAs or duly qualified in Materials Management and preferably having the experience of same / similar industry Advantage of CMA heading purchase department As soon as purchase order is prepared, he is able to work out both contribution and profitability and also RM content in product through input / output ratio.

Given the selling price, margin, conversion cost and other raw material cost, he will be able to arrive at the rate at which Purchase Order is to be placed, given the input / output ratio

14. No of products for which selling price is not even able to cover even raw material cost and whether purchase department is aware about it ?

And whether steps taken to reduce procurement cost, increasing selling price or reduce other cost component Company may continue its production, to minimum level, just to keep its presence felt in the market

15. Mis reports if any for raw materials

Month wise trend of procurement cost

Raw material cost as % of total product cost

Raw material cost as % of selling price

Raw material inventory with reasons for increase / decrease Qty / value

16. Aging analysis of major raw materials and endeavour to use material on fifo basis with reasons for raw material lying in stock For 3 months or more ( except for imported raw material) From GRV Date

17. Review of trend of procurement prices of major raw materials

How frequently same is being reviewed ?

Increase in procurement prices if any should be ideally accompanied by corresponding increase in selling price absorbing the increase in procurement price thereby keeping the contribution and margin unaffected

18. Review of material cost as % of total cost, as % of sales value

19. Trend of quantity procured from different vendors

Any substantial increase or decrease and reasons thereof

20. Procurement price – difference between budget n actual, reasons for the same n corrective actions, if any , taken If budget is approved in march, then in 1<sup>st</sup> quarter, the difference between actual and budget should not be more than 5 % as 1<sup>st</sup> quarter is nearest to preparation of budget.

Otherwise, it shall raise questions with respect to reliability of budget and seriousness with which it is being prepared

21. Where raw material cost is major portion of product cost ( say 50 % to 80 % ), audit of purchase function assumes importance as it is at PO stage itself that product cost structure is defined / decided

22. Existence of purchase manual in line with accounts manual, cost accounting manual, safety manual to ensure well streamlined purchase function in well orderly manner

23. Combined purchase order for common raw material used in more than 2 plants / 2 sites to take advantage of quantity discount Usually ERP System facilitates monitoring of inventory movement of various plants

24. Reasons for not accepting the lowest quotation – L1

Poor quality, unable to meet the timelines, unable to provide the required quantity No of instances where lowest quotation is not accepted along with reasons ( minutes of negotiation may be referred to )

25. During negotiation, credit terms, trade discount, cash discount are properly bargained / availed

26. Purchase orders should not be given to vendors who are put on holiday/black list / removed from approved list of vendors Poor quality, not maintaining time lines, not ready to provide credit etc

27. In case of long term contracts, insulation clauses should have been provided to guard against any subsequent / future price increase

This shall also save from administrative work of frequent negotiations, putting up of frequent purchase orders etc

28. Whether purchase department is exploring to use both cheaper material and costly material without affecting its acceptability by its customers

29. Monitoring reliability of vendors through ability to meet the delivery schedules, the quality standards

30. Accounts payable process usually follows 3 way matching process – GRNs are matched with Vendor Invoices and related purchase orders<sup>2</sup>

## Conclusion :

CMAs by virtue of their functional experience and knowledge, shall be able to contribute to Purchase Functions and shall help enable optimise Raw Material Cost either through being Team Member of Purchase Department or CMA Department or Finance Department.



Written by,  
**CMA Shirish Shah**

Mob - 9420356025  
 Email - cmashirish@gmail.com

## “WAR DRAINS, CMA REGAINS” CMA – A Warrior In, During & Post War

### Abstract

A Cost and Management Accountant (CMA) acts as an “economic warrior” in pre-war, wartime and post-war scenarios, safeguarding financial stability while ensuring resource efficiency. Since India’s independence, CMAs have been critical in managing the direct and indirect costs of wars, internal security operations and terrorism impacts. Their role spans contingency budgeting, cost monitoring, loss minimisation, and reconstruction audits. Originating during wartime needs, the ICAI’s foundation reflects the profession’s deep link to national defence economics. CMAs apply traditional costing (standard, marginal, job, batch, process) and advanced tools (life cycle costing, ABC, ERP, AI analytics) to optimise military spending. Case studies—from WWII aircraft production to Kargil supply chains—demonstrate their impact. In modern crises, including trade tariff shocks, CMAs guide pricing, sourcing, and strategic cost control. With proper infrastructure, data access, and institutional integration, CMAs can ensure economic resilience, making them indispensable in both war and peace.

### 1. INTRODUCTION

In times of national crisis, when the roar of fighter jets drowns out the hum of factory machines and the nation’s treasury is pulled in a thousand directions,

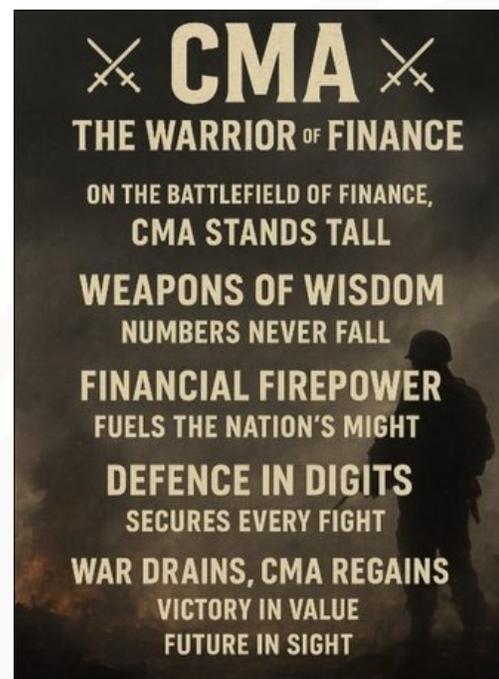
there emerges an unsung warrior — the Cost and Management Accountant (CMA). Unlike soldiers on the battlefield, CMAs wield no rifles, yet their tools — costing, budgeting, analysis, forecasting — are critical in ensuring the nation survives economically during war and emerges stronger post-conflict.

A war economy is a unique beast. It demands immediate reallocation of resources, maximum efficiency in production, zero tolerance for waste, and lightning-speed financial decisions. CMAs are positioned to address all of these demands, thanks to their mastery of traditional cost systems and latest high-tech tools. From forecasting the fiscal impact of war mobilization to conducting post-war recovery audits, CMAs ensure that every rupee and resource is used where it matters most.

### 2. Financial (Direct & Indirect) Impact of Each War & Major Internal Security Operation (Post-1947 to Operation Sindur)

#### 2.1 External Wars

- 1947–48 Indo-Pak War: First test for independent India’s economy, leading to urgent defence procurement and refugee rehabilitation costs. Direct loss included ₹500+ crore (adjusted historical value) and indirect impacts on agriculture and trade.
- 1962 Sino-Indian War: Massive defence imports strained foreign exchange reserves. Infrastructure in border states was damaged; GDP growth slowed from 4.2% to 2%.
- 1965 Indo-Pak War: Military expenditures spiked by over 50% in a single year; inflation surged; exports dropped due to trade route disruptions.



