



THE SURI EXPERIENCE

Disclaimer:

Private and confidential.

This document is a property of Suri and co chartered accountants. Any copying or sharing of the same is strictly prohibited and any instance of non compliance noted will be seriously viewed.

Version Control

Issue Details

Release Date	Expiry Date	On release of subsequent version
--------------	-------------	----------------------------------

Revision Details

Version No.	Revision Date	Particulars	Approval Name
1.0	-	Suri Document	
1.0	-	Statutory Manual	Audit
1.0	-	Internal Manual	Audit
1.0	-	Tax Audit Manual	
1.0	-	Certification Manual	
1.0	-	QC Policy	
1.0	-	IT Policy	

Document History

Author	
Reviewers	
Custodian	QC Committee
Owner	

THE SURI EXPERIENCE

Preface:

Welcome on board to Suri & Co Chartered Accountants!!!

It gives us immense pleasure in having you as a part of the SURI family and be an integral part of your learning journey to be a top-notch professional. Through the course of your journey in the firm you would get a flavour of the profession and in all likelihood inculcate the qualities of a professional together with bounty of knowledge and of course sweet memories and even sweeter relationships which you would cherish for your entire life.

We indeed take this opportunity in bringing this document on the SURI EXPERIENCE through which we would like to present you a bird's eye view of everything about the firm and profession at large.

We sincerely hope that you find this document useful for you.

Best wishes for your SURI EXPERIENCE

Contents

Introduction to the Profession and ICAI:	4
Note on AQMM	5
Dimensions of AQMM	6
Practice Management Operation	6
Suri & Co and its Vision and Mission	6
Quality Control Policies	14
Statutory Audit Manual	39
Internal Audit Manual	57
Tax Audit Manual	59
Manual on issuance of Certificate	78
Information Technology Policy and Procedure Manual	95
Human Resource Management	112
Practice Management – Strategic/Functional	113
Roadmap to the next level	114

Introduction to the Profession and ICAI:

The Accountants profession globally is seen as a critical part in economic development. Their key character portals i.e integrity, objectivity, independence, ethical behaviour, uprightness and self conscious driven approach makes them the key connector between business houses and stakeholders. Be it their role in maintaining books of organisation or in auditing their books the accountants play a crucial role and are often referred to as the nation's conscience and in today's context accountants even play a tremendous role as entrepreneurs, investment bankers etc. Despite its glorious nature, the profession has its own challenges owing to the ever changing laws of the land and also the every watching public eyes as any financial mishap is often attached to the role of accountants. Being such the nature, the profession is well regulated by appropriate authorities. In India ICAI is the apex body which manages the accountancy profession. In the Indian environment Accountants are referred to as chartered accountants

The Institute of Chartered Accountants of India (ICAI) is a statutory body established by an Act of Parliament, viz. The Chartered Accountants Act, 1949 (Act No. XXXVIII of 1949) for regulating the profession of Chartered Accountancy in the country. The Institute, functions under the administrative control of the Ministry of Corporate Affairs, Government of India. The ICAI is the second largest professional body of Chartered Accountants in the world, with a strong tradition of service to the Indian economy in public interest.

Being the controller of the profession the ICAI through its council members and other experts has over the period carried out various activities including laying down the standards based on which the accountants are to render their professions. These standards include the Code of ethics, Standards on Auditing, guidance notes etc. Any service that a chartered accountant does is to be in strict compliance with the guidelines of the ICAI and therefore their texts serve as the mother document for ever deed of a professional. The various activities which as chartered accountant do includes:

1. Assurance services like statutory audits, internal audits, tax audits or issue of certificates under various legislations etc.
2. Non assurance services like consultancy, tax planning advice, business reorganisation advice, CFO services, set up of control environment etc.

Whatever be the nature of service, all the services are to be aligned with the requirements of ICAI of acceptance, execution, monitoring and documentation.

Note on AQMM

The Audit Quality Maturity Model – (AQMM v1.0) is a capacity building measure initiated by ICAI. The AQMM v 1.0 was launched on the 1st of July 2021 as a self-evaluation recommendatory model for evaluating the current level of Audit Maturity of the firms. AQMM v 1.0 is an evaluation model, an amalgamation of a well- researched set of Audit Quality Indicators (AQIs), which not only help firms to arrive at their current maturity level but will also provide a mechanism to help and guide to improvise their audit quality. It is a cross-functional evaluation model covering key areas of not only audit engagements but also audit practice at the firm level. It includes operations of the firm include revenue budgeting and pricing, audit practice manual, budgeting of engagements, time sheet, use of technology adoption, quality control for engagements, Human Resource Management including resource planning and monitoring, performance evaluation and compensation, physical and IT infrastructure.

The firms auditing the following types of entities are to mandatorily assess their level of audit quality maturity using the AQMM Rev v1.0 from 1st April 2023

- (a) A listed entity; or
- (b) Banks other than co-operative banks (except multi-state co-operative banks); or
- (c) Insurance Companies

However, firms doing only branch audits are not covered.

AQMM Version 1.0 comprises a questionnaire that enables firms to rate their current level of audit maturity, identify areas where competencies are strong or lacking, and then develop a road map for achieving a higher level of audit maturity.

Dimensions of AQMM

AQMM Version 1.0 includes the following dimensions of audit maturity organized into three sections:

- a) Practice Management –Operation
- b) Human Resource Management
- c) Practice Management-Strategic/Functional

Practice Management Operation

It is to be noted that although the AQMM v1.0 is itself applicable to firms performing a statutory audit of specified entities, this framework provides impetus to the firms which are having specialization in the field of audit including statutory audit, tax audit, internal audit, GST audit, Forensic audit, sustainability audit, social audit, etc. The firm would assess specialization based on revenue earned from the audit and assurance areas of a firm.

We indeed take great privilege in stating that the firm is AQMM compliant.

Suri & Co.
CHARTERED ACCOUNTANTS

Suri & Co and its Vision and Mission

Established in 1939 by Late Shri S. Suriyanarayan, a visionary who was committed to making a real difference in the sphere of Chartered Accountancy. In 8 decades, your firm has grown in scale and diversity and is present across 4 states with 8 centers and is yet standing united. Whilst supporting for decades, your firm strives to reinvent by using re-imagined technology in providing all its assurance, risk management, and taxation services.

Your firm's Vision.

Providing professional and ethical services in the realm of Accountants and instilling trust in all stakeholders.

Your firm despite being in the field over 8 decades continues to fix its roots at the point where it started in 1939. The firm is very conscious of its responsibility to the stakeholders and is fully devoted in providing professional and ethical services in accordance with the guidelines issued by ICAI and other bodies which govern the services. The activities and structures that operate in your firm are explained further in the document that are all aligned to this vision.

Your firm's Mission

To deliver globally and be a trustworthy institution to partner with for growth and nation building.

Being as conservative and prudential as it could be in rendering the services, your firm has set its eyes on going global and has ambitions to be there in the global accountant's picture by operating out of other geographies. As a firm we also feel we are responsible to the society to which we live in and in addition to the stakeholders who use our services and opinion we also feel it's our duty to participate social causes like policy framing for education, employment, ESG implantation etc. As a first step towards its mission, the firm has empanelled itself with PCAOB the US regulator for public accountants and has commenced carrying out services for entities domiciled outside India. Your firm would continue to strive towards success in its mission with you as an integral part of the journey.

The 4 Pillars

The firm has come thus far placing its fundamentals on the 4 pillars:

1. Sustained Professionalism - Working passionately together with professionalism to deliver optimal value and leave an impression that defines them.
2. Delivered Ethically - Committed to conduct business with integrity and high levels of quality with shared values that shape the foundation of our culture.
3. Emerging Smarter - Tapping into the latest technologies to provide faster and smarter solutions and audits anytime, anywhere.

4. Educate 24*7 - Dedicated to face new challenges with regular training and development to excel in our service and continue to grow.

Empanelment:

The firm is empanelled with the following bodies:

1. Reserve Bank of India
2. Comptroller and Audit General
3. ICAI
4. Audit Bureau of Circulations
5. Public Company Accounting Oversight Board (PCAOB) USA

The Leadership

The firm is headed by 10 partners who are experienced and are fully committed to serve the firm. The firm operates in a branch and head office model with Chennai being the head office. Each branch is being headed by the branch in charge. For further details about the firm and partners you may please visit our website www.suriandco.com. In addition to the partners the other participants of the elite team of Suri and co includes Executives, Associates, Staffs, Articled Assistants and Admin staffs. You would get further details of all these in the MYSURIHR MANUAL of the firm.

Services Provided

The firm provides the following 4 verticals of services.

- A. Assurance Services
- B. Risk Management Services

- C. Advisory and Litigation services
- D. Consultancy and Support services

The firm further has experience across various sectors in the manufacturing, trading and services industries for further details on the services offered and sectors in which your firm operates, please visit the website www.suriandco.com.

Policies followed:

Being the nature of industry in which the firm operates which is highly regulated, the firm also feels and accepts the fact that, we must be regulated in our conduct as well. With the consciousness at the leadership level the firm has formulated the following policies the individual text of which are all available to you for your perusal and compliance. The policies further have manuals in place which provide operational guidelines on execution of work in line with the policies. All the policies and procedures laid down by the firm are strictly in compliance with the respective guidance of ICAI and other regulators. The firm through its QC committees and other sub committees ensures compliance with the requirements of the policies and procedures laid out.

A. **Quality Control Policy:** the firm is very conscious about the quality of its delivery and feels that to be the paramount duty and accordingly has laid down the quality control policies of the firm in accordance with the standards on quality control (SQC1). The quality control policy are the fundamentals on which all the operations of the firm are based upon These policies primarily cover the following aspects

- a. Policy On Ethical Requirements
- b. Policy On Independence
- c. Policy On Planning and Engagement Performance
- d. Policy On Personnel Management
- e. Policy On Acceptance and Continuance of Client Relationships and Specific Engagements
- f. Policy On Leadership
- g. Policy On Monitoring
- h. Policy On Documentation

B. Human Resource Policies: The TEAM strength is the core strength of any organisation, and we are no exception to it. As a part of the requirements on personal management under the SQC 1 the firm has in place a details HR policy named as MYSURI Policy. These policies cover all aspects across the lifecycle of human resource including Talent acquisition, talent development/engagement and talent retention. Each sub policies under the MYSURI Policy have actionable process which are executed in real spirits. Further the firm's entire HR practices are digitised and you may access the same from the MYSURI login in the website www.suriandco.com

C. Information Technology Policy: In the current context almost 99 percent of the execution is carried electronically making it imperative to adopt to best in class policies and IT practices. Accordingly, your firm has a well laid out Information technology policy which addresses all the key facets of IT security, hardware, software management, data storage, disaster management and recovery plans etc.

D. Whistle Blower Policy: Our tolerance to noncompliance is absolutely 0 and we invite any person of the Suri family to bring to the notice of partners any instance that warrants an alarm be raised. The details of actions to be taken at such instances is discussed in the Whistle blower policy.

Detailed manual on each of the above mentioned policies in subsequent pages of this document. HR Policy and Whistle Blower Policy is available as separate manuals (softcopy). Please reach out to the respective branch heads for accessing the same.

Manuals and Procedures

To successfully implement the above policies, the firm has various operational manuals which should be looked upon to get further insights on how to run your daily life at Suri. The following are the key manuals:

- a. Office Manual:** This manual provides operational guidelines on the physical office environment and other daily activities like contact points, office timings, conduct at office, parking etc. The same is branch specific and can be obtained from the local branch.
- b. Statutory audit manual:** This is a sub manual under the QC policy which covers activities to be carried out in the entire statutory audit cycle. The manual also includes templates, checklist, guidance, references, instructions on use of technologies in place, audit work flow etc. The manual has been prepared in strict compliance with the requirements of ICAI's standards on auditing and other guidance notes on carrying out an assurance service of audit of financial statements. Manual and its related documentations are available in softcopy.
- c. Internal Audit Manual:** This is also a sub manual under the QC policy which covers all the activities in an internal audit. This manual contains the processes, sub processes and documentations including formats and templates to be done in carrying out the internal audit functions. The manual is prepared in line with the requirements of SIA. Manual and its related documentations are available in softcopy.
- d. Tax Audit Manual** As a sub manual to the QC policy, this contains details processes, formats, and programs to be followed in carrying out a tax audit. The manual is prepared in accordance with the guidance note on tax audits issued by ICAI. Manual and its related documentations are available in softcopy.
- e. Certification Manual:** Your firm carries out a substantial amount of certification services and this manual is written to provide guidance on the processes to be followed in attesting certificates. The manual also includes appropriate formats and checklists. The manual has been prepared in line with the guidance note issued by ICAI. Manual and its related documentations are available in softcopy.

You can find the detailed note on each of the above mentioned manuals in subsequent pages of this document.

Suvidya

Suvidya is the knowledge domain of the firm. The Suvidya team is headed by partners and carries out the following activities.

- Providing continuous update documents to public on any changes in legislation which are curated with action points and implications.
- Monitors the learning and development activities of the firm.
- Carries out continuous training programmes for the staffs across all the segments of teams.

For further details on the offerings of Suvidya please read the learning and development policy under MYSURI Policies and also visit the website www.suriandco.com

In addition to the general portal, as a part of the Suri Family you have access to the exclusive technical desk and internal resources of the firm during your service in the firm. You may access the said facilities from your MYSURI login in the website www.suriandco.com.

