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INTERNAL AUDIT TODAY

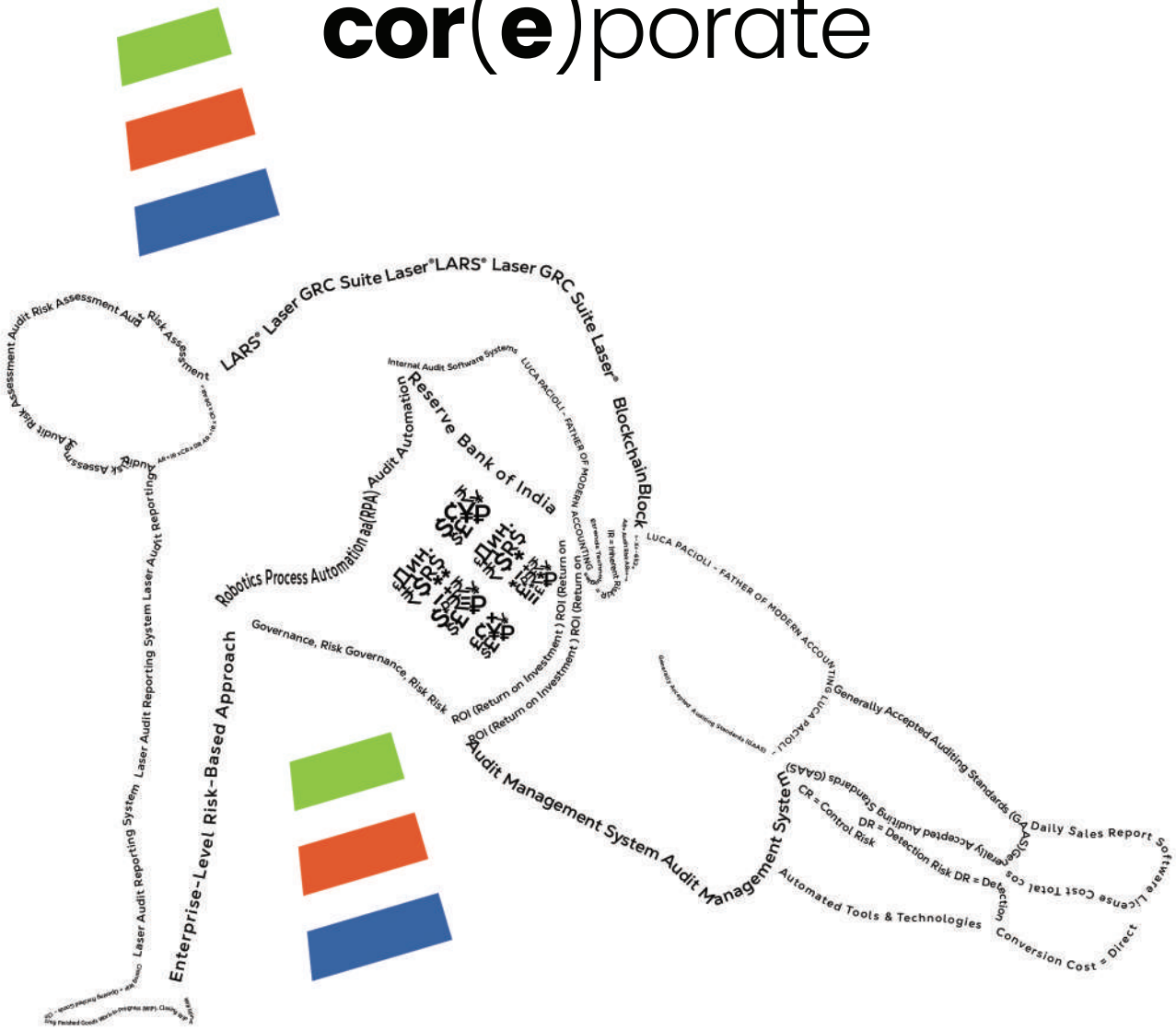
MONTHLY MAGAZINE OF THE INSTITUTE OF INTERNAL AUDITORS,INDIA



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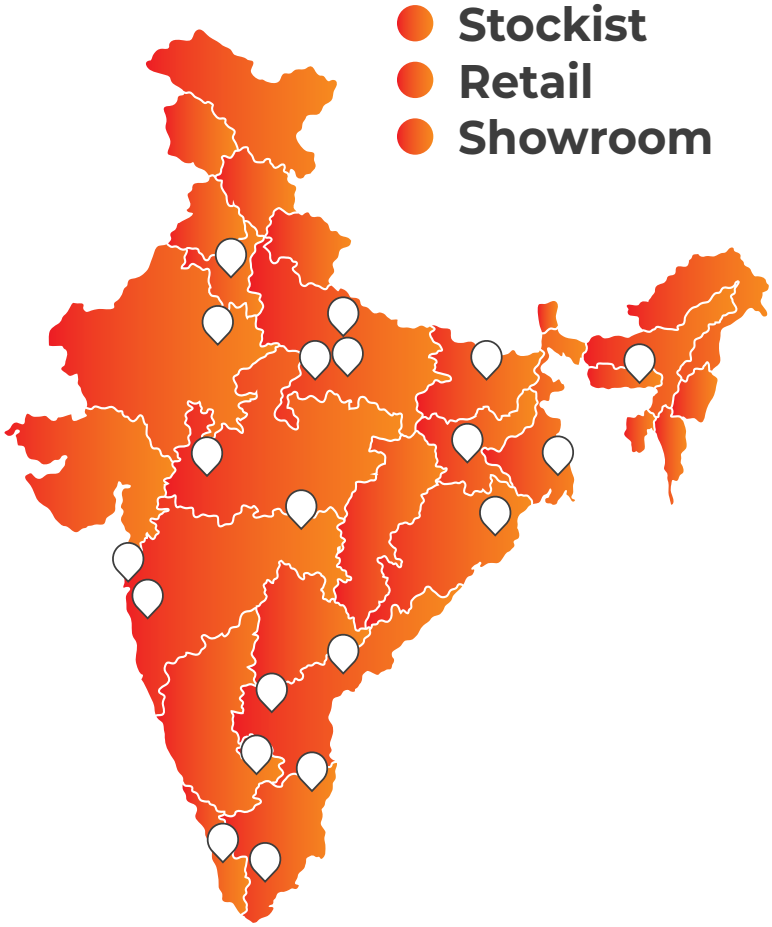






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From the desk of Chief Editor

Embrace the challenges of a changing business environment



Sana Baqai
Chief Editor, IIA India

This magazine is an essential resource for internal audit professionals.

Greetings to the IIA fraternity and esteemed readers!

I am delighted to put together this edition of our publication. Expert contributions on topics that affect all of us today make this publication what it is.

We at the IIA Publication Committee strive to provide excellent material relevant to our changing world. This magazine is an essential resource for internal audit professionals.

It was my pleasure to represent the Delhi Chapter of the IIA Women's Forum at its national summit in Chennai on July 2. A physical gathering of top IA professionals, thought leaders, and fraternity members was incredible, regardless of how technology is transforming almost everything in our lives. There were so many excellent takeaways that the day flew by. Although we can't cover the entire summit, we have attempted to cover it concisely.

We hope the sessions were enjoyable for all participants in person and virtually.

Today, the most critical aspect for IA professionals is to stay abreast of technological advances so that they can be

incorporated into our IA functions to benefit the corporations we serve. They regard us as their guardians in many crucial areas, and we cannot let them down.

Our feature articles in this issue cover a wide range of topics that affect all of us.

The challenges of internal auditing and how to address them effectively.

A fascinating article on the "Cool The Globe" App explains how we can reduce our carbon footprints.

The top 7 benefits of outsourcing accounting and finance operations raise our awareness of the importance of highly skilled professionals, and the benefits businesses can gain by coming under our roof.

We discuss how important it is to understand the ramifications of forensics in internal auditing clearly.

Our coverage of the IIA Calcutta Flagship Programme includes essential takeaways.

In addition, there is an article on how ESG fits into the Enterprise Risk Management Framework.

IA's proximity to business can be understood in an interview emphasising this aspect extensively.

An interesting read called "Mirza Ghalib - the Internal Auditor" sheds light on this great poet and his relevance to our profession.

No one can we miss out on the unique astrological article about 'Sade Sati.'

Enjoy reading the magazine and write to us at publications@iiaindia.co!



PROGRESS
THROUGH
SHARING

The Institute of Internal Auditors
Elevating Impact

July 11, 2022

Congratulations!

I'm pleased to present to you, on behalf of The IIA, the 2022 Building Awareness Champion Award. Each year, we recognize those who have demonstrated an exceptional commitment to promoting the internal audit profession throughout Internal Audit Awareness Month, which we celebrate every May.

Our Chapters, Affiliates, and industry stakeholders are vital in raising the profile of internal auditors around the world, highlighting the value we add to organizations and the important role we play in good governance. The business landscape is more complex than ever before. Between the COVID-19 pandemic, increasing cyber threats, inflation, supply chain issues, a shifting regulatory environment, non-financial issues like ESG, and so much else, the internal audit profession has never been more critical and there has never been a better time to be an internal auditor. Your contributions in elevating our profession's visibility and affirming its importance is both appreciated and vital.

In gratitude for your professional commitment, I'm pleased to present you with the attached digital award, which I encourage you to display proudly on your social media and to your members, customers or employers.

Once again, thank you for the excellent work you're doing to elevate our profession each and every day.

Sincerely,

Anthony J. Pugliese, CIA, CPA, CGMA, CITP
President and Chief Executive Officer
The Institute of Internal Auditors, Global Headquarters



President Communique

Dear IIA India members and GRC professionals,

I hope all of you and your loved ones continue to stay safe and healthy.

My sincere thanks go out to all of you for your support and cooperation during my presidency of the IIA. This is probably my last communication as the IIA President before handing over the reins of IIA India to Mrs. Uma Prakash.

IIA India's growth over the past year(s) has been incredible, and I am proud of our accomplishments.
Among all global forums, IIA is the only one dedicated exclusively to practising internal auditors and governance professionals. We wish to maintain that unquestionable and unique position in the years ahead.

Here are a few highlights of 2021-2022 around our core objective to promote education and increase knowledge and skill in the field of internal auditing:

- Signed MOUs with 5 Learning Partners to conduct CIA/IAP course training.
- Reinforced our MOU with the Institute of Cost



Adithya Bhat
President, IIA India

> *Among all global forums, IIA is the only one dedicated exclusively to practising internal auditors and governance professionals.*

Accountants of India to benefit both organisations.

- MOU with Institute of Directors to organise training programmes/master classes for IIA members aspiring to be directors.
- Several other MOUs executed with leading corporates/consulting firms to provide training programmes/knowledge-sharing platforms to our general membership.
- Launched India's first-ever gamified IA methodology learning programme.
- In addition to our flagship annual conferences, we conducted various thematic conferences, workshops, and conclaves such as those on energy transition, banking and forensics.

We are also in advanced discussions with a leading pan-India digital learning partner of impeccable repute about expanding our training and certification programmes nationwide. Hopefully, we should be able to close this MOU in the next couple of months.

During the past few years, we have deliberated on how IIA India and its six Chapters can work closely together to enhance services to members. Accordingly, it was unanimously agreed that all six chapters would be merged into IIA India, subject to regulatory approval, to build synergies that would lead to efficiency and effectiveness.

Currently, the Delhi Chapter has merged with IIA India, and soon, the Bombay Chapter will follow. Hopefully, we will be able to accomplish all legal requirements and complete the full merger over the next 12 to 18 months, following which you will be able to see a reinforced IIA India.

As mentioned in my last communication, we closed last year with record membership, and we have seen a good inflow of new members in the first quarter, consistent with our growth expectations. However, several past members have yet to renew their membership, and we encourage them to do so as soon as possible. You can count on our office staff to provide support wherever you need it.

Currently, the chapters are in the process of holding their AGMs, and the IIA India AGM will follow. We hope our new Mumbai office will be ready and operational in time for the AGM. I would appreciate it if you would look out for the notice of AGM and confirm your attendance as soon as possible so we can make the necessary arrangements.

Once again, I would like to thank each one of you for your support and cooperation.

Take care, stay safe, and be kind to each other.



Message from Chairperson, IIA India Publications Committee

Dear members,

Greetings and best wishes to each of you and your families.

It's amazing how fast time flies! It seems like yesterday, when your Institute decided to upgrade its quarterly newsletter to a monthly magazine, and the **first digital edition of "Internal Audit Today" was published in August 2020.**

Since then, we've made great strides. A lot has happened in these two years - introduction of the Article Award scheme to encourage our esteemed authors, initiation of bulk email facility for faster dissemination, sourcing advertisements to help corporates/firms extend their reach, transformation of the magazine in line with IIA's re-branding and the engagement of a seasoned journalist to enhance quality etc.

We missed a few editions due to COVID disruptions and other administrative issues. Nevertheless, the journey has been immensely satisfying, as evident from the positive feedback we regularly receive. Of course, we couldn't have done all of this without your support and contributions.



Bharat Garg
Chairperson, Publications Committee
Bharat.Garg@fidelity.co.in

I encourage you to participate actively and contribute to building a successful future institution.

The current edition is packed with exciting articles on a wide range of topics like Challenges in Internal Audit, Climate Change and Internal Audit, Forensics for the Internal Auditor, etc. In the Leadership series, our team met CA Vinay Agarwal, Head - of Internal Audit, Macleods Pharmaceuticals Limited, who candidly shared his experiences. In addition, this edition also has other interesting information as part of the regular student's, women's, and Out of the Box sections.

IIA India and all its chapters are in the process of holding AGMs and selecting a new team of volunteers as the Board of Governors. There is an excellent opportunity for you to get involved in any of the Institute's activities, such as membership development, training, advocacy, etc. **I encourage you to participate actively and contribute to building a successful future institution.**

Furthermore, we would appreciate it if you would encourage at least one IA/risk professional or your organisation to become a member, as membership includes a host of benefits, including holistic professional development.

The publication committee always appreciates your enthusiastic participation. Your feedback, suggestions, and comments are greatly appreciated.

Please feel free to reach out to us at publications@iiaindia.co.

Last but not least, stay healthy and vigilant!





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Leadership Series

Internal Audit: The Closest Friend Any Business Can Have



CA Vinay Agarwal
Head, Internal Audit, Macleods Pharmaceuticals Limited



Pooja Dharewa
Member, Publication Committee, IIA Bombay Chapter

"Core manufacturing processes, quality, large supply chains, wastages, etc., require continuous reviews to ensure internal controls are actively operating, and to improve and align with the best in the industry.



Internal Audit holds the potential to take you deeper into any organisational function, believes CA Vinay Agarwal, Head, Internal Audit, Macleods Pharmaceuticals Limited.

He shared these insights in a meaningful and inspiring conversation with CA Pooja Dharewa, an IIA India publication committee member, over a cup of tea on a lovely rainy morning.

Vinay told Pooja how his passion for understanding various businesses drove him towards the internal audit profession.