- 1971 Bangladesh Liberation War: Estimated ₹2,300 crore direct military spend; refugee influx (10 million people) created ₹1,000+ crore additional social welfare burden.
- 1999 Kargil War: Operation Vijay cost ~₹5,000 crore in direct expenses; indirect cost included tourism losses and market volatility.
- Surgical Strikes & Balakot Airstrike (2016–2019): Limited direct fiscal burden but heightened security expenses in subsequent budgets.
- Operation Sindur (Recent): Classified financial figures, but estimated multi-crore naval deployment and technology usage.

## 2.2 Internal Security Operations

- Insurgency in Jammu & Kashmir: Continuous counter-insurgency budgets in thousands of crores annually; indirect hit to tourism, real estate, and trade.
- Naxal-Maoist insurgency: Increased policing & intelligence budgets; reduced private investment in affected districts.
- North-East insurgencies: Costly military presence & infrastructure maintenance.
- 26/11 Mumbai Attacks: ₹500+ crore in immediate security response & rehabilitation; long-term loss to hospitality sector.
- Other terrorism-related operations: Recurrent financial drains due to unpredictable attacks.

## 2.3 Direct Financial Impact

- Emergency procurement of arms, ammunition, and vehicles.
- Destruction of infrastructure requiring immediate reconstruction.
- Incremental costs for troop mobilization, fuel, and logistics.

## 2.4 Indirect Financial Impact

- Currency depreciation from economic uncertainty.
- Inflation due to disrupted supply chains.
- Reduced foreign investor confidence.
- Shift of development funds towards defence.

## 3. Economic Disasters from World Wars Other than India

- WWI (1914–1918): Hyperinflation in Germany; UK and France burdened by war debts; global trade disrupted.
- WWII (1939–1945): Entire industrial cities flattened; Japan faced atomic destruction; the Marshall Plan in Europe was a massive post-war reconstruction cost.
- Lesson for India: A war economy requires forward-planned cost management, not reactive spending, to avoid post-war depression.

## 4. The Vital Role of CMAs

- ### 4.1
- Risk Assessment & Contingency Planning: CMAs model the potential cost of war scenarios.
  - Strategic Budgeting: Allocating peacetime surplus into strategic reserves.

- Cost-Benefit Analysis: Evaluating defence deals before signing.

#### 4.2 During War

- Rapid Cost Allocation: Ensuring critical missions get resources first.
- Loss Minimisation: Redirecting funds from low-priority civilian projects to urgent military needs.
- Real-Time Monitoring: ERP-driven dashboards for war spending.

#### 4.3 Post-War

- Reconstruction Audits: Verifying that rehabilitation funds are not misused.
- Compensation Calculations: For families of soldiers, damaged businesses, and civilians.
- Economic Recovery Modelling: Guiding government policy on post-war economic stabilization.

## 5. Utility of Traditional & Latest High-Tech Costing Techniques in War Context

### 5.1 Traditional Techniques

- Standard Costing: Setting benchmarks for ammunition and equipment manufacturing costs to detect wastage.
- Marginal Costing: Deciding whether to produce arms domestically or import based on incremental costs.
- Job Costing: Costing of specific military construction projects like bunkers or airstrips.
- Batch Costing: Production of uniforms, rations, or small arms in set lots to control quality and cost.
- Process Costing : For large-scale ammunition manufacturing where costs are averaged over mass production.
- PERT & CPM Techniques :  
PERT helps CMAs manage uncertain wartime projects like new weapon development, while CPM ensures timely execution of predictable tasks such as bunker or supply route construction. Both techniques align time and cost efficiency, preventing delays and optimising scarce resources in war and recovery phases.

### 5.2 Latest High-Tech Techniques

- Life Cycle Costing (LCC): Assessing total cost of a defence asset from procurement to disposal, ensuring sustainability.
- Target Costing: Designing drones or vehicles to meet pre-set cost targets without compromising efficiency.
- Activity-Based Costing (ABC): Identifying the most resource-intensive war operations for potential cost reduction.
- Kaizen Costing: Continuous small improvements in field logistics to reduce cost wastage.
- Value Engineering: Redesigning military equipment for better performance at lower cost.
- Throughput Accounting: Optimising use of scarce resources like fuel or spare parts.
- ERP-Based Cost Analytics: Integrating real-time defence spending data across all bases.
- AI & Big Data Analytics: Predictive models to anticipate future resource shortages and cost overruns.

## 6. Coincidence of Origin of ICAI During War Period

The origins of cost accounting as a profession in India have an intriguing link to global wartime economic needs. While the Institute of Cost Accountants of India (ICAI) was formally established in 1944 (as The Institute of Cost and Works Accountants), the momentum for its creation came from World War II's heightened demand for industrial efficiency.

During WWII, India was a vital supplier of troops, arms, and resources to the Allied forces. Industries producing steel, textiles, and machinery were under pressure to maximize output and minimize waste.

The British administration in India recognized that scientific costing methods could prevent resource leakage and ensure fair pricing in government contracts.

This context mirrors the origin of several global cost accounting bodies:

- CIMA (UK) evolved during WWI and WWII to serve wartime production costing.
- IMA (US) strengthened during wartime procurement monitoring.

Thus, the wartime urgency for accountability and cost control directly shaped the ICAI's foundation.

## 7. Table Showing Monetary & Other Losses in Each War after India's Independence

Year & Conflict	Estimated Financial Loss (₹ crore, historical value)	Human Casualties	Infrastructure Damage	Economic Impact Summary
1947- 48 Indo-Pak War	500+	~1,100 soldiers	Bridges, roads, refugee housing	Severe refugee rehabilitation costs
1962 Sino-Indian War	700+	~1,383 soldiers	Border outposts, supply depots	Loss of NEFA territory temporarily
1965 Indo-Pak War	1,000+	~3,000 soldiers	Railway, airbases	Inflation spike, export slowdown
1971 Bangladesh War	2,300(military) +1,000(refugee aid)	~3,800 soldiers	Eastern border infrastructure	Refugee crisis burdened economy
1999 Kargil War	5,000	~527 soldiers	High-altitude bases	Losses to tourism & stock market dip
2001-02 Operation Parakram	6,500	~700 soldiers	Extensive troop mobilization costs	Trade slowdown with Pakistan
2008 Mumbai Attacks	500	~175 civilians	Hotels, urban security infra	Drop in tourism, hospitality sector hit
2016 Surgical Strike	150	NA	NA	Heightened border security spend
2019 Balakot Strike	250	NA	NA	Escalated defence alert levels
2023-25 Operation Sindur	Estimated multi-crore	Classified	Classified	Strengthened naval presence

(Figures are indicative estimates based on available public data; actual classified defence figures may be higher.)