The Clients

The firm over the last 8+ decades has gathered huge goodwill from its clients and has been incredibly successful in being able to continue to work with clients, generation after generation without compromising on ethics and quality. The clients can largely be divided in the following

- A. Corporate Assurance clients:
- B. Non Corporate Assurance clients
- C. Corporate and non-corporate advisory, support services clients
- D. Banks and Public sector undertakings

The clients are further classified into A, B and C based on certain criteria as explained in the audit documentation policy elaborated in the statutory audit manual of the firm.

The Clients are primarily handled by the partners of the firm with the teams. All the client acquisition and retention activities are being monitored by the QC committee of the firm.

The firm is also inclined in keeping clients abreast of the changes in laws by regularly communicating with them through the SUVIDYA teams. Further awareness sessions are carried out by issue of annual audit document and also conduct periodic programmes.

Talk to Us

During your stay here it is very important that you gather as much knowledge as possible for which it is very important for you to stay in close contact with your peers, managers and partners. Please feel free to reach out to them for any concerns that you may have. Please note that the firm has in place under its MYSURI policies POSH (prevention of sexual harassment) and Grievance policy for you to raise any concerns. Further as already discussed above please make use of the technical desk under MRSURI segment of the website to clarify all the doubts that you may get during your daily work at the firm. Please also regularly follow the website www.suriandco.com for changes being notified as also the notice board under the MYSURI tab of the website.

Please also note that your firm is active in the social media space with the sole objective to spread knowledge and happiness. Should you be interested you may follow us in Facebook, Instagram and LinkedIn.

Conclusion

We thank you for the patient reading of the above document. Please note that the policies, manual etc referred to in the document above form part of this document of SURI EXPERIENCE and you may kindly refer the same to enable you give your best. Further the firm website also has bare legislations, circulars, notifications etc which are updated real time. You may access them at <http://knowledge.suriandco.com/>. Despite our efforts to share as much content to you, we may not be absolutely successful owing to the vastness. We sincerely recommend you to also use the following resource links:

1. Institute of Chartered Accountants of India (ICAI) - <http://www.icai.org/>
2. Central Board of Direct Taxes - <http://incometaxindia.gov.in/>
3. Department of Company Affairs (MCA21) - <http://www.mca.gov.in/MCA21/>
4. Goods and Service Tax - <https://www.gst.gov.in/>
5. Central Board of Excise & Custom - <http://www.cbec.gov.in/>
6. Reserve Bank of India (RBI) - <http://www.rbi.org.in/>
7. Securities & Exchange Board of India (SEBI) - <http://www.sebi.gov.in/>
8. The Employees' State Insurance - <https://esic.gov.in/>
9. Provident Fund - https://www.epfindia.gov.in/site_en/index.php
10. Income Tax e-Filing - <https://www.incometax.gov.in/iec/foportal/>

Quality Control Policies

Introduction

We, Suri & Co Chartered Accountants (“Firm”), have established the system of quality control designed to provide the reasonable assurance that the firm and its personnel comply with professional standards, regulatory & legal requirements and that reports issued by the firm or engagement partners are appropriate in the circumstances.

We have documented the quality control policies and procedures and communicated to the firm’s personnel. Such communication describes the quality control policies and procedures and the objectives they are designed to achieve and includes the goal that each person has a personal responsibility for quality and is expected to comply with these policies and procedures.

In addition, the firm recognizes the importance of obtaining feedback on its quality control system from its personnel. Therefore, the firm encourages its personnel to communicate their views or concerns on quality control matters.

The Firm has a detailed document for Quality Control Policies and Procedure including a detailed manual for conducting the assurance functions to the engagement teams. It follows a documentation manual driven approach, designed on the basis of Standard on Auditing issued by the Institute of Chartered Accountants of India (“ICAI”), and by Public Company Accounting Oversight Board (PCAOB)’s quality control standards to ensure the mandatory compliance with the Quality Control guidelines.

The key aspects of the quality control policy of the firm is given in the subsequent pages of this document the document covers the policies relating to

POLICY ON ETHICAL REQUIREMENTS

INTRODUCTION

The firm has policies and procedures in place to ensure with reasonable assurance that the personnel comply with relevant ethical requirements.

POLICY OF THE FIRM

1. The partners shall ensure that the fundamental principles of professional ethics shall always be followed with at the time of execution of any engagement function. The fundamental principle as under:
 - Integrity
 - Objectivity
 - Professional competence and due care
 - Confidentiality and
 - professional behaviour

The above fundamental shall be imbibed to the engagement team and to every member of the firm by way continuous education and training in accordance with our policy on personnel management.

In addition to the above the partners and every member of the firm shall adhere to the separate policy on independence.

POLICY ON INDEPENDENCE

INTRODUCTION

Professional integrity and independence are essential characteristics of all the learned professions but is more so in the case of accounting profession. Independence implies that the judgment of a person is not subordinate to the wishes or directions of another person who might have engaged him, or to his own self-interest.

In order to ensure independence, the law has made certain provisions which either prohibit the appointment of a person as auditor under certain circumstances or place certain restrictions on his appointment as auditor or put third parties on guard against the possibility of an abridgement of independence by requiring certain disclosures to be made. These provisions are briefly outlined below:

The relevant legislations that impose conditions on the independence of the auditors are as under:

1. The Companies Act, 2013
2. The Chartered Accountants Act, 1949

In line with the requirements of the legislations and our firms' internal practice, the policy of the firm on ensuring independence is as under:

POLICY OF THE FIRM

1. None of the partners of the firm shall:
 - a. hold position of an officer or employee of the Company under audit or its subsidiary, co-subsidiary or holding company;
 - b. hold partnership with a person or employment under a person holding position of an officer or of an employee of the Company under audit or its subsidiary, co-subsidiary or holding company;
 - c. give any guarantee or provide any security in connection with the indebtedness of any third person to the company under audit or its subsidiary, co-subsidiary or holding company for an amount exceeding such sums as may be prescribed under the Companies Act or any other applicable laws, rules and regulations.
2. The firm shall not in the normal circumstances accept appointment of audit of a company where any partner of the firm is a relative of a director, or of a key managerial person. The partners may decide to take up such audit engagements subject to the laws and regulations prevailing, but the related partner shall not be the engagement partner.
3. None of the partners of the Firm or relative of engagement partner shall hold any security of or interest in the company or its subsidiary, co-subsidiary or holding company more than the limits prescribed in law.
4. The Firm shall not accept appointment of audit of a Company, if the firm is already engaged in providing consulting or specialised services as provided in Section 144 of Companies Act 2013.
5. The firm shall not recover its fees on a progressive basis unless it is in accordance with the terms of engagement with the client (e.g. resolution passed at the general meeting),
6. The firm or any partner of the firm shall not purchase goods or obtain services on credit from a company under audit or its subsidiary, co-subsidiary or holding

company such that the outstanding amount does not exceed Rs. 10,000/- irrespective of the nature of the purchase or period of credit allowed to other customers.

7. The engagement partner shall not accept appointment as auditor of a company where any relative of the partner is indebted or given a guarantee or provided any security in excess of the limits prescribed in law.

8. The firm shall not accept fees, what have been described as contingent fees, i e., fees, which are either based on percentage of profits or otherwise dependent on some finding or the results of engagement, except in certain cases which have been specified in the rule (As per paragraph 10 of the First Schedule of The Chartered Accountants Act, 1949).

9. The firm shall not express an opinion on financial statements of a business in which the firm or any partner of the firm has a substantial interest unless disclosure of such interest is made (As per paragraph 4, Part I, of the Second Schedule of The Chartered Accountants Act).

10. The firm or any partner shall not make use of the information which comes into his possession during the course of an audit in any activity that conflicts interest and duty towards the company, which is being audited by him.

11. Other than fees or remuneration or money meant to be expended, any other money of client, shall be kept in a separate bank account, unless remitted in a short period of time.

12. Engagement partner shall consider relevant information about client engagements which will impact the independence requirements.

13. The partners, employees and articled assistants of the Firm shall give an annual declaration that they are not related to the auditee/employee of auditee.

14. The firm and the partners shall ensure that the engagement team does not contain the relative of the engagement partner or relative to any employee, holding the post of key managerial personnel in auditee enterprise.

15. Firm shall withdraw from the engagement if safeguards to reduce threat to independence to an acceptable level cannot be effectively applied.

16. The QC Partner is responsible to perform such checks as may be required to ensure that all personnel follow the independence and ethical policies of the Firm.

The above policy of the firm on independence shall be strictly adhered to by partners and all those involved in the respective engagement.

POLICY ON PLANNING AND ENGAGEMENT PERFORMANCE

INTRODUCTION

The firm has policies and procedures designed to provide with reasonable assurance that the engagement partner issues reports that are appropriate in the circumstances with reasonable assurance that the work performed by engagement personnel meets applicable professional standards, regulatory requirements and the firm's standards of quality; through appropriate planning, performing, supervising, reviewing, documenting and communicating the results of each engagement; and that the engagement team has carried on the engagement by referring to literature and consult with others where appropriate.

POLICY OF THE FIRM

1. Engagement Plan will be framed relating to the work to be performed, approaches to achieve the objective, resources required to perform the engagement considering the scope of engagement and on understanding the client's business and environment.
2. Every engagement team shall be briefed about the client regarding the nature of business and nature of audit work to be carried out.
3. To ensure that the engagement team understands the objectives of the work they perform.
4. Deployment of required resources to perform the work as planned and proper allocation of work to be carried out to deployed resources.
5. Proper training to the engagement team is provided to enable them to understand the objectives and perform the work allocated to them.
6. The engagement team are made to understand the professional standards and regulatory and legal requirements to carry out the work.

- 7.** Every engagement team shall have a senior article/staff who shall report to the audit manager.
- 8.** The engagement team shall be explained on the audit business, related audit procedures, programmes, dealing with specific issues, latest changes in the laws & other regulations.
- 9.** The engagement team is required to update the progress of the work carried out at the end of every week to the audit manager.
- 10.** The engagement team has to strictly follow the audit execution and documentation package of the firm
- 11.** Supervision includes the following:
 - a) Tracking the progress of the engagement.
 - b) Considering the capabilities and competence of individual members of the engagement team, whether they have enough time to carry out their work, whether they understand the instructions provided and whether the work is being carried out in accordance with the planned approach to the engagement.
 - c) Addressing significant issues arising during the engagement, considering their significance and appropriately modifying the planned approach appropriately.
 - d) Identifying matters for consultation or consideration by more experienced engagement team members during the engagement.
- 12.** The audit manager reviews the work done by the engagement team and documents the significant matters for further consideration.
- 13.** The work done by the engagement team and the audit manager are reviewed by the engagement partner.
- 14.** Reviewers consider whether:
 - (a) The work has been performed in accordance with professional standards and regulatory and legal requirements
 - (b) Significant matters have been raised for further consideration

- (c) Appropriate consultations have taken place, and the resulting conclusions have been documented and implemented
 - (d) There is a need to revise the nature, timing, and extent of work performed
 - (e) The work performed supports the conclusions reached and is appropriately documented
 - (f) The evidence obtained is sufficient and appropriate to support the report and
 - (g) The objectives of the engagement procedures have been achieved
- 15.** Appropriate consultations are taken from external sources wherever required and the issue involved, resulting conclusions including the decision taken with its basis along with the method of implementation are documented.
- 16.** Proper documentation is made for the work carried out along with extent of review and documents supporting the observations made.
17. The firm also has policies and procedures for dealing with and resolving differences of opinion within the engagement team, with those consulted and, where applicable, between the engagement partner and the engagement quality control reviewer. Conclusions reached are documented and implemented.

The above policy of the firm on planning and engagement performance shall be strictly adhered to by the partners and all those involved in the respective engagement.

POLICY ON PERSONNEL MANAGEMENT

INTRODUCTION

The firm's quality control system for personnel management depends heavily on the proficiency of its personnel. In making assignments, the nature and extent of

supervision to be provided are considered. It encompasses hiring, assigning personnel to engagements, professional development, and advancement activities.

The firm has policies and procedures designed to provide it with reasonable assurance that it has sufficient personnel with the capabilities, competence, and commitment to ethical principles necessary to perform its engagements in accordance with professional standards and regulatory and legal requirements, and to enable the firm or engagement partners to issue reports that are appropriate in the circumstances.

In specific the firm has policies in connection with personnel management which ensures that (a) in making assignments, the nature and extent of supervision to be provided are considered; (b) encompass assigning personnel to engagements (work is assigned to those with the degree of technical training and proficiency required under the circumstances); (c) encompass professional development (personnel participate in continuing education and professional development activities that enable them to fulfill responsibilities and satisfy applicable CPE requirements); and (d) encompass advancement (persons selected for advancement have the necessary qualifications for the responsibilities they will assume)

SUN & CO.
CHARTERED ACCOUNTANTS

POLICY OF THE FIRM

1. Recruitment Process:

- The firm shall on a regular basis review the requirement of personnel based on the engagements to perform. Based on the requirements, recruitments shall be made by following the interview process of the firm.
- In respect of appointment of articled assistants, the formalities as required by ICAI shall be duly complied with.

2. Performance evaluation, Compensation, advancement etc.

- Staffs shall be appointed with an initial probation period of six months and on satisfactory performance their employment shall be confirmed at the end of the sixth month.
- Compensation to staffs shall be fixed based on their qualification and experience which will be subject to revision every year.
- The performance of the staffs shall be evaluated by the senior partners and based on the evaluation staffs will be awarded performance incentives.
- Stipend to articled assistants shall be in accordance with the stipend structure of the firm which will be reviewed at regular intervals.
- Operational staffs are classified into Audit Managers, Audit Seniors and Audit Assistants.
- The articles shall be classified based on the year of articleship viz. year 1, year 2 etc., and the stipend shall be paid accordingly.
- Basis the performance of the individual and appropriate appraisals the staffs/articles are elevated or advanced to the higher positions after ensuring they have the due skills and capabilities to execute their roles at the appropriate level.

