

# INTERNAL AUDIT TODAY

MONTHLY MAGAZINE OF THE INSTITUTE OF INTERNAL AUDITORS, INDIA

HAPPY NEW YEAR



**43** CIA Challenge Exams  
for CA and CPA

**48** CIA Student Finance Arrangement  
with Bank of Baroda

**53** IIA India Women's Forum  
National Conference



## HAPPY REPUBLIC DAY

26<sup>th</sup> January

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IIA India: (For IIA Members residing in India)  
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IIA Global:

<https://global.theiia.org/certification/challenge-exams/Pages/QAB-CIA-Challenge-Exam-IIA-India.aspx>



# CONTENTS



THE INSTITUTE OF  
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INDIA

## EDITORIAL

- 05** From the desk of Chief Editor  
– *Sana Baqai*
- 07** President Communique  
– *Thiyagarajan Kumar*



## ARTICLES & INTERVIEWS

- 09** Data Privacy Awareness Is  
The Need Of The Hour  
– *Sucheta Upendra and Anita Jagasia .*
- 14** Data Analytics:  
An Essential Element of Internal audit  
– *Rajat Goel*
- 20** Audit of Intangible assets –  
Risk-based approach Three Line Model  
– *Akshay Jacob Chandy*
- 27** The CAE and Governance  
– *Nikhel Kochhar*
- 31** Cost Reduction and Cost Control -  
A Financial Discipline  
– *Aditya Mathur*
- 34** Agile and Resilient Internal  
Audit System in Aviation Sector  
– *Jagannath Patra*

### Editorial Team:

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Chief Editor

**Bharat Garg**

Chairman, Publications and  
Media Committee

**K Vidyadaran**

Advisor, Publications and  
Media Committee

**Nikhel Kochhar**

Advisor, Publications and  
Media Committee

- 37** Internal Audit of Family business  
- *Aditya Kumar S.*

---

## STUDENT SECTION



- 41** CIA Quiz  
- *Dr. Paul Jayakar*
- 43** CIA Challenge Exam for  
CAs & CPAs (From 13 qualified  
accounting bodies across the globe)
- 48** CIA Student  
Finance Facility with Bank of Baroda
- 



## WOMEN CIRCLE

- 50** Believe in Self, Learn and Grow  
- *Punam Sharma*

# UPDATE

- 53** Online event on 'Evolving Role of  
Internal Audit - Dexterous to Digital'
- 55** Upcoming Trainings & Webinars
- 56** Jobs in Internal Audit
- 



## OUT OF THE BOX

- 60** Astrologically – Business Partnership  
- *Sidheshwar Bhalla*
- 

## IIA GLOBAL UPDATE

- 63** Summary of Global  
Assembly of IIA Inc





# FROM THE DESK OF CHIEF EDITOR

**Dear Members,**

Wishing you all a very happy and prosperous 2021. In India, particularly from October to March we enjoy lot of festivities. As we together celebrate the festivals (Lohri, Makar Sankranti, Bhogali Bihu, Maghi etc.) with pomp and gaiety, in a seamless way, we tend to fade the sad memories caused by COVID. We continue to pray for the well-being of all, salute our Doctors (white dressed soldiers) and every Indian citizen who contributed and helped the nation combat COVID successfully. Frankly, the dreadful journey is not yet over, but we are optimist as our white dressed soldiers continue to support us by performing extensive research to develop inoculations.

Over last year we observed select risks have surfaced up and gained prominence (illustratively: how organizations become resilient to change, threats posed by extensive use of technology and digitization, working capital management etc.). In this edition, your Institute shares insights on 'Implications of COVID 19 on Directors and Boards in parlance of Risk Management'. As we continue to embrace technology, the importance of data privacy, particularly in the digital world becomes imperative. Coincidentally, 'Data Privacy Day' occurs every year on 28 January. Your Institute supports the purpose to raise awareness and promote privacy and data protection best practices. In this edition, your Institute has included an article on 'Data Privacy Awareness Is The Need Of The Hour'. Please refer to the article on page 09.

Your Institute believes that the key to disseminate best practices for Corporate Governance is by imparting knowledge and conducting trainings. For the first time ever, Certified Internal Auditor (CIA) challenge exam has been launched in India in 2021 by your Institute that provides eligible candidates with an opportunity to be a CIA in a single sitting as compared to the 3-part program. Please refer page 20 for details.

25 December has always been an iconic date as we celebrate Christmas. For the first time, all Audit Clubs of Delhi Chapter



**Sana Baqai**  
Chief Editor  
IIA India



(Bhilai, Lucknow, Ludhiana, Jaipur) organized a joint online event covering 'Evolving Role of Internal Audit - Dexterous to Digital' on 25 December, 2020. This truly reflects passion for the profession by our members in Tier II cities. Please refer page 53 for details.

Your Institute continues to organize multiple webinars/trainings every month. I am confident as members you are benefitting by attending these to enhance and upgrade skill and knowledge. All free webinars conducted by your Institute are available at its official YouTube Channel.

Your Institute continues to recognize individual members as they refer new members. Please peruse to get introduced to your fellow members who receive acknowledgement in the membership scheme 'Membership Growth – Hall of Fame'. Look forward to continue receiving such nominations. Kindly refer page 54 for details.

Do peruse the 'Out of The Box' section (refer page 60 onwards) to know the hidden talent our professional colleagues possess.

I am confident you enjoyed reading the December 2020 edition with multiple new sections covering initiatives by Women's Circle, your institute endeavours for the student community, specific updates by the Chapters and Audit Clubs.

With the endeavour to make it more enticing, will solicit your views/ feedback and what you would wish to see more in the magazine. Please reach [publications@iiaindia.org](mailto:publications@iiaindia.org) to express your interest.

Enjoy the read and hope you will find the magazine informative and useful !!!

*21<sup>st</sup> January, 2021*

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PROGRESS  
THROUGH  
SHARING

# PRESIDENT'S COMMUNIQUE

## Dear Members,

Best wishes to you and your family for a very happy and healthy year ahead in 2021 and beyond.

The National council is happy to inform you that most of the strategic plans contemplated are getting rolled out one by one. The National committees and the chapters are quite active in scheduling and implementing the key agendas for the year.

We are happy to inform you that the much-awaited IIA Challenge Exam is here in India now. The Challenge Exam is being rolled out effective 21st January, 2021. This will enable a large number of Indians, who are holding active membership of one of the 13 global accounting bodies, to get the CIA certification faster and cost-effectively. Details of this launch are available in the inside pages of the Magazine.

We are also delighted to announce our tie-up with Bank of Baroda for financing student loans up to Rs 1.50 Lacs or cost of the course, whichever is higher. Details are available in the Magazine.

Our women's forum team is going to hold its first-ever virtual conference of Women Internal Auditors on 19th February, 2021. You can look forward to highly value-adding discussions among eminent women leaders across the industry spectrum.

Our members will be happy to note that our advocacy efforts are resulting in regulatory bodies like the Reserve Bank of India recognising the global IIA standards IPPF. The Global 2020 assembly reports have been separately mailed to our members. We highly recommend our members to go through them and appreciate the global trends/directions the profession is taking. We warmly welcome our next IIA Global President and CEO – Mr. Anthony J. Pugliese who is stepping into the illustrious shoes of Mr. Richard Chambers, who has immensely contributed to the growth of the profession worldwide. We wish the new CEO well to take the profession forward to greater heights in the coming years.

We look forward to your enthusiastic involvement in IIA's activities, comments/suggestions to the National council, and various committees.

Best wishes.

*21<sup>st</sup> January, 2021*



**Thiyagarajan Kumar**

President  
IIA India





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**Sana Baqai**  
Chief Editor  
IIA India  
+91-9971938000

**Bharat Garg**  
Chairman Publication & Media Committee  
IIA India  
+91-9884716160



# DATA PRIVACY AWARENESS IS THE NEED OF THE HOUR



Data is considered as the new wealth of companies. Whether its personal data, sensitive health data or even crucial financial information, all data is considered valuable.

Social media companies rely on big data to customize advertisements and news updates to their users. Some companies sell customer data collected by them to other companies for a huge price, and the data gets used for purposes other than what it was collected for. Then, some hackers gain unauthorized access to customer data either to hold it as leverage to extort ransom from companies or simply sell it on the dark web and make an unlawful monetary gain, depending on the significance of information available in the database.

Keeping all this in mind and considering the ever-changing technological advancements, it is safe to say that data principals (persons whose data has been breached) are often the ones to bear the brunt of a data breach. Unsolicited calls and messages, identity theft, credit card fraud, the list will go on.

It is only in the last few years, data privacy is gaining importance and governments of various countries are forming regulations to hold companies accountable for the



**Sucheta Upendra**  
Senior Vice President  
Information Security, Riskpro  
India Ventures Pvt.Ltd.



**Anita Jagasia**  
Manager, Riskpro India  
Ventures Pvt. Ltd.  
[Info@riskpro.in](mailto:Info@riskpro.in)

data collected, processed, stored and handled by them.

## WHEN IS DATA PRIVACY DAY?

Data Privacy Day is an international event which takes place on 28th January every year. The aim of Data Privacy Day is to raise awareness and encourage best practices in privacy and data security. The United States, Canada, Israel and 47 countries in Europe currently observe this day.

Let's take a look at the Data Privacy Day initiatives taken up by India and a few other countries:

### Europe

Data Protection Day was created by the Council of Europe in 2006, and it coincides with the date on which the Convention for Protection of Data (No. 108) was opened for signature by the Council of Europe.

Data Protection Day is celebrated on 28th January every year in honour of this day. This initiative by the Council of Europe aims to create awareness among individuals regarding good data privacy practices, educate people on their privacy rights, and how to use them if needed.

### India

India has recently started taking cognizance of this important day. Institutional bodies like the Data Security Council of India (DSCI) and



many corporates have started using this day to spread awareness regarding data privacy amongst their customers, employees and general public.

Every year the DSCI has been releasing a theme for Data Privacy Day. The theme for 2020 is "Privacy is Everyone's Responsibility" as the DSCI continues to be dedicated towards creating awareness on data privacy in society.

### United States of America

The National Cyber Security Alliance (NCSA) in North America aims to create and implement a far-reaching awareness on how users can keep their information and systems safe and secure online whether at home, school or their organizations. The NCSA aims at creating a culture of cybersecurity. The NCSA leads the Data Privacy Day campaign, which helps create increased awareness of data privacy among users. The theme for 2020 is to value personal information like it is money and to protect it.

There is also a STAYSAFEONLINE website created by NCSA which provides users with online safety tips, guidance to users who have been victim of Identity Theft, Fraud and Cybercrime, how to report cybercrime and managing privacy online. Additionally, the NCSA has various programs and resources to spread awareness on privacy.

### Canada

The Office of the Privacy Commissioner (OPC) in Canada celebrates Data Privacy Day by highlighting the impact of technology on our lives, educating individuals about their privacy rights and raises awareness on the importance of protecting and valuing personal information.

The OPC also considers Data Privacy Day as an opportunity to highlight key issues, create awareness of the role of the OPC and their duties, and educate individuals, organizations and federal agencies regarding privacy rights



and legal obligations in adherence to the country's data privacy laws.

### United Kingdom

The Information Commissioner's Office (ICO) in UK is an independent authority set up to uphold information rights in the public interest, promoting openness by public bodies and data privacy for individuals.

The ICO website provides information and advice to individuals on topics related to data privacy protection for organizations. The website shares information on the legislation that may apply to the company and resources to improve the company's data protection rights and processes.

Additionally, the ICO allows individuals to raise a complaint and states their actions to ensure companies adhere to data privacy regulations and information rights.

## WHY IS DATA PRIVACY SO IMPORTANT TO YOUR BUSINESS?



### Protecting Your Business from Fines and Expenses

Non-conformity to the country's data privacy regulations can result in companies being penalized with hefty fines. Further, data breaches or other forms of cyber-attacks result in system downtime, which increases the company's expenses in restoring the

systems/ controls and loss of work hours by the employees.

### Protecting Your Customer's Information

Since companies hold valuable customer information, it becomes imperative for companies to safeguard this information and use it only for the intended purposes. Hackers who gain access to sensitive or crucial customer information can use it for identity theft and credit card frauds.

### Protecting Your Brand & Reputation

Companies need to protect their reputation as data breaches once identified and publicized can deeply affect the company's reputation and value to stakeholders. Data breaches highlight the flaws in the company's systems and controls and the more sensitive data leaked, the more harm is done to the company's reputation.

### Improving Credibility

Companies that consider data privacy as a priority and provide reasonable assurance to customers and stakeholders regarding the implementation of a data privacy program create far better credibility for themselves.

Further, companies that conduct a self/ external assessment to get a data privacy certification reiterate to their customers that they have implemented a data privacy program and are also continuously monitoring their systems and processes to showcase their controls are working effectively.

### Differentiating Factor

Customers want their personal/ sensitive data to be held with a company that safeguards their data through strong data privacy policies, processes, systems and controls. Having a robust data privacy program or framework

can offer competitive advantage and be the differentiating factor for your business.

## INDIA'S PERSONAL DATA PROTECTION BILL UNDER REVIEW



The Indian Personal Data Protection (PDP) Bill 2019 is one of the most momentous steps towards safeguarding citizens' personal data. The Bill gives citizens a say in protecting their data held by companies for various purposes and prevents companies from misusing personal data. The Bill also requires every significant data fiduciary to appoint a Data Protection Officer (DPO) and has outlined their duties and responsibilities towards ensuring data privacy in accordance with the regulations. Once the Bill comes into force, all Indian companies handling, storing or processing personal data will be required to adhere. Companies using personal data for online marketing activities or any other purposes will have to think twice before doing so. The Bill has outlined various offences and hefty penalties for non-compliance to regulatory requirements.

## RECENT DATA BREACHES IN INDIA

The rampant increase of data breaches due to the cyber-attacks and companies having weak systems and controls to safeguard their customer's data may have played a pivotal role for India in formulating its own data privacy regulation. A recent IBM study to understand



the financial impact of data breaches identified that average total cost of a data breach in India Rs 14 crore in 2020, an increase of 9.4% from 2019.

Let's have a look at 3 of the major data breaches in India in 2020.

### Unacademy Data Leak

Unacademy, one of India's largest online learning platforms, recently suffered a data breach wherein databases of around 22 million user accounts were accessed by a hacker and sold on the Dark Web. In May 2020, cyber intelligence company Cyble Inc. discovered that the data was being sold for USD 2000. The leaked details included usernames, SHA-256 hashed passwords, date joined, last login date, email addresses, first and last names, and whether the account is active, a staff member, or a superuser.

### Haldiram Ransomware Attack

Popular retail food chain and snacks manufacturer Haldiram was the victim of a cyber-attack in July 2020. The IT team noticed that all the company's servers had been hacked with a cyber-attack/malware popularly called a Ransomware Attack. The hackers had stolen almost all or a substantial amount of financial, HR, sales/purchase, and other data/information) from the company's servers. To make matters worse, the hackers left a message on the hacked servers claiming the ransomware attack that had encrypted



all files, data, applications, and company systems. They demanded USD 750,000 to release the stolen data and delete the content available with them.

### Big Basket Data Leak

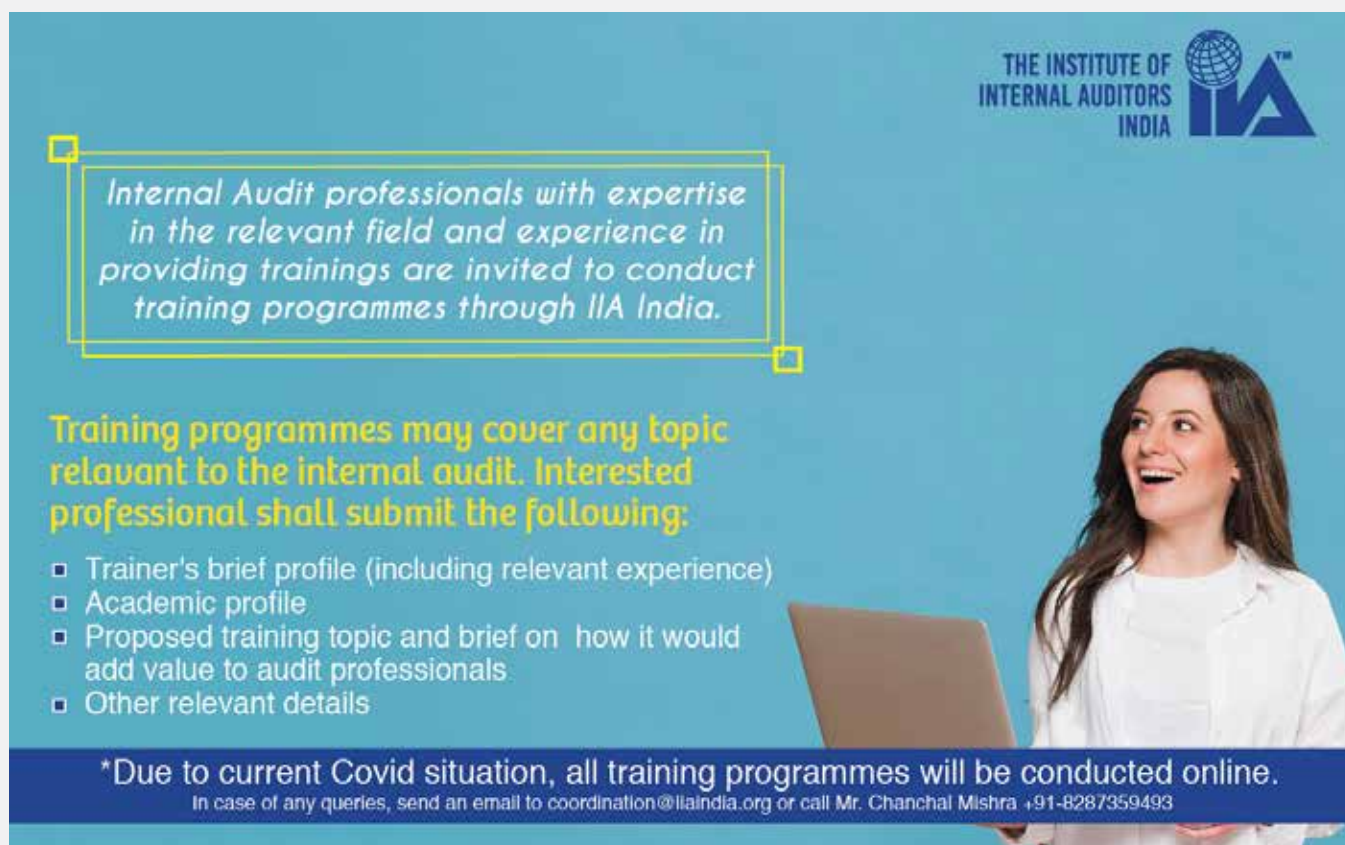
Recently, US-based premium cybersecurity firm Cyble; found that close 20 million customer data from BigBasket (Grocery App Company in India) was available for sale on the Dark Web for over \$ 40,000. This database includes details like full names, email IDs, password hashes (potentially hashed OTPs), pin, contact numbers (mobile + phone), full addresses, date of birth, location, and IP addresses of login among many others. The Big Basket data breach occurred on 14th October 2020 and was identified and confirmed by Cyble's Research team during a routine Dark Web Monitoring on 30th & 31st October 2020. BigBasket confirmed that they do not store financial data, including credit card numbers, and were confident that users' financial data is safe.