## 8. India's Budgetary Provision vs. Actual Defence Expenditure & Top 5 Global Spenders

### 8.1 India's Defence Budget Trends

Over the last decade, India's defence allocation has consistently ranged between 2%–2.5% of GDP, with the largest portion going to salaries & pensions (~50%), followed by capital outlay for new equipment (~25–30%).

- Budgeted vs. Actual Spend: In high-tension years (e.g., 1999, 2001–02, 2016–19), actual spending often exceeded allocations by 5–15%, driven by emergency procurement.

### 8.2 Top 5 Global Defence Spenders (2024)

- United States – ~\$877 billion (~3.5% of GDP)
- China – ~\$292 billion (~1.6% of GDP)
- Russia – ~\$86 billion (~4.1% of GDP)
- India – ~\$81 billion (~2.4% of GDP)
- Saudi Arabia – ~\$75 billion (~7% of GDP)  
(Source: SIPRI 2024 estimates)

## 9. Internal & External Terrorism Attacks — Financial Impact & CMA's Role in Minimisation

### 9.1 Financial Impact :

(A) Direct Costs: Emergency response, property damage, military deployment.

(B) Indirect Costs:

- Drop in tourism & hospitality earnings.
- Decrease in foreign investment.
- Higher insurance premiums.
- Increased security spending in transport hubs, public spaces, and corporate facilities.

Example: The 26/11 Mumbai attacks cost an estimated ₹500+ crore in immediate expenses, but tourism losses in Mumbai alone topped ₹1,500 crore in the following year.

### 9.2 CMA's Role in Minimisation

- Risk Cost Modelling: Estimating probable loss scenarios for better insurance coverage and fund allocation.
- Security Budget Audits: Ensuring money for counter-terrorism is optimally utilized.
- Supply Chain Vulnerability Analysis: Identifying and protecting critical infrastructure points.
- Post-Incident Recovery Plans: Financial roadmaps for quick revival of affected industries.

## 10. CMA Role in Trump Tariff Crisis (recent 50% Tariff Impact)

In 2018–2019, and again in speculative trade policy shifts, a 50% tariff threat by the US posed a significant challenge for Indian exporters, particularly in steel, aluminum, textiles, and certain manufactured goods.

- 10.1 CMA Action Areas**
- Cost Structure Realignment: Identifying parts of production that can be shifted to tariff-exempt countries via strategic outsourcing.
  - Pricing Strategy Adjustment: Using marginal costing to keep export prices competitive while sustaining profit margins.
  - Supply Chain Diversification: Reducing dependency on one export market by finding alternative buyers in Asia, Africa, and Europe.
  - Foreign Exchange Risk Management: Hedging against volatility caused by trade tensions.
  - Negotiation Support: Providing cost-backed data to policymakers during trade negotiations.
  - Effective campaign for maximum use of Swadeshi goods & services & minimise imports

## 11. Infrastructure & Inputs Needed for CMA Excellence in Crisis

To maximize a CMA's efficiency in a wartime or high-crisis environment, certain infrastructure, tools, and institutional support are essential.

### 11.1 Technological Infrastructure

- Real-Time Data Integration Systems: Centralized defence cost dashboards accessible to the Defence Ministry, Finance Ministry, and war room command.
- Secure ERP Platforms: Defence-specific ERP modules integrating costing, procurement, and logistics data.
- AI-Powered War Economy Simulators: Predictive models to run "what-if" scenarios for resource allocation and cost containment.

### 11.2 Analytical Resources

- Big Data Access: Satellite and sensor data linked to logistics cost models.
- Military Supply Chain Maps: Visual tracking of cost bottlenecks.
- Advanced Costing Software: Capable of handling complex multi-project costing in real-time.

### 11.3 Institutional Support

- Integration into Defence Planning: Official CMA units in the Defence Ministry.
- Dedicated Cost Audit Cells: To ensure post-war recovery funds are used as planned.
- Training in Crisis Finance: Specialized courses in war economics and disaster cost control.

## 12. Six Live Case Studies Where CMAs Played a Crucial Role in War Crisis

- 1) WWII – British Aircraft Production Efficiency : Cost accountants optimized the production schedule of Spitfire aircraft, reducing unit costs by 15% without compromising quality.
- 2) Gulf War – US Pentagon Life Cycle Costing (1990–1991) : CMAs used LCC to evaluate whether to refurbish old tanks or procure new ones, saving hundreds of millions.
- 3) 1971 Indo-Pak War – Indian Railways Logistics Optimisation Indian CMAs working in Railways restructured freight scheduling for troop and equipment movement, cutting delivery time by 20%.
- 4) Kargil War (1999) – Defence Supply Chain Cost Control Activity-Based Costing identified high-cost helicopter supply runs, leading to ground-route optimization for non-critical cargo.
- 5) NATO Kosovo Operations (1999) : CMAs implemented Kaizen costing in field kitchens, reducing food wastage and lowering costs while maintaining troop nutrition standards.
- 6) Israeli Defence Budgeting (Post-2006 Lebanon War) : CMAs in the IDF used ERP-linked costing systems to track and control post-war reconstruction expenses in military housing projects.

## 13. Conclusion — The CMA as a Strategic Asset in War & Peace

War reshapes economies in ways peacetime accountants rarely encounter. While armies fight for territory, CMAs fight for fiscal survival — ensuring that the nation's financial arteries keep flowing, even under siege.

### 13.1 Traditional Tools for Stability

Techniques like standard costing, marginal costing, and job costing provide a stable backbone for monitoring production efficiency and preventing over-expenditure.

### 13.2 High-Tech Tools for Agility

Life cycle costing, ABC, PERT, CPM, AI analytics, and ERP integration give CMAs the agility to respond to rapidly changing battlefield and budget conditions.

### 13.3 Multi-Level Strategic Contribution

- Nation: Resource allocation frameworks that preserve GDP stability.
- Citizens: War bond planning and financial literacy drives.
- Military: Cost-optimized logistics and maintenance programs.

- Defence Ministry: Transparent, audit-ready spending models.
- Finance Ministry: Balanced budgets with crisis reserves.

### 13.4 Final Word

A well-empowered CMA is more than a number-cruncher; they are an economic commander, capable of steering the nation's resources through the fog of war and into the light of post-war recovery. In a world where economic warfare often precedes or parallels actual combat, CMAs are a frontline necessity.

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# Invitation To Submit Article For Tax Chronicle

January 2026 Edition

#### THEME:

**Union Budget 2026 & Tax Reform 2.0:**  
Charting India's Next Decade  
of Fiscal Transformation

### Suggested Topics:

- Pre-budget expectations from the professional community (Direct and Indirect Tax reforms).
- Emerging contours of New Income Tax Act (2025) – simplification, digital filing, litigation management.
- GST Reform 2.0 – simplified return system, redefined ITC mechanism, and the role of AI in compliance.
- Budget analytics – fiscal deficit, capital expenditure, and cost-impact assessment.
- Sectoral analysis: MSME, Start-ups, and Green Manufacturing incentives.