"Even before I embarked on my professional journey, I strongly desired to learn more about various businesses and how they run their operations. The penchant for always being closer to business, coupled with a curious mind, drew me closer to "business processes and operations", he told Pooja.

Here are some excerpts from his worthy answers

When asked how he began his IA journey, Vinay said that his peer group and seniors during his early days deserve a special mention. They facilitated this liaison by introducing him to the world of "Internal Audit" - arguably the ideal and perhaps the only bridge between Chartered Accountancy and core business operations.



"It was then that I began my tryst with Internal Audit. I had the pleasure of learning the ropes as an article trainee with a firm recognised for its long-standing reputation among risk advisors."

He mentioned how a "Big Four" company hired him after he completed his Chartered Accountancy course. He said this allowed him to learn the best practices, broadening his horizons and gaining international exposure, making him an expert in "global risk advisory domain."

Since then, Vinay has worked with international firms, climbing the ladder before joining Macleods Pharmaceuticals as Head of Internal Audit.

The key takeaways from the discussion were:

- Continuous learning is the key to success in Risk Advisory (from traditional audits to risk-based Internal audits to continuous control monitoring), and staying up to date with the latest trends in the industry is critical.
- The auditing profession has evolved, and technology has become increasingly important in audit execution.
- When traditional know-how blends with technology, stakeholders at the top of the management hierarchy can benefit from a broader range of coverage and comfort. The latest technologies e.g. data analytics, artificial intelligence or robotic process automation (RPA) can provide a competitive edge.
- Internal Audit has played a pivotal role in the pharmaceutical industry for ages. The pharmaceutical industry is subjected to various laws and regulations and stricter quality norms as per GMP guidelines. The internal audit function helps establish a robust framework to monitor





the quality and compliance requirements of various statutes/regulations.

- Internal Audits adds value by enhancing revenue, reducing costs, and minimising errors/mistakes in business transactions through a robust internal control environment.

Sharing few examples:

1. Internal audit function can help identify the blind spots in the revenue function by analysing the controls over various aspects such as receipt and recording of customer enquiries, review of pricing models and masters, sales orders to billing and dispatches.
2. Internal audit function helps identify the automation opportunities in various functions to minimise the manual controls and drive greater efficiency in executing business transactions.
3. Internal audit functions can study various cost drivers to optimise costs and benchmark them with other industries.

The conversation led Vinay to share critical insights into the Internal Audit profession and its key elements in the present-day business environment. These include:

- The Internal Audit has transformed from financial Audit to risk-based operational audits. Today internal Audit drives corporate governance, risk management, compliance monitoring and continuous control monitoring for the organisation at entity and operational levels. Nowadays, stakeholders expect different perspectives from Internal Auditors. Board and senior management now look at the Internal Auditor as a business partner, checking compliance with internal control and SOPs and helping to enhance

operational efficiency and value addition.

- The Internal Audit function is evolving from manual activity to performing the audit using technology such as data analytics tools for analysing the entire population, leading to greater coverage and comfort for the management.
- Internal Audit is rapidly integrating AI and RPA into Internal audit test procedures to improve efficiency. One simple example is using technology to reduce the time it takes to perform an inventory count and eliminate manual errors.
- Analytical thinking and attention to detail are essential for Internal auditors. Their ethical standards should be high, and their integrity should be impeccable.
- Internal Auditors must think objectively and make recommendations that add value and are accepted by the stakeholders. Furthermore, they should be able to think outside the box, possess excellent communication and presentation skills, and be a team player. In addition to good listening skills, they should be able to absorb information well.
- Through technology, Internal Audit is gradually transforming from a periodic activity to a continuous control monitoring activity where identified controls are continuously monitored, and exceptions are reviewed in real-time.
- As Internal auditors, it is vital to stay on top of emerging technologies, changes in laws and regulations, and best industry practices.
- Young professionals should understand the importance of internal audit planning and execution, paying particular attention to coverage. It is necessary to know what can go wrong in each business process to devise an internal audit plan accordingly.



Dy GM- Internal Audit

This role will be part of one of the five verticals of IA Department and holds the responsibility to develop audit scope, timely complete and finalize audits, suggest areas for improvement and ensure closure of audit recommendations.

ACCOUNTABILITIES & RESPONSIBILITIES:

Audit Plan:

- Develops the Terms of Reference for audit scope areas to ensures objectives of audit, coverage of scope including all relevant risks and expected controls have been effectively developed
- Ensures effectiveness, adequacy and timeliness of the testing and performance of the audit scope
- Ensures accuracy and completeness of the audit findings by developing audit test scripts and recording of evidence, proactive engagement with process owners
- Prepares audit reports and ensures complete and accurate description of the audit findings by adequate explanation of the root cause and detailed assessment of the impact
- Ensures adequate engagement with process owners and audit leadership to finalize the audit report
- Leading and managing of special assignments relating to assurance of various control and risk management areas, forensic investigations, ensures physical verifications and site inspections are performed as planned
- Ensures timely completion of ongoing audit assignments in accordance with the audit methodology
- Ensures that detailed review of all relevant and significant risks and identifies gaps in the control design and its operations
- Provides regular updates to IA leadership on the audit findings and completion status with immediate escalation of significant issues
- Ensures discussion and review of the audit findings, evaluation of risk rating of the audit finding and agreement on recommended mitigation actions
- Monitors status of audit actions for the assigned business areas, performs effectiveness review of the closure activity, provides regular status report and feedback

Key Challenges

- To perform under given timelines and budgets, maintain the quality and depth in the audits, consistent with the track record of the IA department
- To gain sound understanding of risk environment and latest developments in the assigned audit scope areas

Key Decisions

- Made by Jobholder:

  Planning the audit assignments, finalize the findings in the draft report within timelines and ensuring quality and depth

- Recommendations to superior:

  Audit priority, final release of report, final presentations for Audit Committees

Skill & Knowledge

A. Educational Qualifications & Certifications:CA, Engineer, MBA

B. Relevant (Functional/Level): 5 to 8 years in the field of Internal audit, Risk Management

C. Functional Skills:

- Advanced understanding of Manufacturing and / or Commodity sector
- Knowledge of auditing techniques and methodologies

Interested applicants send your resumes to InternalAudit@nayaraenergy.com

NAYARA ENERGY

Role - **Lead, Internal Audit (Joint General Manager, Internal Audit)**

This role will head one of the five verticals of IA Department and holds the responsibility to develop audit plans, manage the stakeholders and audit team, timely complete and finalize audits. This role will be part of IA Leadership team and will hold wider functional deliverables to develop and update audit methodology, implement audit tools, build functional competencies in audit team and lead special assignments.

ACCOUNTABILITIES & RESPONSIBILITIES:

Audit Plan:

- Maintains operational understanding, monitors risk environment and evaluates control framework for the assigned business areas
- Schedules audit assignments in alignment with process owners and allocates auditors to ensure timely completion of the audit assignments during the year
- Finalises ToR by ensuring review of CIAO and agreement with process owners
- Develops annual audit plan to ensure adequate assurance over management of all significant risks in relation to assigned business areas
- Reviews the Terms of Reference and ensures objectives of audit, coverage of scope including all relevant risks and expected controls have been effectively developed for the planned audit area

Fieldwork:

- Reviews and provides guidance on the selection of audit tools and sampling methodology. Ensures use of automated tools
- Monitors and keeps track of the progress of the ongoing audit assignments, intervenes and provides support as needed to ensure timely execution
- Performs regular reviews to ensure effectiveness, adequacy and timeliness of the testing and examination of the audit scope by the audit team
- Ensures that detailed assessment of all relevant and significant risks have been performed and all gaps in the control design and its operations have been identified and evaluated
- Ensures accuracy and completeness of the audit findings by reviewing audit test scripts and evidence recorded documented by auditors, engagement with process owners where needed
- Provides regular updates to CIAO on the audit findings and completion status with immediate escalation of significant issues

Reporting & Engagement:

- Reviews audit reports and ensures complete and accurate description of the audit findings by adequate explanation of the root cause and detailed assessment of the impact
- Provides timely feedback to auditors on the coverage as well as depth of review of the expected audit scope areas
- Ensures discussion and review of the audit findings, evaluation of risk rating of the audit finding and agreement on recommended mitigation actions
- Ensures adequate engagement with process owners and CIAO to finalize the audit report
- Monitors status of audit actions for the assigned business areas, performs effectiveness review of the closure activity, provides regular status report and feedback to CIAO
- Leading and managing of special assignments relating to assurance of various control and risk management areas, forensic investigations, ensures physical verifications and site inspections are performed as planned

Development:

- Leads in ensuring the Internal Audit Charter and Methodology is followed
- Develops and suggests programs for knowledge sharing and competency enhancement and development of auditors
- Ensures deployment of automation tools for audit planning and execution
- Develops and implements stakeholder management plan and communication matrix for assigned business areas

Key Challenges

- To perform under given timelines and budgets, maintain the quality and depth in the audits, consistent with the track record of the IA department
- To develop sound business knowledge of the organization and expertise of the business vertical headed by this role
- To keep track of risk environment and latest developments in the assigned business vertical

Skill & knowledge

A. Educational Qualifications: CA, Engineer, MBA

B. Relevant (Functional/Level) 8+ years in the field of Internal Audit, Risk Management of which 3 years as Team Lead

C. Functional Skills:

- Advanced understanding of Manufacturing and / or Commodity sector
- Knowledge of auditing techniques and methodologies.

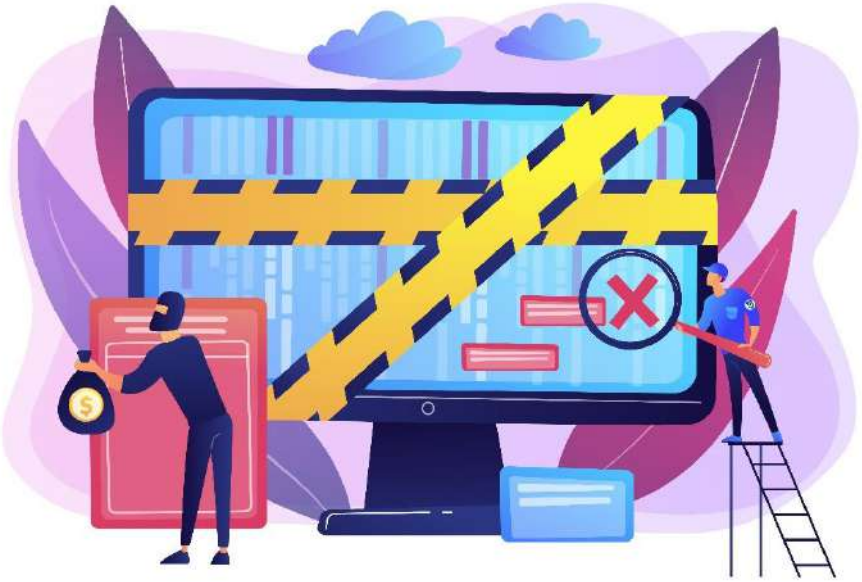
Interested applicants send your resumes to InternalAudit@nayaraenergy.com

Forensics For the Internal Auditor



HARISH DUA
FCA, MBA, CPA, CFE
harish.dua.advisor@gmail.com

There are actually four domains where some aspects of forensics come into play, and these are - Statutory Audit, Internal Audit, Forensic Accounting and Investigations.



Forensics is the new buzzword in current era of high-profile frauds. In its classic sense, **'Forensic Accounting'** refers to the activity of gathering facts and evidence in the accounting domain to support legal cases. However, now the media (and some others) have coined a new term called "Forensic Audit" to indicate a fraud investigation. Hence, it has become more of a generic term to indicate a particular type of "detailed audit" designed to unearth fraudulent activity. This stems primarily from the fact that forensics is seen as an extension of an audit, and auditors are generally best placed to also undertake Forensic accounting and Investigation work. In this article, we will look at Forensics insofar as it applies to the Internal Audit profession.

First, we need to explore the term a little, and to make a clear distinction between what it is, and why it's actually not an audit. Given the nature of the assignment, and the special skills required to undertake forensic work, we will also briefly discuss the manner in which Internal Auditors need to approach forensic assignments and ensure that these are properly integrated as part of the overall Internal Audit mandate. The sensitivity of the subject matter (questionable transactions and frauds) makes it very important that the Internal Auditor approaches forensic assignments differently from an audit. By using the wrong

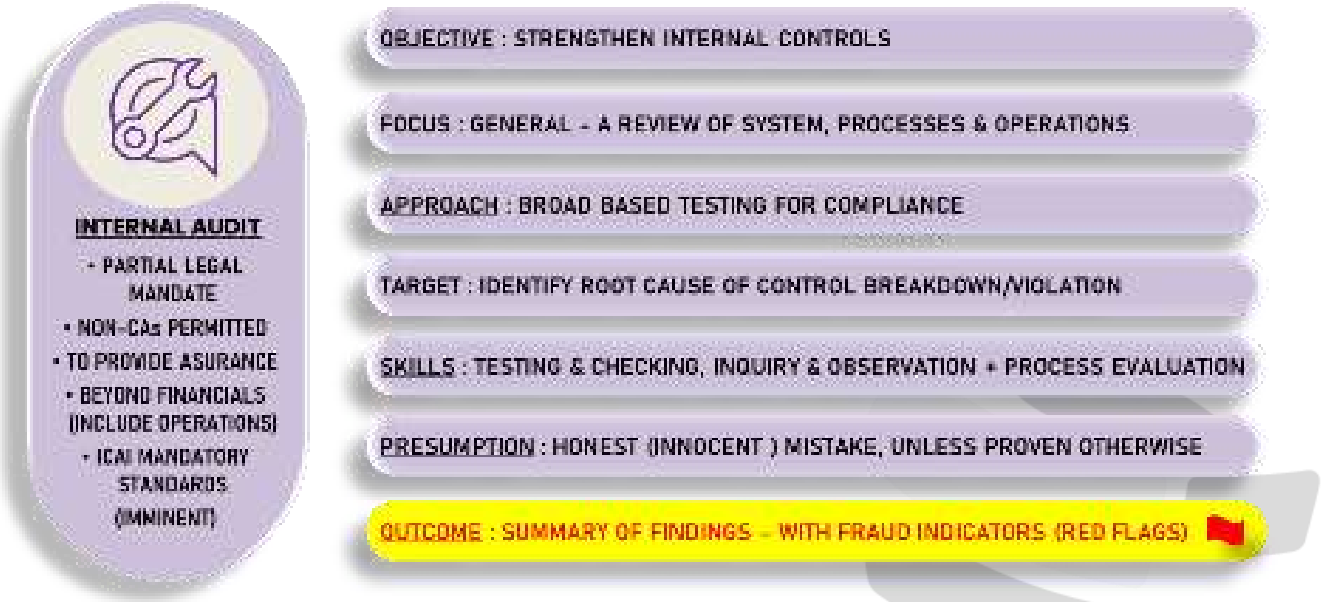
terms, and mixing up audit with forensics, we not only confuse our own minds, but also our stakeholders who are mostly accustomed to receiving audit reports, which are quite different from forensic reports.