## IN CONCLUSION

The recent data breaches highlight the need for increased awareness of data privacy. Hackers are getting more sophisticated in fraudulently accessing company systems and maliciously accessing personal information, login credentials, contact details or even crucial financial data of customers. Companies who have adopted a remote working environment due on the ongoing pandemic may have inadvertently made their systems more vulnerable to security breaches.

Indian companies can no longer afford to take data privacy for granted. Regulatory fines, loss of reputation, credibility and revenue are only few of the effects of a data breach. Companies need to revisit or start implementing a data privacy program that adheres to regulatory requirements to assure customers that data privacy will always remain a top priority.

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**THE INSTITUTE OF  
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INDIA** 

*Internal Audit professionals with expertise in the relevant field and experience in providing trainings are invited to conduct training programmes through IIA India.*

**Training programmes may cover any topic relevant to the internal audit. Interested professional shall submit the following:**

- ▣ Trainer's brief profile (including relevant experience)
- ▣ Academic profile
- ▣ Proposed training topic and brief on how it would add value to audit professionals
- ▣ Other relevant details

**\*Due to current Covid situation, all training programmes will be conducted online.**  
In case of any queries, send an email to [coordination@liaindia.org](mailto:coordination@liaindia.org) or call Mr. Chanchal Mishra +91-8287359493



### Rajat Goel

Sr. Manager – Internal  
audit and Compliance

Kronos Solutions India  
Private Limited, a UKG  
company

rajatgoel2006@gmail.com

## DATA ANALYTICS: AN ESSENTIAL ELEMENT OF INTERNAL AUDIT



### INTRODUCTION

“Data is the oil, some say the gold, of the 21st century”, many people quoted this early in 2015 or EVEN earlier. This new era called as 4th industrial revolution has forced companies to shift their focus from core business to technology. Even the smallest business now needs support of technology to grow. A classic example is Reliance, which shifted its focus from “Oil” (earlier called the “fuel” to run the world) to “Technology”.

Most of the world’s top companies are driven by technology, e.g. Apple, Google, Amazon, Microsoft, Facebook, Tesla, etc. During COVID era, these companies are growing at the rate of knots while other companies are struggling. In fact, the outlook of such companies appears to be brighter than others.

The question is, “How are these Companies flourishing while others are struggling?” The answer is simple; these companies analyse data and base their business strategy based on such analysis. For example, Amazon excels in the area of personalised marketing by creating a 360-degree customer profile. This is backed up by the data they have analysed. Similarly, Google and Facebook do the same. Have you ever wondered why advertisements related to your recent google search appears in your Facebook? The reason “DATA ANALYSIS”.



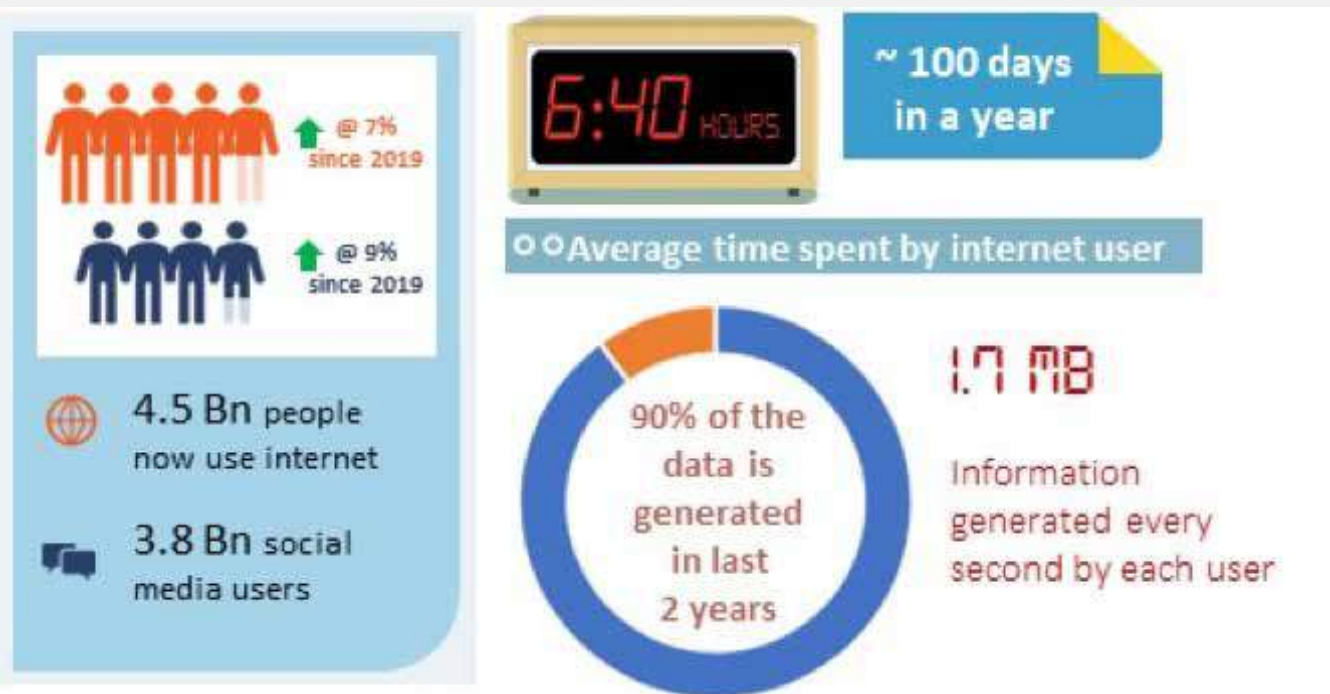
The American Institute of Certified Public Accountants (AICPA) defines data analytics in the context of internal audit as:

“The art and science of discovering and analysing patterns, identifying anomalies, and extracting other useful information in data underlying or related to the subject matter of an audit through analysis, modeling, and visualisation for the purpose of planning or

performing the audit.”

There are 4 types of analytics: Descriptive (“What happened”), Diagnostic (“Why it happened”), Predictive (“What might happen”) and Prescriptive (“Which outcome or option to choose”).

*What key statistics say about the digital era or the DATA*



Source : Forbes, Statista, Analytics Insight

## NEED FOR DATA ANALYTICS IN INTERNAL AUDIT

Data left in its current form would be gloomy and unusable. It would be meaningless until it is transformed into information, this is when it becomes valuable. Data analysis facilitates in:

1. Breaking down big/complex data to create small information clusters which can be used to analyse the risk landscape
2. Elevating auditor's performance and increases credibility of the auditor. Imagine auditor's credibility, if the observation regarding saving of 10% is backed up with detailed data analysis
3. Use of risk-based approach and prioritise efforts where issues might arise
4. Better business insights and can shed some much-needed light which would not have been possible.



## USAGE OF DATA ANALYTICS IN INTERNAL AUDIT

Recent environmental, economic and Covid-19 downturns pose threats to businesses' existence across several industries and sectors. With these changes, expectations from internal audit to provide assurance and advisory services have gone up. Business leaders are now looking at internal audit to identify emerging risks and share valuable insights from global operations/environment. To accomplish these expectations, internal audit needs to make better use of technology.

According to the Institute of Internal Auditor's 2017 Pulse Report, only 20 per cent of internal audit functions use data analytics with a high level of maturity aligned to company strategic goals. Although, use of data analytics has improved over past few years, but unarguably Internal audit still lags use of data analytics. The question is "Why data analytics is not being used widely given its advantages?". The reasons are:

- a. **Budgeting** – Whilst more than 60% of IT Leaders are increasing investments in Business intelligence/data analytics (*Source: Executive pulse 2020 by Gartner*). Internal audit does not receive adequate funding or support for such investments from governing bodies
- b. **Skillsets** – In case funding is made available, finding professionals with

required skills is a challenge. To implement data analytics, Internal audit needs to hire and retain tech-savvy talent to work alongside traditional internal auditors

- c. **Access to the proper data** – More often than not it is difficult to obtain the data in desired quantity and format as is needed by IA during an audit
- d. **Usage of limited data set** - 80-90% of the data we generate today is unstructured (Source: CIO). Internal audit currently focuses only on structured data. This leaves a huge chunk of data getting unnoticed, and risk associated with unstructured data cannot be perceived.

With adequate resources, skill sets and access to data, Internal audit can radically improve on the quality of business insights and assurance on internal controls to senior management

## DATA ANALYTICS SKILLS

In this digital era, certain skill sets are considered vital, which are termed as "Digital skills". Digital skills are defined by UNESCO as a "Range of abilities to use digital devices, communication applications and networks to access and manage information". Digital skills are of different nature and can be classified into Programming and Development, Business analysis, Data visualisation, Project management and Digital marketing.



As the world moves towards automation, some of these skills are needed to automate the regular tasks while others are needed to test accuracy of algorithms built by management in their processes.

Capabilities of the internal audit team can be enhanced through training. How to enhance these skills?

- a. **Identify** your area of interest out of the above categories. Once identified create a plan and timeline to acquire these skills
- b. **Determine** the tool that you want to focus upon. Typically, the basics/language used across different tools are same
- c. **Learn** the skills either through the tool provider directly or through authorised trainer. UiPath, for example, provides free training and certification for RPA. Other sources can be through YouTube or paid E-Learning platforms like Udemy, Edureka etc. Webinars and conferences are also great places to build on data analytics skills
- d. **Practice** regularly and implement these skills in day to day audit activities

Although, traditional auditing will be needed in every case but in this era without “Digital Skills” the traditional auditing skills will not be as effective as are expected

## TOOLS THAT HELP IN DATA ANALYTICS DURING INTERNAL AUDIT

It is important to compare different analytic tools to determine which tool best suits the internal audit function. Multiple tools are available that facilitate analytics, these are classified into:

- **Desktop tools**, like MS Excel, MS Access are used by most of the organisations. This tool typically does not involve additional cost. But it has its own limitation in terms of data handling;
- **Specialised tools**, like SPSS, Tableau are used for various tasks and facilitate in data visualisation through charts, infographics etc.;
- **Auditing tools**, e.g. ACL, CaseWare IDEA, SAS. These tools facilitate advanced analytics through inbuilt functions. These are easy to use but require significant training and investments.
- **Enterprise tools**, e.g. SAP, Oracle, Cognos, are typically used by business to enter data within the system. However, very few people know that these tools can also be used by Internal Audit in data analytics. However, some data science skills and scripting knowledge is required.





## WHERE TO USE AND SOME EXAMPLES OF DATA ANALYTICS



There is no end to data analytics that can be used during the audit engagement. Some of the examples of data analytics are:

- a. Manufacturing** – Analyse manufacturing cost as % of revenue and benchmark with peers. Upon comparison, identify the variances and root cause for higher costs. Similar analysis can be performed for marketing, packaging, power and energy expenses
- b. Compliance** – Perform risk assessment by identifying risk exposures, classifying transaction into categories and then focus on high-risk categories. Analyse discounts allowed to resellers and classify them based on region or sales-type to identify the possibility of corruption risk
- c. Customer support** – Identify customer sentiments by evaluating their feedback. A very simple add-in tool “Microsoft Azure MLS” in MS excel facilitate such analysis. A simple R programming language facilitates to identify keywords from customer feedback. The most repeated keyword can be a manufacturing defect in a product which might need to be fixed.
- d. Invoicing and Receivables** – Credit notes issuance and reversals to disguise ageing, high discount % allowed to certain

customers, delayed invoicing to allow additional credit period to the customer

- e. Procurement and Payments** – Identify split payments to avoid authority matrix, analyse multiple change orders post contract award, compare vendor address with employee address, activation and deactivation of dormant vendor multiple times
- f. Transportation** – Cost savings that can be achieved by planning for longer routes rather than shorter routes

## BENEFITS / ADVANTAGES OF DATA ANALYTICS IN INTERNAL AUDIT

We have seen the success stories as well as benefits of data analytics in Internal audit. I would categorise its benefits in 4 major categories:

- **Quick turnaround time for audits** – Auditor can identify transactions at risk and focus the effort on those rather than looking at all the transactions. Earlier identification of anomalies and patterns of high risk, leading to enhanced coverage
- **Reduced audit costs** – Some of the repeatable audit activities can be automated through scripting or RPA, which help in reduction of costs. Some of the matured audit functions pass on the monitoring controls to business itself and effectiveness of monitoring is only evaluated by Internal audits
- **Better audits and assurance** – Auditors have deeper business understanding which assists in audit intelligence. End-to-end testing for processes and controls. Auditor focusses on transactions at risk, possibility of identifying exceptions is also increased
- **Innovative audit approaches** – With data analytics internal audit can implement

innovative practices like continuous auditing, advanced monitoring for managing compliance and controls

## CONCLUSION

Senior management's expectations are increasing with respect to early risk identification, providing increased value and efficiency in an operating environment that is being disrupted continuously. Data analytics can easily help fulfill these expectations, i.e. "Add further value to the organisation".

Some of the Internal audit teams are already using data analytics. The maturity level of internal audit will further improve over a period as data analytics gets fully integrated with the Internal audit process.

In order to implement data analytics in function and culture successfully, the following are needed:

- Assess whether it fits within your function's overarching goals and activities
- Determine the resources required for data analytics like personnel with relevant skills, technology/tools (hardware as well as software), and data availability
- Integration of data analytics within Internal audit approach to bring better business insights
- Move up the maturity level by navigating from periodic auditing to continuous auditing

Remote working likely to stay in foreseeable future provides an opportunity to integrate risk-based auditing procedures with traditional audit. Hence, data analytics appears to be a pre-requisite to tackle the corporate compliance and internal audit challenges of present and future.

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## ARTICLE AWARD SCHEME

IIA India is proud to launch the 'Article Award Scheme' to recognize the contributors who share their expert articles through IIA Magazine. The scheme will recognize the **three best** articles submitted in this magazine each quarter, starting from Q4 2020-21. The authors of the three articles selected by an Independent Committee of IIA India will be rewarded with Amazon gift vouchers and their names and brief profiles will be added to this Magazine's 'Hall of Fame' section.



**All IIA members, CAEs, CFO and subject matter experts are invited to share the articles.**

**The submitted articles should comply with the following guidelines:**

<b>Length:</b>	It should be around 2500 words.
<b>Originality:</b>	It should be original in nature. It should not have been published or sent for publishing in any other print or electronic media
<b>Clarity/Readability:</b>	The article should be written in clear and concise manner.
<b>Practicality:</b>	The article should be of practical value to the professionals.

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**Sana Baqai**  
Chief Editor, IIA India

**Bharat Garg**  
Chairman - Publication Committee, IIA India

# AUDIT OF INTANGIBLE ASSETS – RISK-BASED APPROACH



## BACKGROUND

At a time when major pharmaceutical companies worldwide are pulling out all the stops and leaving no stone unturned to successfully bring out a vaccine against Covid-19, the role of technology that took the front seat to accelerate and steer this progress has gained prominence. Technology is one of the major intangible assets sought after by companies to be one step ahead in the race for innovation. Often, an organization's success can be measured by the intangible assets created or acquired by it as it indicates the technological edge they have over their competitors. As intangible assets involve substantial investment, it is critical to analyze the process around its creation, recognition and accounting in general and constantly find ways to improve the same. Any deficiencies in the process should be identified and rectified since a lot of time and money could slip in through the cracks, if not addressed on a timely basis.

## INTANGIBLE ASSET – DEFINITION

According to the Indian Accounting Standards (Ind AS) 38, "an intangible asset is an identifiable non-monetary asset without physical substance". It is a form of fixed asset which ultimately accrues future economic benefits to the organization. It mainly includes patents, trademarks, technology development, software, and goodwill. Internal



**CA Akshay  
Jacob Chandy**  
Manager (Internal Audit)  
akshayjc@gmail.com





audit approach for significant intangible assets like technology development, patents and software relating to the manufacturing sector are explained below.