3. Training and Quality Control:

To maintain the quality of attest function rendered the firm shall ensure that the staffs and articles shall be sufficiently trained and for this purpose the firm and partners shall follow the following:

- On appointment educate the person as to the expectation of the firm on the independence, quality of work, ethical principles etc.
- Educate them of the accounting and auditing procedures.
- Conduct regular training programs as per the guidance of quality control division of the firm.

4. Assignment of engagement team

Policies and procedures are framed to get the reasonable assurance that:

- a) Resources are allocated to an engagement after ensuring that the personnel possess the appropriate characteristics which enables them to perform competently.
- b) The personnel have the degree of technical training and proficiency required in the circumstances to perform that work to him/her.
- c) The personnel participate in general and industry-specific continuing professional education and other professional development activities.
- d) The personnel fulfill the responsibilities assigned to him/her.
- e) The personnel satisfy applicable continuing professional education requirements of the regulatory agencies.
- f) The personnel selected for advancement have the qualifications necessary for the fulfillment of the responsibilities they will be called to assume.
- g) The engagement partner has been assigned the responsibility for each engagement.
- h) The following are ensured in relation to an engagement:
 - 1) The role of the engagement partner is communicated to key members of the client's management and those charged with governance.
 - 2) The engagement partner has the appropriate capabilities, competence, authority and time to perform the role.
 - 3) The responsibilities of the engagement partner are clearly defined and communicated to that partner.
- i) Policies and procedures include systems to monitor the workload and availability of engagement partners to enable these individuals to have sufficient time to adequately discharge their responsibilities.

The above policy of the firm on personnel management shall be strictly adhered to the by the partners and all those involved in the respective engagement. The firm also has detailed HR Practices Implemented and manuals and processes detailing them. We request to please read the same and get complete insight on the firms HR practices and follow the same.

POLICY ON ACCEPTANCE AND CONTINUANCE OF CLIENT RELATIONSHIPS AND SPECIFIC ENGAGEMENTS

INTRODUCTION

The firm has policies and procedures in place for the Acceptance and Continuance of Client Relationships and Specific Engagements. These policies have been established to provide with reasonable assurance that we will undertake or continue an engagement only where we

- a) Have considered the integrity of the client and does not have information that would lead it to conclude that the client lacks integrity
- b) We are competent to perform the engagement and has the capabilities, time and resources to do so and
- c) Can comply with the ethical requirements.

The firm has policies to obtain reasonable assurance that the firm appropriately consider risks when providing services in particular circumstances and enables the firm to obtain an understanding with the client regarding those services.

POLICY OF THE FIRM

1. The firm does not vouch for the integrity or reliability of a client, nor does it imply that the firm has a duty to any person or entity but itself with respect to the acceptance, rejection, or retention of clients.
2. However, the firm is very selective in determining its client relationships and the professional services it will provide.
3. Firm's policies and procedures provide reasonable assurance that the firm—
 - a) Undertakes only those engagements that the firm can reasonably expect to be completed with professional competence and
 - b) Appropriately considers the risks associated with providing professional services in particular circumstances.

4. In case of new clients, the firm shall study the following to minimize the risk of misunderstandings regarding the nature, scope, and limitations and to decide on accepting or rejecting an engagement:

- The identity and business reputation of the client, its owners, Key Managerial Personnel, related parties and the person charged with its governance are known and their integrity is established.
 - The integrity in respect of the client's operations including the business practices is established.
 - Information concerning the attitude of the client's principal owners, key management and those charged with its governance towards such matters as aggressive interpretation of accounting standards and the internal control environment
 - Whether the client is aggressively concerned with maintaining the firm's fees as low as possible.
 - Indications of an inappropriate limitation in the scope of work.
 - Indications that the client might be involved in money laundering or other criminal activities.
-
- The reasons for the proposed appointment of our firm and non-reappointment of the previous firm.
 - It shall be ensured that before accepting the assignment No Objection certificate from the earlier auditor is obtained including details of any pending dues to them.
 - Before accepting the assignment if any issues have been identified or have been informed by the earlier auditor the same shall be resolved and documented before accepting the assignment.
 - It shall be ensured that there is sufficient manpower and expertise to carry out the engagement. Before the acceptance of the assignment the engagement partner and manager shall be identified and tested for expertise required.

2. In respect of continuing relationships, the following shall be considered.

- The issues identified earlier have been resolved.
 - There is sufficient approval for the continuing the relationship.
 - If there is any change in the scope or quantum of work involved the policy of our firm on accepting a fresh assignment shall be adhered to.
3. Should there be circumstances of subsequent information which has been obtained that would have caused us to decline an engagement if that information had been available earlier, depending on the circumstances shall inform the information so obtained to the relevant regulatory authorities or withdraw from the engagement and before such withdrawal, the firm shall:
- Discuss with the client management the scenario that has led to this.
 - Discuss with the client the appropriate action that will be taken by the firm and to inform them that the professional, regulatory or legal requirement of the firm to deal with the circumstance.
 - Document significant issues and conclusions arrived at and the basis for the same.

The above policy of the firm on acceptance and continuance of client relationships and specific engagements shall be strictly adhered to by the partners and all those involved in the respective engagement.

POLICY ON LEADERSHIP

INTRODUCTION

The firm has policies and procedures designed to promote and internal culture based on the recognition that quality is essential in performing engagements. The firm has delegated levels of performing the duties and appropriate responsibilities are fixed and leadership qualities are imbibed to the staffs at the respective levels with the engagement partner ultimately in charge for the quality of the engagement.

POLICY OF THE FIRM

1. Every engagement team shall be led by the audit manager who shall report to the engagement partner and shall be responsible for the work of the engagement team.

2. Every engagement team shall have a senior article/staff who shall report to the audit manager.
3. At the time of discussion of audit program, the team shall be assigned with specific areas of identification and the respective person shall sign off the area entrusted to them and shall report to the audit manager/team leader.
4. The audit manager/ team leader shall ensure that the work performed complies with the professional and ethical standards and other regulatory and legal requirements.
5. The audit manager/ team leader shall ensure that the commercial considerations do not override the quality of work performed.
6. The audit manager/ team leader shall be responsible for the operation of the firm's quality control system.

All the above responsibilities of audit manager/team leader shall only be delegated responsibility and the ultimate responsibility shall rest with engagement partner.

The above policy of the firm on monitoring shall be strictly adhered to by the partners and all those involved in the respective engagement.

POLICY ON MONITORING

INTRODUCTION

The firm has the policies and procedures designed to provide it with reasonable assurance that the policies and procedures relating to the system of quality control are relevant, adequate, operating effectively and complied with in practice.

Such policies and procedures to include policies that ensure reasonable assurance that the firm's policies are suitably designed and effectively applied, ongoing consideration and evaluation of relevance and adequacy of policies, an ongoing consideration and evaluation of appropriateness of firm's guidance materials and practice aids, an ongoing consideration and evaluation of effectiveness of professional development activities and an ongoing consideration and evaluation of compliance with firm's policies and procedures.

POLICY OF THE FIRM

- 1) The purpose of monitoring compliance with quality control policies and procedures is to provide an evaluation of:
 - a) Adherence to professional standards and regulatory and legal requirements
 - b) Whether the quality control system has been appropriately designed and effectively implemented and
 - c) Whether the firm's quality control policies and procedures have been appropriately applied so that reports that are issued by the firm or engagement partners are appropriate in the circumstances.
- 2) The firm entrusts responsibility for the monitoring process to a partner or partners or other persons with sufficient and appropriate experience and authority in the firm to assume that responsibility.
- 3) Monitoring of the firm's system of quality control is performed by competent individuals and covers both the appropriateness of the design and the effectiveness of the operation of the system of quality control.
- 4) Ongoing consideration and evaluation of the system of quality control include matters such as analysis of the following:
 - a) New developments in professional standards and regulatory and legal requirements and how they are reflected in the firm's policies and procedures where appropriate.
 - b) Continuous development of the audit packages in place in the firm based on the current professional and regulatory requirements
 - c) Communication to appropriate firm personnel of weaknesses identified in the system, in the level of understanding of the system, or compliance with it.
 - d) Follow-up by appropriate firm personnel so that necessary modifications are promptly made to the quality control policies and procedures.
 - e) Written confirmation of compliance with policies and procedures on independence.
 - f) Continuing professional development, including training

- g) Decisions related to acceptance and continuance of client relationships and specific engagements.
 - h) Determination of corrective actions to be taken and improvements to be made in the system, including the provision of feedback into the firm's policies and procedures relating to education and training.
- 5) The firm's evaluation of each type of deficiency shall result in recommendations for one or more of the following:
- a) Taking appropriate remedial action in relation to an individual engagement or member of personnel
 - b) The communication of the findings to those responsible for training and professional development
 - c) Changes to the quality control policies and procedures and
 - d) Disciplinary action against those who fail to comply with the policies and procedures of the firm, especially those who do so repeatedly.
- 6) The firm has established the policies and procedures designed to provide it with reasonable assurance that it deals appropriately with:
- a) Complaints and allegations that the work performed by the firm fails to comply with professional standards and regulatory and legal requirements and
 - b) Allegations of non-compliance with the firm's system of quality control.
- 7) The firm communicates to relevant engagement partners and other appropriate personnel deficiencies noted as a result of the monitoring process and recommendations for appropriate remedial action.

The above policy of the firm on monitoring shall be strictly adhered to the by the partners, employees and articles of the firm.

POLICY ON DOCUMENTATION

INTRODUCTION

The firm has policies and procedures in place for the documentation and maintenance of audit documents. These policies have been established to provide with reasonable assurance that we prepare documentation that provides:

- a) A sufficient and appropriate record of the basis for the auditor's report; and
- b) Evidence that the audit was planned and performed in accordance with SA and other applicable legal and regulatory requirements.

POLICY OF THE FIRM

- 1) Audit engagement team shall be responsible for preparation of audit documentation and Engagement partner shall ensure that the documentation is completed in accordance with the documentation format followed by the firm and within the deadline fixed for completing the documentation.
- 2) The engagement teams shall strictly comply with the audit documentation policy and the audit documentation packages of the firm
- 3) Completed Audit documents movement shall be maintained in a log which provides the information relating to the person who takes the files along with the purpose.

The above policy of the firm on documentation shall be strictly adhered to by the partners and all those involved in the respective engagement. The manuals of respective service areas give in detail the documentation requirement we urge the reader to please read them completely.

QUALITY CONTROL COMMITTEES

The following activities are to be undertaken by the quality control committee various intervals to ensure audit quality.

Annual activities

1. Review of audit manual
2. Review of standardised formats of Letter of Engagement, Representation letters, Significant content of work papers, Audit reports, etc.,
3. Review of Quality control policies which includes Client acceptance and engagement policy and checklist. (Checklist available as separate word document in the respective folder of "QC Policy" documentation.)
4. Review of Independence policy of the firm and communication to all the staffs.
5. Review of capacity planning and the process of budgeting and planning of efforts for audit process.
6. Obtaining the list from all the branches towards time over run and cost run of the audits and review of the same.
7. MIS from each of the branch listing the time and cost over run of all the assignment.
8. Obtaining the list of listed entities and large corporate entities which fall within the Level A category as per the QR policy to be obtained from each branches for allocation of QR for each of the engagement. This list need to be obtained in the end of March of every year and the allocation will be discussed in the first partners meeting of every year.
9. Review of total engagements concluded as satisfactory as per quality review
10. Review of the engagements on the findings by ICAI, Committees of ICAI and Other regulators
11. Review of statutory audit engagements that are reworked
12. Review of the engagements under client disputes and the action plan
13. Review of backlog/ not commenced/ WIP in the audit engagements
14. Review of the declaration towards technology adoption by each of the branches
15. Review of engagements where the fees charged is more than 15% of the firms revenue
16. Review of the declaration by each of the engagement partner towards adherence of minimum scale of fees recommended by ICAI
17. Declaration from partners that they are independent of the all the engagements carried out during the year.
18. Review of the IT policy submitted by all the branches at the beginning of the year.

Standardised formats for the above mentioned is available as softcopy in the respective documentation file. Contact the respective branch heads for the access of the same.

QUALITY REVIEWER EVALUATION

In addition to the quality reviewer checklist, the following to be included to ensure the satisfactory reporting by the quality reviewer. This checklist need to be filled by the quality reviewer for each of the quality review assignment and discussed with the engagement partner on the outcome of the quality review.