There are actually four domains where some aspects of forensics come into play, and these are - Statutory Audit, Internal Audit, Forensic Accounting and Investigations.

Commonalities between them, however, are more by accident than design. If you examine it closely, you will notice that all four domains are absolutely different. Using the correct terminology is very important since so much of it gets interchanged and leads to confusion. There is a risk not only for the internal auditor, who may take a mixed approach resulting in a sub-standard execution of the assignment but also for the stakeholders, who may be expecting a very different outcome from what is eventually delivered.

Below are four simple infographics that illustrate the main differences between these four domains. The key elements relevant to each domain (i.e., Objective, Focus, Approach, etc.) are used as a basis to highlight the main differences between them.







NOTE: *These infographics are not part of any literature but merely a creation of the author to clarify the distinctions between the four domains.*

The above illustrates how different each domain is, how the professional needs to educate himself and his stakeholders (e.g., the Promoter or the Board of Directors) about the different mandates being assumed, and how outcomes will differ in each case. When the mandate includes Forensics, the work involves gathering evidence for legal purposes, and most (if not all) of the population is covered. It will not be a sample-based audit designed to provide general assurance about "truth and fairness" or "effectiveness of internal controls". Mixing these fundamental elements is highly risky and should be avoided at all costs. There is even a need to avoid the term "forensic audit."

Forensic Accounting and Investigation Standards (FAIS):

The Institute of Chartered Accountant of India (ICAI) recently issued a new set of



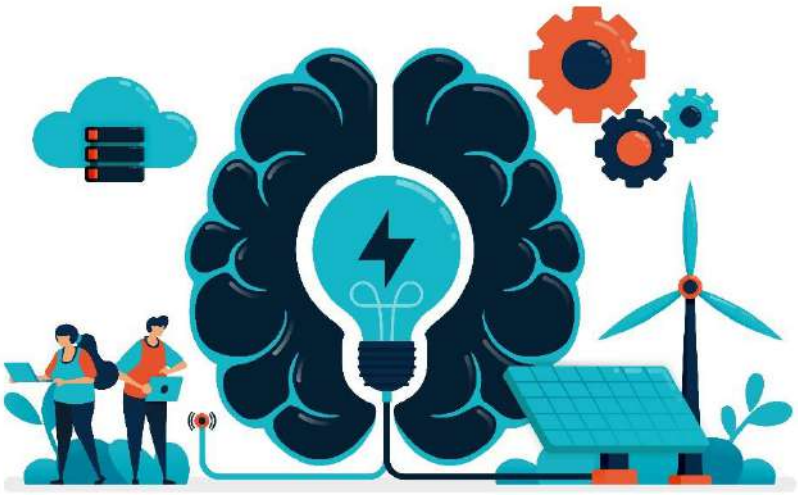
23 Standards covering the two domains of Forensic Accounting and Investigations. These are referred to as the "Forensic Accounting and Investigation Standards" (or FAIS) and, sometime in the future, will become mandatory for all members of the ICAI, when conducting assignments in these two domains. It's also possible these may eventually apply to all professionals, i.e., including Internal Auditors working directly for companies in the industry (perhaps based on the size and nature of the frauds).

As a result, it would be prudent for all internal auditors engaged in forensic accounting or investigations to be familiar with FAIS to conduct high-quality assignments. This article aims to familiarise Internal Audit professionals with how Forensics can be conducted, so we won't focus on each standard in detail.

In case you are interested, the FAIS can be procured from the ICAI, and a digital copy is also available on: 66387daab53640.pdf (icai.org)

Role of Internal Auditor in Forensics:

Generally, the Internal Auditor has a mandate in line with the infographic presented above, i.e., to highlight control weaknesses and to make recommendations to mitigate any risk of recurrence. However, many times this is not very clear, and in fact, some stakeholders (such as the promoter) may believe it's much broader and includes some element of forensics or investigations, while other stakeholders (such as the operating management) within the same organisation may think it's rather much narrower. The culture of the organisation also plays a big role in this. Interestingly, the personal credibility of the Chief Internal Auditor is also one other factor at play here, since most stakeholders expect him to deliver more than the basic Internal Audit mandate, especially in the area of frauds and irregularities!



Every internal auditor is expected to generate an outcome (such as an Audit Report) which apart from highlighting certain system and process shortcoming, may also highlight certain "red flags" indicating potential fraud risks. Management would naturally be directed to address concerns with a higher degree of importance and urgency. Technically, the Internal Auditor is not expected to go beyond this scope or undertake any further forensic or investigative work to confirm or deny the suspicions. This is because it's generally neither his mandate, nor may he necessarily have the required skills.

On the other hand, the professional may choose to undertake additional procedures on his own to validate the suspicions. In that case he runs the danger of creating problems for the FAIS professional who may come later with a mandate to unearth the fraud. At that point we may also find that the culprit has been alerted and covered his trail, and possibly even destroyed key evidences and so, its imperative that we should not drift from one domain to another. Nevertheless, there are situations where the Internal Audit Department (IAD) has a standing mandate to conduct fraud investigations, which allow the Chief Audit Executive to be well prepared, equipped and possessing the requisite skills for conducting forensic or fraud investigations.

Thus, it is imperative that the IAD has the required clarity on the mandate regarding fraud investigations and forensic accounting assignments.

Forensic Fundamentals:

Internal Audit professionals must remember some critical steps when



undertaking forensic work. As shown in the infographic above, although the required skill sets are similar to audits, some other matters are quite different.

Here is a summary (in no particular order) of some of the key forensic elements based on the FAIS:

1. The Mandate: Although this has already been discussed (through the infographics), it is worth reiterating the following points:



(a) Forensic Accounting is closely related to frauds and acts as means to establish the presence or absence of frauds and irregularities as per law.

(b) Forensics cannot be confused with other financial examinations like audit and it requires special skills and techniques to conduct these assignments.

(c) The professional has to be clear on the domain of operation: is it an Internal Audit, a Forensic Accounting assignment or an Investigation?

(d) One also has to avoid confusion on the role "assigned" vs. role "assumed", and evaluate if the assumed role is acceptable or not.

2. Predications: No forensic or investigation assignment should begin without understanding the trigger. The list of violations, the red flags, list of allegations, fraud indicators, etc., are all part of the predications, which should be considered in relation to the situation and context. In auditing, we look for the "unknown" (like material misstatements), while in Forensics or investigations, we look for evidence for the "known" (like red flags, code violations or allegations of fraud). While in audit we look for the "unknown" (e.g., material mis-statements or control weaknesses), in forensic or investigations we are seeking evidence for something that is "known" (e.g., red-flags, code violations or allegations of fraud – something relatively specific).

3. Primacy of Truth: The objective is to uncover and present the truth with compelling evidence that stands on its own and can withstand cross-examination in a court of law. In most cases, the truth is established with facts, figures, and reliable and appropriate evidence.

4. Facts and Opinions: It is important to separate personal perspectives from professional judgment when interviewing witnesses or suspects. While in audit we are expected to express our professional opinion, or make recommendations, however when reporting on forensic assignments, we should avoid opinions or recommendations (see point 10, Reporting).

5. Risk Assessment: Forensic assignments generally involve a high probability of suspicious transactions, business agreements, or



fraudulent events. All these risks must be considered in advance as part of the planning and execution stages.

6. Legal Aspects: It's important to re-emphasize and keep in mind that the work and output of the Forensic Accountant or Investigator may be subject to subpoena by authorities and therefore, the professional should be familiar (and extra cautious) with the applicable laws and regulations and their implications. In fact, he has to function just as much as a lawyer as an accountant.

7. Application of Hypothesis: These assignments require formulation and testing of hypothesis which may prove/disprove a modus operandi, which in turn may establish or refute the predication (the original allegations). The process is similar to putting together a jigsaw puzzle, in which each piece acts as a hypothesis and may not even belong there, apart from being in the right/wrong place.

8. The Execution: These assignments are completed in two phases, first behind the scenes to gather as much evidence as possible and then by conducting face-to-face interviews (if part of the mandate) with the individuals to corroborate and validate the preliminary evidence.

9. Digital Evidence: Most of the evidence is now discovered in digital form, and gathering this evidence requires specialised expertise. Evidence discovery also requires strict legal compliance (e.g., Chain of Custody).

10. Reporting: It is not the professional's job to identify suspects as "guilty or innocent". It would create a





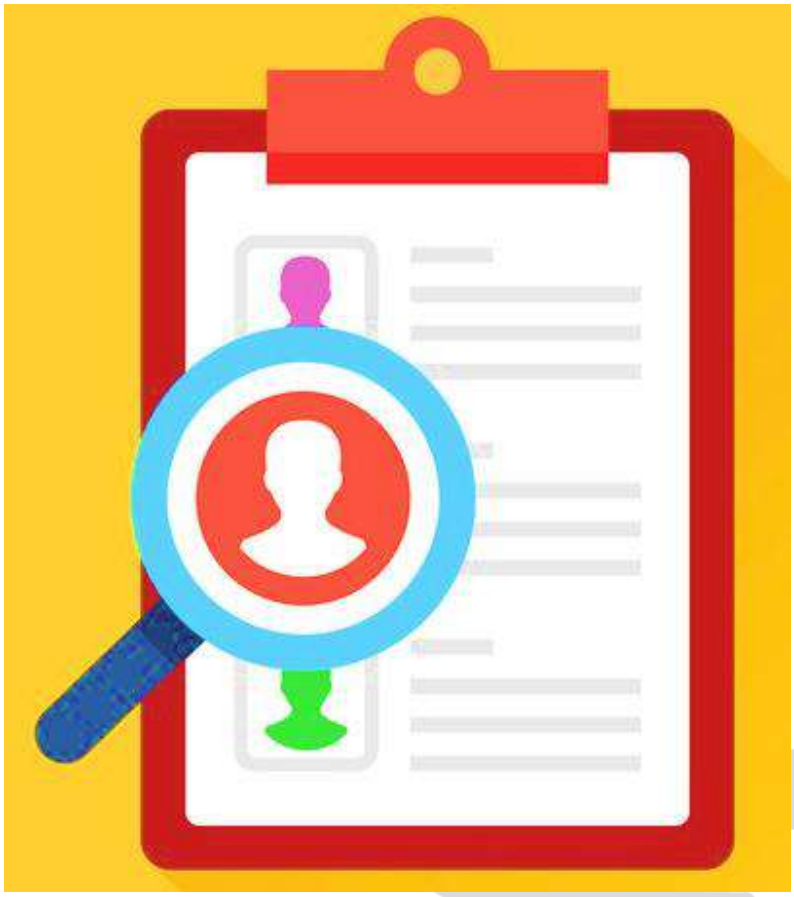
conflict and is the responsibility of a third party (the judge). The job of the professional is to report the evidence discovered and, at most, the conclusions which may be drawn from those evidences.

Conclusion:

When undertaking Forensic or Investigation assignments, the Internal Auditor must be absolutely clear regarding the mandate given (perhaps through the IA Charter) and whether or not this is within his expertise. Depending on the scope, the Internal Auditor may assume a role different from a typical Internal Auditor (e.g., an Investigator). The Internal Auditor will then be responsible for executing the assignments as part of the new role, which will NOT be an audit.

Assignments in this domain are now expected to comply with the new Financial Accounting and Investigation Standards (FAIS). Hence the report to be issued has to be consistent with the FAIS and will not be an audit report or even a report involving an opinion over the guilt or innocence of any individual. The report would most likely include list of evidences discovered, which prove or disprove the predications as per mandate. If these evidences indicate a fraudulent modus operandi, then the evidences should be presented as such.

Due to the internal nature of the reports, a high-level governing body (e.g., the Audit Committee or a Disciplinary Committee) would most likely receive the report findings and play the role of the judge, such as deciding on the actions to be taken against any individuals cited in the report.



Role of an Internal Auditor in Research and Development Activity



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An entity would have to pay a heavy price for taking a wrong bet on the future, as a business is not gambling. It is just not about the money invested at stake but also the entity's reputation and future viability.



The Research and Development activity (R&D) is an essential function in any organisation. The R&D activity could be related to exploring and evaluating newer products and services or improvising the current offering. It is a matter of sustenance for any organisation to ensure that they remain relevant in the market; otherwise, the competitors would have the advantage of being more innovative and proactive to the market's needs.

Classic examples of companies in this context are those manufacturing landline phones (especially those funded by the government) who did not invest much in technology or innovative products. At the onset of mobile telephony, the demand for landline phones was bound to go south, and the company was out of the market. Other companies have ensured that they invest the right amount of time, effort and money in R&D so that they remain ahead of the curve.

Is the organisation investing enough in its R&D activity, and even if yes, is this being timely monitored to ensure that the desired results are achieved? Typically, the product development and marketing activities are closely monitored by the Board of Directors or the governing body. Hence, it would be of much interest to them to report on any deficiencies in the process.



Risk Assessment: At the Enterprise Risk Management Level ('ERM'), the entities' strategies and directions are fundamental. An entity would have to pay a heavy price for taking a wrong bet on the future, as a business is not gambling. It is just not about the money invested at stake but also the entity's reputation and future viability.

Following are some of the points that an entity should envisage at the time of Risk Assessment:

1. At what stage of the product lifecycle is our product or service? Every product has a lifecycle from the point of introduction, gaining the market, achieving the maturity stage and finally would have to be phased out considering the developments in the business, technology, etc.
2. What are the competitors doing? Are they gaining more market share than the business in question? If yes, what is the differentiating factor which has enabled the competitor to have this advantage?
3. Is the entity investing the right amount of money and effort in R&D activity? What is the percentage of R&D expenditure incurred by the entity over its revenue compared to peers in the same industry?
4. What is the interest shown by the governing body in the R&D activity, and how are they ensuring that the R&D team is motivated and supported well enough to get the best from the team.
5. In the era of reporting of sustainability reporting, has the entity ensured that R&D would be covered in the Principles of NGRBC or 17 principles of UN to indicate and support their assertions on supporting the sustainable environment and business?

Role of an Internal Auditor: An Internal Auditor has to play a significant role in



keeping the governing body appraised of any deficiency in their R&D activity, including the following:

Hierarchy: IA has to review whether the governing body continuously monitors the R&D initiatives of the entity. This includes, amongst other things, whether the organisational structure is designed in such a manner that R&D is an independent function and reports to the governing body. It should have the people with the proper knowledge, skill sets, and business acumen to analyse the market's pulse and align their activities with catering to the market's needs.

Budgetary Allocation: The R&D department may be dysfunctional without earmarking adequate funds. Further, where the funds have been allocated, whether they are utilised in the manner envisaged is also an important activity that an IA should review. The budgetary allocation should also be reviewed with the past trend and the projections, including how realistic the expectations of the R&D team are and the commercial viability of the projects being carried out.