## 1. TECHNOLOGY DEVELOPMENT

Technology can be created in-house or acquired from a third-party. In-house technology development is assigned to the R&D team of the organization. Ind AS 38 divides technical development into (1) Research phase; and (2) Development phase.

### a. Research Phase

"Research is original and planned investigation undertaken with the prospect of gaining new scientific or technical knowledge and understanding. No intangible asset arising from research (or from the research phase of an internal project) shall be recognized. Expenditure on research (or on the research phase of an internal project) shall be recognized as an expense when it is incurred."

### b. Development phase

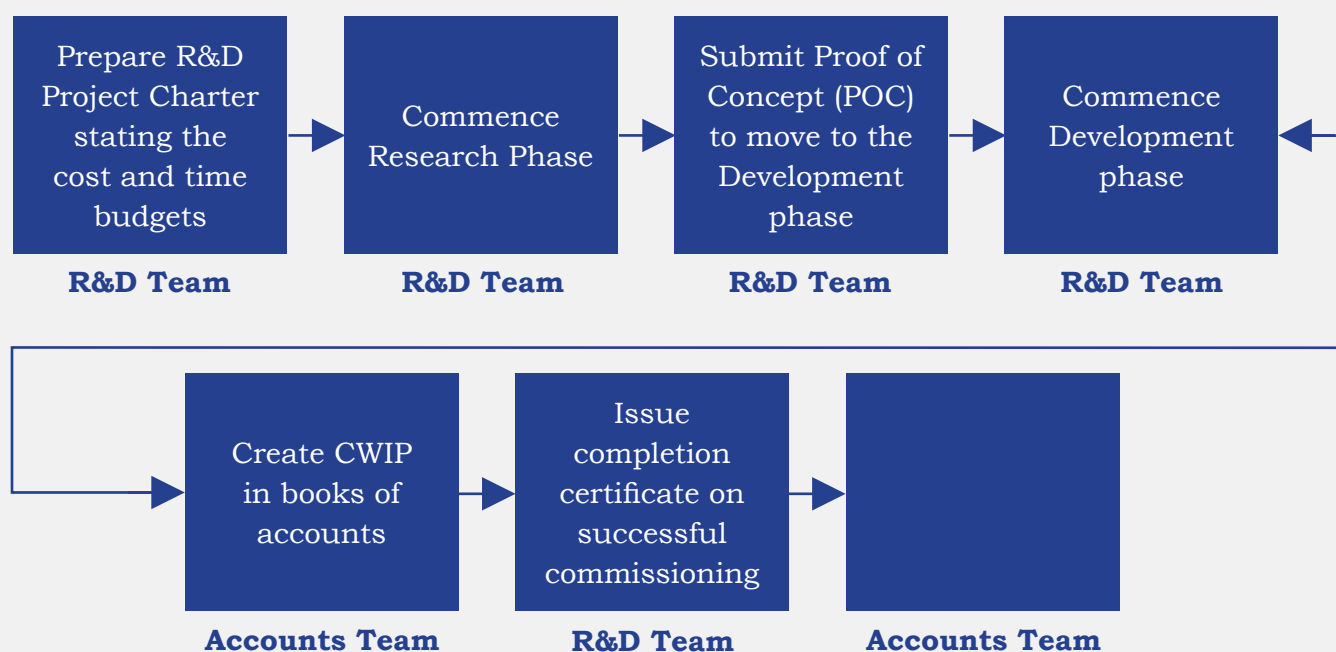
"An intangible asset arising from development (or from the development phase of an internal project) shall be recognized if, and only if, an entity can demonstrate all of the following: (a) the technical feasibility of completing the intangible asset so that it will be available for use or sale. (b) its intention to complete the intangible asset and use or sell it. (c) its ability to use or sell the intangible asset. (d) how the intangible asset will generate probable future economic benefits. Among other things, the entity can demonstrate the existence of a market for the output of the intangible asset or the intangible asset itself or, if it is to be used internally, the usefulness of the intangible asset. (e) the availability of adequate technical, financial, and other resources to complete the development and to use or sell the intangible asset. (f) its ability to measure reliably the expenditure attributable to the intangible asset during its development."

### Potential risks and mitigating controls

Sub-process	Potential Risk	Suggested Control
Budgeting	<ul style="list-style-type: none"> <li>• nreasonable cost incurred/ cost exceeding budget</li> <li>• Indefinite period for completion/ delay in completion/ project on hold</li> </ul>	Approved Project charter to be in place detailing the budget and timelines to be met. Reasons for cost override/ delay to be reviewed and approved by senior management.
Monitoring of Research & Development phases	<ul style="list-style-type: none"> <li>• No clear distinction between the Research phase and the Development phase</li> <li>• No defined process in place for monitoring of progress in the Research phase and Development phase</li> </ul>	<ul style="list-style-type: none"> <li>• Proof of concept (POC) document demonstrating the technical feasibility and potential for future economic benefits from the asset to be prepared on completion of Research phase This document will provide the date of completion of Research phase and signal Development phase kick-off.</li> <li>• Project milestones to be included in the detailed project plan and achievement are tracked and approved periodically.</li> </ul>

Sub-process	Potential Risk	Suggested Control
Capitalization and amortization	<ul style="list-style-type: none"> <li>Inaccurate capitalization - Material and labor cost incurred during Research phase incorrectly capitalized/ Expenses incurred during Development phase expensed off erroneously</li> <li>Incorrect amortization</li> <li>Non-monitoring of asset post-development/ impairment</li> </ul>	<ul style="list-style-type: none"> <li>Expenses incurred after POC document date to be capitalized as they relate to the Development phase.</li> <li>Completion certificate to be issued on successful commissioning of technology. Amortization to be commenced based on completion certificate date.</li> <li>Checks to be in place to ensure useful life considered for amortization is in line with Standards. Sufficient justification is provided, and approval is obtained for taking an increased useful life.</li> <li>Periodic tests for impairment to be carried out and any sign of impairment to be accounted for appropriately as required by Accounting Standards. New and improvised technology developed could be an indicator of impairment of technology currently being applied.</li> </ul>

### Recommended Process flow



## 2. PATENTS

A patent is an exclusive right granted by a government for an invention that is new, involves an inventive step and is capable of industrial application. The right provides exclusive authorization to commercially exploit the invention for 20 years from the date of filing of the patent. (Patents Act, 1970)

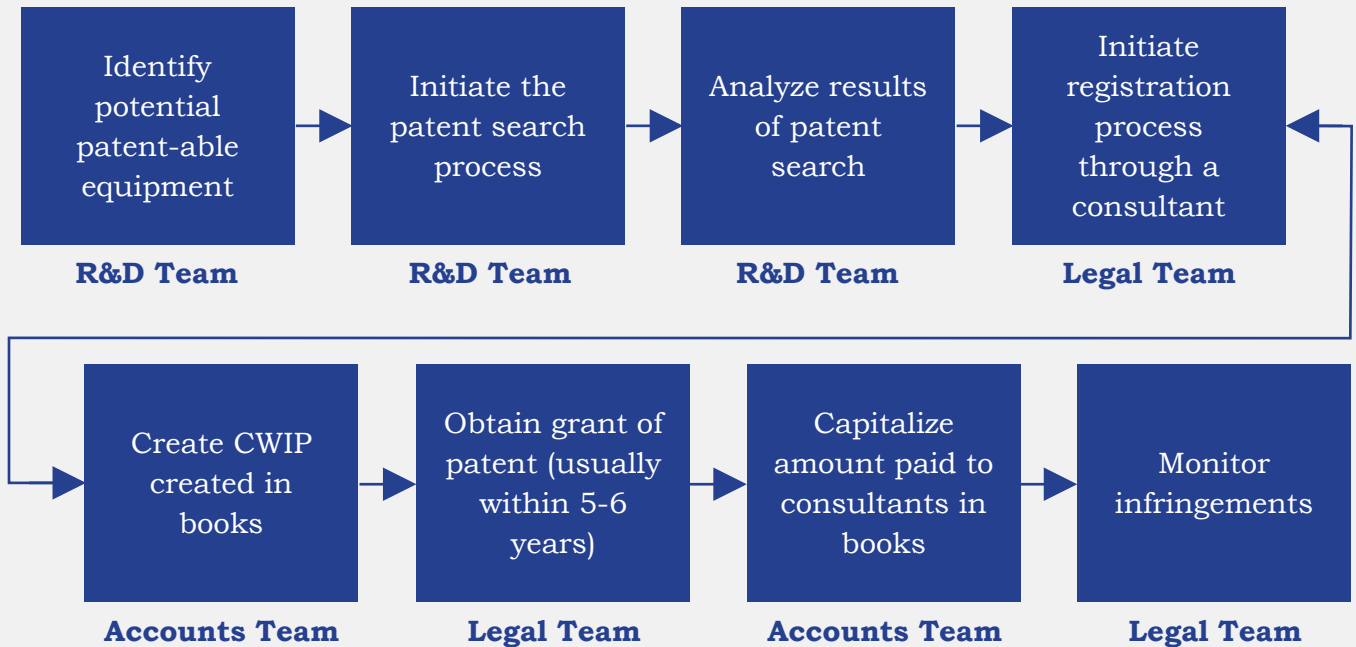
### Potential risks and mitigating controls

Sub-process	Potential Risk	Suggested Control
Establishing policies and procedures	<ul style="list-style-type: none"> <li>Absence of policy regarding identification and criteria for registration of patents</li> <li>Unfamiliarity with Patent Law (Patents Act, 1970)</li> </ul>	<ul style="list-style-type: none"> <li>Detailed policy to identify patentable technology based on pre-defined criteria (unique features, future expected cash flows etc.)</li> <li>Important aspects of Patent law to form part of the policy to ensure compliance with the same. (non-patentable invention, timelines, registration process, documents to be submitted, penalty etc.)</li> </ul>
Entering into contracts with stakeholders	Relevant terms not agreed with employee/ contractor/ consultants involved in the development of patent-able technology	<ul style="list-style-type: none"> <li>Agreements with R&amp;D employees, contractors and consultants to include the following:               <ol style="list-style-type: none"> <li>Non-Disclosure agreement clause</li> <li>Ownership of intellectual property being developed vests with entity clause</li> <li>Fees/ scope of work</li> <li>Penalty for non-compliance</li> </ol> </li> </ul>
Accounting	Inaccurate capitalization and amortization.	<ul style="list-style-type: none"> <li>Supporting documents to be in place for the entire value capitalized. Typically, the amount incurred in obtaining the patent, i.e., registration fee, consultant fee etc. is the capitalization value.</li> <li>Checks to be in place to ensure useful life considered for amortization is in line with Standards. Sufficient justification is provided, and approval is obtained for taking an increased useful life. A patent license is usually valid for 20 years, and hence the same can be considered.</li> </ul>



Sub-process	Potential Risk	Suggested Control
Monitoring of Infringements	Non-monitoring of infringements	<ul style="list-style-type: none"> <li>A patent search is to be carried out with a consultant's help before applying for a patent to avoid infringement of an existing patent.</li> <li>After obtaining a patent, infringement by competitors to be monitored.</li> </ul>

**Recommended Process flow**



*Please note that similar risks and controls are applicable for Trademarks as well. However, the cost relating to trademarks is not capitalized.*



### 3. SOFTWARE

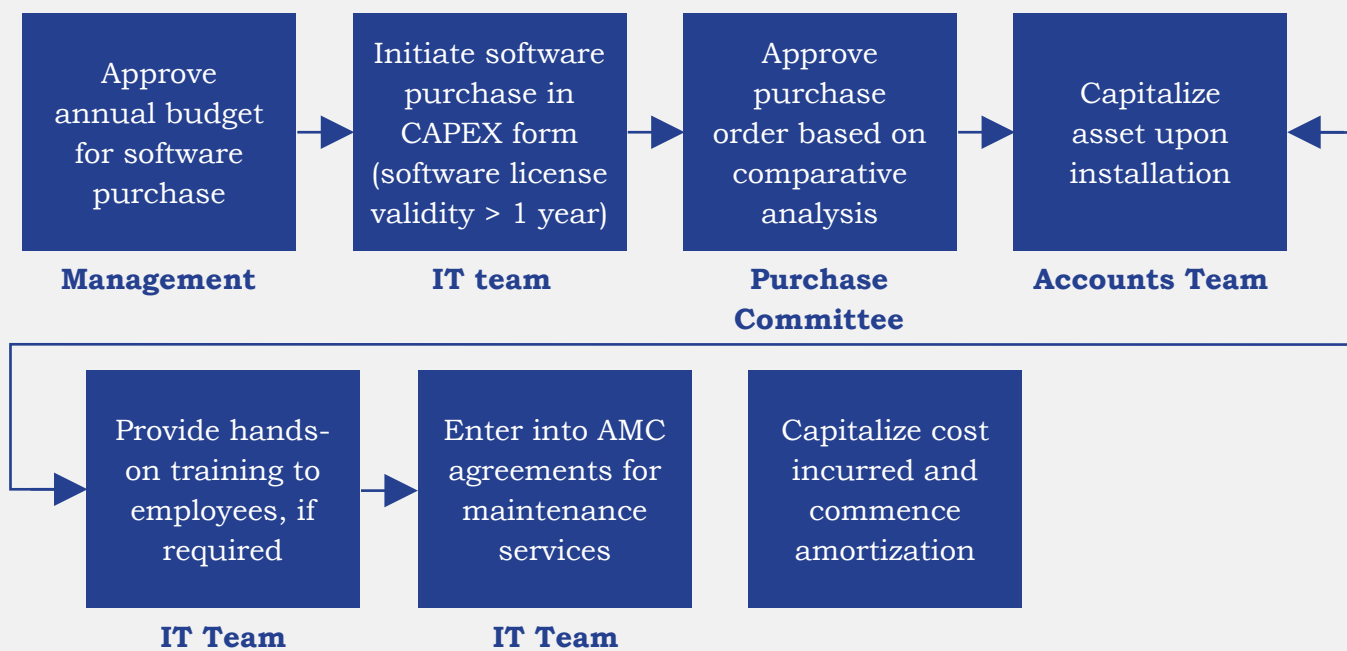
The software comprises the entire set of programs, procedures, and routines associated with a computer system's operation. The below-mentioned risks and controls are related to the purchase of software

#### Potential risks and mitigating controls

Sub-process	Potential Risk	Suggested Control
Budgeting and Ordering	<ul style="list-style-type: none"> <li>Unapproved purchase/ cost exceeds the budget</li> <li>Non-compliance with terms of agreement with vendor/ service provider</li> </ul>	<ul style="list-style-type: none"> <li>Approved annual IT budget to be in place and exceptional approval to be sought for any budget override.</li> <li>Multiple quotations to be obtained from empanelled vendors/ service providers and comparative analysis to be performed considering cost and other factors like hands-on training, AMC, ease of use etc.</li> <li>Compliance with relevant clauses like cost, timelines, troubleshooting, training frequency etc. defined in the agreement should be documented.</li> </ul>
Accounting	Inaccurate capitalization and amortization provided	<ul style="list-style-type: none"> <li>Purchase of software to be initiated in Capex form (license validity &gt; 1 year) and approval as per DOA to be obtained. Software with license validity &lt; 1 year and yearly renewal thereafter to be expensed off.</li> <li>Checks to be in place to ensure useful life considered for amortization is in line with Standards. Sufficient justification is provided, and approval is obtained for taking an increased useful life. However, it should not exceed the software license validity date, if applicable. Annual maintenance cost (AMC) relating to software should be expensed off.</li> </ul>
Training of personnel	No sufficient training provided/ no feedback received	Training schedule to be in place to provide hands-on guidance for the use of the software. Feedback forms to be obtained from users to know their reviews and opinion.

Sub-process	Potential Risk	Suggested Control
Renewal	Lack of adequate monitoring of license/ AMC renewals	Software and AMC validity tracker to be in place to ensure timely renewals.

### Recommended Process flow



### CONCLUSION

The process around creation, recognition and accounting of intangible assets is often not streamlined as maintaining adequate documentation while ensuring confidentiality can be a daunting task. It may not go down well with the teams involved. Therefore, internal

audit can add value to the existing process by having cross-functional discussions, recommending the documentation to be maintained and suggesting best practices and control improvements to overhaul the whole process.

*(Inputs have also been taken from "Technical Guide on Internal Audit of Intangible Assets" issued by ICAI)*

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# THE CAE AND GOVERNANCE



## **Nikhel Kochhar**

Chief Advisor of The IIA India and Sr. Partner in JHS & Associates, LLP.  
nikhel.kochhar@jhsassociates.in

## **BACKGROUND**

The definition of internal auditing by the IIA includes the words “ .....disciplined approach to evaluate and improve the effectiveness of risk management, control, and governance processes”. The International Professional Practices Framework (IPPF) definition of the mission of internal audit states,

“

**TO ENHANCE AND PROTECT ORGANISATIONAL VALUE BY PROVIDING RISK-BASED AND OBJECTIVE ASSURANCE, ADVICE, AND INSIGHT**

”

Further, IIA’s International Standards for the Professional Practice of Internal Auditing, Standard 1111 states, “The Chief audit executive must communicate and interact directly with the board.” There is a clear direction that the CAE is expected to add value to the governance processes of an entity with direct Board interaction.