### Suggested Sub-Articles:

- Budget Wish-list for a \$10 Trillion Economy: **CMA Perspective**
- Rationalising Tax Administration: **Towards Faceless Efficiency**
- GST on Services: **Time for Structural Reform**

Submit your articles via email with the subject line "Articles for Tax Chronicle."

Kindly include your name, membership number, contact number, email ID, and photograph, along with the declaration.

**wirc.admin@icmai.in before 25<sup>th</sup> December, 2025.**



Written by,

**CMA Santosh Sadashiv Korade**

Mob - 9730577016 / 9356956185

Email - santoshkorde77@gmail.com

## SAP T-Code : FB50

### FB50:

The SAP transaction code FB50 is used to post journal entry documents directly to General Ledger (G/L) accounts. Also known as an "enjoy transaction," it allows users to make direct debits and credits to G/L accounts, which can be used for reclassifications or month-end adjustments, and enables cross-company code postings on a single screen. With this t-code, you can only post to a G/L account. This article will highlight the steps of FB50.

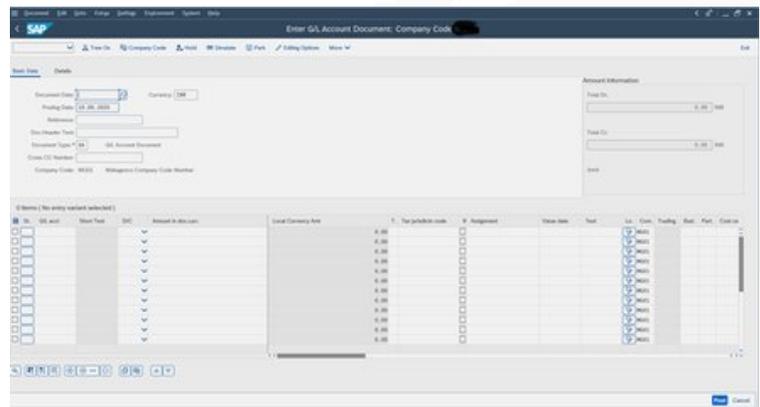
### How to use FB50:

#### Access the transaction:

In the SAP command field on the SAP Easy Access screen, enter FB50 and press Enter, or navigate to Accounting > Financial Accounting > General Ledger > Document Entry > G/L Account Document.

#### Enter Header Information:

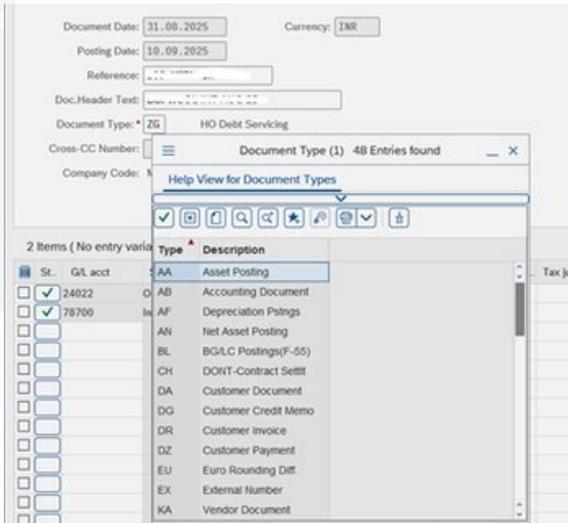
1. **Document date**– Enter the document date. This can be any reference date. This is not the accounting date.
2. **Posting date**– This is the date that it hits the accounting books. The posting period is determined from this date.
3. **Reference**- Enter any reference that will explain why this entry was made.
4. **Header text**– This is the text that appears on the header. This can be any text to identify the document.
5. **Document type**- The document type SA is used by default. This is the standard document type used to identify manual journal entries. You can change this document type if there is a need, but in general, there is no need to change it. (Document type creation is explained here)
6. **G/L account**- Enter the G/L accounts for which you are making the journal entry. Make sure that you enter the right G/L account corresponding to the Debit/Credit.
7. **D/C**-Enter the debit and credit flag for this G/L
8. **Amount** – Enter the debit and credit amount. The balance should finally be equal to 0.
9. **Cost center**– Enter the cost center if it is a P/L account. You can enter other details as required.
  - Document Type : There number of document types defined in standard SAP according to user requirements for reporting.



FB50 Home Screen-

**Document Type :** There number of document types defined in standard SAP according to user requirements for reporting.

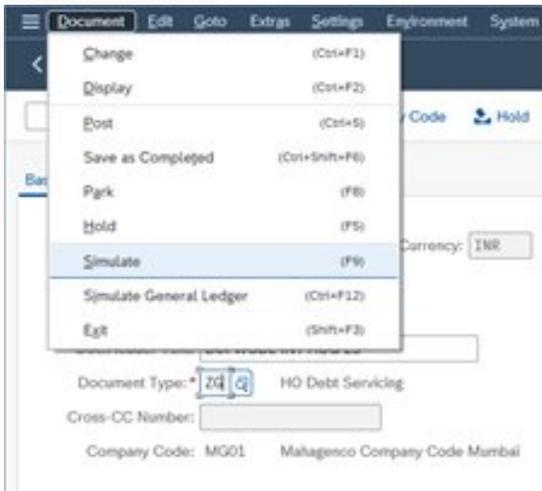
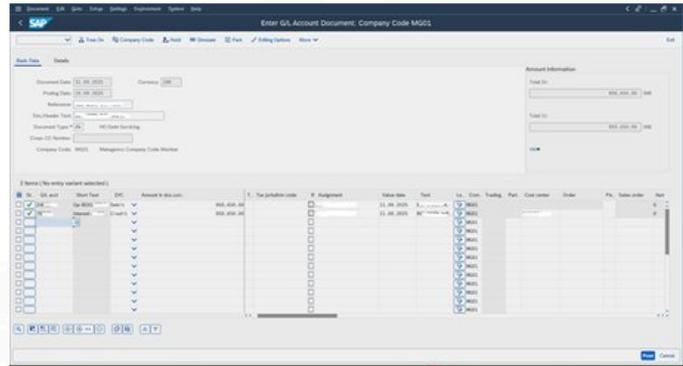
The following are the document types defied in SAP-