1. Whether composition of the team is as per the prescribed team mix as per the QC committee
2. Whether there are huge variations between the actual hours as compared to the budgeted hours
3. Whether the audit documentation is completed and archived with the time lines prescribed under Standards of Auditing
4. Whether the appropriate audit tools such as Audit Lobby/ Idea are used considering the criticality of the engagement
5. Whether the key risk areas identified at the planning stage are appropriately verified and documented for forming the audit opinion
6. Whether the points to be discussed with those charged with governance are appropriately communicated and the evidences towards the same are available in the documentation file.
7. Whether rotation of audit team as compared to the earlier audit team
8. Whether the audit team has filled the time sheet properly and the time spent from each areas are appropriate to the criticality of the assignment
9. What is the percentage of the work papers signed off subsequent to the date of the audit report and the reasoning for updating the same are properly documented.
10. Whether the QR queries have been appropriately replied
11. Whether any adjustment are made in the financial statements based on the quality reviewer observations

12. Whether all the queries raised by the audit team including EP have been consolidated and the replies from the management have been appropriately documented.
13. Whether there are any open queries discussed with the management and not closed in the work papers.
14. Whether the list of uncorrected misstatements have been documented and the same are within the materiality.
15. Whether the QR is involved continuously during the engagement or whether the QR is given adequate time to review the files.
16. Whether all the AS/Ind AS/ Auditing Standards/ SEBI Regulation/ Companies Act checklist have been appropriately filled and the compliances are appropriately documented.
17. Whether the audit planning and team meeting and discussions have been appropriately documented.
18. Whether the IFC checklist and the documentation of control testing have been carried out appropriately.
19. Whether the compliance of regulatory environment under which the entity operates have been ensured and documented.
20. Whether the time spent by the engagement partner in line with the size of the engagement is properly documented and adequate.
21. Whether the documentation towards involvement of experts in difficult or contentious matters are available along with the conclusions.
22. Whether documentation towards difference of opinion between the consultants or quality control reviewer and the engagement partner are available.
23. Whether feedback from the client is obtained after conclusion of the assignment.

Statutory Audit Manual

Preface:

Welcome on board to Suri & Co Chartered Accountants!!!

By now you would have got yourself introduced to the fundamentals of the firm which includes its mission vision and value system. We are sure you would also had a detailed look at the firm's Human resources policies and practices. Having now been onboarded its now time to get to the business. As you may be well aware, your firm is committed to providing its services in the most professional and ethical manner and this warrants that the plan and processes involved in service delivery is upfront informed to you.

It is with the above intent that we bring to you this STATUTORY AUDIT AT SURI MANUAL. Through the course of this document, you are expected to gather,

1. An introduction into the process of statutory audit
2. The Audit Documentation Policy of the firm
3. Audit workflow in the audit software that is being used
4. Detailed description of all the workpapers that you would be using.

We sincerely hope that you find this document useful for you in rendering the Statutory audit. This manual is prepared and aimed to address the audit of Entities under the INDAS and IGAAP. In addition to this your firm also does audit of entities under USGAAP and IFRS for which you may contact your partner/manager and seek necessary instructions. We sincerely thank the entire team who had closely worked in making this manual live.

In our constant endeavour to make audit perfect and easier we also in **Annexure 5** of this document included a set of commonly found mistakes in the audit of IGAAP financial statements

Best wishes to you for a successful audit life at SURI

PS: Knowledge is divine. Keep gaining more and more of it during your stay in this firm. We love learning as much as you do so please reach out to us for any queries or suggestions.

Introduction to Statutory Audits:

Statutory audits of companies is carried out as required under the Companies Act 2013. The audit is primarily carried out on the financial statements of the entity. Financial statements comprises of Balance sheet, statement of profit and loss, cash flow statement and notes forming part of the accounts. These financial statements are prepared as per the formats required under schedule III of the act and as per the Accounting Standards specified under the Companies act and basis the applicability the entity would either follow AS of INDAS. Depending on the status of the entity, the applicability the format of financial statements and the accounting standards changes. The applicability is discussed in Annexure 1 and the list of Accounting Standards and IND AS is given in Annexure 2.

On these financial statements that are prepared by the management as per the above references, an audit is carried out by us, and a report is issued. The act further lays down various reporting requirements which the auditor is expected to report in his audit report and in addition to it the act further stipulates a separate report on specific aspects under CARO and on the Operating effectiveness on the Internal Control. The applicability criteria are discussed in Annexure 1.

To be able to do an audit and give a report as expected above guidance is provided under the Standards on Auditing issued by the ICAI which are not just a guidance but also are required to be mandatorily required to be complied with. The list of Standards on Auditing issued by the ICAI are given in Annexure 3. In addition to the standards there are various Guidance notes and Expert Advisory Committee opinions of ICAI which all provide us necessary guidance to render over services.

This entire manual is prepared keeping in mind the requirements of the standards on auditing as also all other applicable laws and regulations in connection with the audit. In addition, your firm has also put in its 8 decades of experience in putting together the document.

We shall now be discussing on the 3 key stages in audit

1. Audit Planning
2. Audit Execution
3. Audit Completion.

1.1 Audit Planning

Audit planning is developing an overall strategy and detailed approach for the expected nature, timing, and extent of the audit. There are certain aspects to be looked into before we are taking up the audit in the initial stage of audit planning which is as follows:

1. One should mandatorily know about the company before doing the audit. To get a fair idea in terms of their business. To ensure this the team should have gone through the Knowledge of Business (KOB) which will be available in the Previous year's working paper file.
2. The team should have spent sufficient time on the last year's data, especially the details such as the Query sheet, Partners discussion points, Partners observation, and the Final Audit Memorandum (FAM) which will be in the previous year's Audit Lobby documentation. This is mandatory and this will ensure the key areas of concern in the audit are known upfront.
3. Before taking up the audit, the team should have a pre-audit meeting with the engagement partner in which the partner will specify the areas where more focus/attention should be given, the Audit approach, etc.
4. Further, the team should try to understand what kind of output is expected by the engagement partner from the Audit team. Some partners would need a detailed trail balance and some other the variance statement before commencement of review and a few other the checklist to be completed before the audit is reviewed. This will ensure that work from the day 1 happens the way the engagement partner wants it to happen and it does not have to, later on, change course
5. Furthermore, any queries that the team has about the KOB or FAM have to be discussed by the team with the engagement Partner during the pre-audit meeting. (Minutes Mandatory)

6. The team should have gone through recent amendments and applicable statutes about the client's business. The same has to be documented during the planning stage itself.
7. In order to understand the transactions which happened during the year, the team should have a client meeting prior to the audit commencement or at least on day one of the audit commencement. (Minutes Mandatory)
8. All the above and their outcome are to be documented in the minutes and this serves as a guiding document.

1.2 Audit execution

The audit execution phase is where the auditing takes place. While executing the audit, the team should have a firm clarity on the audit process which are as follows:

1. While verifying the financial statements, the team should be in a position to consider and check whether all the requirements as per the respective statute which is essential for the preparation of financial statements have been compiled or not.
2. Ensure the team has a control point in terms of Trial Balance profit with profit as per the Financial Statement. The team should ensure that the profit in TB always matches with the accounts and not just reconciles. To the maximum extent possible, the closing stock, depreciation, taxes, and deferred taxes should flow into the accounts from the TB and not the workings.
3. An equal focus should be given for the verification of other notes in the Financial Statements. It should comply with all the requirements of Statute and Accounting Standards. Prepare working papers for all the other notes separately and document the same.
4. Ensure that any item which is looked into is verified from the very base level. Vouching plays a very important role in any audit. Ensure, that you

document the sample selection process for the audit including justification for the sample. It may be noted that any sample you take for verification in any area of the audit must be a system-driven sample. Verification of the sample selected must be done in detail. Vouching does not mean verification of challans or supporting papers and documenting the same. Our vouching workings should speak whether such a transaction was required for the Company, whether it was incurred at the right time etc.

5. It is pertinent at this point to note that vouching activities form the fundamentals of an audit. The vouching when done properly provides comfort on the existence of internal control as also provides comfort of the details that have been considered when accounting for a transaction by an entity. In the current context of audits where samples are extracted through a software it is observed that the sample size is very small as compared to the overall population making it more important for vouching to be perfect. Please ensure that while you vouch, every item of the voucher and the supporting evidence has to be confirmed and not just the amount. You should look at the period, name, address, GST signature and every minute detail as you vouch because any error at this level could result in a serious misstatement. As a practice, you should ensure all the observations be it small or big be noted down as your vouch. Your manager or partner will comprehend the impact of the same. Please do not ever make the decision on your own as to the issue is negligible.
6. Ensure that you have filled all possible checklists during the planning stage of the audit or at least during the initial few days after audit commencement.

7. The flow of event regarding audit queries should be as follows:



1.3 Audit Completion

The important elements of overall audit completion stage include as follows:

1. The working paper file including the audit program there in should be updated fully along with the audit. Further, ensure that the remarks columns are filled with necessary details and cross references are properly given in all the work papers.

2. Revisit the filled Checklists and do the necessary changes, if any.
3. Complete the Audit Completion related folders in Audit Lobby prior to the audit closure along with duly filled Final Audit Memorandum.

The above would have given you a fair idea of the phases in audit. We shall now dwell into the major part of audit i.e documentation. Whilst execution of work is important is equally important or infact more important to document the work that has been carried out.

To enable the above we shall now be discussing on the audit documentation policy of the firm.

The Audit Documentation Policy

Your firm has a specific policy in place on the kind of documentation that is expected to be maintained which is enumerated below.

- Clients have been categorized into 3 – A, B and C for the purpose of Audit Documentation.
- This categorisation is based on the nature of the client, its size, business, whether it is listed, the risks involved etc. which will be decided by the Managers/Partners.
- The documentation for each category of client is different and the teams will have to strictly comply with the laid down documentation structure.
- The audit teams must strictly adhere to the time lines set up for each stage in the audit.
- The audit teams should ensure the documentation does not happen post the audit but as a parallel process. The additional time given post completion of audit is solely for fine tuning and closure of checklists.
- The audit should ensure that the names of the files are not renamed without prior permission as it is observed in past that same document with multiple names are placed in a folder. Hence the name of the file should never be changed unless specifically instructed to.
- On commencement of audit a pre-audit meeting has to be held by the team members which has to be duly minuted. This meeting together with the Knowledge of business document, audit planning document (discussed down

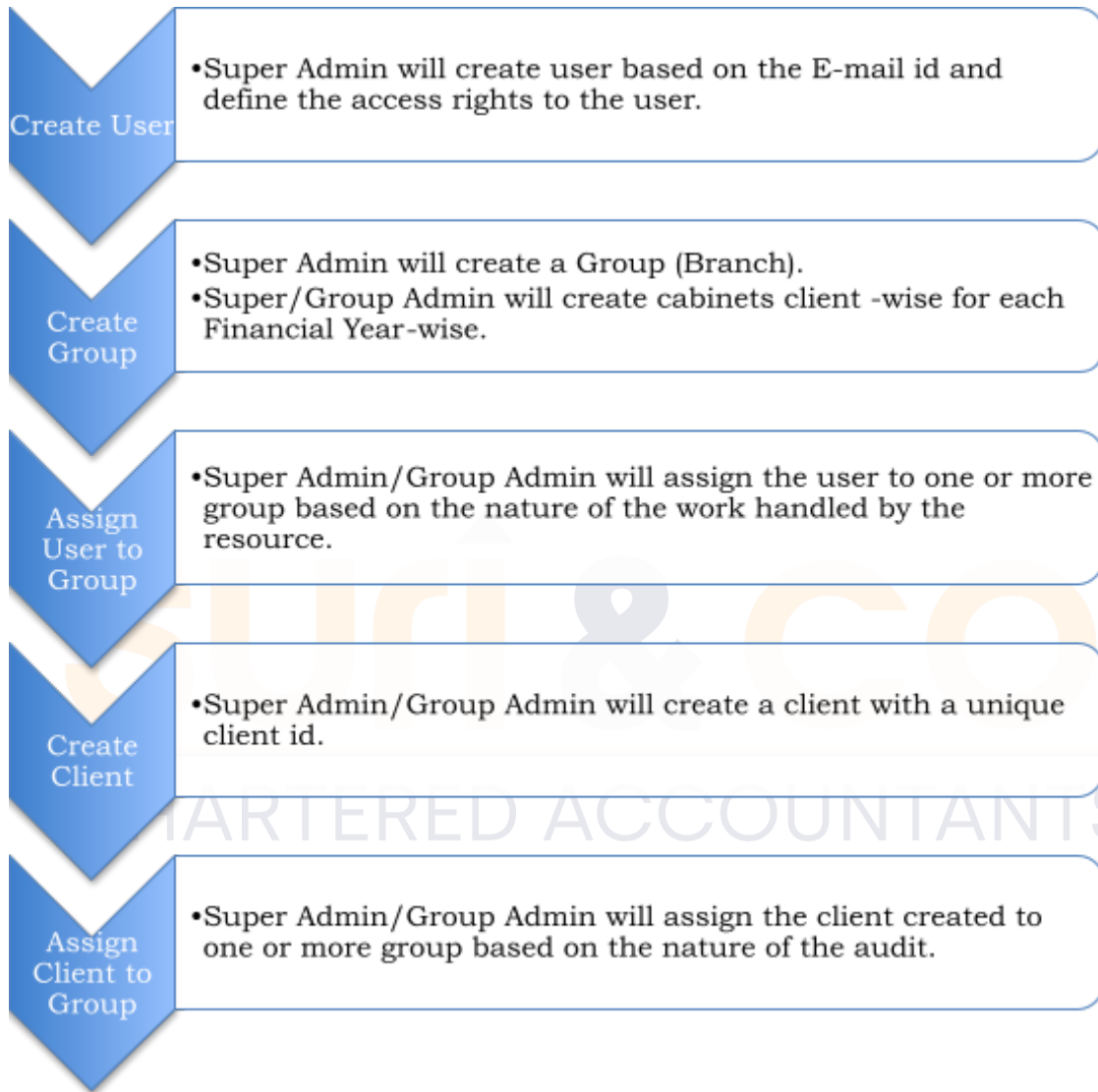
under) serves as a base for the preparation of program and execution of the same

- Each audit will commence with taking on record the **Audit Documentation Control Checklist (ADCC) (given in Annexure 4)**. The audit team should ensure concurrent compliance and clearance of the control checklist right from Day 1 of the audit. The control checklist must be duly signed off by all the members concurrently.
- There are timelines fixed for each stage in the **ADCC** which shall have to be strictly adhered to.
- The structure of the entire documentation is designed in such a way that it can be reviewed by anyone any time. The **Audit Documentation Package (ADP)** is different for different categories of clients and the audit team should ensure that the package for relevant class of audit shall have to be obtained and maintained by them. Please note that the category is reviewed every year and the ADP should be considered based on the category of current year.