## **BOARD CHALLENGES:**

A. Today, Boards and Audit Committees are subject to a multitude of compliance and other pressures. Under the Company’s Act, apart from other compliances and penal provisions:

- The directors' report should contain details in respect of the adequacy of internal financial controls over financial reporting
  - The Board's report has to refer to the risk management policy and its implementation
- B. Under Section 4 (2) (f) of SEBI's Listing Obligations & Disclosure Regulation, key functions of the board of directors include:
- Reviewing and guiding corporate strategy, major plans of action, risk policy etc.
  - Monitoring the effectiveness of the listed entity's governance practices and making changes as needed.
  - Monitoring and managing potential conflicts of interest .....including misuse of corporate assets and abuse in related party transactions.
  - Ensuring the integrity of the listed entity's accounting and financial reporting systems ..... appropriate systems of control are in place, particularly systems for risk management, financial and operational control, and compliance with the law and relevant standards.
- C. The question that arises is, how are the independent directors (ID) of a company expected to comply with the above requirements? It is not possible for an ID to comply with all this personally. The IDs need to have a reliable person who can provide them with adequate assurance in these respects.
- D. In addition to compliances under the Companies Act & SEBI, Boards are supposed to:-
- be aware of and provide guidance on responses to technology and business disruptions
  - monitor an increasingly volatile risk landscape and
  - ensure that the organisations they are associated with are well placed to achieve their business objectives.
- E. Another challenge for the Independent Directors in the Board is that they cannot rely completely on the management's (self) assessment regarding the company's performance on these fronts. As the IIA states, "Those charged with governance are not positioned to have first-hand knowledge of all that is undertaken by management". Can the maker also be the checker? The several publicised scams in well-known companies, coupled with the penal provisions of the regulatory mechanisms, make the task of the IDs more onerous.

**Note:** The terms Board, Audit Committee and Independent Director (ID) are used interchangeably in this article.

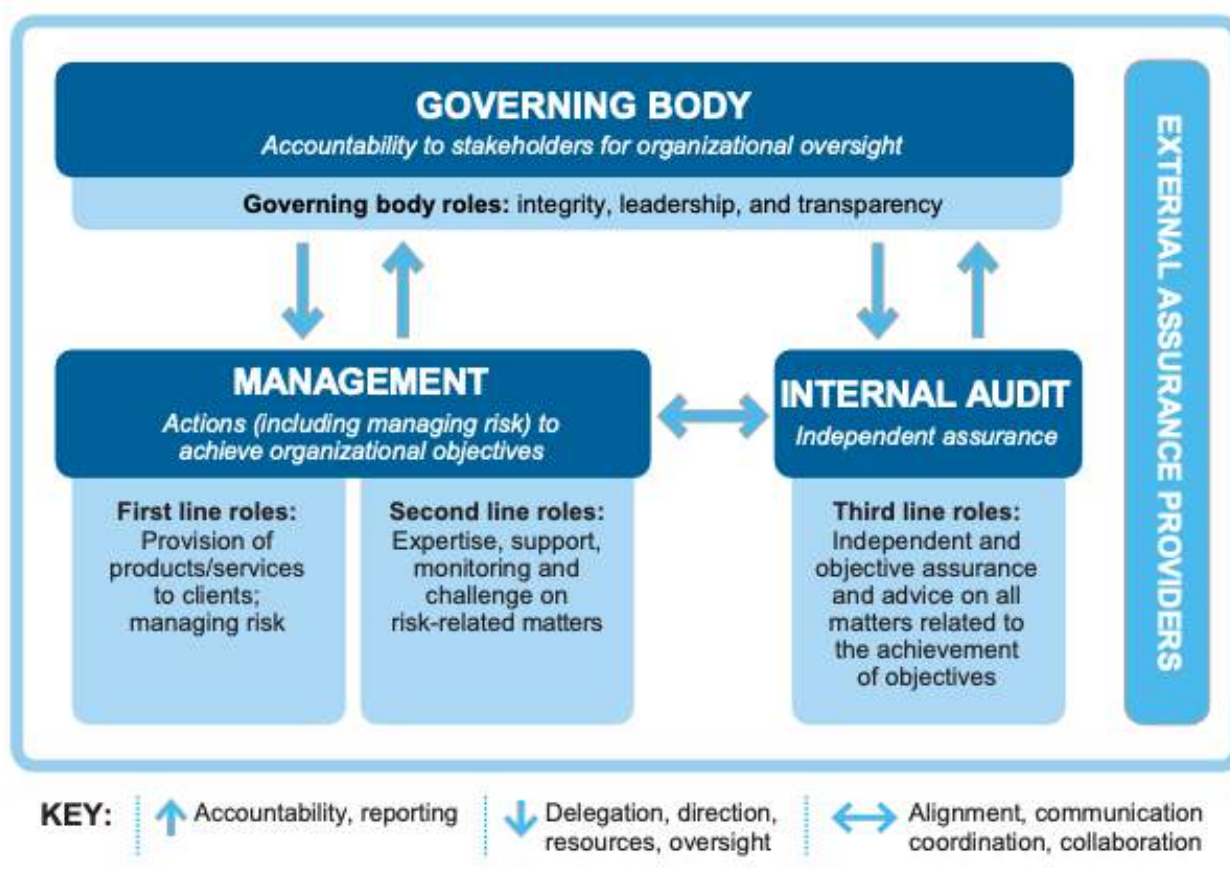
## THE APPROACH

**“THERE IS AN APPARENT OBLIGATION, AND AN OPPORTUNITY, FOR THE CAE TO ADD VALUE IN THE AREA OF IMPROVING GOVERNANCE. HE IS UNIQUELY PLACED IN THE ORGANISATION, AS WELL AS POSSESSES THE COMPETENCIES TO FULFIL THIS ROLE. BUILDING A SYMBIOTIC RELATIONSHIP WITH THE AUDIT COMMITTEE BECOMES A NECESSITY FOR BETTER PERFORMANCE.”**

This article attempts to look at some steps that the CAE can take to enhance the value-add in this critical area.

1. **Strategy:** The evolved CAE is expected to be empathetic to the problems of his key stakeholders – in this case, the Independent Directors on the Board. To do this effectively, he has to put on the ID's thinking cap and consider the areas that worry the ID the most. This is not a major issue since a good CAE is aware of the organisation's objectives and the key risks to their achievement. His job requires him to challenge the management's strategies and actions. Providing feedback on strategy implementation and potential risks to achieving revenue objectives will always be valued by the IDs.
2. **Compliances, Risks & Controls:** Other areas of concern, where the CAE is expected to be knowledgeable and aware include compliances, risks (current & future), cybersecurity, accuracy of information and adequacy of controls, amongst others.
3. **Governance:** How aware is the CAE of what is expected from the Board in terms of improved governance? To address this aspect, the CAE must be knowledgeable about good governance practices in the regions in which the organisation operates. Awareness of global best practices would certainly help.
4. **Alignment with the Audit Committee:** Not only should the CAE be able to think like an ID; equally important is her/his relationship with the Audit Committee and the trust reposed in this relationship by the IDs. What are the steps in building a better alignment between the CAE and the AC? Some worthwhile actions in this regard include:-

## The IIA's Three Lines Model



Source: The IIA



- a. Understanding the priorities & concerns of the Audit Committee
- b. Alignment on the Audit Planning process
- c. Meeting on a one-to-one with the AC Chair or AC (as often as required)
- d. Appraising the Audit Committee on issues covered in sub-point “a” above in a manner that ensures the confidence and trust of the AC.
- e. Acting as the eyes and ears of the IDs on the board.
- f. Developing the soft-skills - as a part of the relationship-building process - which makes the IDs feel more comfortable (EQ)
- g. Ensuring that the IA function is assessed periodically. This could include both self-assessments as well as External Quality Assessments (EQAs). Sharing the results of such assessments with the AC would enhance the stature of IA in their eyes.

**5. Accountability:** The new Three Lines Model released in July 2020 by the IIA also emphasises the direct relationship between the Board and the internal audit function where the latter is accountable to and reporting to the former. In turn, the board provides delegation, direction, oversight to the internal audit function through the CAE. Source: The IIA

**6. Conscience Keeper:** The CAE is expected to play the role of conscience-keeper to the organisation. For this, he should possess strong moral fibre and adhere to ethical values, including integrity and objectivity, which are specified as essential attributes of an internal auditor. Forward-thinking organisations and Boards expect the CAE to audit the organisation’s culture, and this trend can only increase over time.

*References: The Three Lines Model – An Important Tool for the Success of Every Organisation – The IIA; Partners in Governance - Shaping a new relationship between the Board of Directors and Internal Audit – CIIA.*

# Conclusion



## CONCLUSION: A PARTNERSHIP OF TRUST:

“ IF EFFORTS ARE MADE TO IMPLEMENT THE ABOVE STEPS, THE AC LIKELY SEES THE CAE AND THE INTERNAL AUDIT FUNCTION AS DIRECTLY ACCOUNTABLE TO THEM. THIS ALSO ENHANCES THE CAE’S STATURE AND INDEPENDENCE IN INTERACTIONS WITH THE MANAGEMENT. ”

When the CAE is aligned in his thinking and offers value-added insights to the Audit Committee & IDs on areas of concern to them, he is also much better placed to move into the role of “trusted advisor”; a theme on which Richard Chambers, President & CEO of IIA Inc. has written an extremely popular book.

However, the success of these efforts is strongly dependent on both the CAE and the Audit Committee, viewing the relationship as a partnership where both sides do their bit to make it succeed. Without doubt, the smart CAE will do more than his fair share to build the relationship. The mature CAE realises that if he can “manage” this relationship effectively, it is not only (s)he but the organisation that stands to gain.





### **Aditya Mathur**

B.Com (Hons.), FCA, FCS,  
Management Consultant  
adityamathur2121@gmail.  
com

## **COST REDUCTION AND COST CONTROL - A FINANCIAL DISCIPLINE**



The outbreak of pandemic Covid-19 has made every organisation to seriously think about effectively managing their costs by reducing the same and deploying cost control measures. The major economies of the World have also started shifting their focus on to India, intending to have a backup manufacturing base in India as well, i.e. “China plus One”. All these global developments have led to a greater need for the Corporates to focus on Cost Reduction and Cost Control measures in order to be globally competitive.

**“ THE MAJOR ECONOMIES OF THE WORLD  
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In the current competitive business environment that has impacted primarily every organisation, the implementation of cost reduction and cost control measures has become imperative to not only be price competitive and maximise profits but also for their respective survival. Every organisation that wants to survive, maintain its consumers and grow must seek to improve its products. Therefore, organisations need to control and reduce their cost while maintaining the quality of their products.

## COST REDUCTION – A PLANNED PROCESS

Cost reduction is a planned approach to cut costs. Cost reduction involves a process of analysing various cost elements of an existing product or services by studying the processes and the costs incurred on them by an organisation, identifying the areas where the cost reduction programmes can be implemented and then working towards reducing the same to achieve the desired targets.

## COST CONTROL – MONITORING AGAINST BUDGET



Cost control is a process of establishing a standard and regulating the costs within the defined budget. It includes budgetary controls, standard and material costing.

## COST REDUCTION AND COST CONTROL MEASURES

The Corporates need to realign their cost structures, redefine their product costing, and, consequently, price their products or services to be competitive and generate desirable profits. The cost reduction and control measures can be implemented by focusing on the undermentioned areas, indicative list of which is as under:

- Closely focus and conduct regular reviews of the business cash flows to ascertain the

impact of decline in sales on inflow and corresponding expenditure commitments and accordingly adjust the spends & manage the costs

- Review and redefine the business processes and timelines:
  - Combine the business processes by eliminating the duplicate and redundant functional activities carried on by different departments
  - Evaluate the existing manual processes and need for automation
  - Reduce the number of Management Reports and retain only the key reports thereby reduce the time, efforts and costs involved therein
- Realign the organisation structure with focus on improved inter-departmental co-ordination, eliminate the redundant functions and encourage multitasking in the organisation without compromising on quality and timelines of deliverables
- Review costings of Products (and Services) and identify the ways to reduce costs including materials, labor, overheads and wastages
- Review the Overheads with key focus on reducing major spends like Personnel, Advertising and Marketing(A&M), Travelling and Entertainment(T&E), Rent etc.
- Enforce Business Costs Control measures by redefining the budgets and closely monitoring the same
- Defer the spends especially capital expenditures (Capex) post comprehensive review of Business and Capex plans and the projected cash flows
- Review the cash flow projections to ensure that the debt raised to fund the Capex and interest thereon will be repaid out of the possibly reduced cash flows in view of lower sales due to pandemic impacted market



## PARTICIPATION IN COST REDUCTION AND COST CONTROL PROGRAMS

The implementation of cost management initiatives requires sincere and wholehearted support right from the top management to operational managers who need to implement the cost reduction and controls within their respective functional areas and then seek Buy-in of those measures within the broader organisation. The cross-functional co-ordination and operational synergies are essential for effective implementation of these programs.

their cost models need to gear up fast by implementing the effective cost management measures that will vary for each organisation. Thus, cost reduction and cost control are key for ensuring financial discipline that is the need of the hour in view of pandemic affected global economies that are making serious efforts for their respective revival. These cost reduction and control measures also gain significance from India's perspective to make the Indian organisations more cost-effective, price competitive, and profitable to enable them to compete globally and make India an undisputed price-competitive alternative to China.

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## CONCLUSION

The organisation that have been facing unprecedented declining top lines, consequent fall in profitability or even getting into a loss-making situation and are struggling to adjust

## ARTICLE AWARD SCHEME

IIA India is proud to launch the 'Article Award Scheme' to recognize the contributors who share their expert articles through IIA Magazine. The scheme will recognize the **three best articles** submitted in this magazine each quarter, starting from Q4 2020-21. The authors of the three articles selected by an Independent Committee of IIA India will be rewarded with **Amazon gift vouchers** and their names and brief profiles will be added to this Magazine's 'Hall of Fame' section.



**All IIA members, CAEs, CFO and subject matter experts are invited to share the articles.**

**The submitted articles should comply with the following guidelines:**

<b>Length:</b>	It should be around 2500 words.
<b>Originality:</b>	It should be original in nature. It should not have been published or sent for publishing in any other print or electronic media
<b>Clarity/Readability:</b>	The article should be written in clear and concise manner.
<b>Practicality:</b>	The article should be of practical value to the professionals.

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**Sana Baqai**  
Chief Editor, IIA India

**Bharat Garg**  
Chairman - Publication Committee, IIA India

# AGILE AND RESILIENT INTERNAL AUDIT SYSTEM IN AVIATION SECTOR



**Jagannath Patra**  
Chartered Accountant  
Director – Mazars India  
GRC, RPA, Aviation  
Jagannath.patra@mazars.  
in

The world has come to a grinding halt due to pandemic, and all industries across the globe are impacted. The Aviation sector has been worst among all. As Airports and Airlines are getting ready to resume operations, they must assess and implement several financial and operational measures to make passengers fly again safely. It is expected that norms like social distancing, business travel advisory restrictions, regulatory directions etc. will continue well beyond lifting of travel restrictions.

So, how does an organisation leverage its priorities between economic value-focused activities on one hand and new areas for cost optimisation, cash conservation and sustaining revenue by inducting newer revenue models in view of almost stoppage of the regular revenues, on the other. And how does the Internal Audit system of these organisation transforms into a supporting function by adopting an agile and resilient environment to bring aviation back on a sustainable growth path.

There are various areas the Internal Audit system should focus considering the pandemic and stricter control on expenses. Below are few significant areas for both Airlines and Airports:





systems), supply chain, aircraft engine monitoring, etc. The aviation industry's biggest challenge is to have appropriate cybersecurity measures in place for mitigating the risks associated with data breaches. Therefore, IT auditors should assess the technology to ensure all forms of cybersecurity threats are addressed through proper risk mitigation strategies.

1. **Revisiting of all costs:** All costs either fixed or variable in nature should be strictly reviewed, and Auditor must reassess which costs are essential to be incurred for survival of business in discussion with operations as there would be new additional costs considering new terms of social distancing, stringent hygiene checks, etc. Cash conservation is most critical during such difficult time. Auditor should also review the renegotiation of all long-term contracts related to fuel, manpower, airlines crew, maintenance and repair, local stay and transportation of crew, runway maintenance expenses, airport landscape maintenance, etc. This to be reviewed time to time considering the business growth.
2. **Agile approach for implementing RPA in processes:** As Aviation industry depends on extensive database, it's wiser to implement Robotics Process Automation in streamlining the various processes of revenue billing, refund, fuel cost, airport charges, salary, vendor costs, planning, procurement, customer interactions, etc. Internal Auditor should assess the detailed roadmap for RPA implementation and suggest the agile approach keeping the audit trail in mind.
3. **Exposure to cybersecurity events & data breaches:** The Aviation industry operates on enormous data – passenger data (bookings to baggage handling, biometric to bank account), operation (ranges from aircraft sensors to weather & GPS

## AIRLINES



1. **New business model by converting passenger aircraft to cargo aircraft:** Since many Airlines have started converting their passenger aircraft to cargo aircraft, internal auditor should review cost-benefit analysis and long-term sustenance of this revenue model plan. Review should be on the cargo catchment areas and possible revenue maximisation from wider cargo transportation vis a vis cost of running an aircraft and its modifications costs.
2. **Leasing of idle aircraft/Renegotiation for new aircraft lease:** Airlines have started shying away from wide-body aircraft, high fuel guzzlers and phasing out/sub-lease of old aircraft. Auditor should review the aircraft running and maintenance costs for the entire fleet of wide-body and narrow-body aircraft. Carry out the necessary due diligence and cost-benefit analysis of business plan and support the management in taking right decision in renegotiating for new aircraft of narrow-body which are more fuel-efficient.