Regulatory Aspects: The details of the R&D initiatives are reported by the entity in their annual report or financial statements, either as a requirement of the financial reporting standards or as a matter of choice to disclose certain specific activities. The IA should ensure that the finance and accounts team are taking steps to ensure compliance with the presentation and



disclosure requirements of the financial reporting framework. Wherever there are tax implications, appropriate legal opinion/advice should be taken to ensure the admissibility of those expenses.

The government also provides various grants to the entities for developing products of public interest like medicines, green technology, etc. The IA must review the grant's compliance requirements and report any deficiencies to the governing body.

Collaborative Initiatives: Many companies collaborate with premier science and research institutions for R&D activity. This helps the companies to get academic insight and expertise in their activity. These collaborative initiatives are taken through a memorandum of understanding ('MoU') executed by both entities. A review of the compliance and adherence to MoU would comfort both the entity and the counterpart and provide satisfaction that the R&D activity is being carried out in the right spirit.

Proprietary Aspects: An entity should ensure that the money spent is judicious and avoid excessive spending or wastage. A critical review of the expenditure is essential to identify whether there was any excessive spending or instances of spending without adequate approval or support.

Conclusion: 'Considering the growing importance for R&D, which has 'made or broken' entities, the role of IA is indispensable. Any lack of initiative could lead to questioning the direction in which the entity is being led.

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Challenges in Internal Audit



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Over the years, it has become evident that outsourced accounting can have significant benefits when the right outsourcing partner is chosen.



Internal Auditing (IA) is no longer a traditional assurance, or consulting function focused on identifying internal control gaps, ensuring compliance with laws and regulations, and managing financial processes. As a result of the dynamic nature of the business environment, stakeholders expect deeper, quicker, and sharper insights and business partnerships.

Moreover, the pandemic has taught us a powerful lesson: There is no such thing as a constant, and AGILE is the new norm. AGILE is characterised by adaptability and creating effective solutions. It's a way to cope with uncertain and turbulent circumstances.

The IA function is experiencing significant transformation due to remote auditing, fast-paced business process modifications, technological advances, and the challenge of attracting and retaining top talent.

There are three significant challenges that the IA faces today:

1. Remote Auditing

The pandemic has significantly changed the way IA functions.

Working remotely offers advantages such as better time management, reduced delivery costs, reduced transportation and management time, and a better work-life balance. Nevertheless, remote working arrangements and lack of in-person interactions have been genuinely challenging for new members of the IA fraternity. It has been a

daunting task to operate as a unified team with multiple individuals working remotely on various areas of the audit engagement. Due to this, they lack a clear understanding of how it interplays and affects other audit areas and broader scope.



Remote IA function faces distractions, reduced motivation, network disruption, and reduced productivity due to a relative loss of schedule structure and socialisation, especially during times of uncertainty. Remote auditing comes with the challenge of virtual management. Coaching, training, collaborating, performing audits virtually and overseeing the work of individual team members are all tougher without physical proximity to the workspace. Bonding experiences and shared time that organically bring the team together, such as coffee breaks, lunch, or game rooms, are also practically impossible when working remotely.

Additionally, remote auditing can have significant challenges due to potential scope creep or de-scoping of areas that cannot be audited virtually.

To meet such challenges, the IA function must be more innovative, leveraging the benefits of remote auditing while reducing its disadvantages and utilising the tools they have at their disposal.



2. Business Process Automation

Organisations are heavily investing in automation to increase efficiency and reduce costs. Providing consulting or assurance services to such organisations require appropriate cutting-edge skills within the IA function. They would be required to

review and provide insights on critical aspects such as:

- Alignment of the automation strategy with the overall business objectives and in sync with the company's vision.
- Changes in the IT environment and infrastructure due to automation.
- The approach considered to identify business processes, risks, and controls before deploying the automation.
- The organisation's plan for managing talent, existing or new, to meet changing needs.
- Appropriate governance and change in the management framework, including a business continuity plan.
- Design and operational efficiency and effectiveness of the key controls.



3. Workforce Strategy

In today's world, attracting, managing, and retaining good auditors has become an enormous challenge for the IA function. There is a paucity of qualified candidates with unique skill sets required for the IA function's success. Finding a candidate with critical skills such as analytical abilities, IT skills, business acumen, good communication, team player, integrity, courage, conflict management skills, and non-traditional skills such as data science, cybersecurity, and many others is next to impossible.

Most IA team members have expertise in financial reporting, but few understand IT and analytics. Consequently, the IA function may not be able to provide value and partnership throughout the automation process due to a significant gap in skill set. An inability to review governance frameworks suitable to an "automation-driven" environment may prevent the IA function from contributing effectively.

Business stakeholders may quickly lose confidence in IA's ability to manage the company's evolving requirements. Within the IA function, it is best to ensure that the needed skills are represented among the team members.

Conclusion

Although the IA functions are taking various initiatives to improve the quality and effectiveness of their services to stay relevant to the evolving business environment, the above challenges continue.

There is a need to shift the focus from the traditional internal auditing approach to being more AGILE and recalibrating to the changing needs of the organisation. It also provides an opportunity for the IA function to "step up to the plate."

We hope that the IA function understands the implication of each of these challenges in their organisation and develops a mitigation strategy to overcome them and continue to be a trusted business advisor.

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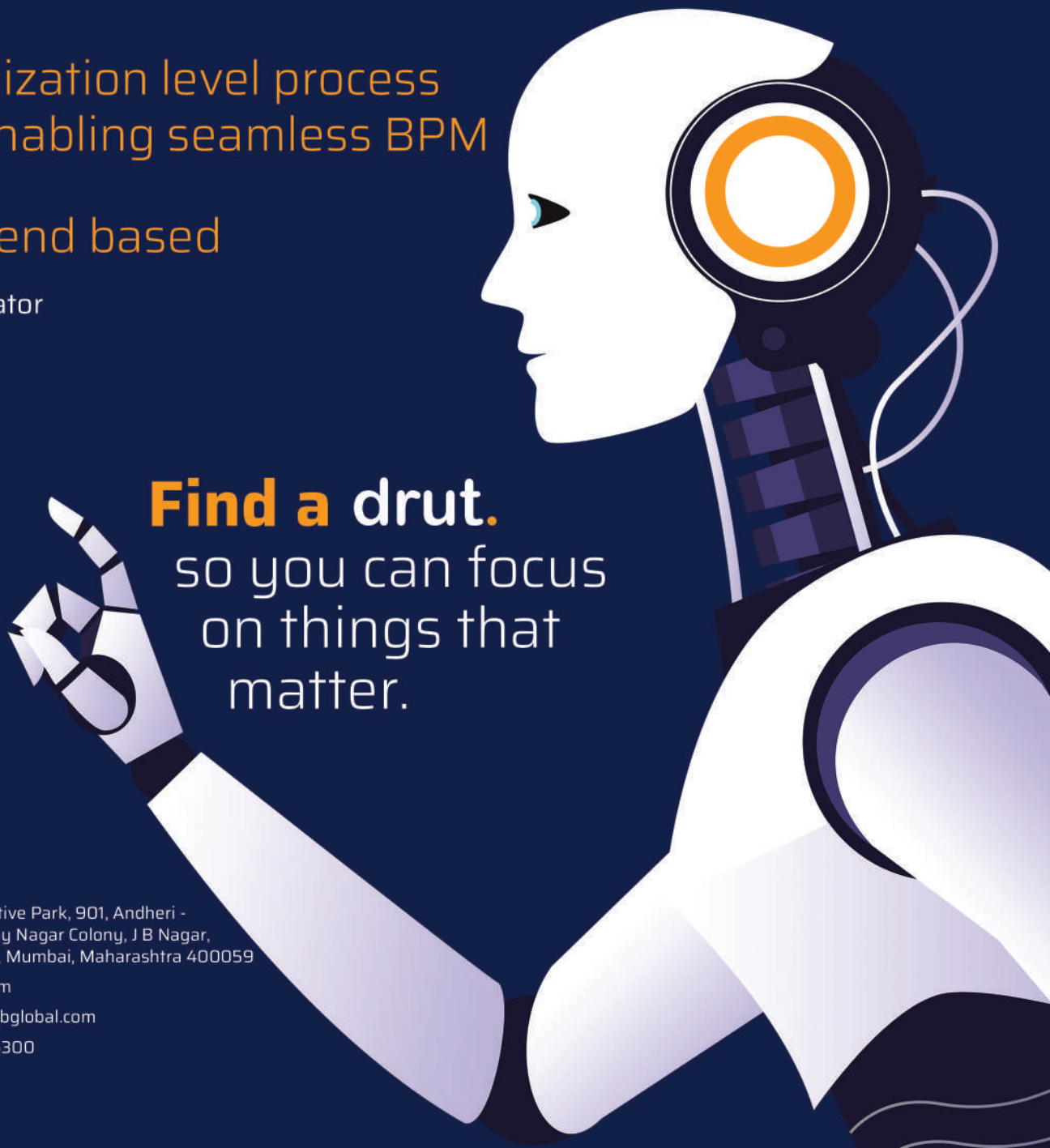
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Top 7 Benefits of Outsourcing Accounting and Finance Operations



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'Access to top-notch accounting and finance expertise' is among the most frequently cited reasons for signing onto an outsourced accounting solution.



For every business, 'Finance and Accounting' is the most essential and sensitive internal function. The operations of every other division ride on it. Investors, consumers, and government regulators depend on the accuracy, quality and timeliness of the work done by accounting and finance teams. So why would today's CFOs be willing to explore the option of outsourced accounting and entrust these critical business functions to an external consultant?

Over the years, it has become evident that outsourced accounting can have significant benefits when the right outsourcing partner is chosen.

Bring Expertise to the table to make a difference!

'Access to top-notch accounting and finance expertise' is among the most frequently cited reasons for signing onto an outsourced accounting solution. With outsourced accounting, a company can save money and improve results simultaneously. By teaming up with an accounting specialist, generally a CA/CPA, one gets access to someone (or a team of people) who is an accounting professional with a wide range of expertise. This ensures that the books are always accurate, the payroll is compliant and completed on time, and the risk of penalties or regulatory mistakes is significantly diminished.

Process streamlining and automation



By working with an outsourced accounting team, a company also gets access to all their accounting software and systems, meaning smooth streamlining of processes and automation. Automation not only saves the company time but also reduces human error. It further gives companies access to real-time reports allowing them to foresee problems and threats before they occur.

Automating processes also becomes easier when an accounting firm oversees all the accounts of a company. For instance, in the case of multiple branches across various locations, the automation needs to be done only at one site, i.e., where the centralised accounting team is based at. This reduces the tiresome effort of enabling automation & process optimisation across every individual location of the company.

Effectively source Data from multiple locations/branches

Outsourcing accounting services can be quite beneficial when collecting data from geographically scattered branches/locations of the business. With an accounting firm on board, one can eliminate any discrepancies that may arise from interested employees tampering with information, which helps generate accurate results. Moreover, knowledgeable, and experienced accountants can guarantee maximum efficiency and error-free, unbiased reporting. Moving the accounting to a third party reduces this risk and allows for greater internal control, especially when multiple branches are involved. And the accounting partner will be able to identify problems, if any – flag errors and notify the management of any inconsistencies.

Enhance Productivity

With the help of a dependable finance team, the management can be sure that the accounting responsibilities are all taken care of. A good accounting partner also offers valuable financial reporting insights indicating the business performance, cash flow, budgeting and more, all of which can be effectively used to improve business operations and increase productivity.

Cost-Savings in Hiring

Hiring a third party to handle accounting work is more cost-effective than hiring



someone internally. Office space, insurance, training, and other expenses can make hiring in-house accountants expensive. Additionally, hiring an accounting firm provides access to a team of people with various skills, expertise, and industry knowledge instead of hiring an employee who can only handle one task at a time.

Focus on the Business

Outsourcing a company's book-keeping operations can free up valuable time and bandwidth for growth. Using cloud-based accounting software, which allows a company to access its accounting records from anywhere in the world at any time, it is easier to focus on the business while the accounting partner handles the accounting. It will also allow the management to devote more time to the company's vision and purpose and spend less time overseeing financial functions and preparing financial statements.



Scale Up Easily

Outsourced accounting firms can greatly facilitate scalability for growing organisations. As a company scales up, accounting operations can seem overwhelming, and getting caught up in all the moving parts is easy. Scaling up is not a challenge when you have the right accounting partner as they are ready to support you.

Everyone can benefit from Outsourced Accounting

Until now, only large corporates outsourced their accounting. However, with technological advancements and the world accepting a remote working ecosystem, outsourcing accounting is a viable option even for smaller businesses and organisations. Today, an outsourced accounting service is suitable for anyone, whether a burgeoning business, a company struggling to hire, Not-For-Profits & Charities, or people who need temporary help. In fact, outsourcing is an excellent option for everyone because whether a company has five employees or 500, all organisations have compliance, payroll, and reporting requirements.

All you need to do when outsourcing your accounting is make a list of the services you require (e.g., book-keeping services, reporting, payroll taxes, tax returns, monitoring transaction fees, etc.) as well as your goals (e.g., increased cash flow, have better visibility into your finances and balance sheet etc.). Then, find a firm with aligned values, one that understands your business. The perfect partner will ideally have an in-depth discovery process to fully understand your business needs and tailor a unique client offering at no additional cost.

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Evolving Role of Internal Audit in the Controls Assurance Space



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Audit functions are increasingly using new tools and technologies, be it bots or using advanced tools for data analytics. Technology intervention has helped restructure the internal audit package as a whole, creating a power-packed impact.



An Internal Auditor's role has changed from that of an 'Assurance Provider' to a 'Trusted Advisor' and now, a 'Transformation Partner'.

The recent changes in the environment in which an organisation or a business enterprise operates have brought about a paradigm shift in the role of Internal Audit. While Internal Audit is not the sole owner of risk within an organisation, it provides an unbiased insight into its internal controls and governance. Being the closest any function can be to the business, Internal Audit has the capability to educate board members on the business risks and their impact, helping detect and address issues before their impact materialises. This is the key reason we see this paradigm shift.

Audit functions have evolved in response to the dynamic environment in which an organisation operates. Four key aspects ought to be the focus of this evolution:

1. Risk Assessments are no longer an annual affair

Periodic Risk Assessments initially replaced annual Risk Assessments, may be at a quarterly/half yearly frequency. Now, when there is an overnight shift in an organisation's risks, Risk Assessments have moved to become a continuous or ongoing affair.

Most organisations have dropped 12-month audit plans for a rolling audit programme, so a frequent and continuing discussion on risks is critical. Not all risks have changed or can be forgotten just because new risks have emerged, but it is

time to ensure that critical risks remain effective. An equal focus is required on the emerging risks and their possible impact on the organisation.

The pandemic has proven beyond doubt that the dynamic nature and velocity of risks must be an overarching consideration for internal auditors. Hence, periodic risk assessments have been ruled out now. The ongoing risk assessments focus on changes in frequency and the methodology and approach adopted to assess the risks.