AA	Asset Posting	KZ	Vendor Payment	WL	Goods Issue/Delivery
AB	Accounting Document	LR	Vendor Invoice-Loan	WN	Net Goods Receipt
AF	Depreciation Pstngs	ML	ML Settlement	ZA	Cash Journa Document
AN	Net Asset Posting	PR	Price Change	ZB	CJ Vendor Payment
BL	BG/LC Postings(F-55)	RA	Sub.Cred.Memo Stlmt	ZC	CJ Customer Payment
CH	DONT-Contract Settl	RB	DONTUSE-Res Bad Debt	ZA	Cash Journa Document
DA	Customer Document	RE	Invoice - Gross	ZB	CJ Vendor Payment
DG	Customer Credit Memo	RN	Invoice - Net	ZC	CJ Customer Payment
DR	Customer Invoice	RV	Billing Doc.Transfer	ZD	Customer Adjustments
DZ	Customer Payment	SA	G/L Account Document	ZE	Project Payment – WM
EU	Euro Rounding Diff.	SB	G/L Account Posting	ZF	HO Bank to Bank Trf
EX	External Number	SK	Cash Document	ZG	HO Debt Servicing
KA	Vendor Document	SU	Adjustment Document	ZK	Vendor Adjustments
KG	Vendor Credit Memo	UE	Data Transfer	ZP	Project payment-Loan
KN	Net Vendors	WA	Goods Issue	ZR	Bank Reconciliation
KP	Account Maintenance	WE	Goods Receipt	ZS	Payment by Check
KR	Vendor Invoice	WI	Inventory Document	ZV	Non Proj Paymt HO/WM

**Enter Line Items:**

- Debit Account: Select the G/L account for the debit entry.
- Debit Amount: Enter the amount to be debited.
- Credit Account: Select the G/L account for the credit entry.
- Credit Amount: Enter the amount to be credited.
- Cost Center: If posting an expense, you must enter a cost center for that account.

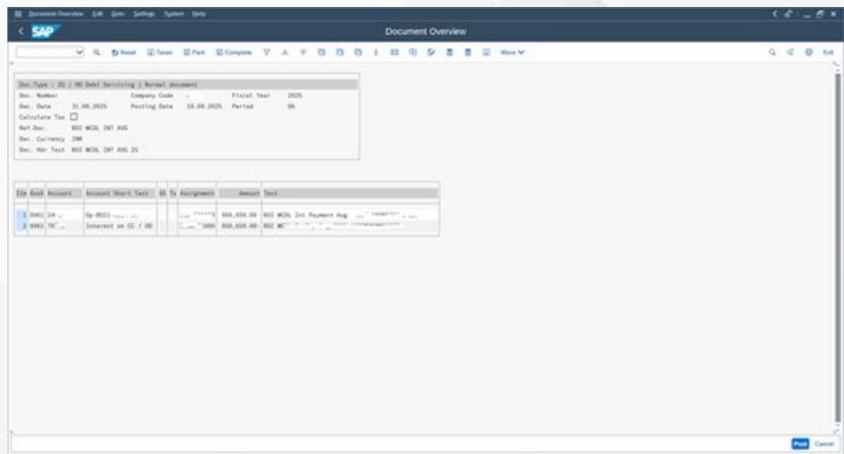


**Simulate and Post:**

Simulate the document to check for errors before posting. Once validated, post the document to complete the entry. User will get the option from document tab or its showing on home window also.. If there were any errors they would show up at this point. Note- not all errors show up at the time of simulation/ Once everything looks good, click on the green arrow back. If there were any errors, they would show up at this point. Note- not all errors show up at the time of simulation/

**After simulation, entry will be shown like as –**

Users must check all debit credit line items along with GL are correct, this is pre posting check in SAP for maintaining accuracy.







Written by,

**CMA Uday Wad**

Mob - 9823083276

Email - udaywad742@gmail.com

## Service Provided to Overseas Branch: Taxable or Exempt? A Closer Look at Section 2(6)(v) of IGST Act and Notification No. 15/2018-Integrated Tax (Rate)

In the landscape of **cross-border service transactions**, especially between Indian entities and their **overseas branches**, a peculiar yet crucial issue arises: **Is the service to a foreign branch an export or a domestic (exempt) service?**

**Legal construct of "Export of Services"** under the **Integrated Goods and Services Tax (IGST) Act**, particularly Section 2(6)(v), and analyze the relevance of **Notification No. 15/2018 - Integrated Tax (Rate) dated 26th July 2018**.

### Legal Framework

#### Section 2(6) of the IGST Act, 2017 – "Export of Services"

According to Section 2(6), the following five conditions must be satisfied for a service to qualify as "export of service":

1. The supplier of service is located in India.
2. The recipient of service is located outside India.
3. The place of supply of service is outside India.
4. The payment for such service has been received by the supplier in convertible foreign exchange.
5. **The supplier and recipient are not merely establishments of a distinct person** in accordance with Explanation 1 in Section 8.

**Clause (v)** is the focal point:

"The supplier and recipient of the service are not merely establishments of a distinct person in accordance with Explanation 1 in section 8."

#### Explanation 1 to Section 8 clarifies:

An establishment in India and any of its branches outside India are considered as **distinct persons** for the purposes of the Act.

Hence, as per **Section 2(6)(v)**, if a company in India provides services to its own overseas branch, such service **does not qualify as "export"**, even if the place of supply is outside India and payment is received in convertible foreign exchange.

This means the service is **taxable** under GST as a **domestic inter-state supply**.

#### Then comes Notification No. 15/2018 - Integrated Tax (Rate)

This notification **exempts** certain services even if they are provided to **branches outside India**.

## Relevant entry:

Services supplied by an establishment of a person in India to any of its establishments outside India (which are considered as establishments of distinct persons), **where the place of supply is outside India**, shall be **exempt from IGST**.

In effect, this creates an **exception** to the otherwise taxable treatment under Section 2(6)(v).

## Reconciling the Two Provisions

### Why is this exemption needed if it's not considered export?

Because:

- **Section 2(6)(v) denies export status** to services provided to overseas branches (distinct persons).
- Thus, the transaction is **not eligible for export benefits**
- But to avoid taxing internal cross-border branch support services where **place of supply is outside India**, the Government provided an **exemption** through Notification 15/2018.

This leads us to a critical interpretation:

### Interpretation:

**Services provided by an Indian entity to its foreign branch are treated as domestic inter-state services under the IGST Act, but they are exempt from tax if the place of supply is outside India, per Notification 15/2018.**

Therefore:

- It is **not an export**.
- It is a **domestic service**, but **exempt** by virtue of Notification 15/2018.
- Since it is **not export**, **export benefits like LUT-based supply without payment of tax or refund of ITC are not available**.

## Important GST Implications

### No Export Benefits:

Since Section 2(6)(v) blocks export classification, the following export benefits are not allowed:

- Supply under LUT without payment of IGST.
- Refund of accumulated ITC under Rule 89.
- Export turnover inclusion for GST compliance metrics.