It may be noted that while many big airlines have started phasing out wide-body aircraft like A380/B747, there are few major airlines which have decided to continue with these big boys. Hence, proper review of the business plan and data based on which such decisions are taken is essential to assess the Auditor in the Airlines' interest and save it from bankruptcy.

## AIRPORTS

- 1. Capacity optimisation:** As there would be fewer passengers and corresponding lesser aircraft, the Airports may reduce the no. of gates to optimal nos. Areas used for passenger movement relating to check-in, security, immigration etc. may get curtailed keeping in mind the passenger nos., in compliance with newer regulatory circulars of social distancing. Auditor should assess the optimisation in infrastructure usage and suggest saving maintenance costs in terms of electricity, water, housekeeping, air-conditioning, etc.
- 2. Airport expansion:** Airports which are currently undergoing expansion may leverage this situation of lesser aircraft/passenger movements and speed up the

expansion work, so that airport capacity is increased before the aviation businesses start operating at full scale. Auditor should review the projected costs for completion of critical activities of expansion with respect to liquid fund availability and future revenue generation plan. Accordingly, should suggest the best approach to management.

- 3. Review of MYTP (Multi-Year Tariff Proposal) filing with Regulatory authority:** Airports Economic Regulatory Authority of India (AERA) controls the various tariffs charged by Airports for passenger and cargo movement towards user development, passenger security, cargo handling etc. Internal Auditor should thoroughly review the data used and the basis of assumptions considered in making the proposal. The filings are for tariffs to be charged in forthcoming control period. Hence the entire report is made on the basis of future projections which are to be assessed.

It's said, "When everything seems to be going against you, remember that an aeroplane takes off against the wind." So, let the aeroplanes touch the sky again.





**Aditya Kumar S.**  
Chartered Accountant  
Partner, R.G.N. Price  
& Co., Chartered  
Accountants  
aditya@rgnprice.com

## INTERNAL AUDIT OF FAMILY BUSINESS



### BACKGROUND:

Business is conducted through different forms of legal entities. It could be a proprietorship, partnership firm, LLP, company etc., These entities could be managed by family members who are partners, directors, shareholders, likewise. As the family business grows, it's imperative for them to ensure that the governance and management are aligned to their principles and values and have not been much diluted. Typically, there is a thin line of difference between ownership and management in a traditional family-owned business. The chemistry between individual family members may also get reflected in their business decisions, which could lead to potential conflicts and family settlements. Eventually, businesses have to be separated. In some family businesses, the family members' council is formed, and they have a nominee on the Board to take care of business interests.

## TYPICAL ISSUES IN A FAMILY-OWNED BUSINESS:

In a family-owned business, the roles and responsibilities may not always be formalised and is decided based on internal relationship. Some specific challenges that family-run business may have:

- A. Business Relationships:** The business relationships with vendors, customers, etc., are built over a period of time. These relationships should pass the test of time when the baton is handed over to the next generation.
- B. Succession planning:** A key family member's untimely demise or incapability to actively participate in decision-making process, especially when there is significant dependence on them, could harm the business. The internal conflicts could also impair business prospects.
- C. Personal and Business:** There are situations where strains on interpersonal relationships could affect the business relationship, and this could lead to separation of business or sale or dilution in management etc.,
- D. Family Practice Vs. Law:** Some of the family members' practices may be acceptable within themselves but may not be valid in eyes of law. For example, the Board may choose not to appoint a female family member (though required under law), because historically no woman was given position of Director (gender inequality). Similarly, say a large public limited company which is held by a family gets listed on a stock exchange, but essentially controls the business ignoring the minority shareholders. They may be able to comply with regulatory requirements on minimum shareholding pattern etc., but substance over form, it is still a family run business. Regulatory authorities do investigate this angle (lift corporate veil) when probing into cases

relating to insider trading, related party transactions with questionable terms and conditions, decisions are taken without minority consent etc.,

- E. Governance:** Family business can have specific governance issues like possible change in control, dilution in transparency in operations, and such other changes at the 'Tone at the top' may not be encouraging to the stakeholders. There is a potential risk of being diluted by the next generation unless the values are preserved and improvised.



## WHAT CAN THE IA DO TO IN A FAMILY BUSINESS?

Let's remember the fact that family business contributes a lot to the economy, and it cannot be ignored. Secondly, the ethos and value systems should continue despite the change in the legal entity structure since that alone will take the business to greater heights. Third, keep the 'soul of the business,' i.e., how it is being done, the relationships, etc., intact, look to change the exterior part.

- A. Formalise the governance structure.** Help the family formalise the governance and reporting structure. This will bring in clarity and strength to the leadership, visibility on business growth, efficiency in operations and transparency, advice on creating Trusts, or family councils. Help family to transition to the new management style.
- B. Review the current business model and restructure** to eliminate or reduce pain points. Give the family visibility on



forthcoming challenges that need to be mitigated and need change either because of business environment or regulatory circumstances.

**C. Formalise various arrangements** to give legal recognition to it. This would help the family to mitigate any legal risks, which so far had been ignored.

**D. Process Vs. People Driven:** IA can advise the management on how to concentrate more on strategy, oversight, monitoring, reinforcing relationships and other critical aspects rather than on processes. The processes can be standardised and documented, and IA can test them at periodical intervals and give comfort to the management on whether the controls are effective or not. This helps the management grow and spend time and efforts judiciously and further, by the expertise of IA, the processes can be aligned to the growth and expansion of business, compliance requirements, and business environment changes that are critical to entity's functioning.

**E. Conflicts** could be over key business decisions on investment/divestment/division of roles and responsibilities etc. IA may have to partner with legal experts to bring in the expertise to resolve the conflicts amicably. In some cases, the business and individual disputes could be inextricably linked, which demands looking at the issue holistically and having a good relationship with the family to have a solution acceptable to conflicting parties.

**F. Many successful businesses have closely held business information or 'trade secrets'** that have made them successful. For example, in food industry, possible secret recipes could be very crucial. IA has opportunity to see whether these can be protected through intellectual property laws or by patenting the process, having the trademark and copyrights registered,



etc. This ensures that their business interests are protected by law.

**G. Advice on financing strategies and financial performance:** To evaluate different financing strategies which may have potential impact on dilution of family control, divestment of family silver (businesses or assets held by family for a very long time) etc. Review the financial performance in terms of meeting business objectives, profitability, business strategies, transactions with other parties and related parties.

**H. Make family member part of IA Team:** It is debatable on whether a family member can be a member as a member of IA team which seems to have merits and demerits on whether that would bring in conflict of interest or would embolden the role of IA, or would it not conflict with ethical requirements, will they have necessary skill sets to contribute to IA or would they be treasure house of knowledge which can be used as input to the IA.

## CONCLUSION:

IA can help the family business in various functions, but without compromising or damaging the existing scenario's fabric or decorum. It is challenging to retain the essence of the business which has been managed by few people over a period and at the same time align to the modern requirements.

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# JOIN US TODAY

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If you are Student, Professional, Expert, Trainer, or an Institution, you can join us anytime.\*



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CIA is your career. Add value to your CV by adding the most sought-after qualification in Internal Auditing.



## Educate Yourself

Enhance your knowledge. Nurture your skills. Learn from the Industry Experts.

## DO YOU KNOW

**CIAs earn on average \$38,000 more annually than those without a certification.**

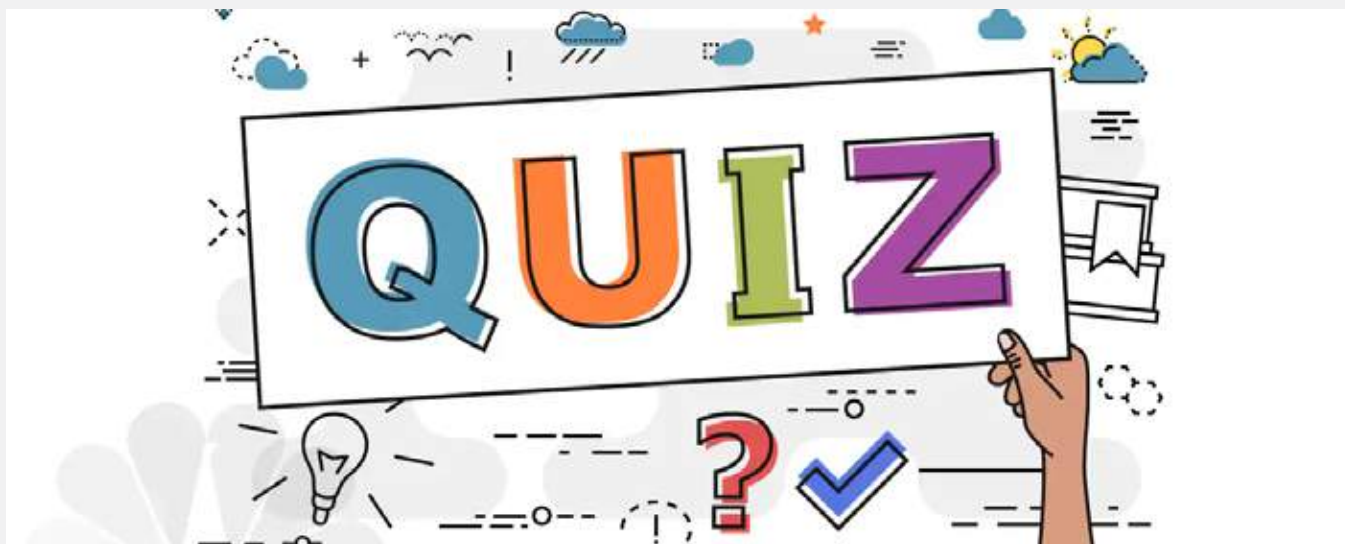
(Source: The IIA's 2017 Compensation Study)

For more details: Visit [www.iiaindia.org](http://www.iiaindia.org)



For Membership and CIA Enquiries please contact:  
**SANDIP CHATTERJI**

memberservices@iiaindia.org | +91-9650002331



## CIA QUIZ

**Q1. Which of the following is not true of responsibility accounting?**

- A.** Managers should only be held accountable for factors over which they have significant influence.
- B.** The focus of cost centre managers will normally be narrower than that of profit centre managers.
- C.** Every factor that affects a firm's financial performance ultimately is controllable by someone, even if that someone is the person at the top of the firm.
- D.** When a responsibility account system exists, business operations are organized into separate areas controlled by individual managers.

**Q2. A company plans to implement a bonus plan based on segment performance. In addition, the company plans to convert to a responsibility accounting system for segment reporting. The following costs which have been included in the segment performance reports that have been prepared under the current system are being reviewed to determine if they should**

**be included in the responsibility accounting segment reports:**

- I. Corporate administrative costs allocated based on net segment sales.**
- II. Personnel costs assigned based on the number of employees in each segment**
- III. Fixed computer facility costs divided equally among each segment**
- IV. Variable computer operational costs charged to each segment based on actual hours used times a predetermined standard rate; any variable cost efficiency or inefficiency remains in the computer department.**

**Of these four cost items, the only item that could logically be included in the segment performance reports prepared on a responsibility accounting basis would be the**

- A.** Corporate administrative costs.
- B.** Personnel costs.
- C.** Fixed computer facility costs
- D.** Variable computer operational costs



**Q3. An anti-fraud law that prohibits trading on the basis of inside information about a business corporation's stock most likely applies to:**

- A. Officers and directors.
- B. All officers, directors, and shareholders.
- C. Officers, directors, and holders of a large amount of the corporation's stock.
- D. Anyone who bases his/her trading activities on the inside information.

**Q4. Which one of the following examples of corporate behaviour would most clearly represent a violation of antitrust law?**

- A. A retailer offers quantity discounts to large institutional buyers.
- B. The members of a labour union meet and agree not to work for a specific entity unless the starting wage is at least a specified amount per hour.
- C. Two entities that are in different, unrelated industries merge.
- D. Two entities in the same industry agree

in a telephone conversation to submit identical bids on a government contract.

**Q5. Tie-in sales, e.g., the sale of camera and film together) most likely are legal if:**

- A. The tie-in is necessary to assure product quality.
- B. B. The tying product is patented.
- C. C. Used to facilitate price discrimination.
- D. D. Used by all entities in an industry.

**Q6. If the manufacturing company decides to use its excess manufacturing capacity for the motors, the contribution or net benefit that could have been obtained from other alternative uses is referred to as:**

- A. Residual income.
- B. B. Sunk costs.
- C. C. Separable costs.
- D. D. Opportunity costs.

Answers are printed on the last page.

Contributed by "Dr. Paul Jayakar"



## Think Out of the Box

Something Interesting



*Bring out your hidden talent and we will showcase it to the world!*

Dear IIA Members, You can share your creativity with us. We will publish it in IIA India Monthly Magazine - Internal Audit Today.\* Send email at [publications@iiaindia.org](mailto:publications@iiaindia.org)

Sana Baqai  
Chief Editor  
IIA India

Bharat Garg  
Chairman - Publication  
Committee, IIA India



\*IIA India reserves the right to reject if not found appropriate.

# CIA CHALLENGE EXAM FOR CAS & CPAS

(FROM 13 QUALIFIED ACCOUNTING BODIES ACROSS THE GLOBE)  
IMPROVE PROFICIENCY AND BUILD CREDIBILITY



## CIA CHALLENGE EXAM

All active members of the 13 qualified accounting bodies (which includes the Institute of Chartered Accountants of India - ICAI), can take advantage of this unique opportunity to earn the Certified Internal Auditor® (CIA®) designation through an expedited process and join more than 170,000 CIAs worldwide who have achieved this highly respected global certification.

The Global Institute of Internal Auditors (The IIA) is offering a challenge exam that will include CIA exam content not already covered by the accounting examination syllabus. In offering the challenge exam, The IIA continues to demonstrate the uniqueness of internal auditing as a profession and now helps active members of 13 accounting bodies, who are members of IFAC, to acquire an internationally recognized certification in internal auditing.

The CIA Challenge Exam application will be available for eligible candidates residing in India, starting 21st January 2021.

## OBTAIN THE CIA DESIGNATION TODAY

By earning the CIA designation, you will join an elite group of individuals who have experienced global professional growth and upward mobility in their career. Adding the CIA credentials to your resume will elevate you among your peers and demonstrate that you are:

- A credible and trusted internal auditor
- A stronger, more competent professional who is knowledgeable
- Equipped for career-advancing opportunities

Candidates who are active members of IIA and residing in India can avail the discounted pricing. Those who are not IIA members should reach out to IIA India to process their membership in order to avail the discounted pricing for the CIA Challenge Exam prior to starting any application

Contact details for IIA membership are as follows:

Bengaluru	8022261371 / bangalorechapter@iiaindia.org
Chennai	9884716160 / madrashchapter@iiaindia.org
Delhi	9650002331 / delhichapter@iiaindia.org
Hyderabad	9391690256 / hyderabadchapter@iiaindia.org
Kolkata	7980586848 / calcuttachapter@iiaindia.org
Mumbai	9326652393 / bombaychapter@iiaindia.org
IIA India	9650002331 / memberservices@iiaindia.org 9205169309 / Coordination@iiaindia.org 9004512247 / Coordinator@iiaindia.org

## WHO IS ELIGIBLE?

Candidates must be active members of one of the following 13 qualified accounting bodies listed below. Former members and students are ineligible.

1. Association of Chartered Certified Accountants (ACCA)
2. Chartered Accountants Australia and New Zealand (CA ANZ)
3. Chartered Professional Accountants Canada (CPA Canada)
4. CPA Australia
5. Hong Kong Institute of Certified Public Accountants (HKICPA)
6. Institute of Chartered Accountants in England and Wales (ICAEW)
7. Institute of Chartered Accountants of India (ICAI)
8. Institute of Chartered Accountants of Scotland (ICAS)

9. Institute of Singapore Chartered Accountants (ISCA)
10. Philippine Institute of Certified Public Accountants (PICPA)
11. Registro Oficial de Auditores de Cuentas (ROAC)
12. Saudi Organization for Certified Public Accountants (SOCPA)
13. South African Institute of Chartered Accountants (SAICA)

**IMPORTANT:** While applying for the exam, the eligible members need to provide reliable evidence of their active membership with the above institutes. Eligible Members should submit the following documents at the application stage:

- A scanned copy of the CA / CPA certificate issued by approved accounting body
- A screenshot of the active member status as displayed in the website / public registry

## CIA CHALLENGE EXAM PACKAGE

In addition to saving time, the CIA Challenge Exam offers significant financial savings.

The CIA Challenge Exam bundle is priced as follows:

- US\$ 896.25 for IIA members residing in India;
- US\$ 1,195 for IIA members residing outside India; and
- US\$ 1,545 for non-IIA members.

The fee includes:

- CIA Challenge Exam application fee;
- CIA Challenge Exam registration fee;
- CIA Challenge Exam Study Guide for Qualified Cas; and
- Access to the **International Professional Practices Framework** and the **Standards**



to help you prepare for the exam

All fees are non-refundable and non-transferable.

## RETAKE OF THE CHALLENGE EXAM

Candidates who are unsuccessful in passing the examination in February, March & June 2021 will have additional opportunities to retake the exam within the three-year program window. There has to be a waiting period of 60 days between 2 attempts.