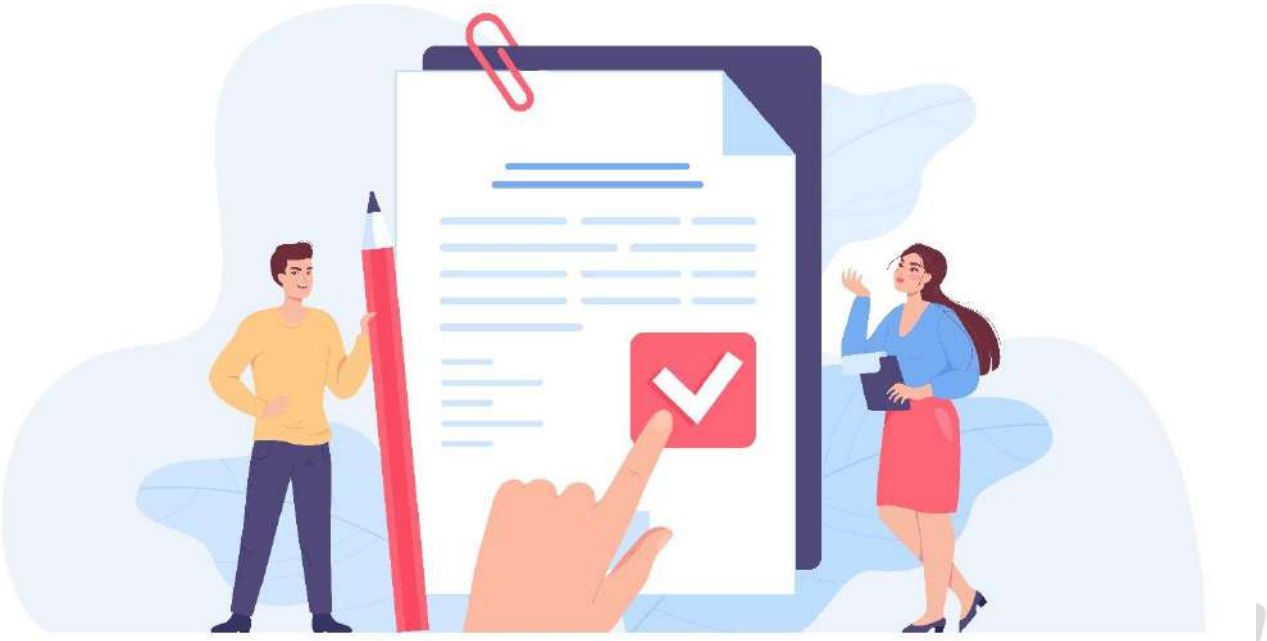
Data Privacy, Cyber Security and Business Continuity are some key risks that have already taken a seat in the Top 5 Risks for most organisations. With risks arising from geopolitical factors and volatile economic conditions today and with the dollar touching historic thresholds, it is essential to evaluate risks on an as and when basis and not at a defined frequency.

2. Technology Transformation

Mandatory lockdowns enforced greater use of technology and innovative methods to perform audit reviews for a profession that traditionally relied on face-to-face meetings and access to physical evidence. This is a sea change in the overall audit approach.

Audit functions are increasingly using new tools and technologies, be it bots or using advanced tools for data analytics. Technology intervention has helped restructure the internal audit package as a whole, creating a power-packed impact:

- ~100% transactional coverage, providing greater assurance
- Increased employee morale (reduction in mundane tasks)
- Increased efficiency, i.e., savings in terms of the hours spent on doing those tasks manually
- Real-time interactive dashboards that help draw insights





3. Need for diverse skill sets to perform controls review

The complexity of processes that are subjected to an audit today is multifaceted.

Organisations are rapidly rolling out digital transformation programmes, which means more data, automation, bots, and technology!

Now, one may ask – Is this new? The answer is no. Technology risks and controls have always been on the internal audit agenda. However, the change we see today is in the magnitude and complexity of automation, which may warrant at least an equal match in the auditor's knowledge and skills, to understand that impact on the organisation's risks and controls. This warrants the involvement of specialists as part of internal audit teams.

As rightly put by Steve Jobs, "Great things are not done by one person; they are done by a team of people". Involving requisite expertise as part of the review process is fundamental to performing a qualitative and comprehensive review.

Internal auditors will have to unlearn and relearn and be on the learning curve for a very long time. It is like you are always running a marathon. Not only is upskilling required because the dimensions of the reviewed processes have changed, but also the ability to adapt, leverage and embed the usage of various tools as part of the audit methodology.

4. The hybrid working model is here to stay

The pandemic experience has demonstrated that the internal audit workplace future does not need to be exclusively in a traditional office setting. People worked from home, vacation houses and travel destinations – they produced the same! Now organisations are more flexible about where people are based while hiring and are looking at flexible work arrangements for their teams.

With this truth that hybrid is the way to go, auditors need to be mindful of two points in particular:



- Building relationships with key stakeholders: While this is not a new requirement, it has gained more significance than before in the hybrid mode. With less physical connect and more virtual meetings, the more we invest in establishing the trust factor with the stakeholders, the more effective the virtual connect will be.
- Investment in Technology: Traditionally, budgets for audit functions have been small. There lies a lot of opportunity with technology coming in today. However, it calls for a shift in the thought process where Internal Audit is not viewed as a cost center but as a Trusted Advisor and a Transformation Partner. When the value added by Internal Audit is acknowledged and appreciated, the shift in approach helps Internal Audit teams to invest in tools and skill sets and empowers them to add more value. Internal Audit departments will need a budget increase to adequately equip their team with the required tools and skill sets.



Value Enhancement and not just Value Protection

The Controls Assurance space today is not just limited to the compliance role. The audit functions have moved into the 'Value Enhancement' zone from the erstwhile "Value Protection' zone, which used to focus on traditional audit areas, compliance with policies, etc.

While Internal audit still retains this seat, the function has taken over another seat on the table where discussions are held on the organisation's strategy and risks, transformation projects, new systems, and process rollouts. That is what defines the 'Value Enhancement' zone.

Audit activities are considered tools for value enhancement while stepping into the shoes of an assurer and advisor. Some of the examples of being in the Value Enhancement zone are participation in:

- Discussion on ESG strategy
- Discussion on Acquisitions and Mergers
- Discussion on Transformation Projects
- Discussion on Process Outsourcing

These are some quick examples where we can increasingly see participation from Internal Audit. Interestingly, working closer to the organisation's initiatives does not mean forfeiting Internal Audit independence. With this paradigm shift in the auditor's role, the auditor retains independence and objectivity and does not step into the shoes of the first line of defence. The auditor continues to wear a risk and controls hat while in the 'Value Enhancement' zone and brings value to the board and the organisation.

The Ever-transforming Audit Universe



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The audit universe has transformed along with business models in the last few years. However, technology is transforming so rapidly that it forces the business and audit teams to catch up.



Audit Galaxies & Planets

To define the internal auditor's scope and boundaries, preparation of the audit universe is the first step in executing an effective internal audit programme. This satisfies the internal auditor's strategy and management's governing intent that the entire universe of IA activities is current, comprehensive, and complete.

Historically, internal auditors have designed the scope and remit of IA activities based on auditable units such as financial statements, business divisions, processes, functions, office/ geographical units, subsidiaries, SBUs, business plans/budgets, products/solutions, technology, assets or group of assets, etc. as part of the internal auditor's universe.

Audit universe is the possible list of all the items that may fall within the purview of internal auditing, akin to a master list. Management and Internal Audit teams performed annual risk assessments on this master list of items and selected the most significant ones as part of the scope of internal auditing. It is usually a high-level organisation that identifies processes, resources, and risks, allowing for a risk-based selection of the audit areas (refer to Figure 1).

Figure 1: Relationship of Risk Assessment & Audit Universe



Risk Assessment influences the Internal Audit Universe by focusing the auditor's attention on key business areas that could significantly impact the achievement of business objectives of the organisation. Through annual risk assessment (arguably the best planning tool), internal auditors introduce new auditable units that may assist Boards in protecting value impairment. Further, the audit frequency may also be decided based on the movement of risk and likely impact.

The Supernova Effect, propelled by Covid 19 & Digital Transformation

A supernova happens when there is a change in the core or center of a star. The health and economic fall-out of the Covid 19 pandemic and the wave of digitalising businesses have grossly impacted the core of business functioning and, consequently, the auditor's universe.

Reluctant businesses are forced to re-think their traditional ways of doing business as most employees are electing to work in hybrid models/work from anywhere. While organisations embrace new apps to reduce their costs and make client deliveries more efficient, such as mobile and remote work products, cloud computing, blockchain, robotic process automation, and machine learning algorithms, they are increasingly exposed to new risks such as fall in breach of user services, inadequate process functionality mapping in source codes, device misconfigurations, third party failures, information security holes, data theft, loss of data integrity, compromise of customer PII and inadequate cyber insurance.

New-age business models and newly incubated companies are being built on data acquisition, aggregation, and distribution models with boundary-less operations. In such business models, the principal risk factors that have emerged around technology development, deployment, and usage.

New Shining stars in the Audit Universe

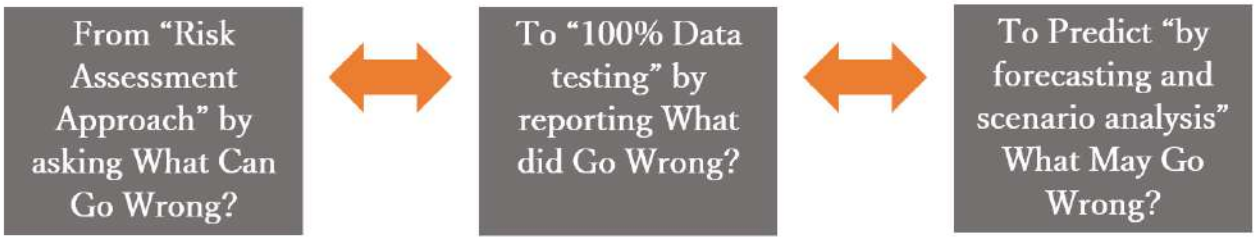
Digitalisation is blurring the traditional lines of protection, viz., 1st, 2nd, and 3rd Lines of Defence. Now, internal controls are in the nature of event-specific routines residing in anonymous transaction clicks, OTPs, facial recognition, finger swipes, post-confirmation messages, etc.; the concept of internal controls are being subsumed into the larger concept of "trust criteria" where the handshake of the parties is consummated

based on a pre-agreed trust criterion.

The audit universe has transformed along with business models in the last few years. However, technology is transforming so rapidly that it forces the business and audit teams to catch up. Refer to the transformational journey of audit outcomes from What Can to What Next (Figure 2).

- Data governance standards (that include identity management, know your data protocols, right to data access, retention, change management, data segregation and isolation, encryption, etc.),
- Configurable computing resources (e.g., networks, servers, storage, applications, and services) that can be rapidly provisioned and released with minimal management efforts or service provider interaction, data and cloud security frameworks, configuration management, redundancy and failover, incident management and business continuity, transaction defined risk limits, real-time control insights, third party audits and attestations, etc.
- User behaviour patterns, exception monitoring and suspicious activity tracking procedures.
- Cyber Security Breaches or Human errors leading to business disruption: Internal Audit needs to continuously reassess the audit plan to cover enhanced cybersecurity areas covering concerns of personal data protection, privacy breaches, cyber resilience, critical information infrastructure viz: Privilege Access Management, Data Loss Prevention, Security Incident Monitoring and reporting, Social Engineering, etc. Review of SOC reports and impact of their disclosures on internal auditor's scope of work.

Figure 2 - THE JOURNEY OF => WHAT CAN? => WHAT IS? => WHAT NEXT?



The new age Audit Universe that is technology measured shall include:

- Internal controls around ethical conduct in Technology development, deployment, and use.
- Internal controls that reside in Platforms (customer facing and order fulfilment applications), breach of use of services promises, data exchange treatise, contract jurisdiction, customer-generated content checks and vendor service level agreements.

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CIA Quiz



Dr. Paul Jayakar
Expert Faculty, CIA
pauljayakar@gmail.com

1. **A company's management is attempting to build a reputation as a world-class manufacturer of quality products. Which of the following measures would not be used by the firm to measure quality?**

A. The percentage of shipments returned by customers because of poor quality.
B. The number of parts shipped per day.
C. The number of defective parts per million.
D. The percentage of products passing quality tests the first time.

2. **All of the following are generally included in a cost-of-quality report except:**

A. Warranty claims
B. Design engineering
C. Supplier evaluations
D. Lost contribution margin.

3. **A means of limiting production delays caused by equipment breakdown and repair is to:**

A. Schedule production based on capacity planning.
B. Plan maintenance activity based on an analysis of equipment repair work orders.
C. Pre-authorize equipment maintenance and overtime pay.
D. Establish a preventive maintenance programme for all production equipment.

4. Focusing on customers, promoting innovation, learning new philosophies, driving out fear, and providing extensive training are all elements of a major change in organisations. These elements are aimed primarily at:

A. Copying leading organisations to better compete with them.
B. Focusing on the total quality of products and services.
C. Being efficient and effective at the same time indirectly affects profits.
D. Managing costs of products and services better to become a low-cost provider.

5. Statistical quality control often involves the use of control charts whose basic purpose is to:

A. Determine when accounting control procedures are not working.
B. Control labour costs in production operations.
C. Detect performance trends away from normal operations.
D. Monitor internal control applications of information technology.

6. Which of the following is not true about simulation models that use Monte Carlo processes?

A. They are deterministic in nature.
B. They may involve sampling.
C. They mathematically estimate what actual performance would be.
D. They emulate stochastic systems.

ON THE PATH TO PROFESSIONALISM

Writings of Students Aspiring to Join the IA Fraternity



Relevance of ESG in the Enterprise Risk Management Framework



Anzar Berqi
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Global Risk Management Institute, Gurugram

Environment, Social and Governance ("ESG") has become the most relevant criteria for regulators, investors and credit rating agencies to rate companies and make business decisions today.

According to one of the world's largest asset management corporations, ESG has become one of the key requisites for making investment decisions by institutional investors. They are willing to an ESG pathway beyond the mandatory legal requirements. ESG parameters rate companies on sustainability, gender diversity and inclusion, management structure and the composition of the board.

In today's dynamic business environment, ESG-related risks have started to become an essential part of the Risk Governance framework across organisations. ESG framework is not merely focusing on value creation in the short run but has an integral and



more important role in achieving profitability through sustainable value creation in the long run.

Thus, an effective way of managing ESG-related risks is by integrating ESG parameters into the organisation's Enterprise Risk Management (ERM) framework.

The COSO framework has highlighted the importance of aligning risk in strategy across all levels in the organisation. The framework has identified five essential components for effective risk management in the organisation.

1. **Governance and Culture for ESG-related risk:** The governance and culture of an organisation impact its overall philosophy. A mature risk governance and culture framework ensures that the board is well aware of ESG-related risks and the organisation has defined the responsibility for ESG-related risks. A good practice could be incorporating ESG-related risks into the company's mission and vision and creating an opportunity for sustainable future growth. For example, incorporating net-zero carbon emissions in the organisation's vision and developing sustainable measures for its implementation.