### Input Tax Credit (ITC) Reversal:

As per **Section 17(2)** of CGST Act and Rule 42:

- Input tax credit relating to **exempt outward supplies** (like this overseas branch service) must be **proportionately reversed**.
- The service to overseas branch, although out of India, being **exempt and not zero-rated**, **does not entitle the supplier to retain the related ITC**.

This has significant cost implications for service providers with substantial input services used to support overseas branch activities.

Particulars	Status
Supply to overseas branch	Inter-state supply (distinct person)
Export status	Not export (due to Section 2(6)(v))0
Place of supply outside India	Yes
Taxability	Exempt (via Notification 15/2018)
ITC on inputs	Not eligible (proportionate reversal required)
Export benefits	Not allowed (LUT/refund etc.)

## Conclusion

The interplay between Section 2(6)(v) and Notification No. 15/2018 provides a nuanced treatment of services rendered to overseas branches:

- These services are not exports, even though they may involve foreign exchange and overseas use.
- They are exempt from tax, but not zero-rated.
- As such, input tax credit cannot be claimed, and no refund or export benefit applies.

Businesses must carefully assess such transactions, especially those involving shared services, internal support functions, or centralized service teams that cater to offshore units.



**THE INSTITUTE OF COST ACCOUNTANTS OF INDIA**  
(STATUTORY BODY UNDER AN ACT OF PARLIAMENT)

**TIME TABLE & PROGRAMME- DECEMBER 2025**

**FOUNDATION COURSE EXAMINATION**

(Multiple Choice Questions through offline OMR based from Centre)

Day & Date	Foundation Course Examination Syllabus-2022	
	Time 10.00 A.M. to 12.00 Noon. - IST Paper – 1 & 2 (200 Marks)	Time 02.00 P.M. to 04.00 P.M. - IST Paper – 3 & 4 (200 Marks)
Saturday, 13 <sup>th</sup> December, 2025	<b>Paper – 1</b> : Fundamentals of Business Laws and Business Communication (100 Marks 50 Multiple Choice Questions)  <b>Paper – 2</b> : Fundamentals of Financial and Cost Accounting (100 Marks 50 Multiple Choice Questions)	<b>Paper – 3</b> : Fundamentals of Business Mathematics and Statistics (100 Marks 50 Multiple Choice Questions)  <b>Paper – 4</b> : Fundamentals of Business Economics and Management (100 Marks 50 Multiple Choice Questions)

**The Institute has decided to conduct December 2025 Foundation Examination through offline OMR centre based.**



### Service to Overseas Branch: Tax Boundaries Redefined

When a service is rendered to an overseas branch of an Indian entity, the taxability hinges on fine legal nuances. Section 2(6)(v) of the IGST Act plays a vital role in defining whether such a transaction qualifies as an export of service – a classification that can determine if it is exempt from tax or not. The intent behind this provision is to distinguish between services genuinely rendered abroad and those that merely shift functions geographically, without changing the core economic control.

With the introduction of Notification No. 15/2018–Integrated Tax (Rate), the landscape further evolved to allow specified services provided to overseas establishments to be treated as zero-rated, subject to conditions. This ensures that businesses are not double-taxed and that innovation and service exports stay competitive on the global stage. It strikes a careful balance between revenue protection and ease of doing business.

In essence, the law acknowledges the complexity of modern commerce, where geographical boundaries blur, but compliance must stay sharp. Understanding this convergence of law, location, and intent is key to navigating tax implications in a truly global business model.

## CHAPTER NEWS

### AHMEDABAD

#### **IOTP for Final Students**

Chapter has organized Industry Orientation Program for final students during 3rd Oct'2025 to 13th Oct'2025. Large number of final students participated in the program. Eminent faculties have delivered lectures on various topics i.e. Dhaval Karatia on Active Listening & Feedback Techniques – Soft Skills Networking & Personal Branding – Soft Skills, Sophianne Jobs on Critical & Creative thinking skills, Leadership and Teamwork Management, Darshil Mehta conducted Group Discussion, Interview skills & Presentation Skills, Jainam Shah conducted Group Discussion on Communication Skills and Public Speaking, Vishal Dave on Practical Approach on Working Capital Management, Vikash Agarwal on GST, Ami Desai on Digital Financial Services, Nirali Desai on Indirect Taxation, Milin Shah on Process of Finalization of Accounts and Jignesh Parikh on Direct Taxation during 3rd Oct'2025 to 12th Oct'2025 respectively. The group power point presentation on related topics were presented by participant students on 13th Oct'2025. The participant students were awarded with participation certification.

#### **Dhanteras Pooja**

Chapter has organized Dhanteras Pooja at the Chapter office on the auspicious festival of Diwali on 18th October 2025. Members & Staff members participated in Pooja.

### BARODA

#### **Online CPE on “India’s Debt Capital Markets: Opportunities for Issuers & Investors”**

Chapter organized an Online CPE on 26th September 2025 on the topic “India’s Debt Capital Markets: Opportunities for Issuers & Investors”.

The session was addressed by Mr. Ashish Choudhary, Assistant Vice President at Tipsons Group, who shared valuable insights on the subject. The program commenced with a warm welcome to the speaker by CMA Amruta Vyas, Chairperson of the Chapter. The session concluded with a formal vote of Thanks by CMA Mohit Nagdev, Treasurer of the Chapter.

The program was attended by 40 members, who gained significant knowledge and practical perspectives from the deliberations.

#### **Participation in Video Conference with Hon’ble Chief Minister on GST**

On 29th September 2025, a significant Video Conference on GST was held under the Chairmanship of the Hon’ble Chief Minister of Gujarat. The meeting aimed to deliberate on important aspects related to GST and its impact.

As per the directions of the Head Office, representatives from various districts and associations actively participated in this important discussion.

From Baroda Chapter, several members attended the meeting, including CMA Amruta Vyas, CMA Mohit Nagdev, CMA Priyank Vyas, CMA Vandit Trivedi, along with other members, contributing their valuable presence to the deliberations.

#### **Swachhata Hi Sewa – A Step Towards Clean India**

On 1st October 2025, Chapter came together with great enthusiasm to participate in the ‘Swachhata Hi Sewa (SHS) – 2025’ campaign. The event began at 10:00 a.m. with members and students gathering at the CMA Bhawan for a Mega Cleanliness Drive.

Armed with brooms and determination, everyone joined hands to clean the premises and surrounding areas. The initiative was not just about cleanliness but about spreading the message of responsibility and respect for public spaces.

A special felicitation ceremony was held to honour the sanitation workers and housekeeping staff, acknowledging their invaluable contribution to maintaining hygiene and cleanliness every day.

The event concluded with an awareness session on the Swachh Bharat Mission, inspiring everyone to take this spirit forward in their daily lives.

The campaign reflected the collective commitment of the Chapter towards building a cleaner and healthier India.

### **Career Awareness Program Competition**

Chapter proudly became the Winner of the Career Awareness Program Competition organized by the WIRC of ICMAI during the Regional Chapters Meet held at Goa.