The current fee for the retake exam is:

- US\$ 596.25 for IIA members residing in India;
- US\$ 795 for IIA members residing outside India; and
- US\$ 945 for non-IIA members

The IIA's CIA Challenge Exam Study Guide for qualified candidates combines online reading materials and study tools to teach and reinforce the CIA challenge exam syllabus in a flexible, on-demand format. All CIA challenge exam candidates will enjoy the following:

- A fully online learning experience, CIA Learning System, allowing candidates flexible study time.
- Comprehensive online reading materials and downloadable e-reader files.
- 150 practice questions to test their comprehension and ability to apply concepts. \*Please note these practice questions are developed independently of The IIA Global Certifications department and based on the publicly listed syllabi.
- A glossary of terms.
- A video tutorial providing an overview of the IPPF components.
- Access to these online study tools for one year.

Once approved into the program, candidates

will receive the email invitation for the CIA Learning System within 7 days from The IIA's CIA Distribution Center with the subject line, "Action Required - Your IIA Online Access".

Candidates will need to activate the CIA Learning System separately. For questions or assistance with the CIA Learning System please reach out to [customer care@learn.cia.com](mailto:customer care@learn.cia.com) to inquire further.

## PROGRAM TIMELINE AND ADDITIONAL INFORMATION

Application Window: 21st January through 28th February, 2021

Testing Windows\*: February, March, June 2021

Once approved into the CIA Challenge exam, you have three years to pass the CIA Challenge exam conducted by IIA Global, either in India or abroad. \*After exam registration is completed you have 180 days to schedule and sit for the examination. The first exam registration fee is included in the application bundled price. Retake examinations are available for an additional fee. There is no maximum number of times candidates may retake. If you are unsuccessful, you will have other opportunities and may test in one of the testing windows in 2021 and afterwards.

The exam is:

- Comprised of 150 multiple choice questions based on the syllabi.
- Based on the International Professional Practices Framework and the Standards.
- Of three hours duration
- Offered in English only based on scaled scoring.
- A passing score of 600 is required out of 750 points.

## PROGRAM DURATION

Once approved into the CIA Challenge exam candidates have 3 years to complete their examination to obtain the CIA designation. The IIA does not limit the number of attempts during the 3 years, but candidates must test in one of the testing windows as listed above.

Once an exam registration is completed, a candidate has 180 days to schedule and sit for that examination, and candidates will have at least one option of a testing window. Please refer to the Certification handbook under the resource tab within your CCMS profile for additional program policies.

For example, if an individual is approved into the CIA Challenge exam on 1st February, 2021, their program will expire on 1st February, 2024. When an exam registration is completed, the candidate has 180 days to schedule and sit for that examination. The Pearson VUE online portal will indicate which locations and dates the examination appointments are available.

Candidates are advised to check seat availability in a location of their choice well in advance.

Use [www.pearsonvue.com/iaa](http://www.pearsonvue.com/iaa) then select “find a test center”

The CIA Challenge Exam is to be taken at a PearsonVUE testing center



## PREPARE FOR THE CHALLENGE EXAM

Review the topics covered by The IIA’s CIA Challenge Exam for qualified candidates with

a customized course that provides an overview of the international standards of internal audit. The course is available in English only and delivered through on-demand video segments that are broken into three modules totaling 14 hours, allowing candidates the flexibility to study on their own personal schedules.

## APPLICATION STEPS

**IIA members residing in India are entitled to discounted pricing and need to ensure that their IIA membership is active.** Candidates who are not IIA members and interested in availing discounted pricing should visit the IIA India website for membership application.

Candidates are required to complete the application, registration, and scheduling process within the windows as listed above. The steps to be followed are:

- Create a profile or log into the Certification Candidate Management System (CCMS). If you are an IIA member, please confirm this is reflected on the CCMS homepage prior to enrolling in the CIA Challenge Exam.
  - Select “Apply for Certified Internal Auditor”
  - Select “Accounting body challenge exam.”
  - After the payment screen, you must upload -
    - a. A government-issued ID (Aadhar card / passport / driving license).
    - b. A scanned copy of the CA certificate and a screen shot of the public registry indicating your membership with the qualified accounting body is still active.
1. Once all documents are uploaded and the character reference is received, the application will be reviewed. Electronic character reference needs to be followed up by you to expedite processing. Approval may take up to 7 calendar days after supporting documents are received. Once approved into the program, you may

register and schedule your examination.

2. To register and schedule your exam, select “Manage my program” then select the examination on the left navigation bar then “Register”.

## EXAM REGISTRATION AND SCHEDULING

1. Once approved into the program, access your CCMS account and select “Manage My Program” to register your exam with Pearson VUE. Upon completing the registration process select “Access Pearson VUE” from the main menu bar and follow the onscreen instructions for scheduling your appointment. During the scheduling process you will have to select a testing center to take your exam.
2. To find the nearest testing center, visit the Pearson VUE page and select “Find a test center.”

**Candidates are advised to check seat availability in a location of their choice well in advance.**

Use [www.pearsonvue.com/iaa](http://www.pearsonvue.com/iaa) then select “find a test center”

## ACCESSING SCORE REPORTS AND EXAM SCORING

Approximately 24 hours after you have completed your exam, you will receive a system-generated email notifying you that your exam score is available. You may also check your score online by logging into your CCMS profile and selecting “Access Pearson VUE,” then selecting “View Score Reports.” To learn more about how the examinations are scored visit [here](#).

## EXAM SECURITY

The IIA, the Professional Certifications Board, and Pearson VUE take exam security seriously



because the value of your certification depends on it. That’s why IIA Global created an Exam Security Team to enhance processes and procedures and increase investigative measures to protect The IIA’s exam intellectual property (IP).

Unauthorized possession, reproduction, publication, or disclosure of any examination materials, including storing or disclosing examination questions to any person or entity by any means before, during, or after the examination, is prohibited by copyright laws and can result in candidate disqualification or other appropriate censure. Studying from recalled test content is also improper and can lead to severe penalties. If you are aware that an exam has been exposed, do not purchase such materials. Report the incident to The IIA at [examsecurity@theiaa.org](mailto:examsecurity@theiaa.org). Additional information can be found on the Exam Security page or within the Certification Handbook.

IIA India: (For IIA Members residing in India)

<https://iiaindia.org/cia-challenge>

IIA Global:

<https://global.theiaa.org/certification/challenge-exams/Pages/QAB-CIA-Challenge-Exam-IIA-India.aspx>

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# CIA STUDENT FINANCE FACILITY WITH BANK OF BARODA



BCC:BR:113: ६३

Dated: 19.01.2021

Dear Sir,

**Re: Personal Loan offer to students studying in Institute of Internal Auditors**

We are pleased to offer Personal Loan to Students planning to pursue education with Institute of Internal Auditors on the following terms and conditions.

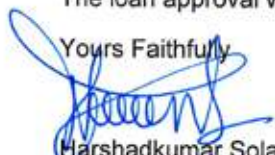
Student Eligibility	Candidates studying in Institute of Internal Auditors										
Loan Amount	Up to Rs 1.5 lacs (not exceeding the course cost)										
Loan Period	4 Years										
Age	Minimum 21 yrs										
	<b>Maximum:</b> For Salaried Persons: Age of Borrower plus repayment period should not exceed retirement age or -60- years whichever is lower. For Non-Salaried: Age of borrower plus repayment period should not exceed -65- years										
CIBIL Criteria	Minimum cut-off on CIBIL score will be 725 or 0/-1										
ROI	<b>(1) ROI for existing customers having account relationship with our Bank for minimum - 6- months:</b>										
	<table border="1"> <thead> <tr> <th>CIBIL Score</th> <th>Rate of Interest</th> </tr> </thead> <tbody> <tr> <td>800 and above</td> <td>BRLLR + SP + 3.00% i.e. 10.10% at present</td> </tr> <tr> <td>760 to 799</td> <td>BRLLR + SP + 4.00% i.e. 11.10% at present</td> </tr> <tr> <td>725 to 759</td> <td>BRLLR + SP + 5.00% i.e. 12.10% at present</td> </tr> <tr> <td>(-1) or (0)</td> <td>BRLLR + SP + 6.00% i.e. 13.10% at present</td> </tr> </tbody> </table>	CIBIL Score	Rate of Interest	800 and above	BRLLR + SP + 3.00% i.e. 10.10% at present	760 to 799	BRLLR + SP + 4.00% i.e. 11.10% at present	725 to 759	BRLLR + SP + 5.00% i.e. 12.10% at present	(-1) or (0)	BRLLR + SP + 6.00% i.e. 13.10% at present
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<b>(2) Other cases: i.e. for applicants having account relationship with other Bank at least for -6- months:</b>											
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(-1) or (0)	BRLLR + SP + 8.00% i.e. 14.10% at present										
Processing Fee	2% of Loan amount + GST, Minimum: Rs.1,000/- +GST, Maximum: Rs.10,000/- + GST										
Prepayment Charges	--NIL--										

<p>Documents Required to be submitted by applicants</p>	<p><b>Salaried Individuals/ Self Employed /Professionals :</b></p> <p><b>Passport Size Photograph</b> <b>PAN Card</b> <b>Personal identification Proof (Any One)</b> Photo identity card issued by present employer Electoral I Card Passport Driving License Aadhaar Card PAN card</p> <p><b>Residence /Address Proof ( Any One)</b> Electricity Bill Telephone Bill (Land Line) Electoral/Voter Id Card Passport Aadhaar Card Proof of Office/shop address (for Self Employed) Copy of Registration /License /Govt. approval required to pursue the profession along with Proof of technical Qualification (for Self Employed/Professional)</p> <p><b>Income Proof : Salaried Individuals</b> Salary slip for the last -3- months Statement of account for last -6- months of our Bank/other bank</p> <p><b>Income Proof : Self Employed/Professionals</b> IT Returns and Financial Statement for the last year Statement of account for last -6- months of our Bank/other bank</p>
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The above are major terms and conditions and Banks extant terms and condition would apply from time to time

The loan approval will be at the sole discretion of Bank of Baroda.

Yours Faithfully



Harshadkumar Solanki  
General Manager  
Head- Mortgages and Other Retail Assets



**Punam Sharma**  
 Head of Internal Audit,  
 Aditya Birla Sun Life  
 Insurance  
 Punam.Sharma@  
 adityabirlacapital.com



## BELIEVE IN SELF, LEARN AND GROW



I am a finance and audit professional working in the insurance domain for close to one and half decades now. Became an auditor (by choice) switching sides from business to governance and control role. Qualified as a Chartered Accountant and later Certified in Information Systems Audit (CISA).

Managing internal audit at Aditya Birla Capital – Life Insurance, designated as Head Internal Audit.

Personally, I am a proud mom, seeker, aspiring to have a minimalist life, amateur fitness enthusiast, inclined reader, slow traveller, loves music and cooking in leisure time.

**“ JUST BEING THE BEST AT WHAT YOU DO AND AT ALL TIMES, EVEN IF YOU MAY NOT KNOW ALL ANSWERS BUT HUNGER TO SEEK ANSWERS TO EVERYTHING CAN DEFINITELY TAKE ANYONE TO PLACES. ”**

My focus areas have been more on the process of continuous self-learning, being productive and efficient execution (put your mind and heart into the role, contribute to your maximum potential) and achieve all goals.



Just being the best at what you do and at all times, even if you may not know all answers but hunger to seek answers to everything can definitely take anyone to places.

To start with, I try to overcome mindset challenges by continuously conditioning self with solution mindset, growing and leveraging the strengths, being mindful and taking feedback, support from people and importantly unlearning, learning and adapting oneself quickly.

The most challenging part is to keep emotions in balance since it restricts an open mind and clouds the judgment at times. Try to perceive the situation as it is and not how you want it to be or how you thought it would be. 'Nothing is ever as good or as bad as it seems'. To me, the three essential qualities an individual must have to achieve success:

- An open mind to self-analyse
- Optimism and belief in self
- Hard work (there is no substitute for this trait in the long run)

The point is further expressed in the quote,

**“ DIRECTION IS IMPORTANT THAN DISTANCE/SPEED ”**

Believe in self and build support systems through meaningful relationships that you draw strength from. And never give up an opportunity to learn and grow.





**THE INSTITUTE OF  
INTERNAL AUDITORS  
INDIA**

## "MEMBERSHIP GROWTH - HALL OF FAME"

The Institute of Internal Auditors, India (IIA India) objective is to advocate the profession, impart knowledge, upgrade skills and demonstrate commitment towards professional community at large. Accordingly, IIA India wishes to enhance the reach amongst audit professionals by welcoming them as members and enable them take benefit by participating in multiple trainings, webinars, events and seek insights on audit best practices, quality standards etc. To take a step forward in this direction, IIA India requests its existing members to spread the word amongst audit professionals on benefits of taking membership and support IIA India endeavor to make the professional base large with common objective.



**“ RECOGNITION TO MEMBER -**

Top 12 individual members who get another member/ s on board will have their name, one line introduction with photo published in the subsequent IIA India magazine. A certificate of appreciation will also be issued.

**”**



# IIA INDIA'S WOMEN'S FORUM NATIONAL CONFERENCE 2021

## UNLEASHING THE POWER OF WOMEN - LEADERSHIP AND GOVERNANCE

Date: February 19, 2021 (Friday)

Time: 10.30 AM to 4.30 PM

### KEY FOCUS AREAS:

This virtual conference will feature:

1. **Key Note Address: Women Independent Directors: Governance Roles – Stepping up in the Board Room**
2. **Panel Discussions (Key themes to address): Forensics, Tech, Risk Management**
3. **Valedictory Address: Leadership – Unleashing the Power of Women**

### SPECIAL FEATURES:

Career Fair & Returnship Program for Women is proposed to be launched. We propose to make available in the Online Digital Stall for organizations that have vacancies for women returning full time or part-time, to enable women to find the break they have been waiting and bring organizations the benefit of diverse and capable talent.

Mentorship Program for Women is proposed to be launched, which will bring willing leaders to mentor deserving mentees to help turbocharge their careers.

For Sponsorship & Career Fair Enquiries Connect

Ms. Uma Prakash – 9444028887 | Ms. Nehal Shah - 9821483101



# ONLINE EVENT ON ‘EVOLVING ROLE OF INTERNAL AUDIT - DEXTEROUS TO DIGITAL’ ORGANISED BY AUDIT CLUBS OF THE INSTITUTE OF INTERNAL AUDITORS – DELHI CHAPTER



Online seminar on ‘Evolving Role of Internal Audit - Dexterous to Digital’ was conducted jointly by all Audit Clubs of The Institute of Internal Auditors – Delhi Chapter on Friday, December 25, 2020. The program was hosted jointly by Presidents of all four audit clubs namely Mr. Mohit Gupta, President - Lucknow Club; Ms. Sana Baqai, President - Jaipur Club; Mr. Sameer Mittal, President-Ludhiana Club and Mr. Sumeet Bahadur, President - Bhilai Club.

It was attended by more than 80 participants comprising of Chartered Accountants, Cost and Management Accountants, Advocates, Industry representatives and other internal audit and finance professionals.

Mr. Sidheshwar Bhalla, President - IIA, Delhi Chapter started the program by welcoming all the delegates, speakers and attendees. The program started with theme address delivered by Mr. Nikhel Kochar, Chief Advisor - IIA India. They apprised the attendees with the various initiative being taken by IIA India for members'

benefit and enlightened the participants with the need for digital upgradation of the Internal Auditors in today’s time.

This was followed by a detailed presentation by Mr. Mohit Gupta talking about ‘Evolving Role of Internal Audit - Dexterous to Digital’ and elaborating on Internal auditor's journey from the times of Roman Empire to Industrial Revolution and the changing role of Internal Auditor with Digital Revolution. His presentation comprised of various videos and practical aspects of Internal Audit in today’s time. He elaborated in length over the concept of Smart and Digital Internal Audit with 360° Coverage, performing Internal Audit using remote audit methodology and usage of bots for the purpose of Internal Audit. He ended his presentation with a glimpse on the future life of Internal auditor in 2025.

The conference ended with Q&A supported by Ms. Sana Baqai and vote of thanks from Mr. Sidheshwar Bhalla.