2. **Strategy and Objective for ESG-related risk–Setting:** Business objectives should be aligned against ESG-related risks while forming business strategies and setting goals. Today's organisations need to redefine their strategic objectives against sustainability measures and review



the ones considered unsustainable. The senior leadership must take a proactive approach by incorporating ESG into the organisation's strategic objectives. ESG-related risks with a significantly higher materiality impact need to be considered on a priority basis.

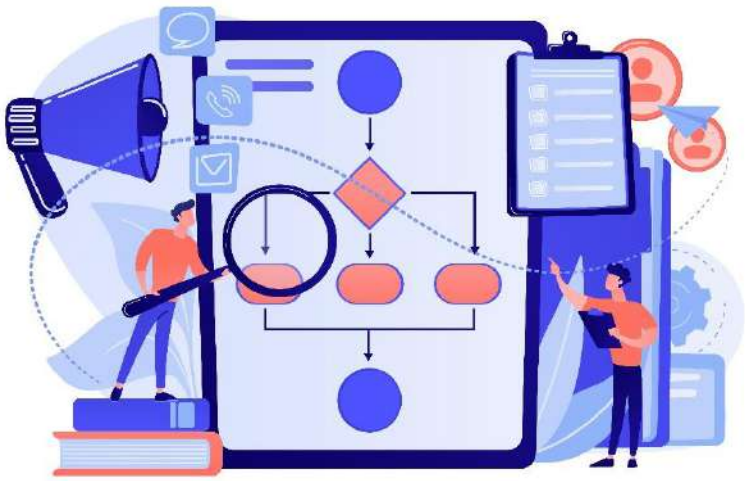
3. **Performance for ESG-related risk:**

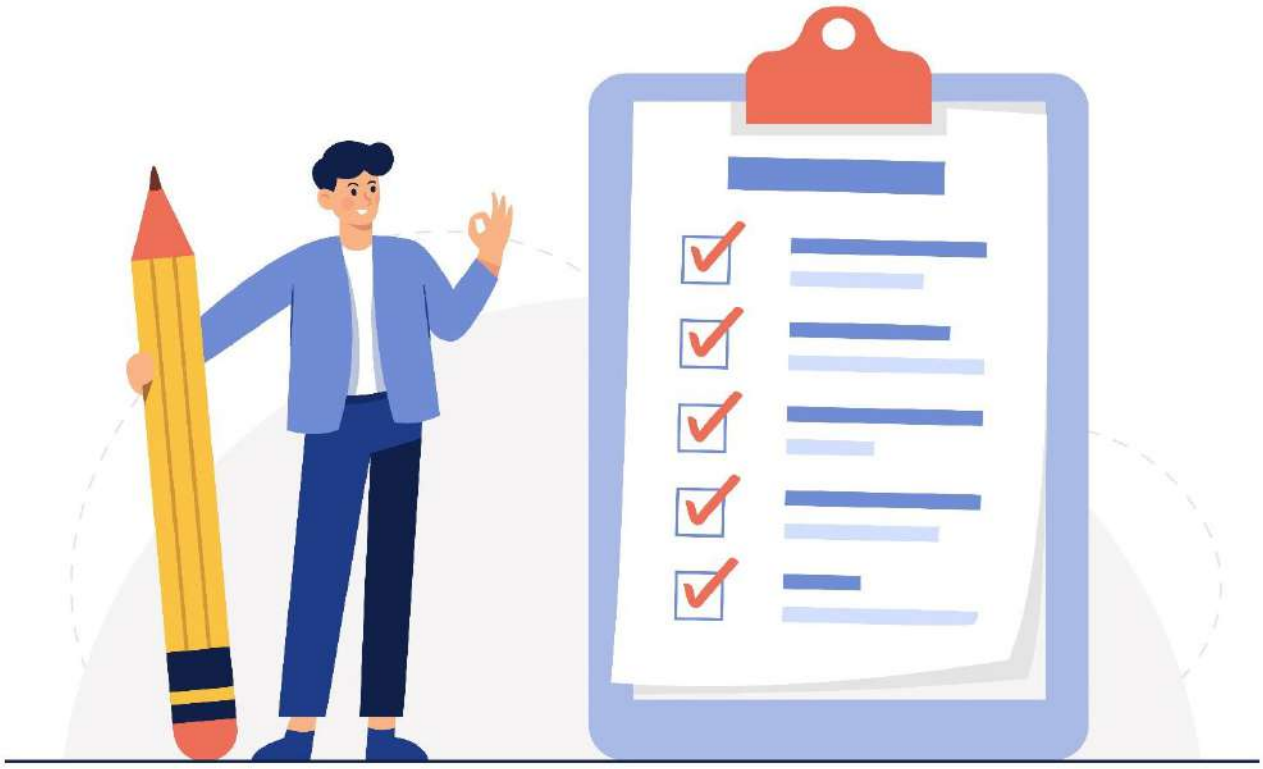
a. **Risk Identification:** ESG-related risks must be at the centre of the risk identification process. Organisations need to develop tools and integrate the same into the ERM framework to ensure that the risk catalogue of the organisation is appropriately updated with the same.

b. **Risk Assessment:** Organisations need to continuously identify all ESG-related risks and update their risk catalogue. Applying a risk-based approach to identify risk will help organisations do prioritise planning basis the impact and likelihood of the risk, which will help position them for adequate Risk Management.

c. **Risk Response:** An effective way to respond to ESG-related risks would be to align the organisation's strategic objectives to ESG-related risks. This could include a thorough review of the organisation's entire value chain to identify effective, sustainable practices to ensure value creation and sustainable growth.

4. **Review and Revision for ESG-related risk:** A continuous monitoring and assessment of the





ESG-related risks will help organisations identify growth opportunities and realign their approach to objectives accordingly. Organisations can also develop specific tools to identify any ESG-related changes in the business environment and report them to the Chief Sustainability Officer(s) for immediate consideration.

5. **Information Communication and Reporting for ESG-related risk:** Applying the ESG-related risk to the reporting parameters will help create accountability for organisations beyond the legal requirements. Institutions, such as the Sustainability Accounting Standards Board (SASB), the Global Reporting Initiative (GRI), and the Task Force on Climate-related Financial Disclosures (TCFD) are working to form standards and define materiality to facilitate the incorporation of these factors into the ERM process to make disclosure and reporting more effective.

(The views and research are personal and do not represent any organisation or Institution.)

My Journey Towards Sustainability and Reduce the Carbon Footprints



Prachi Shevgaonkar
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I've learned from these amazing women that real change takes place in our own homes. In the choices, we make in our daily lives.



When I was a young student in my first semester of college many years ago, I performed a simple Google search: **what is the biggest problem in the world today?**

That's when climate change popped up.

I was astonished to see this. While all of those global experts, newspapers and big organisations talked about how climate change is one of the most pressing issues we face today, nobody around me spoke about it. My next step was to research what it was.

I read that the number of Greenhouse Gases in the atmosphere had more than doubled in the last century. Since pre-industrial times, the earth's average temperature has increased by 1 degree Celsius and continues to rise. Extreme weather events are becoming more frequent and intense. Among many other things, climate change is causing sea levels to rise, coastal erosion, glacier loss, changes in monsoon patterns, and biodiversity loss.

The most important thing I learned was that **climate change is a problem with a clock ticking. We only had three decades to avert its worst effects.**

After hearing all of this, I had a moment of honesty with myself, and I pondered, Do I really care about this? Unfortunately, the answer was no. From gender inequality to illiteracy, poverty, lack of healthcare, and malnutrition, I saw so



many pressing issues. I could not see how climate change affected me or anyone around me in comparison to these factors. So, I couldn't bring myself to care much about it.

During this time, I had the opportunity to read a very impactful article that changed my perspective on life. It talked about how climate change was an aggregator of all issues around us.

Interestingly, the article also emphasised how climate change affects gender. It turns out that **women are more vulnerable to climate change due to social, economic, and cultural factors.**

Climate change is an additional stressor that impedes progress in human rights, political and economic status, land ownership, housing conditions, exposure to violence, education and health.

When I was making a film on study centres in marginalised areas of Pune, I



That's when I realised climate change isn't just about more frequent and more intense extreme weather events. Climate change impacts our education. This means more and more homes become unstable, and young girls have to stay home to fill buckets with water instead

witnessed this firsthand. Around this time, the dam in my city had dried up due to a drought. That year, there had not been enough rain, and there was not enough water to go around in the city.



At one of the study centres, I met a bright young girl. What standard are you in? I

of going to school.

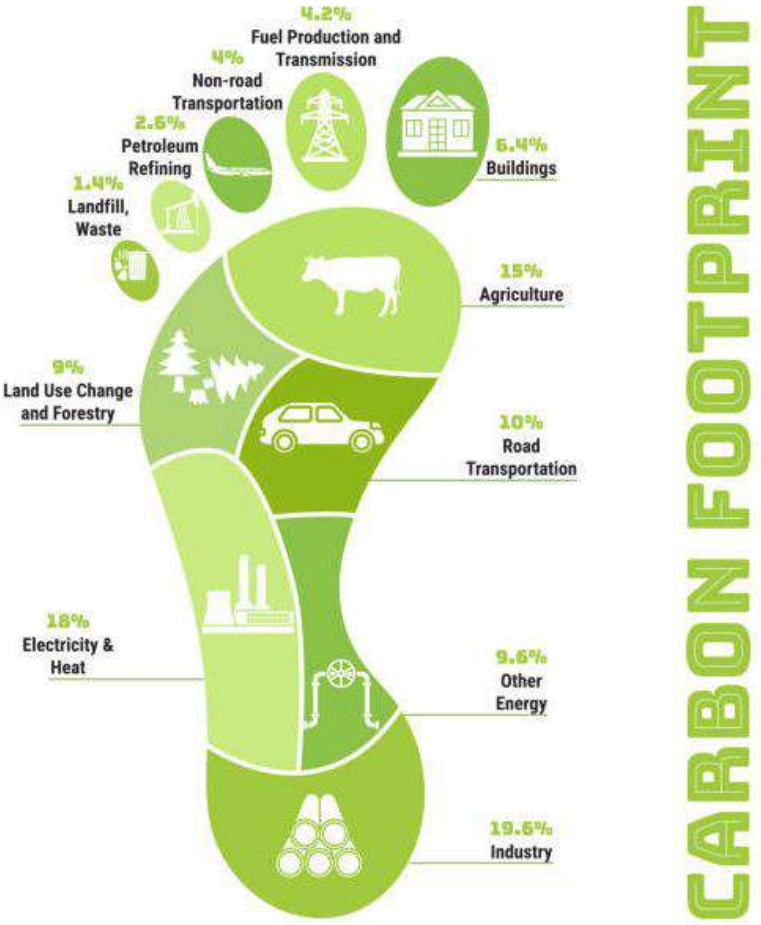
This, I cared about.



In the outskirts of Bangalore, I spent a few months with remote communities of displaced waste workers. There, I had the privilege of meeting one of the strongest, most

asked. I don't go to school anymore, she said. Why is that? Since her home had access to water only for two hours in the afternoons, nobody else in her family could leave their jobs and stay home to collect water. That was an incredible hardship.





inspiring women I've ever met.

She was a refugee from a neighbouring country. She was about the same age as me, about 18, but she was already married and had a young daughter.

One morning, I walked with her to the nearest school, where she asked if her daughter could enrol. She couldn't. Her documents were insufficient, and she wasn't fluent in the local language Kannada. However, this young mother was determined not to give up. She walked to the school every day for two months, sat outside the door, and asked her daughter to be enrolled. Finally, the school was able to get around the language barrier and technicalities, and her daughter could attend school.

Then, I realised there are millions of other climate refugees just like her. Approximately 6-8 million women are displaced every year worldwide due to droughts, weather extremes, and sea-level rise. Like this brave young mother, many women are forced to flee and rebuild their lives from scratch in an unknown place, often with children in tow.

This, I cared about. This, I was willing to fight for.

So, I asked myself - what can I do about climate change as an ordinary girl? My family and I decided to start from our own home. Our pledge was simple. Let's



reduce our own greenhouse gas emissions by 10% each year.

A few months into our journey, something interesting happened. My friends, neighbours and relatives began to notice. They are very interested in being a part of 'something different' that we were doing.

This sparked the idea for the **'Cool the Globe'** App.

The app was developed to bring global women and citizens together to combat climate change. **People like you and me can use it to reduce our carbon footprints and track the emissions we avoid by taking simple climate actions every day.**

Today, Cool the Globe App has grown into an enterprise and a movement. We have users in over 100 countries





joining together to fight climate change.

When I began my journey as a young girl, I wanted to make a difference but thought only celebrities, world leaders, and innovators possessed the power to make a difference.

The App just reached 1 million kg of greenhouse emissions avoided by citizens around the globe coming together to make savings in their lives as I write to you.

One day, a young girl messaged me. Having recently begun cycling to school, she was thrilled to see in the Cool the Globe app that she had reduced her CO2 emissions by over 40 kg in a few weeks.

An 86-year-old woman called me and said she used to leave the lights on in her house even in the afternoon, and she was determined to stop doing that once she got on to the app. By doing this for a week, she saved 50 grams of CO2 emissions. She told me that it was her small contribution to combating climate change.

I've learned from these amazing women that real change takes place in our own homes. In the choices, we make in our daily lives.

Meeting these inspiring women was a turning point in my journey to climate action. It dawned on me that women are not only victims of climate change; but that women can become climate warriors by adapting and mitigating it.

We have a long and challenging road to reach net-zero greenhouse gas emissions by 2050. We need women's continuous, collective, contagious efforts worldwide to get there.

Of course, we cannot underplay our menfolk's significant role in this global effort. Each effort from every citizen of this world will add to this campaign and help us reduce our carbon footprint! **Let's start with small precious steps each day!**

❍❍❍





National Summit of the IIA Women's Forum a huge success!

IIA India Women's Forum hosted the IIA National Summit on **'Emerging Challenges & Opportunities'** in Internal Audit on the 2nd of July 2022. A major focus of the summit was **'ESG The New Horizon' and 'Fraud & Forensics'.**

The Women's Forum, IIA India, organised the day-long summit, which received extensive media coverage.

As the first physical summit organised by the IIA Women's Forum, it brought together all six Chapter Heads. The Chair of the summit was Mrs. Uma Prakash. The six chapter heads included Sana Baqai (Chair, Delhi), Nehal Shah (Chair, Bombay), Lalitha Satheesh (Chair, Bangalore), Deepika S (Secretary, Madras) and Madhuri (Chair, Hyderabad). They all participated enthusiastically.

The stimulating discussions were attended by more than 250 eminent thought leaders, senior members of the IIA fraternity, and audit professionals from all over the country.

Throughout the summit, internal auditors emphasised the importance of upskilling and protecting businesses under their purview to deal with the emerging challenges.