Your firm has now digitised the entire Audit Documentation Packages under audit lobby. The entire audit lobby operations are detailed in **Appendix 1** however find below the Bird's Eye View of the step-by-step workflow under Audit Lobby. The firm also uses two other softwares i.e Assure AI and Caseware to conduct the audits. You may get further details on which to use in which audit from the QC manual of the firm.

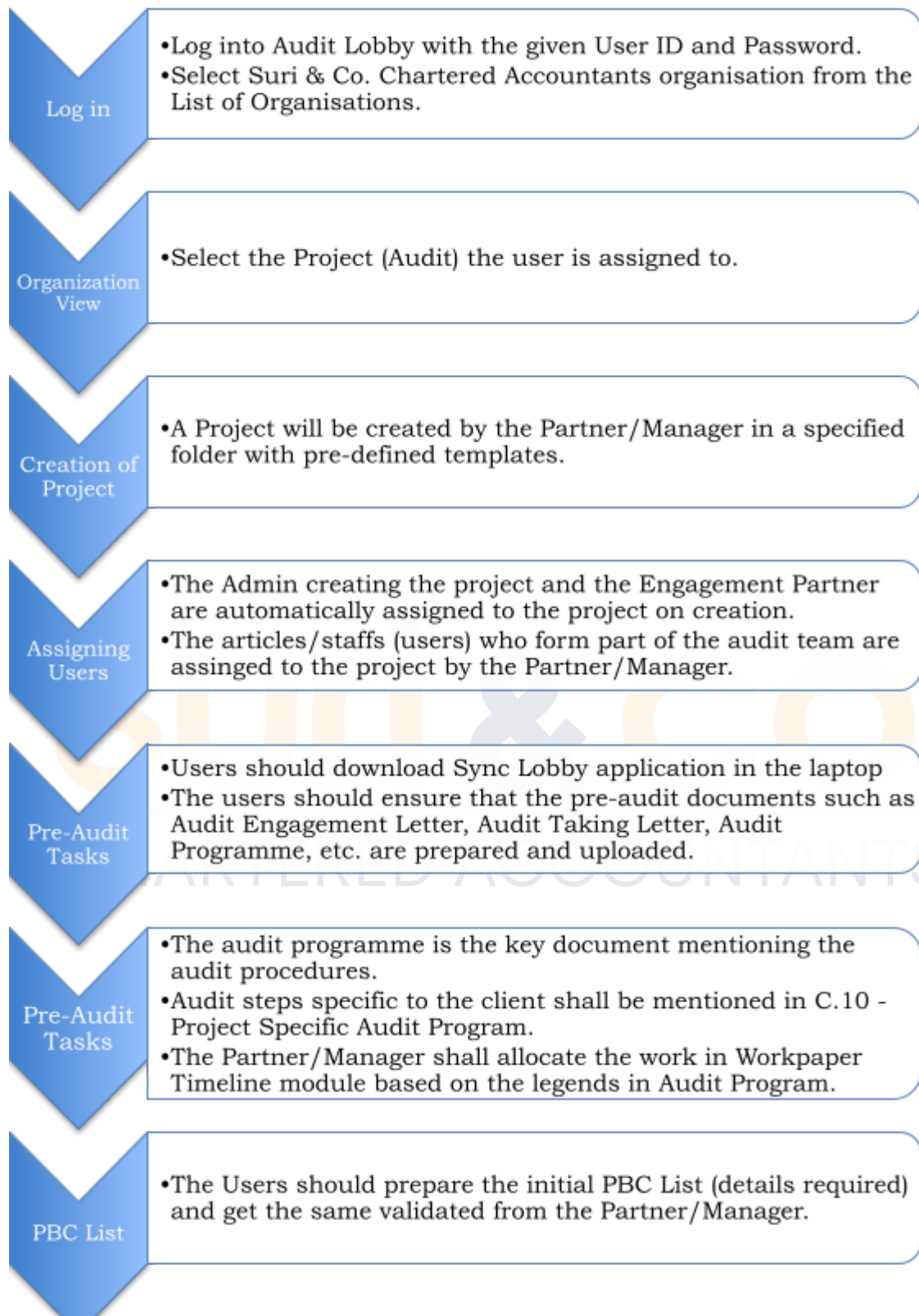
1.4 A Bird's eye view of the workflow under lobby is given below:

- Creating Groups, Clients and Users –

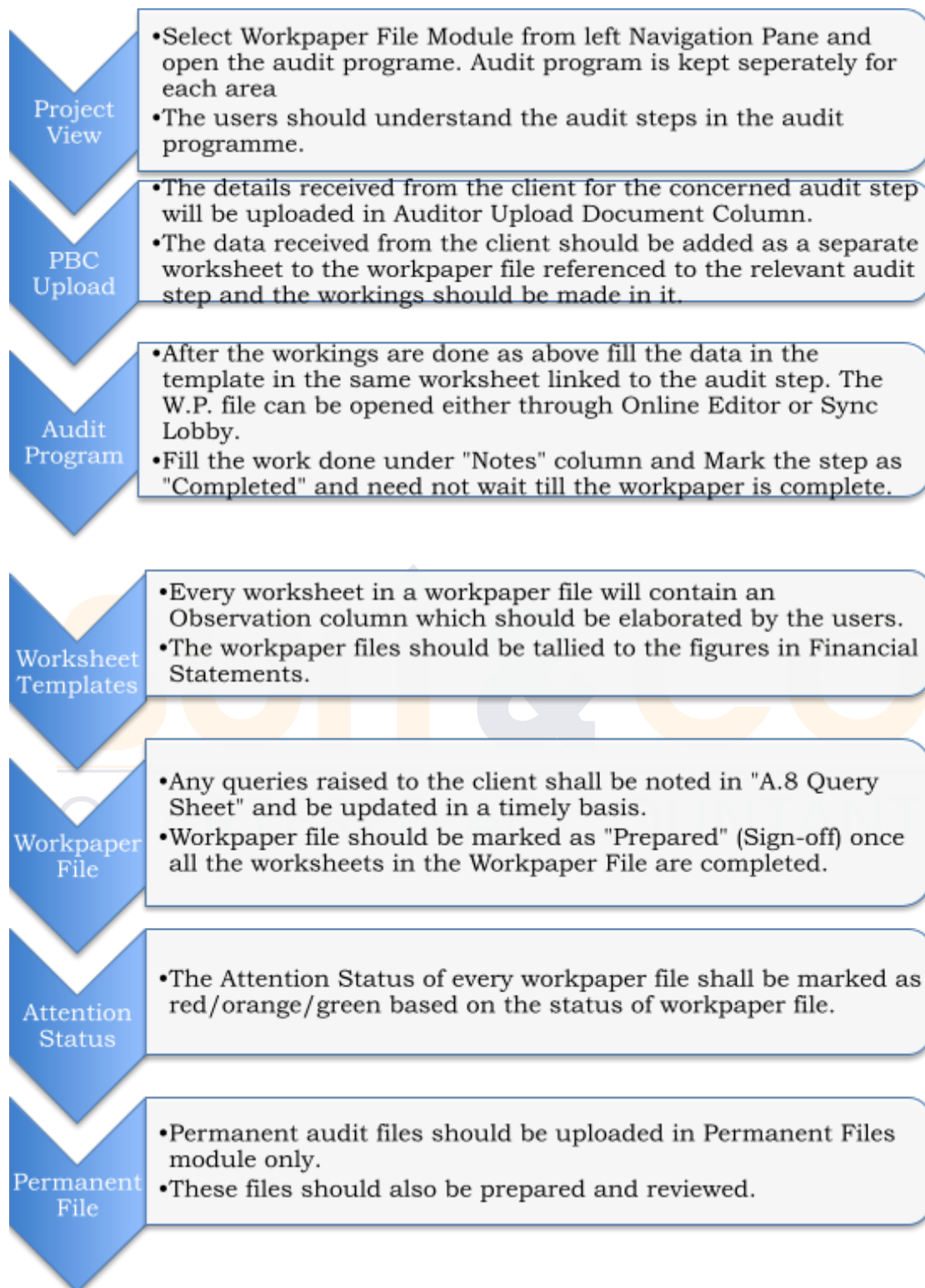


- Executing Pre-Audit Steps –

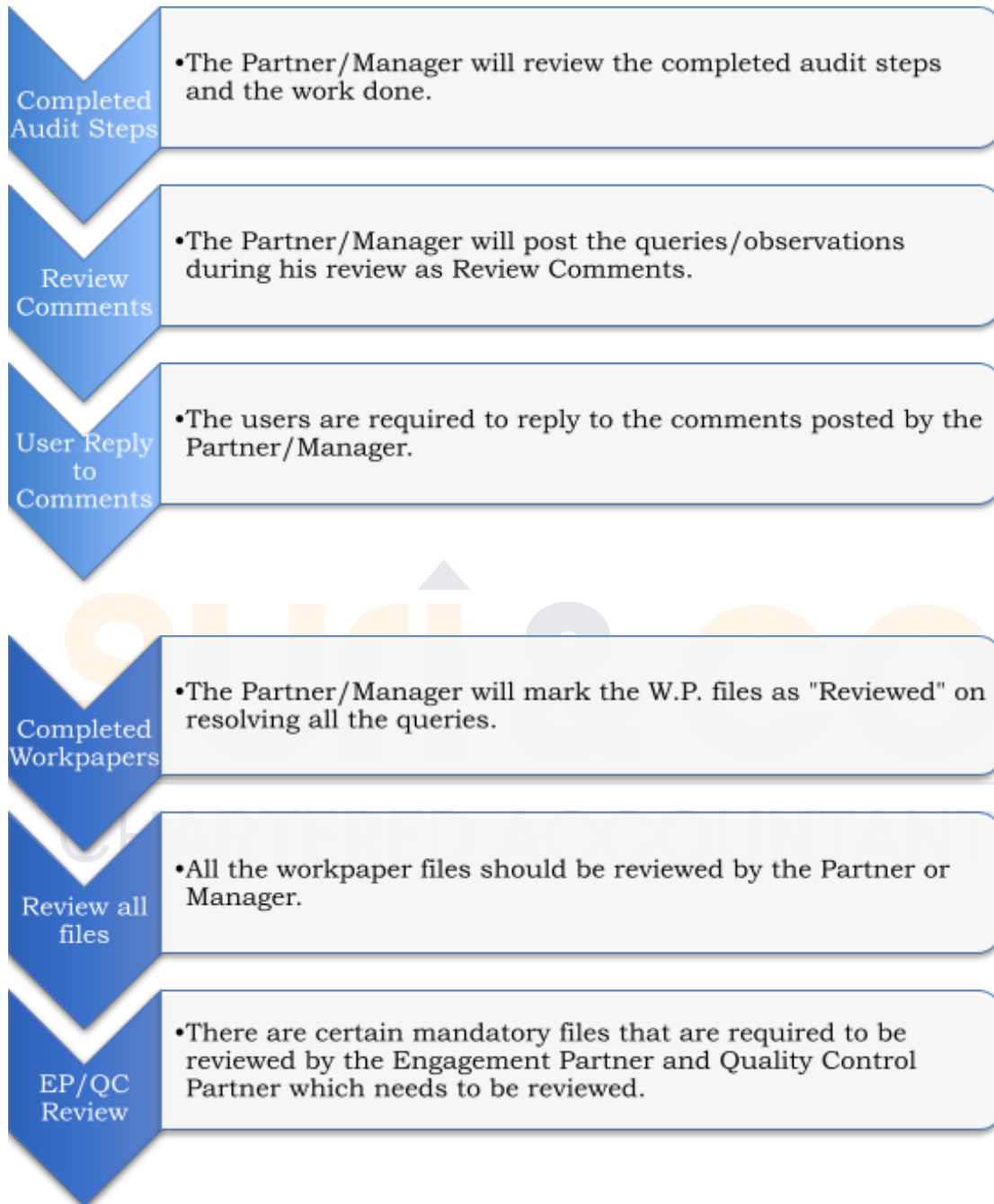




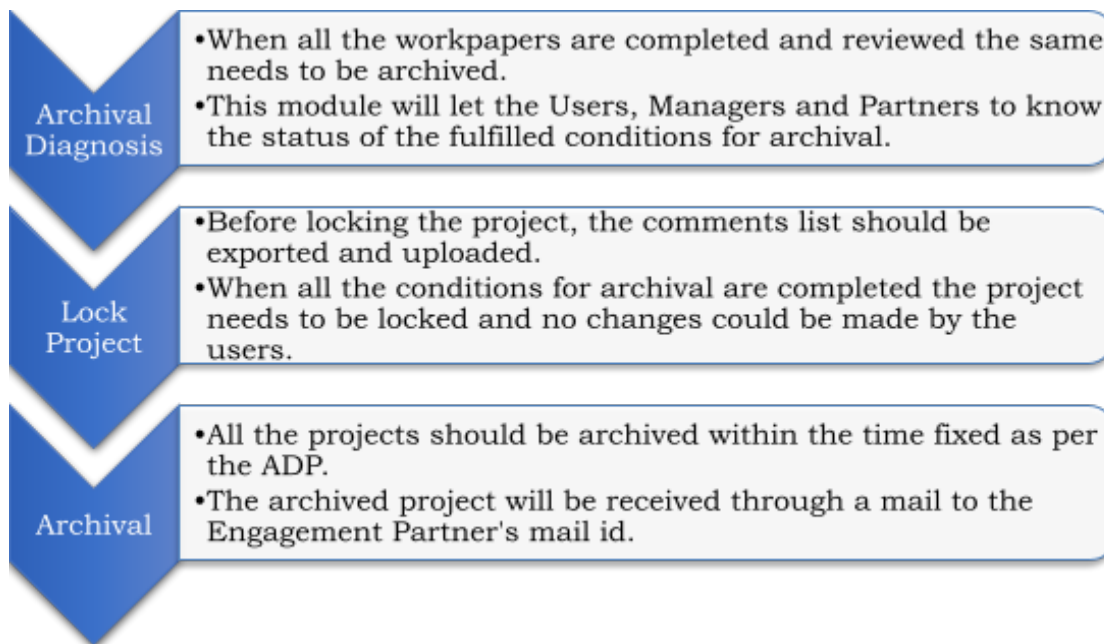
- Executing the Audit Steps assigned –



- Partner/Manager Review –



- Archiving the Project –



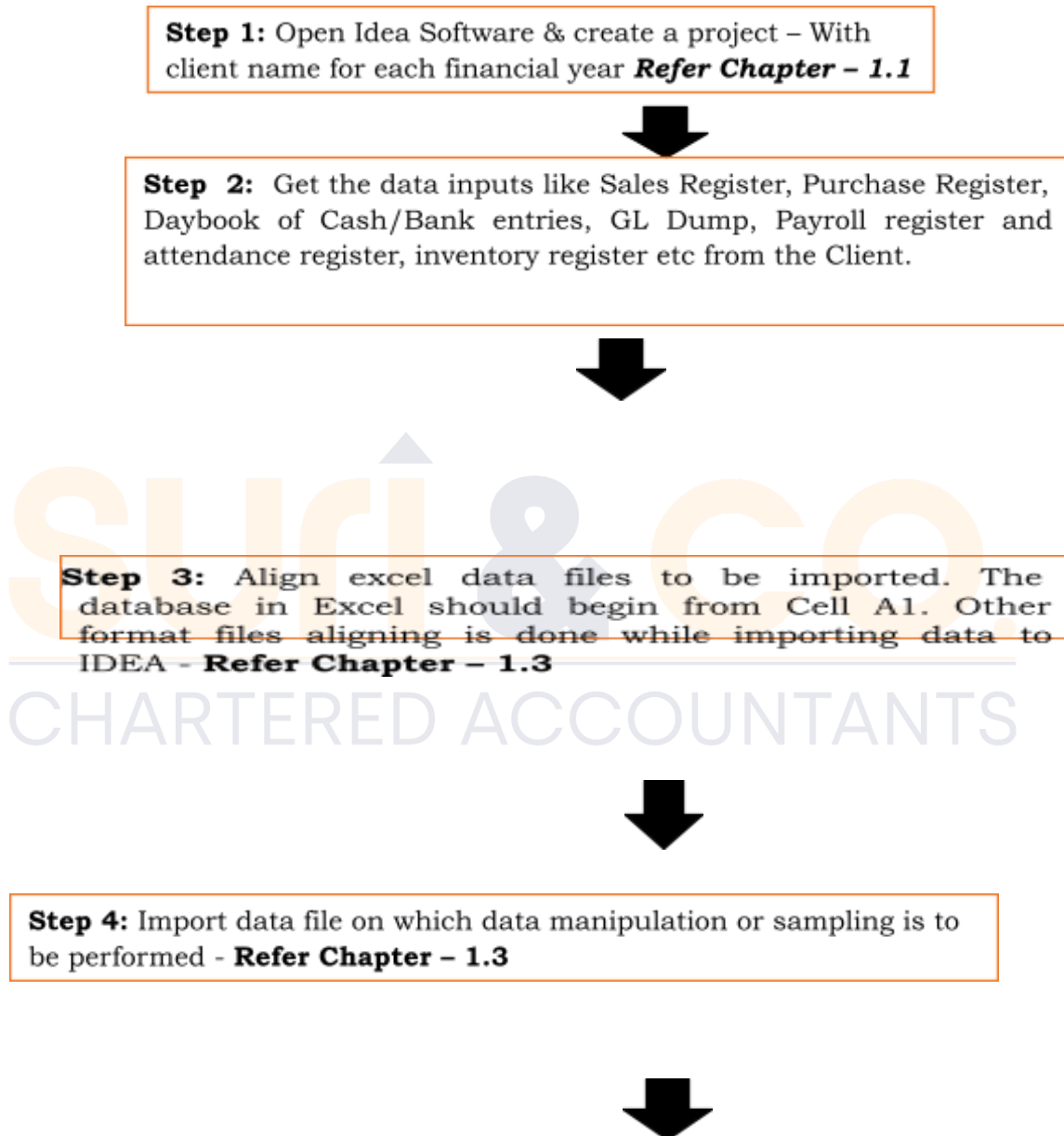
Your firm uses the IDEA Software to perform the various data analysis. A manual is created to have an overall knowledge and impart an experience which will enable all the users (articles, associates, executives and partners) of the firm to have a professional level knowledge on how to use the IDEA as a tool to enable data analysis and perform analytical procedures. To put it in a nutshell, the IDEA software helps in achieving the following whilst creating an audit trail:

- a. Analytical Review of data
- b. Arriving at a logical sample data from the total population

The entire operations to be performed in IDEA software are detailed in **Appendix II** however find below the Bird's Eye View of the step-by-step workflow under IDEA.

1.5 A BIRD'S EYE VIEW for the operations to be performed.

This flowchart is designed to provide a synopsis to the user of IDEA software and provide a brief understanding on IDEA.



Step 5 – The database once loaded will automatically be divided into 4 groups i.e. (i) numeric, (ii) date, (iii) character and (iv) time based on the input in each records of the column. **The Field Statistics** tab is available in the **Properties Tab**. The field statistics tab provides the user with basic set of information required to understand the data that are (i) Numeric – Average, negative values, standard deviation, maximum, minimum, data errors, (ii) Character – blank fields, categories of characters, (iii) Date/Time – most common day, most common month, Sunday transactions earliest and latest dates etc. Obtain every statistical report applicable to the said data. ★



Step 6: Use the software to perform data manipulation, data extraction and study the exception report to understand the data. **REFER FLOWCHART A.2**

Step 7: Use the software to extract samples from the total data population. **REFER FLOWCHART A.3**

Step 8: IDEA for use in audit – Minimum set of functions to be performed is enlisted. **REFER FLOWCHART A.4**



Step 9: Save the **project overview and history sheet** in order to complete the audit documentation (**Refer Chapter 5**). Further archive the project (**Refer Chapter 1.2**)

This is the most important step in understanding the entire nature and the total composition of the data.

Having understood the fundamentals of audit and a detailed look on the audit documentation policy and process of your firm we shall now discuss on a large level as to how to audit every Schedule.

Schedule Wise verification of Financial Statements

In this segment, we shall be discussing at a very high level on areas to verify in each part of the financial statement. This is no way is to be considered as a final work to be done but should be considered only as a guidance. Please ensure that the complete audit program is duly followed.

LIABILITIES & ASSETS

The Focus points while verifying any Liabilities or Assets are:

- a. Proof for existence of the same as on Balance sheet date.
- b. Nature of such asset or liability and its proper grouping in the financial statement as per the requirement.
- c. Its ageing as on Balance sheet date and subsequent clearance.

1) Share Capital

- i) Obtain list of shareholders as on the Balance sheet date and analyse movement from the previous year if any.
- ii) If there is a movement in share capital document the related papers like Board Resolutions, PAS -3, MGT 14, Share Certificate etc.

2) Property, plant and equipment

- i) Understand the accounting policy adopted by the company for depreciation.
- ii) Ensure that all the fixed asset additions during the year satisfies the accounting standard in terms of capitalisation.
- iii) Ensure the profit on sale of fixed assets are properly accounted and GST is paid if it is applicable.

3) Trade Receivables

- i) Obtain balance confirmations. In case if the number of debtors is so huge, sample can be selected for obtaining confirmation.
- ii) Assess the ageing of the receivables and provide for provision wherever
- iii) Verify the subsequent clearance of Debtors and document.

4) Borrowings

- i) Verify the new bank loans taken and loans closed during the year.
- ii) Obtain balance confirmation and verify the same.
- iii) Verify the repayment schedules of Term Loans

5) Cash & Cash Equivalent

- i) Analyse the bank accounts opened and closed during the year and document related resolutions taken for the same in the board meeting.
- ii) Obtain Bank Balance Confirmations for all the banks.
- iii) Obtain the confirmations for Fixed Deposits including the confirmations on whether the deposits are lien marked or not.
- iv) Check for any cash transactions attracting disallowance u/s 40(a)(3).
- v) Ensure that the BRS is prepared by the company on monthly basis and the same is duly authenticated.

6) Statutory Payables

- i) Verify all the challans with the expense ledgers. Also make sure that March month payable which will normally be outstanding in the books as on 31st March is verified with the challan paid in the subsequent month.

- ii) For TDS and TCS payables, preparing a TDS reconciliation for the purpose of Clause 34 of Tax Audit Report during statutory audit period will ensure that there are no non deductions.

- iii) For GST, it is recommended to prepare a turnover as well as ITC reconciliation during the time of statutory audit so that appropriate corrective measures can be taken before closure if audit.

7) Inventory

- i) Verify the inventory valuation thoroughly as this is normally done manually at the year-end by most entities. If the inventory is maintained in ERP (like SAP) then do a test check on the inventory valuation to ensure that the inputs to the system and system algorithm for inventory valuation is correct.
- ii) Assess the ageing and marketability for all the items valued and provide for provision if required

- iii) Physical verification of the inventory must be carried out by the organisation in the presence of Auditors and necessary adjustments in inventory must be made in books of accounts. Ensure that the corrections are made in the accounts based on the physical verification report.
- iv) Ensure that a sample NRV test is done for each category of inventory.

8) **INCOME & EXPENSES**

The Focus points while verifying the Income & Expenses are:

- i) Ensure the authenticity and the need of each transaction. It might not be possible to do 100% verification, hence carry out a sample verification with proper documentation of sample methodology.
- ii) Perform a variance analysis and document the reason for variance in each ledger.
- iii) Prepare an Expense analysis sheet for Other Expenses by classifying the expenses into 2 categories:
 - General Expenses – Do party wise or nature wise analysis and document the same. Also ensure the TDS requirements has been complied with by the Company Eg: Repairs & Maintenance, Professional Charges Etc.
 - Recurring Expenses – Ensure entire 12 months expenses has been properly accounted and also ensure the TDS compliances in these categories of expenses. E.g.: Rent, Electricity Charges Etc.

9) **OTHER GENERAL POINTS**

- i) Ensure all the MCA forms are in order. Cross check with the MCA site if the data provided in the site is up to date.
- ii) Document all the Secretarial matters including Board Meeting Minutes, AGM etc.
- iii) Understand the ERP used by the Company in detail. Wherever we are relying on the system do a test check in the system and document the same.

Templates, Checklists and other documentation folders and annexures related to this statutory audit manual are available as softcopy. Contact the respective branch heads for the access of the same.

Internal Audit Manual

Preface

Contemporary internal audit is a vast field with a number of facets to be understood and addressed. The purpose of this Manual on Internal Audit, the basic is to bring out a comprehensive publication on internal audit and containing practical guidance on conducting an internal audit at Suri. The Manual, as you would see, is quite comprehensive, providing a step by step guidance on every aspect of internal audit.

The Manual contains a number of templates as well as checklists for ready reference and easy use of us. The Manual has therefore, a wider usage and appeal.

About Internal Audit

Auditing is a systematic and independent examination of data, statements, records, operations and performances (financial or otherwise) of an enterprise, for a stated purpose. The auditor perceives and recognizes the propositions before him for examination, collects and evaluates evidence and formulates an

opinion communicated through the audit report. This comprehensive definition covers all forms of audit including internal audit. Internal audit is an independent appraisal involving specialized application of techniques of auditing in accordance with the specific needs of an enterprise. The nature and scope of internal audit depends upon the requirements of an enterprise. It is a systematic evaluation of risk management, control and governance processes particularly with reference to:

- Safeguarding of assets
- Compliance with laws, regulations and contracts as well as policies laid down by the management
- Reliability and integrity of financial and operational information
- Effectiveness and efficiency of operations
- Accomplishment of objectives and goals of the organization through ethical and effective governance

The following definition of internal audit, as contained in the Preface to the Standards and Guidance Notes on Internal Audit, issued by the Institute of Chartered Accountants of India, amply reflects the current thinking as to what is an internal audit:

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

Applicability for Appointment of Internal Auditor (Section 138 – Companies Act, 2013 read with Rule 13 – Companies (Accounts) Rules, 2014)

- a) Every Listed Company
- b) Every Unlisted Public Company –
 - a. Having paid up share capital of 50 crore or more during the preceding financial year; or

- b. Turnover of Rs.200 crores or more during the preceding financial year;
or
- c. Outstanding loans or borrowings from banks or public financial institutions exceeding 100 crore rupees or more at any point of time during the preceding financial year or
- d. Outstanding deposits of 25 crore rupees or more at any point of time during the preceding financial year; or
 - c) Every private Company having;
 - a. Turnover of Rs.200 crore or more during the preceding financial year; or
 - b. Outstanding loans or borrowings from banks or public financial institutions exceeding Rs.100 crore or more at any point of time during the preceding financial year.