# HALL OF FAME

**BEST ARTICLE AWARD FOR QUARTER**  
(Oct. to Dec. 2020)

## 1. THE POWER OF A VALUE FOR MONEY AUDITING

Lalbahadur(Lal) Balkaran,  
Past President and Honourary Member of IIA-Toronto,  
lalbalkaran@rogers.com

## 2. RETENTION ON INTERNAL AUDIT EVIDENCES – A BUSINESS CHALLENGE

Mukesh Gupta,  
CA, CIA, CISA and CFE,  
mukesh\_gupta1977@yahoo.co.in

Jayashree C. B.,  
& Chartered Accountant,  
jayashreevenkatesh7@gmail.com

## 3. REMOTE INTERNAL AUDIT – ADAPTING TO THE RULE OF THE GAME

Mohit Gupta,  
Director - Business Advisory Services, Mazars Business Advisors Pvt. Ltd.,  
Mohit.Gupta@mazars.in

### PANELIST:

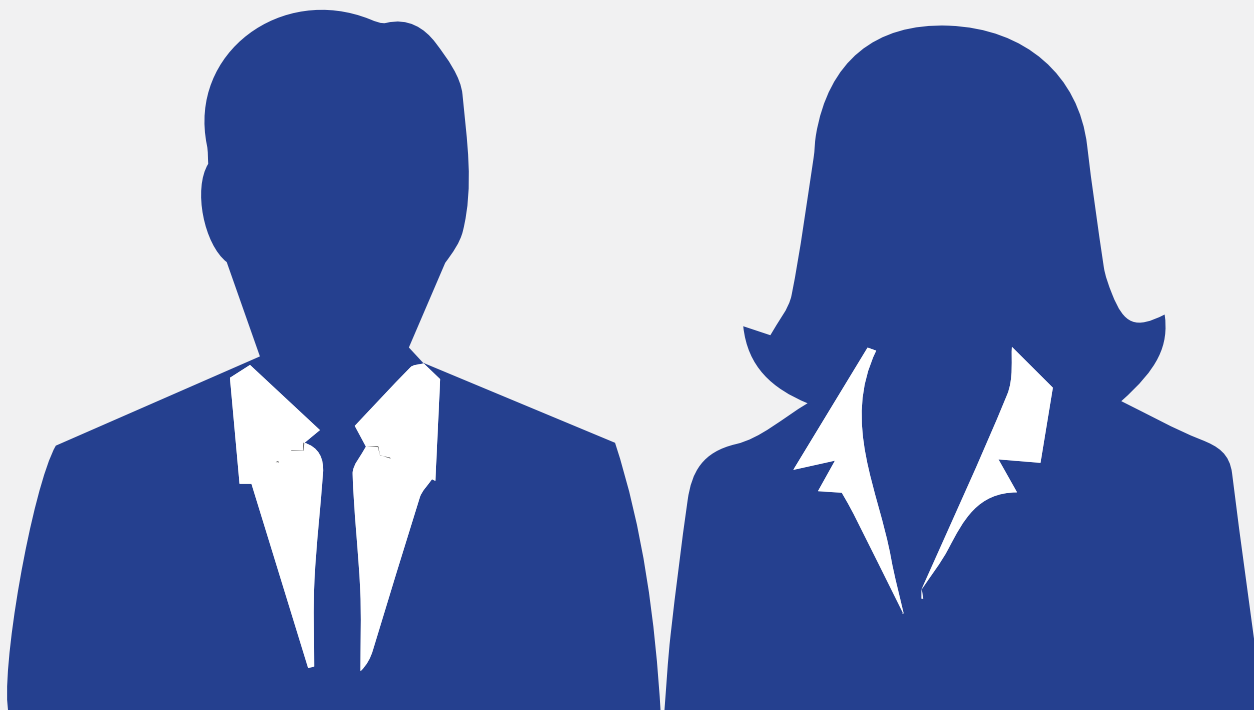
DEEPAK WADHAWAN  
(EX-CEO IIA INDIA)

K VIDYADARAN  
(PAST PRESIDENT IIA INDIA)



S.No.	Date	Time	Topic	IIA India/ Chapter/ Club	Type of webinar	Speaker (s)	Fees- Member (in Rs.)	Fees- Non- Member (in Rs.)	Payment Link/Webinar link
1	03-01-21	9.00 am to 1.15 pm (8 consecutive Sundays) 27 Dec, 2020 and 3, 10, 17, 24 and 31 Jan, 7 and 14 Feb, 2021.	Online Fluency in English Training Module	IIA India	Paid	Mr. Anthony Thomas	2500	3000	<a href="https://www.townscript.com/e/Fluency-in-English-Online-Training-Module">https://www.townscript.com/e/Fluency-in-English-Online-Training-Module</a>
2	15-01-21	4:00 pm to 5:30 pm	DIGITIZING GOVERNANCE RISK & COMPLIANCE THROUGH AN INTEGRATED APPROACH	IIA India	Paid	Mr. Nirupam Dey	500	1000	<a href="https://www.townscript.com/e/digitizing-governance-risk-and-compliance">https://www.townscript.com/e/digitizing-governance-risk-and-compliance</a>
3	16-01-21	4:30 pm to 6:00 pm	Common pitfalls in ERM, Making ERM more relevant	Pune Audit Club	Free	Mr. Shreyas Petkar	Nil	Nil	<a href="https://attendee.gotowebinar.com/register/4888741369719128336">https://attendee.gotowebinar.com/register/4888741369719128336</a>
4	19-01-21	6:00 pm to 7:00 pm	IT imperatives – security, confidentiality, processing integrity & data privacy (including GDPR compliances)	IIA India	Paid	Mr Tarun Kher and Mr Vikas Bansal	500	1000	<a href="https://www.townscript.com/e/IT-imperatives-security-confidentiality-processing-integrity-data-privacy">https://www.townscript.com/e/IT-imperatives-security-confidentiality-processing-integrity-data-privacy</a>
5	21-01-21	5:00 pm to 6:00 pm	IDENTITY THEFT & IMPERSONATION - CURRENT TREND, IMPACT, AND AVAILABLE REMEDIES	Bangalore	Free	Mr. P. Sharath Kumar	Nil	Nil	<a href="https://attendee.gotowebinar.com/register/3255212338310024460">https://attendee.gotowebinar.com/register/3255212338310024460</a>
6	22-01-21	4:00 pm to 7:00 pm	SAP Audit with IDEA Analytics	Bombay	Paid	Mr. Deepjee Singhal & Mr. Jairam Rajshekhkar	500	1000	<a href="https://www.townscript.com/e/Webinar-on-SAP-Audit-with-IDEA-Analytics">https://www.townscript.com/e/Webinar-on-SAP-Audit-with-IDEA-Analytics</a>
7	23-01-21	3:00 pm to 4:30 pm	DATA VISUALISATION FOR AUDIT - USING POWER BI	Madras	Paid	Ms. Deephika S	250	400	<a href="https://www.townscript.com/e/Data-visualisation-for-audit-using-Power-BI">https://www.townscript.com/e/Data-visualisation-for-audit-using-Power-BI</a>
8	27-01-21	3:00 pm to 4:30 pm	Emerging Business Models & Enterprise Value proposition	Madras	Free	Mr. P. K. Ranganathan	Nil	Nil	<a href="https://attendee.gotowebinar.com/register/4418385689101265679">https://attendee.gotowebinar.com/register/4418385689101265679</a>
9	28-01-21	5:00 pm to 6:30 pm	"Auditing Robotic Process Automation (RPA) projects & BOTs"	Delhi	Free for Members	Mr. Pranav Kaushik	Nil	Nil	<a href="https://attendee.gotowebinar.com/register/8110942658795825421">https://attendee.gotowebinar.com/register/8110942658795825421</a>
					Paid for Non Members				
10	30-01-21	2:00 pm to 6:00 pm	Critical Thinking for Internal Auditing	IIA India	Paid for Non Members	Mr. Deepak Wadhawan & Mr. Amit Sharma	1000	2000	<a href="https://www.townscript.com/e/Critical-Thinking-in-the-Audit-Process">https://www.townscript.com/e/Critical-Thinking-in-the-Audit-Process</a>

Note : For offline payment (otherwise than Townscript link) , Rs. 500 per participant will be charged extra for each training



## JOBS IN INTERNAL AUDIT

Designation	Company Name	Min-Max Exp	Location	Bitly
Assistant Manager – Internal Audit	The Contec Global Group	0-2 yrs	Nigeria	<a href="https://bit.ly/3q17HBz">https://bit.ly/3q17HBz</a>
Associate( Internal Audit)/Article Assistant	Valueonshore Advisory Services Private Limited	0-2 yrs	Mumbai, Bangalore	<a href="https://bit.ly/2MUJ5AZ">https://bit.ly/2MUJ5AZ</a>
Senior Executive Internal Audit	Hiregange & Associates	0-2 yrs	Bangalore	<a href="https://bit.ly/35Bbcfa">https://bit.ly/35Bbcfa</a>
Executive Internal Audit	Hiregange & Associates	0-2 yrs	Bangalore	<a href="https://bit.ly/3i8GzCJ">https://bit.ly/3i8GzCJ</a>
Assistant Manager, Internal Audit	Altisource	6-8 yrs	Bangalore	<a href="https://bit.ly/3qk4bHl">https://bit.ly/3qk4bHl</a>
Internal Audit Executive	Navia Markets Ltd.	0-3 yrs	Chennai	<a href="https://bit.ly/3oGBQuG">https://bit.ly/3oGBQuG</a>
Audit Manager	Kalyaniwalla Mistry	0-5 yrs	Mumbai	<a href="https://bit.ly/3qcAHLJ">https://bit.ly/3qcAHLJ</a>
Sr. Manager/ Manager/ Asst Manager - Internal Audit	TalentAhead	2-5yrs	Mumbai	<a href="https://bit.ly/2XxXvJD">https://bit.ly/2XxXvJD</a>
Senior Manager Internal Audit	Genpact	6-10 yrs	Mumbai	<a href="https://bit.ly/3oHBDan">https://bit.ly/3oHBDan</a>
Assistant Manager - Internal Auditor - CA	The Contec Global Group	5-10 yrs	Nigeria	<a href="https://bit.ly/2Lkgyok">https://bit.ly/2Lkgyok</a>
ASSISTANT MANAGER INTERNAL AUDIT	ATC Telecom Infrastructure Private Limited	1-3 yrs	Gurgaon	<a href="https://bit.ly/2XAAEwP">https://bit.ly/2XAAEwP</a>
CA Freshers - Internal Audit ( Branch Audit , General Audit )	Kotak Mahindra Finance Ltd.	1-4 yrs	Mumbai	<a href="https://bit.ly/3nH4N8e">https://bit.ly/3nH4N8e</a>



Manager - Internal Audit	Flipkart	6-8 yrs	Bangalore	<a href="https://bit.ly/3nG6IKu">https://bit.ly/3nG6IKu</a>
Audit Manager	Capital Float	2-4 yrs	Bangalore	<a href="https://bit.ly/3nHDxGR">https://bit.ly/3nHDxGR</a>
Audit Manager	Catholic Syrian Bank Ltd	3-8 yrs	Pune, Mumbai, Ahmedabad	<a href="https://bit.ly/3qhby2i">https://bit.ly/3qhby2i</a>
Assistant Manager / Deputy Manager - Internal Audit	MONTECARLO LIMITED	3-6 yrs	Ahmedabad	<a href="https://bit.ly/2KeIXLU">https://bit.ly/2KeIXLU</a>
Audit Manager	NatWest Group	4-8 yrs	Chennai	<a href="https://bit.ly/39tIXRN">https://bit.ly/39tIXRN</a>
Manager Internal Audit	CALIBEHR BUSINESS SUPPORT SERVICES PRIVATE LIMITED	7-10 yrs	Mumbai	<a href="https://bit.ly/38ESMvR">https://bit.ly/38ESMvR</a>
CA -Statutory audit (Big four)	TEAMINNOVATIVE CONSULTANTS	2-7 yrs	Chennai, Pune, Delhi NCR, Mumbai, Bengaluru, Hyderabad	<a href="https://bit.ly/3bBr4BZ">https://bit.ly/3bBr4BZ</a>
Deputy Manager Internal Audit (Amravati & Nashik)	Rattan India Finance Private Limited	3-5 yrs	Nasik, Amravati	<a href="https://bit.ly/3buPYU2">https://bit.ly/3buPYU2</a>
Manager - Taxation and Internal Audit	SS Group	3-5 yrs	Gurgaon	<a href="https://bit.ly/39qLVW4">https://bit.ly/39qLVW4</a>
Manager Internal Audit	Minda Corporation	5-10 yrs	Greater Noida	<a href="https://bit.ly/3sikeYa">https://bit.ly/3sikeYa</a>
Urgent Hiring : Manager Internal Audit : Kolkata	Spencer's Retail Ltd.	2-6 yrs	Kolkatta	<a href="https://bit.ly/38DfaFW">https://bit.ly/38DfaFW</a>
Manager Internal Audit	Laxmi India Finleasecap Private Limited	2-5 yrs	Jaipur	<a href="https://bit.ly/3nHlws2">https://bit.ly/3nHlws2</a>
Audit Manager	NMS Consultant	5-6 yrs	Mumbai	<a href="https://bit.ly/2N2b4ir">https://bit.ly/2N2b4ir</a>
Manager, Internal Audit	Shinewell Consultants	1-2 yrs	Bangalore	<a href="https://bit.ly/3bIkZnk">https://bit.ly/3bIkZnk</a>
Manager Internal Audit (CA) - Bangalore	BCS Consulting Pvt Ltd.	1-6 yrs	Bangalore	<a href="https://bit.ly/35BpBb3">https://bit.ly/35BpBb3</a>
Manager/Assistant Manager /Executive - Audit Dept	GMJ & Co	1-3 yrs	Mumbai	<a href="https://bit.ly/3byWxoq">https://bit.ly/3byWxoq</a>
Internal Audit Accounts Mgr - Lower Parel	Quotient Consultancy	9-14 yrs	Mumbai	<a href="https://bit.ly/3byWxoq">https://bit.ly/3byWxoq</a>
Senior Manager – Internal Audit	Windows Consultants Pvt. Ltd.	10-14 yrs	Delhi NCR	<a href="https://bit.ly/3oKdEay">https://bit.ly/3oKdEay</a>
Manager / Sr Manager- Internal Audit	XL Recruiters	5-8 yrs	Bangalore	<a href="https://bit.ly/3sqnukc">https://bit.ly/3sqnukc</a>
Internal Auditor-Delhi	Apeejay Satya Group	5-10 yrs	Delhi NCR	<a href="https://bit.ly/35DSjIx">https://bit.ly/35DSjIx</a>
Deputy Manager / Assistant Manager – Internal Auditor	Vadilal Industries Ltd.	6-11 yrs	Ahmedabad	<a href="https://bit.ly/3icPBi8">https://bit.ly/3icPBi8</a>
Internal Auditor, Chennai	George Maijo Industries Private Limited	1-3 yrs	Chennai	<a href="https://bit.ly/3oILltp">https://bit.ly/3oILltp</a>

Internal Auditor	Naprod Life Sciences Private Limited	3-5 yrs	Mumbai	<a href="https://bit.ly/2XDUvvd">https://bit.ly/2XDUvvd</a>
Quantitative Risk – Internal Auditor	UBS	5-10 yrs	Mumbai	<a href="https://bit.ly/3sohecF">https://bit.ly/3sohecF</a>
Executive Internal Auditor	RJ Corporation	4-7 yrs	Gurgaon	<a href="https://bit.ly/2LMCzvF">https://bit.ly/2LMCzvF</a>
Internal Auditor - Hyderabad	Ernst and Young Services	0-4 yrs	Hyderabad	<a href="https://bit.ly/3qkYQzS">https://bit.ly/3qkYQzS</a>
Internal Auditor	Hewlett Packard Enterprise	0-4 yrs	Bangalore	<a href="https://bit.ly/2LTs4XG">https://bit.ly/2LTs4XG</a>
Internal Auditor	Emenox Group	5-8 yrs	Noida	<a href="https://bit.ly/2XE9YeF">https://bit.ly/2XE9YeF</a>
Senior Internal Auditor	RADHA SMELTERS PRIVATE LIMITED	7-12 yrs	"Hyderabad	<a href="https://bit.ly/2N3Auw6">https://bit.ly/2N3Auw6</a>
Internal Auditor / Audit Executive	Bhima Jewellery	1 - 4 yrs	Trivandrum	<a href="https://bit.ly/3nPj1UY">https://bit.ly/3nPj1UY</a>
Internal Auditor - MSME - Jaipur	Kogta Financial (India) Limited	1-4 yrs	Jaipur	<a href="https://bit.ly/38FUP2I">https://bit.ly/38FUP2I</a>
Urgent opening For Internal Auditor (CA Qualified)	Cybernetic Management Professionals	4-8 yrs	"Bellary	<a href="https://bit.ly/35FsIPz">https://bit.ly/35FsIPz</a>
Internal Auditor - CA - 1st/2nd attempt - Mumbai	Mangalam Placements Pvt Ltd	2-4 yrs	Mumbai	<a href="https://bit.ly/2LTfHKT">https://bit.ly/2LTfHKT</a>
Sr. Analyst SOX	5M Consultants	4-9 yrs	Bangalore	<a href="https://bit.ly/3bFCIfs">https://bit.ly/3bFCIfs</a>
General Manager -Internal Audit	cars24.com	5-10 yrs	Gurgaon	<a href="https://bit.ly/3bDuyEd">https://bit.ly/3bDuyEd</a>



IIA Members, CAE, CFO and other subject experts, with academic passion and flair for writing, are invited to share their expertise through the Monthly IIA Magazine. The article may cover any topic relevant to the auditing world. While submitting articles, please keep following aspects in mind:

- Length:** It should be around 2500 words.
- Clarity/Readability:** The article should be written in clear and concise manner.
- Originality:** It should be original in nature. It should not have been published or sent for publishing in any other print or electronic media
- Practicality:** The article should be of practical value to the professionals.

Please send the articles through email. Attach photograph, brief profile of author, executive summary of article of approx. 100 words, editable soft copy of article, declaration of originality and assignment of copyright along with the article. E-mails may be sent to [publications@iiaindia.org](mailto:publications@iiaindia.org)



# OUT OF THE BOX







## ASTROLOGICALLY – BUSINESS PARTNERSHIP

Business means money earned through own efforts by an individual, and partnership is an arrangement by two or more parties to manage and operate a business and share its profits. Thus, astrologically ‘Business Partnership’ refers to how destiny of individuals joining hands for a common purpose influences the enterprise’s success. Let’s look at the below illustrative traits a successful businessperson should ideally possess and how these are analysed in the natives birth chart:

1. **Enterprising:** Mars signifies entrepreneurial ability. Strong Mars in the birth chart of a native is important for being enterprising.
2. **Business acumen/ sense:** In addition to education, business sense is critical. Mercury is considered the planet of commerce/ business, which should be strong in natives’ birth charts.
3. **Fortunate:** ‘Fortune Favours the Brave’. A strong Jupiter is necessary for fortune/ luck and should be well posited in the natives birth chart.
4. **Ethical:** In case Mercury and Sun are weak, there



**Sidheshwar Bhalla**

Qualified ‘Jyotish Acharya’  
from Bhartiya Vidya  
Bhavan Delhi  
[sidheshwar@astrosid.com](mailto:sidheshwar@astrosid.com)

is a tendency to earn money through illegal means. A weak Mars and Saturn strengthen this tendency. This could be neutralised by a strong Jupiter.