Anupama's traditional invocation song marked the beginning of the summit.





KBS Manian, President of IIA Madras and group CRO & Head of IIA at Apollo Hospital, expressed his gratitude for being invited to the summit. His praise was directed at Ms. Uma for her unwavering efforts in bringing quality content to the conference, keeping with the Madras Chapter's longstanding reputation. In addition, he noted that the Madras Chapter, now in its 46th year, was providing training in keeping with the demands of the industry. He cited artificial intelligence and blockchain training as examples.

In her heartfelt welcome, Ms. Uma Prakash, Senior Vice President of IIA India, expressed her excitement to speak at the summit in person after three years. She extended a special welcome to all six Chapter heads of the Women's Forum. IIA Women's Forum was the brainchild of the Delhi Chapter, she reminded everyone. In addition to the inclusion of women in the IA fraternity, there has been an increase in the number of women members from 200 to over a thousand today, which is commendable. Gender diversity was evident at the summit, and she hoped it would continue.



She noted that, given the challenges the IA profession faces, with the fast-paced change in business, the summit's two main topics are crucial. In addition to the deep insights the esteemed speakers will provide at the summit, she hoped all participants would benefit from the discussions. In her words, the conference's participation from all over the country and great sponsorship and industry support made it an actual PAN-India event.

After this, Adithya Bhat, President of IIA India, delivered a special address. His sharing of his own experiences in the profession made it indeed special. He recounted how he was inspired by friends from Madras to delve deep into education and the IA profession, to his limited access to a laptop. He spoke at length about how the fast-paced transformation of the business environment affected the internal audit profession in a lucid manner.



He reiterated that the IA fraternity must wake up and do the requisite branding to ensure that the profession does not fall behind in this scenario.

Mr. Bhatt is known for his staunch support of the IIA's progressive activities and initiatives and the various chapters within the organisation.

In his presentation, he touched on how the generation gap is narrowing, but the understanding between generations is fading. He addressed the issue of the fifth generation currently grappling with analytics and trends. Artificial intelligence, data mining, cryptocurrencies, machine learning, and alternative investments affected business transitions. He pointed out the importance of reading and listening to internal auditors' entire business learning process.



For the earnest learner, what appeared to be a simple address had a lot of takeaways.



Chief Guest Bhavani Balasubramaniam, former Partner, Deloitte, to the dais, welcomed the delegates and hoped there would be excellent takeaways from the summit. During her presentation, she discussed how internal audit professionals play a key role in improving business operations and how women



are becoming more prevalent in top corporate positions. She noted that this is the most important factor based on various statistics. She lauded the IIA technical programmes and content, which, according to her, empower the IA professional. She urged IA professionals to equip themselves with Cloud certification.

K Sankaran presented the keynote address, Director, TTK Prestige, after which S Santhanakrishnan, Chairman and Partner, PKF Sridhar & Santhanam LLP, felicitated K Sankaran and Kalpana Shankar, MD, Belstar Microfinance Ltd. for their outstanding contribution to the profession.

Mementoes were gifted soon after to Bhavani Balasubramaniam, K Shankaran, S Santhanakrishnan and Aditya by AR Parthasarthy, Manoj Kumar Jain, Paul Jayakar and Krishna Chaitanya.

A short networking break that followed saw a lot of bonding between fraternity members, many of whom were meeting for the first time.





Founding & Managing Partner, JCSS Legal, participated in this scholarly discussion.

Nikhel Kochhar, CEO, IIA India, did the CIA Orientation for the packed house.

This was followed by a Fire-side chat which saw Kalpana Shankar conversing with Ravi Suriyanarayanan, Managing Partner, PKF Sridhar & Santhanam LLP.

This was followed by an excellent technical session on ESG-The New Horizon. Rakesh Agarwal, Head, Risk and Assurance, Reliance Industries Limited, spearheaded this session.



A panel discussion on 'Risk or Resilience- A look at Fraud and Forensics' followed. Abha Sarda, Head, Tata Capital Housing Finance Limited, Rishin Rai, Chief Risk Officer, Universal Sompo General Insurance Company Ltd., and Radhika Bali,



A short networking break followed.

In the second technical session, Anil Bhandari, Head - of Risk Advisory, ANB Consulting Company, took up the subject of Digital Frauds.

A panel discussion on 'Stakeholders' Expectations from CAE on ESG' followed. The key participants were M



P Vijay Kumar, CFO, Sify Technologies Limited, S Santhanakrishnan, N V Subba Rao, CEO, Chola MS and Prachi Shevgaonkar, Founder & CEO, Cool the Globe.

In his valedictory speech, Partha Pratim Sengupta, MD & CEO, Indian Overseas Bank, highlighted the need for IA professionals to upskill and adapt to technological advancements.





K Vidyadaran, Past President, IIA India, Conference Chair and Managing Partner, Vidyadaran & Associates, thanked all those who participated in this critical professional summit.

A big thanks go out to all members of the Conference Committee: KBS Manian, K Vidyadaran, Krishna Chitanya (Past President, IIA Madras & Partner, EY), Ravi Veeraraghavan (VP IIA Madras and Partner, Deloitte India) and PR Loganathan (Chair, Technical Committee, Former Region of India Director IIA Global & MD, CISMA Consultants Pvt. Ltd.)

Also, thanks to sponsors: PKF Sridhar & Santhanam LLP as the knowledge partner. Tata Capital Housing Finance and Belstar Microfinance Limited were its Gold Partner. The Silver Partners were JCSS Consulting Pvt. Ltd.,









Universal Sompo General Insurance Ltd., Sify, ANB Global & TVS Motors. Etrend Technologies Pvt. Ltd. was the technology partner. Another partner of the summit was Hi-Educare.

Written by: Ms. Chitra Singh, Consultant Editor, IIA India

(Inadvertent errors, if any, in deciphering the virtual event may be kindly ignored.)

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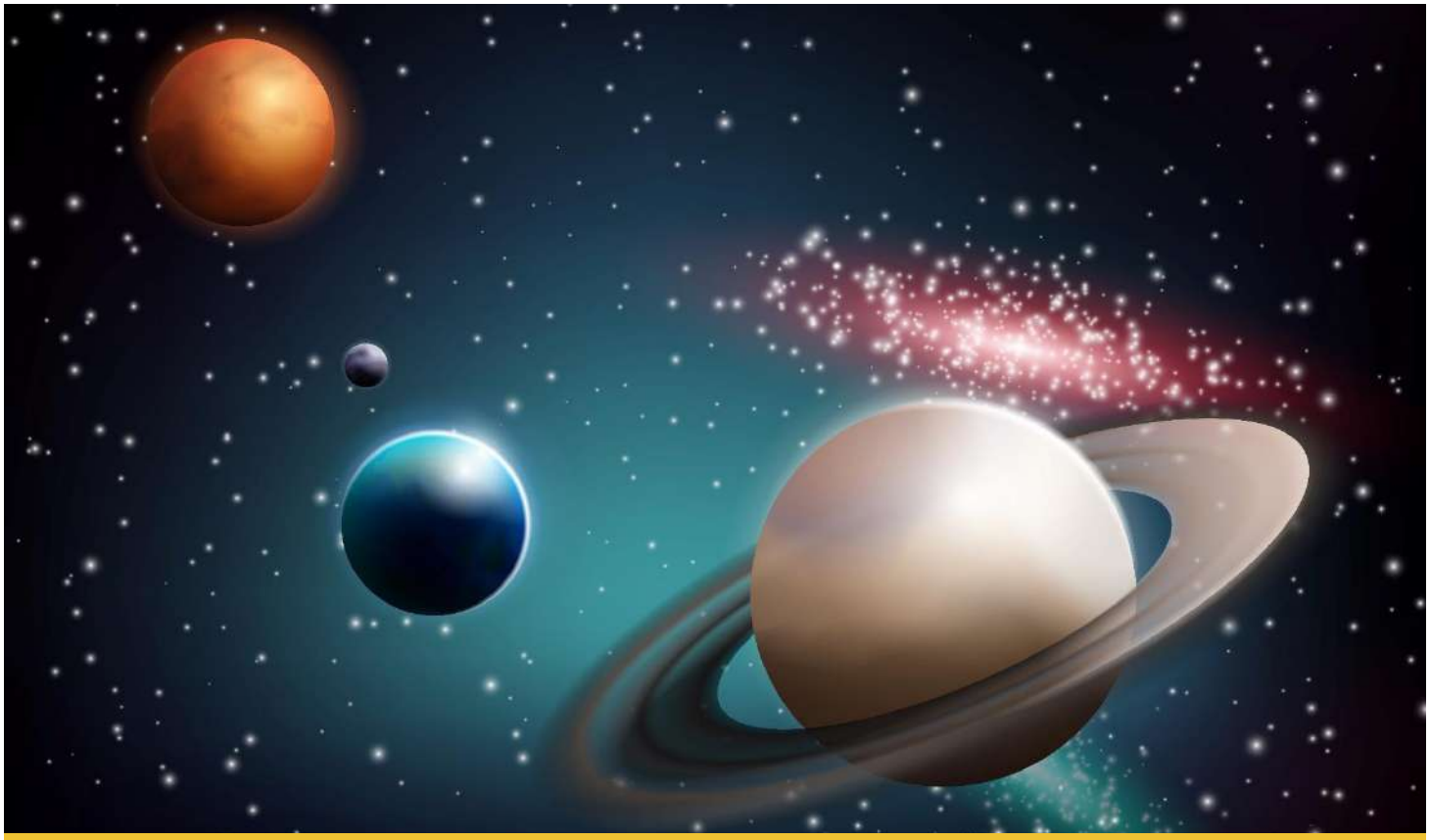
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The Institute of **Internal Auditors** *India*



Astrologically – Sade Sati



Sidheshwar Bhalla
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"The supposedly cruel Sade-Sati can get the native to a Throne also.

Sade-Sati is a Hindi word meaning seven-and-a-half. In astrological terms, it means a seven-and-a-half-year period of the transit of Saturn in the 12th, 1st and 2nd place from the location of the Moon in the birth horoscope. In each place, Saturn is positioned for two and a half years.

It is essential to highlight that there is no mention of the word Sade-Sati in classical astrology books. In all probability, traditions passed down by word of mouth may have given rise to the term.

While there is no mention of the word Sade-Sati in any of the classical books on astrology, mention has been made of the ill effects of Saturn during its transit through 12th, 1st and 2nd place from the location of Moon in the birth horoscope.

Saturn is a malefic planet and is Karka or the reason for limitation, hindrance, delay, death, murder, rape, sexual perversion, separation, pain and agony. It causes loss of money, theft and poverty. Saturn is said to cause 'Chattar Bhang' (loss of protectors).

Let us also look at the Karkas/results of Saturn from a different perspective. Without the blessings of Saturn and Jupiter, a native cannot attain materialistic

and spiritualistic pleasures/benefits. Saturn is equally applicable for success in education/competition, professional rise and fall, marital bliss, Putra Sukh (Child), and any major event (good or bad) to fructify in a native's life.

Saturn is called 'Nyaya Karka' (Saturn is referred to as Judge in Astrology), i.e., Saturn has the account of Karma performed by a native. It provides an opportunity to the native to perform Karma that will help him overcome the malefic effects of bad deeds committed in the past life and sins committed in the present life. If a native is truthful, honest, and sincere, Saturn will give the best results and can elevate an ordinary man to the level of King and vice versa. Saturn can delay but does not deny results.

Saturn transit through 12th, 1st, and 2nd place from the location of Moon in the birth horoscope can be termed as



three phases of Sade-Sati. Each phase covers two and a half years.

Below are indicative results during each phase:

Phase I (Rising – Saturn transit through 12th place from the location of Moon in the birth horoscope):

- Loss of wealth
- Ill health, hospitalisation
- Imprisonment, disgrace
- Quarrels in the family, separation from family

Phase II (Peak – Saturn transit through 1st place from the location of Moon in the birth horoscope):

- Death of relatives
- Journey to distant places
- Separation from spouse
- Increased expenditure

Phase III (Setting – Saturn transit through 2nd place from the location of Moon in the birth horoscope):

- Loss of position
- Financial difficulty
- Gain of wealth to be lost later
- Loss of children



However, the period of Sade-Sati cannot be bad if there are benefic influences (illustrative pointers below):

- The operative Dasha/Antardasha is beneficial.
- The 12th, 1st, and 2nd place from the location of the Moon in the birth horoscope have more than 30 bindus each in the Sarvashtakvarga.

- Saturn is transiting through own/friend's house.
- Benefic aspect from other planets.



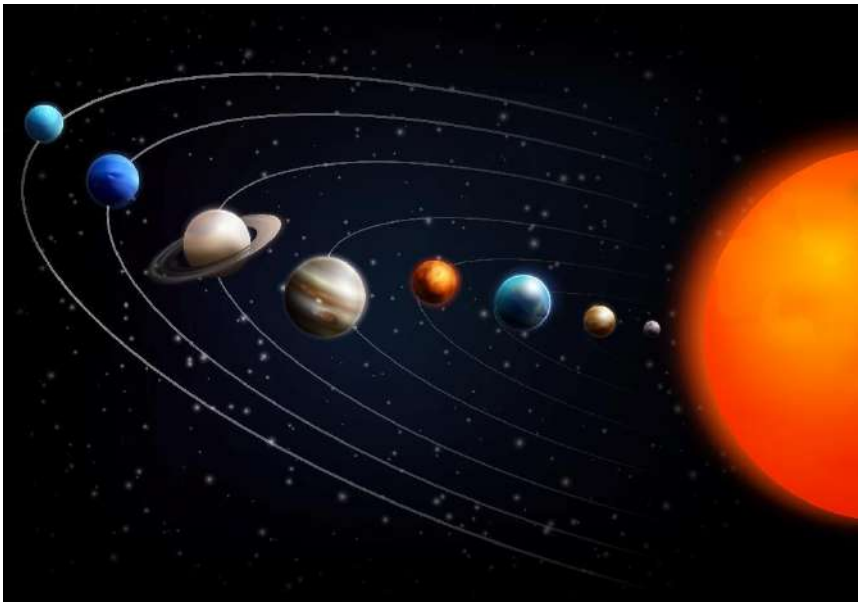
During Sade-Sati, the propitiation of Lord Ganesha, Lord Shiva, and Lord Hanuman is considered auspicious to reduce malefic effects.

Benefic results of Sade Sati during the three phases can include wealth, servants, land, pleasures, victory, permanent job, the leadership of the masses, marital happiness, honours etc.

The supposedly cruel Sade-Sati can get the native to a Throne also. Pandit Jawaharlal Nehru became the Prime Minister of India during the second phase of his Sade-Sati. Similarly, Mrs. Indira Gandhi became Prime Minister of India during the second phase of her Sade-Sati. Shri Morarji Desai became Cabinet Minister during the second phase of his Sade-Sati, and in the third phase of his Sade-Sati, he became Prime Minister of India.