In case of an enterprise which has not fulfilled the above specified criteria may appoint an Internal auditor if they are in need of the same.

Templates, Checklists, Sample Formats and other documentation folders and annexures related to this internal audit manual are available as softcopy. Contact the respective branch heads for the access of the same.

Tax Audit Manual

Preface:

Welcome on board to Suri & Co Chartered Accountants!!!

By now you would have got yourself introduced to the fundamentals of the firm which includes its mission vision and value system. We are sure you had a detailed look at the firm's Human resources policies and practices. Having now been onboarded, it's now time to get to the business. As you may be well aware, your firm is committed to providing its services in the most professional and ethical manner and this warrants that the plan and processes involved in service delivery is upfront informed to you.

It is with the above intent that we bring to you this TAX AUDIT - SURI MANUAL. Through the course of this document, you are expected to understand:

1. An introduction into the process of tax audit under the Income Tax Act
2. The Audit Documentation Policy of the firm
3. Detailed description of all the workpapers that you would be using.
4. Audit workflow in the audit software that is being used (When introduced)

We sincerely hope that you find this document useful for you in rendering the Tax Audits. This manual is prepared and aimed to address the audit of Entities under the Income Tax Act. We sincerely thank the entire team who had closely worked in making this manual live.

Best wishes to you for a successful audit life at SURI.

PS: Knowledge is divine. Keep gaining more and more of it during your stay in this firm. We love learning as much as you do, so please reach out to us for any queries or suggestions.

Introduction to Tax Audits under Income Tax Act 1961:

There are various kinds of audits being conducted under different laws such as company audit /statutory audit conducted under company law, cost audit etc. Similarly, income tax law also mandates an audit called 'Tax Audit'. Tax audits of assesses are carried out as required under the Income Tax Act of 1961("the act").

Tax audit is an examination or review of accounts of any business or profession carried out by taxpayers from an income tax viewpoint. It refers to the verification and inspection of the accounts of the taxpayer to ensure that the accounts are in accordance with the provisions of the Income Tax Act 1961. It makes the process of income computation for filing of return of income easier.

The Government of India has made tax audits mandatory compliance for every taxpayer under the act when annual gross turnover/receipts exceed a specified limit. Chartered Accountant conducts the tax audit defined in Section 44AB of the Income Tax Act, 1961.

Section 44AB gives the provisions relating to the class of taxpayers who are required to get their accounts audited from a chartered accountant. The audit under section 44AB aims to ascertain the compliance of various provisions of the Income-tax Law and the fulfilment of other requirements of the Income tax Law.

The chartered accountant conducting the tax audit is required to give his findings, observation, etc., in the form Nos. 3CA/3CB and 3CD. The different situation under which the various Reports are issued is mentioned under "**Reporting Requirements**" later in this manual.

Accounts and Income-tax law

Depending on the type of the assesses/entity the applicability the format of financial statements and the accounting standards changes. These financial statements may be prepared as per an appropriate statute like the companies act of 2013 which mandates the financial statements to be in a prescribed format or for other entities may be prepared as per the Generally Accepted Accounting Principles

for the purpose of compliance of Income Tax act or Statutes (Refer Technical Guide on Financial Statements of Non-Corporate Entities.)

On these financial statements that are prepared as per the above references, an audit is carried out by us, and a report is issued as per the prescribed format of the act. The act further lays down various compliances and specific reporting requirements which we as the auditor is expected to report in the tax audit report and its annexures.

Audited Accounts are basis for ascertainment of income. The act has made prescription for maintenance of accounts. Section 145 of the Act deals with provisions relating to method of accounting for ascertainment of income. Further the Central Government has notified Income computation and disclosure standards to be followed by any class of assesses or in respect of any class of income. ICDS are applicable for computation of income under the head 'profits and gains from business and profession' or 'income from other sources'. There are 10 ICDSs issued till date. ICDSs are applicable only for computation of income under the above two referred heads of income. ICDS are not applicable for maintenance of the books of accounts.

To be able to do an audit and give a report as expected, guidance is provided under the Standards on Auditing issued by the ICAI which are not just a guidance but also mandatorily required to be complied with. The list of Standards on Auditing issued by the ICAI are given in Annexure 1. In addition to the standards there is a Guidance Note on Tax Audit under Section 44AB of the Income-tax Act, 1961 and Technical Guide on Income Computation and disclosure Standards issued by ICAI which will provide us necessary guidance to render over services. Further Technical Guide on Financial Statements of Non-Corporate Entities will guide us preparing a standard format of FS for Non-Corporate entities.

This entire manual is prepared keeping in mind the requirements of the standards on auditing as also all other applicable laws and regulations in connection with the audit. In addition, your firm has also put in its 8 decades of experience in putting together the document.

When we are the Statutory Auditors of the Company for whom we also audit under the Income Tax Act, our verification will be restricted to that of the reporting

requirements under the Act. Further for companies for whom we have been appointed as Tax Auditors alone, then our documentation will be based on the Audited FS of the company with some additional sample verification needed for the purpose of the Tax Audit.

However, in all other cases we will be required to do a complete verification of the books of accounts and the supporting for the purpose of Tax Audit and our documentation will be more detailed or in line with the statutory audit requirements.

We shall now be discussing on the 3 key aspects of audit:

1. Audit Planning
2. Audit Execution
3. Audit Completion.

1.1 Audit Planning

Audit planning is developing an overall strategy and detailed approach for the expected nature, timing, and extent of the audit. There are certain aspects to be looked into before we are taking up the audit in the initial stage of audit planning which is as follows:

1. One should mandatorily know about the entity before doing the audit. To get a fair idea in terms of their business. To ensure this the team should have gone through the Knowledge of Business (KOB) which will be available in the working paper file of the current year/ previous year. This is not only important for the Statutory Audit but is equally important for Tax Audit since this determines the allowability and disallow ability of items and the disclosures needed in the forms.
2. The team should have spent sufficient time on the last year's data relating to Tax Audits especially the details such as the Query sheet, Partners discussion points, Partners observation, and Statutory Audit Documentation for the Current year (if any for company audit which has been completed). This is mandatory and this will ensure the key areas of concern in the audit are known upfront.

3. Before taking up the tax audit, the team should have a pre-audit meeting with the engagement partner (Partner signing to the Tax Audit report) in which the partner will specify the areas where more focus/attention should be given, the Audit approach, etc.
4. Further, the team should try to understand what is expected by the engagement partner from the Audit team. If the FS is prepared for the purpose of Tax Audit, some partners would need a detailed trail balance and some other the variance statement before commencement of review while a few other will need the checklist to be completed before the audit is reviewed. This will ensure that work from the day 1 happens the way the engagement partner intends it to happen, and it does not have to, later on, change course.
5. Furthermore, any queries that the team has about the KOB or FS, the same has to be discussed by the team with the engagement Partner during the pre-audit meeting. (Minutes Mandatory)
6. The team should have gone through recent amendments and applicable statutes about the client's business. The same has to be documented during the planning stage itself.
7. In order to understand the transactions which happened during the year, the team should have a client meeting prior to the audit commencement or at least on day one of the audit commencement. (Minutes Mandatory)
8. All the above and their outcome are to be documented in the minutes and this serves as a guiding document.

In the case of an audit, we are required to express our opinion as to whether the financial statements give a true and fair view of the state of affairs of the assessee in the case of the balance sheet and in the case of the profit and loss account/ income and expenditure account, of the profit/loss or income/expenditure. As regards the statement of particulars to be annexed to the audit report, we are required to give our opinion as to whether the particulars are true and correct. In giving our report, we will have to use our professional skill and expertise and apply such audit tests as the

circumstances of the case may require, considering the contents of the audit report. We will be conducting the tax audit by applying the generally accepted auditing procedures which are applicable for the audit.

Further based on the professional judgment we will apply the technique of audit sampling in accordance with the principles enunciated in SA 530 (Revised) "Audit Sampling" depending on the nature and volume of transactions, the materiality involved and the internal control procedures followed by the assessee.

When we are the statutory auditor and the tax auditor of an entity, it is advisable to carry out both the audits concurrently.

The audit report given under section 44AB is to assist the income-tax department to assess the correct income of the assessee. In order that the tax auditor may be in a position to explain any question which may arise later on, it is necessary that we should keep necessary working papers about the evidence on which we have relied upon while conducting the audit and also maintain all his necessary working papers. Our working papers will include the following, amongst other matters:

- (a) Audit Program which covers work done while conducting the audit and by whom;
- (b) explanations and information given during the course of the audit and by whom;
- (c) decision on the various points taken;
- (d) the judicial pronouncements relied upon by us while making the audit report; and
- (e) certificates issued by the client/management letters.

We comply with the SA 230, Audit Documentation, which provides that the we should prepare documentation that provides a sufficient and appropriate record of the basis for the auditor's report and evidence that the audit was planned and performed in accordance with SA's and applicable legal and regulatory requirements.

Tax audit report in Form 3CD requires reporting on certain items like payments to persons covered under section 40A(2)(b), ICDS etc. for which full information may not be available in accounts. In respect of percentage of work in progress, good, doubtful or bad debts, MSME enterprises appearing as creditors etc. will also require inputs from the management. For these we obtain a written representation and consider obtaining representation from management in appropriate circumstances and at appropriate time i.e. before commencement of audit or after conclusion of audit process.

If the accounts of the business or profession of a person have been audited under any other law by the statutory auditor(s), it is not necessary for the tax auditor appointed under section 44AB to conduct the audit once again in the matter of expression of "true and fair view" of the state of affairs of the entity and of its profit/loss for the period covered by the audit. However, the said section envisages the certification of the particulars in the prescribed form on which the tax auditor has to express his opinion as to whether these are 'true and correct'.

In other words, where an audit has already been conducted and the opinion of the auditor has been expressed on the accounts, we would not be repeating the entire exercise to express similar opinion all over again.

Just in case of the conduct of a statutory audit for the purpose of expression of the auditor's opinion as to whether the financial statements depict a 'true and fair' view, the statutory auditor applies audit sampling, in case of tax audits also the tax auditor may apply audit sampling techniques as prescribed in SA 530, Audit Sampling on the information provided by the assessee to obtain sufficient appropriate audit evidence to be able to draw reasonable conclusions on which to base the audit opinion. The extent of check undertaken would have to be indicated by the tax auditor in his working papers and audit notes. The tax auditor would be well advised to so design his tax audit programme as would reveal the extent of checking and to ensure adequate documentation in support of the information being certified.

We can gather many information from the internal auditors report of an entity. We as tax auditors use the work of the internal auditor for the purpose of the tax audit under section 44AB, as per the principles laid down in Standard on Auditing (SA) 610 (Revised), Using the Work of Internal Auditors. We may use the same while planning our Audit to ensure that any observation of the internal auditor which has an impact on the tax audit to be checked.

1.2 Audit execution

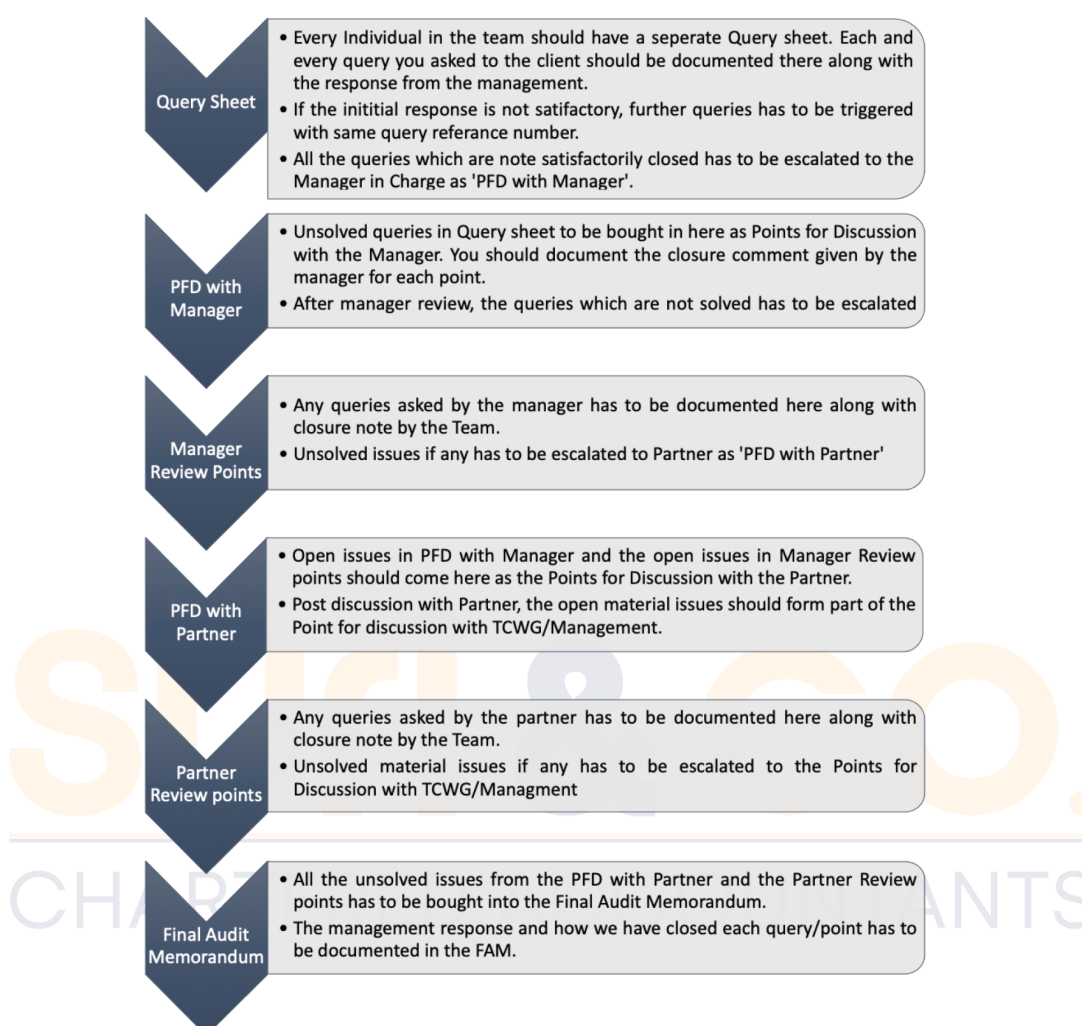
The audit execution phase is where the auditing takes place. While executing the audit, the team should have a firm clarity on the audit process which are as follows:

1. While conducting the Tax Audit, the team should be in a position to consider and check whether all the requirements as per the act have been compiled or not.
2. Ensure the team has a control point in computation of the tax and the relevant allowances and disallowances. These will have to be mapped to the clauses of form 3CD and ensure that the documentation required for the said clauses are complied with. Any reconciliations or workings needed for the purpose of disclosure and documentation have to be obtained/prepared.
3. An equal focus should be given for the verification of other notes enclosed along with the Form 3CD. It should comply with all the requirements of the clauses and disclosures. Prepare working papers for all the other notes separately and document the same if the same is not available in the clause-wise documentation attached to this manual.
4. Ensure that any item which is looked into is verified from the very base level. Vouching plays a very important role in any audit. Ensure, that you document the sample selection process for the audit including justification for the sample. It may be noted that any sample you take for verification in any area of the audit must be a system-driven sample.