- 5. Courageous:** A strong or exalted Surya or Sun shows energy, stamina, vitality. In case Surya or Sun is weak, it shows lack of initiative, dependence on others and avoidance of responsibilities.
- 6. Strong determination:** Moon (Mind) has to be well positioned and favourable in the birth chart to be determined.
- 7. Wealthy:** Venus, the goddess of wealth, should be well placed and strong in the birth chart of the native.
- 8. Hard Working:** Strong Saturn is required for perseverance and ability to do hard work.

viz. ascendant, Sun and Moon very strong.

Till now, we observed the traits for being a successful businessperson and which planets influence such traits. Let us now talk on the various Houses in the birth chart which specifically are analysed for Business Partnership:

**SECOND HOUSE:**

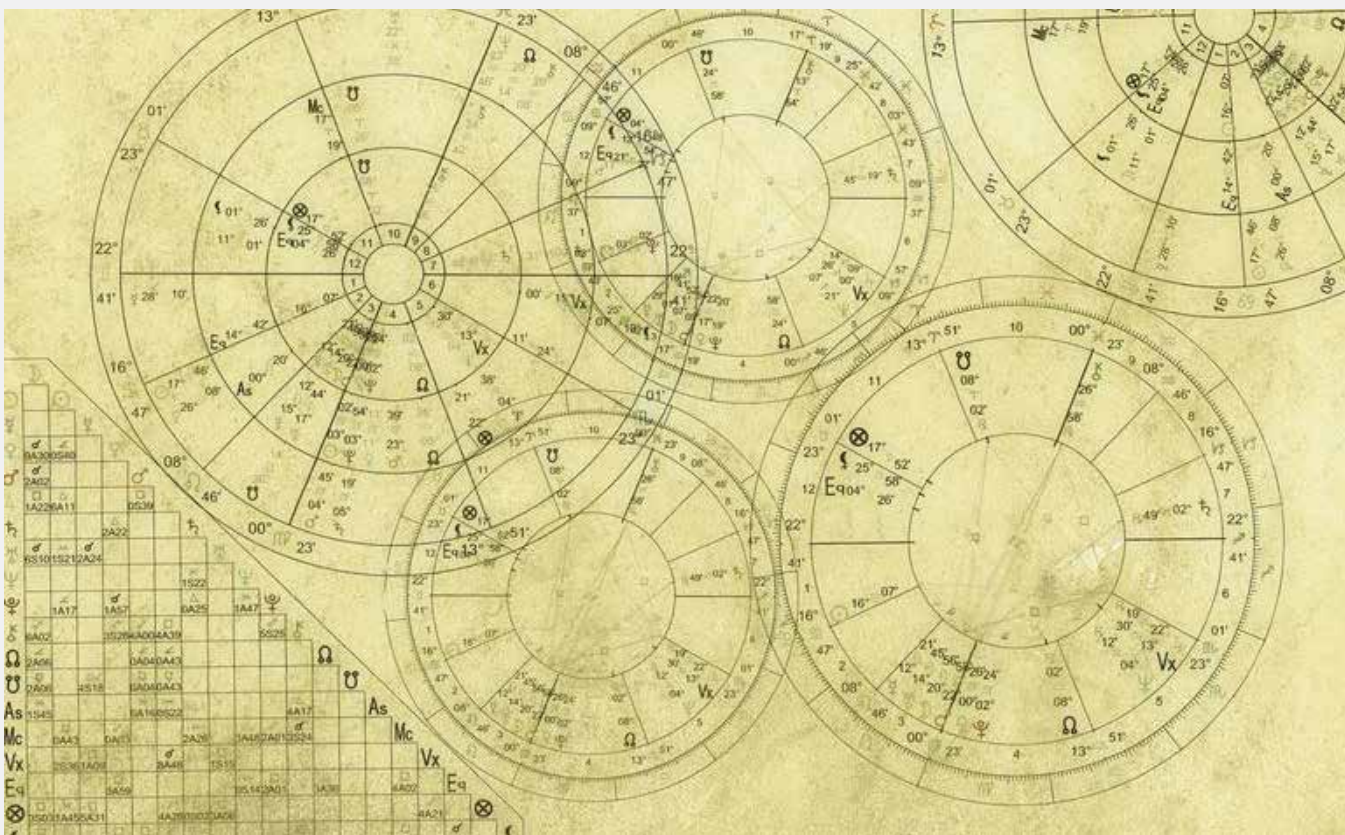
*Kutumbha Sthan (family). Business Empire is like a Family. Second House aspected by benefic planets is good for wealth. Malefic planet here destroys the wealth. The second house and fourth house (Sukh Sthan) are for accumulation of wealth. Their combination with fifth house (speculative gains) and eleventh house (labhasthan) are good for wealth.*

**IMPORTANCE OF LAGNA (SELF):**

Natives who make business empires and create new industries have all the three lagnas

**THIRD HOUSE:**

*Deals with courage, valour or efforts. If in third house, Mars are well disposed with full*





strength the native achieves success due to own efforts.

### SEVENTH HOUSE:

Partnership. Though this house is prominently analysed for marriage (*Life Partner*), it is equally important to be assessed for Business Partnership. If the strength of seventh house is more than sixth house, native will gain more from business than service. As a native moves up the hierarchy in an organisation, the mindset has to switch from service to business. You may notice some people are more successful as they move up the organisation ladder and vice versa as well.

### NINTH HOUSE:

*Bhagyasthan*. To assess fortune (good or bad) strength of ninth house, influence of malefic and benefic planets on ninth house has to be analysed.

### TENTH HOUSE:

*Karma Sthan*. A strong tenth house gives the ability to pursue right profession at the right time and make a success of it. It is also analysed to assess honour and fame of the native.

### TWELFTH HOUSE:

*House of loss*. It is also house of destruction, expenditure and downfall. Stability of a business empire is analysed from this house.

In addition to the twelve houses, the seven planets and two Chaya planets (Rahu and Ketu) are to be analysed in the birth chart to assess line of business in which the native will be destined for prosperity. Yogas (planetary combinations) give good or bad results depending on nature, condition and strength of the planets and which also influence



success/ failure of the native. Illustratively, I would talk of following two Yogas from Business Partnership point:

### MAHABHAGYA YOGA:

This is a very powerful Rajyoga as the name suggests. It gives wealth, power, prosperity, good health and important positions in society.

In female horoscope, conditions for this yoga are:

- Birth during night time.
- Lagna, Sun and Moon in even signs.
- In male horoscope, conditions for this yoga are:
- Birth during day time.
- Lagna, Sun and Moon in odd signs.

### GAJ KESARI YOGA:

This yoga is formed when Jupiter and Moon are in Kendra (1, 4, 7, 10) from each other.

It is pertinent to note that the horoscope should be seen as a whole to arrive at any firm conclusion. Position of planets in a particular zodiac sign, their aspects, inherent results (malefic, benefic), strength of planets and combinations which they form in various houses in the native birth chart has to be analysed and interpreted collectively. Along with same planetary transit is critical and should be considered. Based on personal experience, I can safely say that meditation by an Astrologer plays a significant role.





# SUMMARY OF GLOBAL ASSEMBLY OF IIA INC.

### Q: What are the most significant changes to the profession of internal auditing happening now and into the foreseeable future?

Four primary takeaways from the discussions for significant changes to the internal audit profession occurring now and into the foreseeable future:

1. Working environment
2. Working practices
3. Stakeholder expectations
4. Competencies needed

#### 1. Changes to the working environment

##### *Disruption*

- Rapid disruption and the professional working environment will change as a result of the global pandemic.
- Home-based operations have resulted in dispersed teams.

##### *Technology*

- While technology is seen as a source of disruption, it also provides an opportunity for innovation in how internal audit services are delivered.
- Risks associated with technology and related controls, together with skills and expertise to provide effective assurance.
- Using technology to assist in the delivery of audit services, including artificial intelligence, smart systems, data analytics, etc.

##### *Competition*

- Increased competition from the accounting profession

##### *New risks or increase in existing risks*

- Ability to respond to and manage cyber risks
- Ability to respond to and manage fraud
- Ability to manage staff morale and potential burnout
- Outdated business continuity plan

## 2. Changes to working practices

### *Remote working*

- Conducting reviews remotely
- Virtual work papers
- Remote supervision
- Conducting virtual quality assessments
- The ability to provide audit reports to audit committees virtually

### *Reduced budgets*

- The impact of reduced budgets on membership and professional development training

### *New tools and opportunities*

- Automated systems
- Artificial intelligence

### *Increased collaboration*

- Assuming new roles beyond internal audit
- Flatter structures as a result requires internal auditors to have wider responsibilities, such as ERM and compliance
- Greater use of rotational model and utilization of business unit resources

## 3. Changes to stakeholder expectations

### *Evolving expectations of stakeholders*

- Greater reliance being placed on internal audit work
- Delivering greater value from well-informed insights and foresight
- Increased work across the lines, leading to more blended roles in unregulated industries and necessitating closer integration with business units outside of the internal audit department
- Broader scope of risks (including ESG)
- Greater adaptability and innovation to remain visible and relevant
- Combined/integrated assurance

## 4. Changes to competencies needed

### *Future of internal audit core competencies*

- Use and understanding of technology, specifically in the areas of data analytics, digital expertise, working in virtual environments, use of automated tools, and understanding of technology risks
- Greater awareness and understanding of risk management practices and of new and emerging risks
- Increased agility, adaptability, and proactivity
- Greater emphasis on emotional intelligence, building relationships, soft skills, and assertiveness
- Maintaining independence and objectivity while maximizing value
- Greater emphasis on innovation, improvement, advisory, consulting, insight

**Other Key Observations:**

- Fast-paced change
- Global shopping
- Geopolitics
- Climate change
- Demographic shifts
- Expectations of Gen Z
- Widening economic and social disparity
- Increased fraud risk
- Stakeholder expectations for integrity, transparency, and responsible stewardship

**Q2: What IIA products and services (current or future) will be of the greatest value for a) CAEs, b) internal auditors, and c) stakeholders?**

The following are considerations to better serving three of The IIA’s primary audience: Chief Audit Executives/Heads of Internal Audit, internal audit practitioners, and stakeholders.

**A. Chief Audit Executives/Heads of Internal Audit**

- Connectivity
- Benchmarking, dashboards, best practices by industry, research, trends, outlooks, truly global perspective
- Thought leadership
- Support for rotational CAEs
- Audit programs
- Share Audit Executive Center services
- Global and sector-based networking in-person and online
- Unique aspects of holding companies, group audits
- Hot topics, regular updates
  - Consulting – risk, control, governance
  - Sizing of audit activity
  - Technology and training
  - Emerging risk identification and management
  - Auditing in a crisis
  - IPPF



## B. Internal Auditors

- Content and training that is:
  - Readily accessed
  - Short
  - Practical
  - Relevant, including by region or sector/industry
  - Affordable
  - Available in local language
  - Topics include:
    - IPPF, artificial intelligence, automation, new technology-related skillsets (data analytics, etc.), risk identification, continuous auditing, certification preparation, integrated/combined assurance, ERP, privacy, advocacy skills
- Connectivity to foster sharing, networking, and the exchange of leading practices
- Thought leadership that is authoritative, insightful, forward-looking, and global
- To ensure that *Internal Auditor* magazine is truly relevant and global

## C. Stakeholders

- Training, tools, and other services
- Symposium for non-executive directors
- Audit committee training, development, tools, guidance, recommendations, news, resources, advocacy – they need to march in the same direction as internal audit (including the use of AI, new and hot topics like emerging risks and Three Lines Model)
- Other stakeholder-facing products and services
  - Training and resources for compliance professionals

## Other Key Observations:

- Certifications
  - Increase number of CIAs as percent of total population of internal auditors
  - Clarity and structure around local programs
- Quality services
  - Quality assurance (QAR) especially in the public sector where it is less common
  - Online assessment
- Alignment to, integration with, inclusion in other global standards, policies, frameworks (e.g., ISO, COSO, IAASB/IESBA, INTOSAI, G20)

### Q3: What are the priorities for any changes to the IPPF and IIA certifications?

#### IPPF

- Modern format
- Simpler definition
- Reduce the number of *Standards*
- Greater focus on topics such as IT, limited assurance, assurance mapping, consulting, privacy, remote auditing, continuous auditing, risk assessment, and performance auditing
- More industry-specific guidance.
- More *Standards* for audit planning, audit field work, audit evidence, audit report
- Allow for scalability and maturity
- Stronger alignment with the new Three Lines Model
- Raise the profile of the Global Technology Audit Guides (GTAG)
- Nonconformance is addressed
- More supporting documents such as benchmarking, leading practices, good to have, expectations, etc.
- Direction on how to codify the IPPF

#### Global Certifications

- More specialized certifications: need certifications on IT, public sector, external assessors, EHS, internal audit software development, privacy
- Consideration for regional or local pricing.
- Increase the number of languages in which certifications are offered
- Greater challenge; more than multiple choice questions (MCQs)
- Establish the Internal Audit Practitioner program as the pathway to the Certified Internal Auditor

#### Other Key Observations:

- Many representatives support The IIA's primary focus on the Certified Internal Auditor certification and several were in favor of allowing local variations
- Online proctored testing was favored
- Consider certification for external assessors
- While there are competing opinions about the value of the CIA Challenge Exam, some representatives believe similar challenge exams for other disciplines would be valuable
- More affordable preparation material in the local language
- Consider the alignment between COSO, the IPPF, The Three Lines Model, and certifications

## Q4: What are the THREE most important priorities for The IIA's strategic plan for the next five years?

The following were identified as the most important priorities for The IIA Global Strategic Plan for the next five years.

- The IIA as a global body
- Advocacy
- Practical tools
- Technology
- Membership
- Talent

### *IIA as a global body*

- Build global community that considers pricing, languages, content, terminology, target audiences
- Greater efficiency and effectiveness to reduce duplication and competition within the network and foster the sharing of resources
- Regional approach, engagement of, and support for associated organizations
- Greater support for Affiliates from IIA Global in the form of technology, advocacy (in regions where internal audit is not well established), delivering professional development training, and managing disruptions
- Capacity building
- Clear purpose
- Strategic partnerships

### *Advocacy*

- Supported by legislation/regulation
- Integrated into other *Standards*, etc.
- Expand The Three Lines Model to include stakeholders
- Stakeholder engagement, tools, and resources
- Regulatory intervention and oversight
- Need a seat at the table
- Collaboration and partnerships

### *Practical tools and guidance*

- Current, easy access, affordable, etc.
- Practical training tools and guidance
  - Relevant
  - Integrated assurance



**Technology**

- Digital services
- Digital resources
- Digital competence
- Digital transformation

**Membership**

- Truly global
- Promote loyalty
- Increase recruitment
- Engage as volunteers and advocates

**Respond to global and local challenges**

- Relevance, credibility, authority, value
- COVID-19
- ESG
- Technology
- Gen Z

**Talent**

- Staff
- Volunteers
- Job board

**Other Key Observations:**

- Prioritize updates to the IPPF
- Growth of CIA
- QARs

## Conclusions

- We must remain focused on our purpose – to advance the profession of internal auditing and support the professional needs of our members and other practitioners.
- We must recognize and embrace the diversity of experience and individual career aspirations of our members.
- We must establish and foster a community to enable members to network with like-minded professionals locally, regionally, and globally, and to readily access the products and services in accordance with their needs and interests.
- We must work tirelessly to promote to stakeholders and those with influence over stakeholders the nature and value of internal auditing and its contribution to organizational success.
- We must harness the opportunities of technology as an enabler of our strategy.
- We must engender a truly global profession with common practices, standards, and certifications while tailoring our services to local and regional differences.
- We must operate in a manner that optimizes our resources for maximum impact in all jurisdictions through close collaboration.

## Next Steps

It is the responsibility of Global Assembly representatives to make certain their local Affiliate boards remain informed of the range of strategies, concerns, and accomplishments of the Global Assembly by articulating the importance of working together to extend our reach, support our members, and advise stakeholders to increase our collective impact.

Ongoing progress reports on these will be communicated to all Affiliates throughout 2021 via email, virtual Global Assembly meetings, the Global Assembly eNewsletter, and at future regional and global forums.

## ANSWER TO CIA QUIZ

Q1.C • Q2.D • Q3.D • Q4.D Q5.A Q6.D

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Bengaluru	8022261371	<a href="mailto:bangalorechapter@iiaindia.co">bangalorechapter@iiaindia.co</a>
Chennai	9884716160	<a href="mailto:madrashchapter@iiaindia.co">madrashchapter@iiaindia.co</a>
Delhi	9650002331	<a href="mailto:delhichapter@iiaindia.co">delhichapter@iiaindia.co</a>
Hyderabad	9391690256	<a href="mailto:hyderabadchapter@iiaindia.co">hyderabadchapter@iiaindia.co</a>
Kolkata	7980586848	<a href="mailto:calcuttachapter@iiaindia.co">calcuttachapter@iiaindia.co</a>
Mumbai	9326652393	<a href="mailto:bombaychapter@iiaindia.co">bombaychapter@iiaindia.co</a>
IIA India	8287359493	<a href="mailto:Coordination@iiaindia.co">Coordination@iiaindia.co</a>
	9004512247	<a href="mailto:Coordinator@iiaindia.co">Coordinator@iiaindia.co</a>



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