Another related astrological transit of Saturn is Dhaiyya (2.5 years), also known as Small Panoti (Small Trouble). The Saturn transit through 4th place from the location of Moon in the birth horoscope is termed as Kantak Shani, and Saturn transit through 8th place from the location of Moon in the birth horoscope is termed as Ashtam Shani. These periods can give malefic and benefic results.

It is pertinent to note that the natal chart should be seen as a whole to arrive at any firm conclusion along with respective divisional charts. The position of planets in a particular zodiac sign, their aspects, inherent results (malefic, benefic), the strength of planets and combinations they form in various houses in the natal/divisional chart must be analysed and interpreted collectively, along with the planetary transit. It is critical and should be taken into consideration.





Mirza Ghalib – The Internal Auditor



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In India, the concept of Corporate Governance has ancient origins.

Hain aur bhi duniya mein sukhanwar bahut ache,

Kehte hain ke Ghalib ka hai Andaaz-e-bayaan aur!

(There are many great poets in the world

But it is said that Ghalib's way of communication is unique!)

Mirza Ghalib is a name known to many poetry lovers the world over. He was an Indian poet from the Mughal era par excellence who wrote in Persian and Urdu.

Somewhere, it is stated that he was a failure during his lifetime, with only a limited following. He is also perceived, unfortunately, as a jilted lover, and so on and so forth. Nevertheless, Ghalib was an unconventional poet with mature views way beyond the socio-economic conditions of his time.

This piece is, however, not so much on Ghalib's personality but an attempt to glean learnings for Internal Audit through his verses.

Hazaaron khwaahishein aisi ke har khwaahish pe dum nikle,

Bahut nikle mere armaan, lekin phir bhi kam nikle!

(I have thousands of desires, and each one is worth dying for

Many of such desires have been fulfilled, yet, I feel unrequited!)

This is perhaps one of Ghalib's most recollective verses, though some may not know this was from his stable. With a profound meaning, which mocks a human being's insatiable desire for more, this one also has a special message for the Internal Auditors.



The demands for Internal Audit in today's times are humungous. From providing assurance to advisory, from possessing strong business understanding and technical knowledge, from analytics to continuous control monitoring, being a business partner yet independent, being an advisor, leader and mentor, raising the bar in terms of both efficiency and effectiveness, the list is endless.

Each of these tasks is relevant, important (rather critical), and a prerequisite to demonstrate a proficient force to reckon, which makes such desires worth dying for.

But some of these aspects are divergent and conflicting, and some of these tasks are gargantuan. So while as Internal Auditors, we may achieve a lot (many of such desires would be fulfilled), the sense of achievement, in toto, is still elusive (yet I feel unrequited).



Therefore, it is crucial for Internal Audit to reconcile the fact that the rate of change in expectations will be much higher than the rate at which Internal Audit can catch up with these tasks.

Consequently, keep prioritising, focus on critical aspects and keep chipping off the block. You need not achieve everything together. Do not boil the ocean.

This note is the first in the series. Keep watching this space for more strategies and pearls of wisdom that Ghalib has left for us (Internal Auditors).

(The views articulated in the note are the writer's and should not be construed as his current or past organisation's views.)

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Congratulations, NG Shankar!!

IIA India leader and stalwart NG Shankar has been recently requested to serve on the Global IIA CIA Refresh Taskforce.

NG, the 1st QIAL-certified member from India, has served for six years on the Professional Certifications Board (where his tenure ends in July 2022). He was a member of the Professional Issues Committee from 2004-10 and then with the International Internal Audit Standards Board from 2010-2016. During 2006-2008, he also served on the Global IIA Board and the Audit Committee.

We have no doubt he will continue to represent IIA India on the global IIA fora with the same dedication and professionalism as in the past.

NG, as he is fondly known, retired as Group Executive President- Corporate Audit, Aditya Birla Group, where he served for over 16 years.



NG Shankar



Congratulations, Manoj Agarwal!!

IIA India leader and National Council member, Manoj Agarwal, has been invited to re-serve on the International Internal Audit Standard Board of Global IIA.

Manoj Agarwal, a CIA (2011) and CRMA (2016)-certified member from India, has been serving on International Internal Audit Standards Board since 2019. He was a member of the Professional Issues Committee (later called Guidance Development Committee) from 2013-19.

Manoj has been associated with IIA in India since 2008, initially as a volunteer at the IIA Bombay Chapter and later as Governor since 2013. He is also the Chair of the IIA India Training Committee since 2019.

Undoubtedly, he will continue to represent India on the global IIA fora with the same dedication and professionalism as in the past. Manoj is currently working with Metro Brands Limited as Head of Internal Audit and Risk Management. He had joined them in 2016.



Manoj Agarwal



"Future of Profession: Adapt| Transform| Innovate" Theme of IIA Calcutta Flagship Programme

The Institute of Internal Auditors India - Calcutta Chapter recently held the flagship programme **Joint Audit Conclave 2022,** after a gap of two years due to the pandemic. **The conclave was held on Friday, June 24, 2022, at ITC Royal Bengal, Kolkata, on the theme "Future of Profession: Adapt| Transform| Innovate".**

Eminent personalities from many esteemed institutes graced the event:

- The Institute of Chartered Accountants of India (ICAI)
- The Institute of Cost Accountants of India [ICAI(CMA)]
- The Institute of Company Secretaries of India (ICSI)
- The Institute of Internal Auditors Bangladesh (IIA Bangladesh)
- The Institute of Internal Auditors India (IIA India)

Shri Jagdeep Dhankhar, Hon'ble Governor of West Bengal, graced the occasion as the Chief Guest of the Joint Audit Conclave.

Pre-activity branding and promotion were carried out widely through Google ADS, Facebook and Instagram. Advertisements came out in leading newspapers like Economic Times, Financial Express and Times of India on the day of the conclave.

Over 225 delegates comprising prominent personalities, dignitaries and professionals from the corporate sector, professional firms, chambers of commerce and academic institutions participated in the conference across India and Bangladesh. The event was live streamed over YouTube, and many participants joined virtually across India and other overseas locations. Esteemed corporate and consulting speakers deliberated upon interesting contemporary topics during the daylong conference.

The Joint Audit Conclave had five sessions - an inaugural session and three technical

sessions, followed by a panel discussion on the conclave theme.

- The first technical session following the inaugural was a Fire-side chat on "Technology and analytics-led forensics" by Enterprise Risk & Compliance (ERC) Genpact.
- The second technical session was a Panel Discussion by Deloitte on "Future of Internal Audit Profession: What Lies Ahead".
- The third technical session covered "Growing expectations from Internal Audit in the evolving business environment" by esteemed representatives from different professional institutes and Deloitte.
- The panel discussion on the theme of the conclave "Future of Profession: Adapt| Transform| Innovate" had esteemed speakers from professional institutes as well as leading corporates across the globe.

At the inaugural session, Mr. Arijit Roy, President of the IIA India, Calcutta Chapter, set the context of the conclave by saying that the changing nature of our profession, especially during the pandemic time, has put forward the challenge of Adapt| Transform| Innovate.

Shri Jagdeep Dhankhar, Honourable Governor of West Bengal and the Chief Guest of the conclave, in his inaugural address, appreciated the efforts put in by The Institute of Internal Auditors India Calcutta Chapter for bringing in five professional organisations together for a significant meet, i.e., ICAI, ICAI(CMA), ICSI and the IIA from our neighbouring country, Bangladesh. According to him, India is on the rise, and India's position in the global economy is on an incremental trajectory. India is a land of opportunities attracting talent and resources from outside because of our rich human genius. Transparency, accountability, high ethical standards, and systemic working are minimum requirements for investment



in development and growth. He appealed to all professionals to contribute to the state's welfare to avoid the flight of capital and human resources. According to him, this can be changed by all acting together. The state is the recipient of all natural resources and people who stand out for their sublime qualities.

In his keynote address, Mr. Adithya Bhat, President IIA India, praised the President of IIA India Calcutta chapter and BOG Members for organising such a beautiful event. In his message, he raised concerns about budgetary constraints for the Companies towards the Internal Audit function. He stressed upon the changing dynamics of Internal Audit functions due to the complex IT/IS infrastructure of organisations.

In his inaugural address, Mr. Subhashis Nath, Global Service Line Leader, Enterprise Risk & Compliance (ERC) Genpact and Guest of honour for the conclave, recommended the auditors extrapolate the situation and look at the big picture rather than only focusing on the set of small details. According to him, the main objective of an internal auditor is to support organisations in achieving the broader business objectives, which could be more impactful and valuable, rather than only focusing on the regulations and standards.

Subhashis also said that Covid 19 pandemic had shown us that work has to be performed remotely. According to him, the remote work delivery model is the new way to deliver quality work to clients by acquiring the required skill set from anywhere in the world.

In his inaugural address, Mr Devendra V Deshpande, President of the Institute of Company Secretaries of India and Guest of Honour for the conclave, mentioned professional talent resources collaborating with Artificial Intelligence in the coming years. Auditors need to adapt to Artificial Intelligence-based audit programmes and Block Chain technology that will shape their career paths in the near future. Auditors must learn new ways to co-exist with cutting-edge technologies and methodologies.

Mr Biswaroop Basu, Immediate Past President & Central Council Member, The Institute of Cost Accountants of India, in his inaugural address, stated several steps taken up by the Government of India to boost the manufacturing sector in its pursuit to rule out any disruption in the global delivery by supply chain management, thereby enhancing the availability of goods and services. He opined that in today's world, all financial professionals should be conversant with the latest technologies and have a fair understanding of the methodologies like Cyber Security, Artificial Intelligence, Data Analytics, Block Chain and so on.

In his address, Mr Himanish Chaudhuri, Leader – Internal Audit, Deloitte India, stated that Internal Audit today is all about adding value. Values from audit professionals should be to support the client in the fact-finding mission and their vision and mission. Auditors are expected to understand business models and operating models. Giving opinion and strategies, governance, and control assurance in today's world becomes an optimal task for an internal auditor.

Mr Chaudhuri appreciated forums like Joint Audit Conclave as an effective place to exchange enormous ideas about creating exceptional delivery models of Internal Audit and Governance. He opined that auditors should collaborate to find exciting ways to go

about digital business and integrate new technologies.

In his speech, Mr Subrata Bagchi, Senior Managing Director & COO, Alliant India Talent, conveyed to the audience the changing nature of the Accounting and Audit profession due to the ever-increasing importance of technology and the new generation of workforce. He mentioned that recent resignation trends in the USA are intriguing in the advisory domain, which is alarming for the consulting sector. Resource crunch is the main challenge in advisory practice space across the globe. With CPA professionals' availability trend dropping, the institute is holding examinations in India. According to Mr. Bagchi, every service delivery centre should have five bots to deliver quality work and add value to the client's business.

Mr Jim Brady, CEO of Alliant India Talent, expressed concerns about people retention and skill development in any transformation process.

Ms Uma Prakash, Senior Vice President, IIA India, conveyed her perception of the role of Internal Auditors in modern-day business with the ever-changing requirements from the stakeholders.

In his speech, Mr. M Nurul Alam, Secretary General, IIA Bangladesh, focused on the importance of CIA qualification for the contemporary Internal Auditors. He also spoke about the complex nature of any change and acceptance of such changes with transformation through appropriate innovation.

The Institute of Cost Accountants of India and The Institute of Internal Auditors India entered into a Memorandum of Understanding for collaboration and cooperation through sharing knowledge, experience and best practices for the mutual benefit of both institutes.

The event was covered and publicised by large numbers of print and digital media houses.

Organisers from the IIA India Calcutta Chapter are immensely pleased to successfully hold the milestone event Joint Audit Conclave 2022 with such splendour this year. All the professional institutes that were hosted and all the partners for the event expressed their satisfaction and appreciation towards the efforts put in to arrange the event. To quote Mr. Adithya Bhat, President, the IIA India, "Excellent venue, excellent setup.... One of the best arrangements I have ever seen in any past events".

PDM held on 14th May, 2022



PDM held on 28th May, 2022



Madras Chapter Awareness Month Meetings Focus on Cyber Threats and Data Privacy

The Institute of Internal Auditors India, **Madras Chapter, organised the International Internal Audit Awareness Month Meetings on the 14th and the 28th of May** this year.

In well-attended meetings, speakers discussed emerging data privacy norms and cyber threats. The sessions were held at Hotel Savera, Chennai.

Chapter President Mr. KBS Manian opened the meeting with a welcome address. Then, Mr. PR Loganathan, Advisor to the Chapter, gave a talk on IIA Global, IIA India and the Chapter and explained the Awareness Month celebrations. He apprised the participants about the CIA and other certifications offered by IIA. Later, he explained the details of membership and its benefits at length.

On the 14th, Ranjeeth Bellary, Associate Partner, Ernst & Young, Mumbai, addressed the issue of **'Emerging Cyber Threats & Mitigations'**. Later, on the 28th, Mr. Ramaswamy Meyyappan, Advocate, RSN Law Chambers, spoke about the **'Emerging Data Privacy Norms – Corporate Responsibility and Individual's Rights'**.

A vote of thanks by Mr. K. Vidyadaran, Programmes Committee Chairman, brought the meeting to a close.



IIA India Join Hands with IOD for "Masterclass for Directors"

In what is seen as a wonderful tie-up, **IIA and the Institute of Directors (IOD) have signed an MOU to enable IIA India women members to take the IOD' Masterclass for Directors' at a special fee** of Rs. 13,500 instead of the published price of Rs. 36,000.

IOD, the apex national association of Corporate Directors, has successfully trained around 10,000 Directors and Senior Executives.

The customised Director development-cum-certification programme empowers Board Directors, senior executives and key management personnel. This prestigious certification strengthens their existing skills and enables them to acquire new skills.

The main aspects covered by this programme, designed to provide the requisite skills to drive the Board for corporate success, are:

- Corporate Governance
- Board Management
- Board Committees
- Board Practices
- Board Processes
- Financial Literacy
- Risk Management
- Future Boards
- Adapting Boards to Digital Age

The requirement of Independent Directors on the boards of Indian Companies has gone up multifold due to the Companies Act, 2013 & SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. Also, the appointment of women directors on the Board of specified Companies has increased the requirement of experienced and qualified women directors. Top 1000 listed companies are required to appoint women independent directors.

This MOU will enable IIA India Women members to upskill themselves and become eligible to be the women director.

For more details, connect with your IIA Chapter Women's Forum Chairperson.



First Physical GTM Training at Bosch Learning Campus

Participants at the first physical GTM Training imparted by IIA at the Bosch Learning Campus, Bangalore.

The two-day training on **"Quality Assurance & Improvement"**, was organised on the 30th and 31st of May, 2022 by IIA India. Mr. Nikhel Kochhar, Chief Advisor IIA India headed the programme.

An awareness session was also conducted by Bhavani Jois, the immediate past President, Bangalore Chapter, IIA India.





Joining The IIA is an investment in your career and the profession.

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Answer to CIA Quiz :

Q1 - B | Q2 - D | Q3 - D | Q4 - B | Q5 - C | Q6 - A