Chapter has conducted 9 Career Awareness Programs in various schools across Vadodara, inspiring students to explore the CMA profession. The award recognizes the Chapter's outstanding efforts in promoting the CMA course and creating awareness among young minds.

This achievement reflects the Chapter's dedication, teamwork, and commitment towards guiding aspiring students and strengthening the institute's vision.

### **CPE on "MIS & Decision Support System"**

Chapter, in collaboration with the Nashik Chapter, successfully organized a CPE on 11th October 2025 on the theme "MIS & Decision Support System".

The session was delivered by CMA Prakash Mishra, a practicing CMA, who provided valuable insights into the practical applications of MIS and Decision Support Systems in organizational decision-making.

The programme commenced with a warm introduction of the speaker by CMA Dhananjay Jadhav, Chairman, Nashik Chapter and CMA Amruta Vyas, Chairperson, Baroda Chapter. Members actively participated in discussions, enriching the session with queries and shared experiences.

The event concluded with a gracious Vote of Thanks by CMA Amit Jadhav, Chairman, PD Committee, Nashik Chapter, appreciating the speaker and attendees for their enthusiastic participation.

### **Online CPE on "Recent Amendments on Annual Return & Reconciliation Form 9 & Form 9Cs"**

Chapter, in collaboration with the Pune, Chhatrapati Sambhaji Nagar, and Solapur Chapters, successfully organized a Continuing Professional Education (CPE) on 11th October 2025 on the theme "Recent Amendments on Annual Return & Reconciliation Form 9 & Form 9Cs".

The session was delivered by CMA Rahul Chincholkar, a practicing Cost Accountant, who provided practical insights and updates on the latest amendments.

The programme began with a warm introduction of the speaker by CMA Shrikant Ippalpalli, Chairman, Pune Chapter, CMA Amruta Vyas, Chairperson, Baroda Chapter, CMA Babasaheb Shinde, Chairman, Chhatrapati Sambhaji Nagar Chapter, and CMA Raghunath Kshirsagar, Chairman, Solapur Chapter. Members actively participated in discussions, enriching the session with queries and shared experiences.

The event concluded with a gracious vote of thanks by CMA Shrikant Ippalpalli, appreciating the speaker and attendees for their enthusiastic involvement.

### **Activity of Placement & Training**

Chapter arranged various activities regarding Placement & Training, Large number of Students & Members take benefit of this placement.

## BHOPAL

CMA Yogesh Chourasia, a Practising Cost Accountant and the Past Chairman of Bhopal Chapter has been felicitated with Ashoka Award at India-International Intellectual Conclave 2025 held at India Habitat Centre, New Delhi on October 12, 2025. This conclave aims to recognise the unreached and unnoticed talent with greater potential across the globe with global platform. CMA Chourasia is also currently a member in the Managing Committee of Bhopal Chapter of Cost Accountants.

## PIMPRI CHINCHWAD

### Career Counselling Session at Indira College of Commerce & Science

On Friday, October 10, 2025, the ICAI Chapter conducted a career counseling session at Indira College of Commerce & Science College, Tathawade, Pune. The session aimed to create awareness about the CMA course among students and guide them on the various career opportunities available in the field of Cost and Management Accounting.

CMA Sagar Malpure, Past Chairman & Chairman - Professional Development Committee, of the Chapter felicitated Dr. Anjali Kalkar, Dean - Indira University, School of Commerce and Economics, Pune. The session began with an insightful introduction to the ICAI and its role in empowering aspiring professionals in the realm of Cost and Management Accounting. CMA Sagar Malpure engaged the participants with interactive presentations that demystified the CMA curriculum, explained the eligibility criteria, and outlined the stages of examination.

CMA Kunal Wakte, Vice-Chairman and CMA Amit Bhise, Managing Committee Member have also guided the students. Their contributions included sharing practical insights from their own professional journeys, addressing queries related to career paths, and offering advice on preparing for the CMA examinations. Both speakers encouraged students to stay updated with industry trends and emphasised the importance of continuous learning for success in the accounting domain.

In addition to course awareness, the session provided valuable guidance on essential skills required in the accounting profession, such as analytical thinking, ethical decision-making, and adaptability to the changing financial landscape. The event concluded with an open discussion, allowing students to interact directly with experts and receive personalized advice tailored to their academic and professional interests.

## PUNE

### Navratri Dandiya Celebration

On the auspicious occasion of Navratri Chapter organized a vibrant Dandiya program for students on Wednesday, 1st October 2025, at CMA Bhawan, Karvenagar.

This was the first-ever Dandiya event organized by the Chapter exclusively for students, following their enthusiastic requests. The celebration began with a worship ceremony of Goddess Maa Saraswati in the presence of staff members Mrs. Geeta Modak, Mrs. Rajashree Supekar, Student Co-coordinator Ms. Yadav, and a large number of students from the ICAI Pune Chapter.

The atmosphere buzzed with excitement and cheer as students swayed to the vibrant beats of Marathi and Hindi Dandiya tunes, turning the evening into a spirited celebration. The event provided a refreshing break from their academic routine, and many students expressed their happiness, sharing that the celebration helped them rejuvenate and return to their studies with renewed enthusiasm.

### Diwali Pahat

Chapter ushered in the festive season with a vibrant 'Diwali Pahat' celebration, bringing together members, dignitaries, students, and families for a morning of music, tradition, and togetherness.

The event commenced in the esteemed presence of CMA Dr. Dhananjay V. Joshi, Former President, ICAI, CMA Shrikant Ippalpalli, Chairman, ICAI Pune Chapter; CMA Chaitanya Mohrir, Secretary, WIRC of ICAI, CMA Dr. Sanjay Bhargave, CMA Dr. Narhar Nimkar, CMA Harshad Deshpande, CCM ICAI and CMA Tanuja Mantrawadi, Treasurer, ICAI Pune Chapter. Members and their families joined in to mark the occasion with warmth and enthusiasm.

CMA Amit Shahane led the program coordination, supported by the dedicated staff of the Pune Chapter who took special efforts to prepare and decorate the venue. Students contributed to the festive ambiance by creating intricate Rangoli designs, adding a splash of colour and creativity to the celebration.

A musical performance by acclaimed young vocalists Ajinkya Ponkshe and Divya Palsule Desai captivated the audience. Their soulful renditions of Marathi and Hindi songs created a serene and joyful atmosphere, resonating with the spirit of Diwali.

The celebration concluded with traditional Diwali Faral refreshments, enjoyed by all attendees. The 'Diwali Pahat' gathering reflected the essence of the festival — spreading light, music, and happiness throughout the ICMAI Pune Chapter community.

## SOLAPUR

Chapter celebrated 10th foundation day Program on 16th October 2025. Chairman CMA Raghunath Kshirsagar, Vice Chairman CMA Amol Kshirsagar, Secretary CMA Uma Nagansure, Treasure CMA Shailesh Chetti and Member CMA Nagraj Alwal, CMA Ambadas Balla, CMA Sahil Karakamkar were present on the occasion.

## SURAT SOUTH GUJARAT

### Rangoli Competition

The Chapter organized Rangoli Competition at the Chapter's campus on 17th Oct 2025. Students from Intermediate participated in the competition. CMA Kishor Vaghela- Chairman, CMA Vipinkumar Patel - Secretary, CMA Kailash C Gupta-Immediate Past Chairman, CMA Deepali Lakdawala & CMA Mahesh Bhalala MC Member felicitated the participants and also appreciated for their work. The Chapter office was aptly decorated for the festival with the lightings and traditional Rangoli.

### CPE on "GSTAT Readiness Key Points to Keep in Mind"

Chapter hosted a CPE on 4th October 2025, centered on the theme "GSTAT Readiness Key Points to Keep in Mind". The CPE featured CMA Pankaj Kannaujiya as the keynote speaker. CMA Vipinkumar Patel, Secretary & CMA Bhanwar Lal Gurjar, CMA Paresh Italiya and CMA Nainesh Kantliwala, Member felicitated to CMA Pankaj Kannaujiya, speaker. Around 20 participants were in attendance, benefiting greatly from the insightful session.

### Webinar on "Recent Amendment on GST"

Chapter hosted a dynamic Webinar Jointly with ICMAI-Bharuch Ankleshwar Chapter on 13th September 2025, centered on the theme "Recent Amendment on GST". The webinar featured CMA Manoj Malpani & CMA Dr Shailendra Saxena as the keynote speakers. Around 40 participants were in attendance online, benefiting greatly from the insightful session

## Guidelines for Chapter News

All Chapters are requested to send the brief write-ups in Word format alongwith selected high-resolution relevant photographs (**Not more than 2 photographs per event to be sent**) in .jpeg format within 25th of previous month of publication by email - wirc.admin@icmai.in.



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A CMA doesn't just crunch numbers — they decode the story behind them. With a blend of financial expertise, strategic insight, and ethical governance, CMAs turn data into direction, risk into opportunity, and decisions into long-term value.

They are the silent architects of corporate resilience, ensuring that every rupee counts and every strategy stands strong in the face of change.

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1. The Article should be in English and should not exceed 2000 words.
2. The main headline of the article should be clear, short, catchy and interesting
3. The Article should be original and not published/broadcasted/hosted elsewhere including any website. A declaration in this regard should be submitted to the Institute in writing at the time of submission of article.
4. The article should be written in clear and concise manner. The language should be simple and grammatically correct, with short sentences. The illustrations and tables used should facilitate the comprehension of points being made in the article.
5. If you're referencing or building upon the work of others, give proper credit through citations or acknowledgments. The authors must provide the list of references at the end of article. Plagiarism is unacceptable in any form of publishing.
6. Editorial Board may request revisions or edits to your article before it's accepted for publication.
7. In case the article is found not suitable for publication, the same shall be communicated to the members, preferably by e-mail.

**Submission Deadline:** Article to submit by 20th of the previous month of publication. This will allow ample time to review the article

**Submission Process:** Article to be send via email [wirc.admin@icmai.in](mailto:wirc.admin@icmai.in) with the subject line "Article for WIRC Bulletin." And attached in Word format alongwith Brief profile of author, current designation, email IDs, complete postal address, contact numbers and high-resolution passport size photograph in the same email along with article.

### Themes for WIRC Bulletin for the month of December 2025 to October 2026

Month	Theme	Focus Area
December 2025	ESG and BGM Metrics: Sustainability in Financial Decision-Making	Integrating ESG and Business Growth Metrics (BGM) into performance measurement; role of CMAs in sustainability reporting, assurance, and carbon accounting.
January 2026	Union Budget 2026: A New Tax Code Era	Analytical insights into fiscal policy, implications of the new Income Tax Act, cost impact of budget announcements, and CMA's role in fiscal discipline and tax analytics.
February 2026	Vision Vishvaguru: Cost Competitiveness under 'Make in India 2.0'	PLI 2.0, lean manufacturing, supply chain localization, and CMA strategies for cost competitiveness and sectoral growth in manufacturing.
March 2026	Closing the Financial Year: From Compliance to Strategic Closure	Year-end accounting, valuation, cost audit, advance tax planning, statutory audits, and investment optimization strategies.
April 2026	Cybersecurity, Forensic Audit, and Digital Vigilance	Risk governance, cyber resilience frameworks, data breach costing, digital forensic techniques, and CMA's role in fraud prevention.
May 2026	Cost Audit Excellence: Peer Review and Evolving Standards	Application of Cost Accounting Standards (CAS), practical case studies in peer review, compliance quality, and professional ethics in cost audits.
June 2026	AI, Blockchain & Finance: The Emerging Tech-Accountant	Exploring AI-enabled costing, blockchain transparency, predictive analytics, and automation in management accounting and audits.
July 2026	The Cooperative Economy: Governance, Accountability & Financial Resilience	Costing in cooperative entities, rural finance reforms, governance challenges, and CMA's contribution to transparent and efficient cooperative management.
August 2026	Corporate Law and Governance 2026: The New Regulatory Architecture	Independent directors' roles, SEBI's related party frameworks, board evaluation, and the evolving compliance ecosystem under the Companies Act
September 2026	Valuation, IBC & Social Audit: The New Dimensions of Governance	Startup valuations, insolvency cost frameworks, social impact audits, and the role of CMAs in ensuring accountability and ethical restructuring.
October 2026	Internal Audit & Risk Management: The Changing DNA of Corporate Control	Strategic risk management, enterprise risk frameworks, internal audit innovations, and CMA's role in governance and assurance.



View of Students participated in Rangoli competition organised by the Students Coordination Committee & Taskforce for Empowering Young CMAs of ICAI-WIRC on 17th October 2024 at WIRC Office on the occasion of Diwali.



CMA Mitesh Prajapati, Chairman ICAI Ahmedabad Chapter distributing Industry Orientation Program Completion Certificate to final students.



CMA Yogesh Chourasia, Past Chairman of Bhopal Chapter has been felicitated with Ashoka Award on October 12, 2025



CMA Sagar Malpure, felicitating Dr. Anjali Kalkar, during Career Counselling Session organised by Pimpri Chinchwad Chapter. Also seen Dr. Anand Jumale, Principal, Indra College, CMA Amit Bhise and CMA Kunal Wakte.



Dandiya program organised by Pune Chapter for students on the occasion of Navratri on 1st October 2025, at Chapter Premises.



CMA Amol Kshirsagar, Vice Chairman ICMAI Solapur Chapter interacting with participants during Celebration of 10th foundation day Program of the Chapter on 16th October 2025

To,



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