Verification of the sample selected must be done in detail. Vouching does not mean verification of challans or supporting papers and documenting the same. Our vouching workings should speak whether such a transaction was required for the Company, whether it was incurred at the right time etc.

5. Ensure that you have filled the required checklists during the planning stage of the audit or at least during the initial few days after audit commencement.
6. Audit program for the purpose of Tax audit enclosed along with this manual has to be completed as and when its required.
7. These set of formats have also been attached to ensure that our documentation is consistent:
 - a. Consent Letter for acknowledgement that we are eligible to take up the assignment
 - b. Appoint letter that is to be obtained from the Assesses
 - c. No objection letter to the given to the previous auditor
 - d. Engagement Letter
 - e. Representation Letter to be obtained for the assignment
8. The clause wise list of documents and the checklist for Form 3CD is to be checked and filled while ensuring the completion of the same. Clause wise checklist is available in the tax audit manual documentation folder. You can contact the respective branch in charge for access of the same.

9. The flow of event regarding audit queries should be as follows:



1.3 Audit Completion

The important elements of overall audit completion stage include as follows:

4. The working paper file should be updated fully along with the audit. Further, ensure that the remarks columns are filled with necessary details and cross references are properly given in all the work papers.
5. Revisit the filled Checklists and do the necessary changes, if any.

6. Complete the Audit program and the documentation files along with duly filled Final Audit Memorandum for the purpose of our opinion.

Audit Report

Section 44AB requires us to submit the audit report in the prescribed form and setting forth the prescribed particulars. Sub-rule (1) of Rule 6G provides that the report of audit of accounts of a person required to be furnished under section 44AB shall –

- i. in the case of a person who carries on business or profession and who is required by or under any other law to get his accounts audited, be in Form No. 3CA;
- ii. in the case of a person who carries on business or profession, but not being a person referred to in clause (a), in Form No. 3CB.

Sub-rule (2) of Rule 6G further provides that the particulars which are required to be furnished under section 44AB shall be in Form No. 3CD.

It may be noted that the audit report in Form No. 3CB is in two parts.

The first part requires us to give his opinion as to whether or not the accounts audited by him give a true and fair view:

1. in the case of the balance sheet, of the state of affairs as at the last date of the accounting year.
2. in the case of the profit and loss account, of the profit or loss of the assessee for the relevant accounting year.

The second part of the report states that the statement of particulars required to be furnished under section 44AB is annexed to the audit report in Form No. 3CD. We are required to give our opinion whether the prescribed particulars furnished by the assessee are true and correct, subject to observations and qualifications, if any the accounts of a person who carries on business or profession are being audited for the first time, the tax auditor should ensure compliance with SA 510 (Revised), Initial Audit Engagements-Opening Balance

In the case of companies having their accounting year which is different from the financial year, accounts of the financial year are required to be prepared and

audited. The audit report shall be in Form No. 3CB. The above position has also been clarified by the CBDT in its Circular No. 561 dated 22.5.1990.

Reporting Requirements

Forming an opinion and reporting on Financial Statements. Attention of the members is drawn to Para 5 of SA 200, Overall Objectives of the Independent Auditor reproduced below:

“5. As the basis for the auditor’s opinion, SAs require the auditor to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error. Reasonable assurance is a high level of assurance. It is obtained when the auditor has obtained sufficient appropriate audit evidence to reduce audit risk (i.e., the risk that the auditor expresses an inappropriate opinion when the financial statements are materially misstated) to an acceptably low level. However, reasonable assurance is not an absolute level of assurance, because there are inherent limitations of an audit which result in most of the audit evidence on which the auditor draws conclusions and bases the auditor’s opinion being persuasive rather than conclusive.”

Under Sub-rule (3) in Rule 6G, the auditor is expressly allowed to revise the Audit Report in Form 3CB/3CD in certain circumstances. Sub-Rule (3) reads as under:

(3) The report of audit furnished under this rule may be revised by the person by getting revised report of audit from an accountant, duly signed and verified by such accountant, and furnish it before the end of the relevant assessment year for which the report pertains, if there is payment by such person after furnishing of report under sub-rule (1) and (2) which necessitates recalculation of disallowance under section 40 or section 43B.

Thus a scenario may arise that after issuing the audit report, but before the due date for filing the return u/s 139(1), the assessee may make payment of tax deducted at source or of tax, duty, cess, fee or other payments referred to in Section 43B deduction of which is allowed only on actual payment basis.

However, it is not mandatory to revise tax audit report in the circumstances mentioned in Rule 6G(3). If the tax audit report is revised, while revising tax audit

report, prescriptions in 'Guidance Note on Revision of the Audit Report' should be considered.

We must understand that Section 143 of the Companies Act 2013 gives certain powers to us as the auditors to call for the books of account, information, documents, explanations, etc. and to have access to all books and records. No such powers are given to the tax auditor appointed under section 44AB.

In such a scenario, we rely on SA 210, Agreeing the Terms of Audit Engagements. The Standard requires an auditor to establish whether the pre-conditions for an audit are present so as to accept or continue an audit engagement. As per para 6(b) (iii) the auditor is required to obtain agreement of management that it acknowledges and understands its responsibilities to provide the auditor with:

- a. access to all information of which the management is aware that is relevant to the preparation of the financial statements such as records, documentation and other matters,
- b. additional information that the auditor may request the management for the purpose of the audit and
- c. unrestricted access to persons within the entity from whom the auditor determines it necessary to obtain audit evidence.

Moreover, since the appointment of the tax auditor is made by assessee, it will be in the interest of the assessee to furnish all the information and explanations and produce books of account and records required by the tax auditor.

If, however, after agreeing to the terms of the engagement, the assessee subsequently refuses to produce any particular record or to give any specific information or explanation in relation to the reporting requirement under section 44AB, we will see the impact thereof from the perspective of "management integrity" vis-a-vis overall assessment of risk of misstatements in accordance with under SA 315, Identifying and Assessing the risks of material misstatement through understanding the entity and its environment and consequently our opinion for reporting in clause (3) of Form No.3CA or Clause (5) of Form No. 3CB as the case may be.

Various possibilities of reporting requirements

Particular	Companies for which Suri is Statutory Auditor	Companies for which Suri is not the Statutory Auditor	Companies with Different period for Accounts closure and Tax Purposes Or Companies whose books are not yet audited	Tax Audit of other Entities
Report under Form	Form 3CA	Form 3CA with a mention about the Statutory Auditor	Form 3CB	Form 3 CB
Documentation	Base documentation for Audit in Statutory audit documentation software. Tax Audit required documentation alone needed	Since the same is Audit by another CA, we will rely on the signed FS but have some basic verification to satisfy our Documentation policy + Tax Audit	Since the FS as per Companies Act is for a different period / not audited we will have to audit the balance period which is not covered under Audit of	We will be conducting the Audit of the FS in Full hence there will be a detailed verification and documentation for Audit + Tax Audit

		Documentatio n	Companies act. + Tax Audit Documentatio n	Documentatio n
--	--	-------------------	---	-------------------

List of Certifications by Chartered Accountants under Income Tax Act is given under Annexure 2.

Formats of the Report under 3CA/ 3CB has been enclosed in Annexure 3.

The Audit Documentation Policy

Your firm has a specific policy in place on the kind of documentation that is expected to be maintained which is enumerated below.

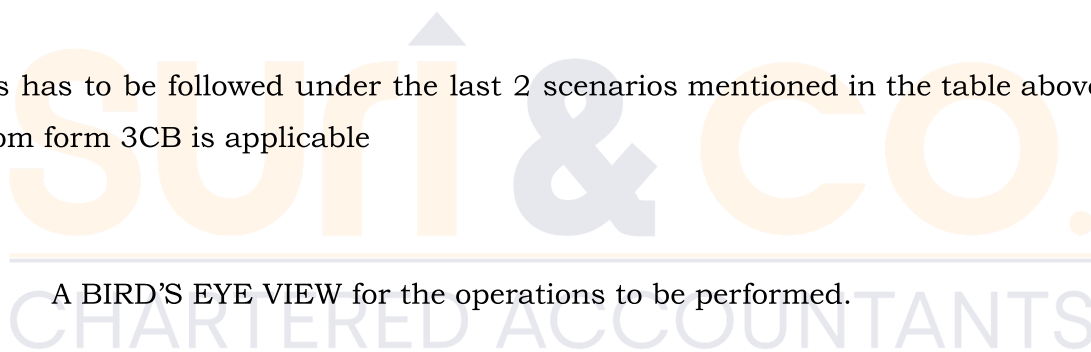
- The Primary documents to enable us to conduct the tax audit has to be obtained as per the Checklist.
- Audit program has to be filled during the course of audit.
- The Clause wise documentation has been attached herewith and has to be strictly complied with.
- The audit teams must strictly adhere to the timelines set up for each stage in the audit.
- The audit teams should ensure the documentation does not happen post the audit but as a parallel process. The additional time given post completion of audit is solely for fine tuning and closure of checklists.
- The audit should ensure that the names of the files are not renamed without prior permission as it is observed in past that same document with multiple names are placed in a folder. Hence the name of the file should never be changed unless specifically instructed to.
- On commencement of audit a pre-audit meeting has to be held by the team members which has to be duly minuted. This meeting together with the Knowledge of business document, audit planning document (discussed down under) serves as a base for the preparation of program and execution of the same

We use the IDEA Software to perform the various data manipulation. A manual is created to have an overall knowledge and impart an experience which will enable all the users (articles, associates, executives and partners) of the firm to have a professional level knowledge on how to use the IDEA as a tool to enable data analysis and perform analytical procedures. To put it in a nutshell, the IDEA software helps in achieving the following whilst creating an audit trail:

- a. Analytical Review of data
- b. Arriving at a logical sample data from the total population

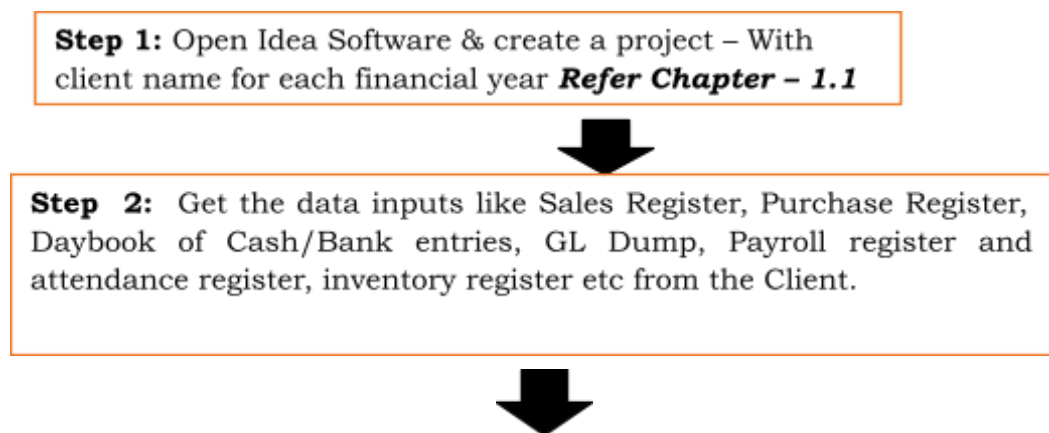
The entire operations to be performed in IDEA software are detailed in **IDEA Manual** however find below the Bird's Eye View of the step-by-step workflow under IDEA.

This has to be followed under the last 2 scenarios mentioned in the table above for whom form 3CB is applicable



A BIRD'S EYE VIEW for the operations to be performed.

This flowchart is designed to provide a synopsis to the user of IDEA software and provide a brief understanding on IDEA.



Step 3: Align excel data files to be imported. The database in Excel should begin from Cell A1. Other format files aligning is done while importing data to IDEA - **Refer Chapter – 1.3**



Step 4: Import data file on which data manipulation or sampling is to be performed - **Refer Chapter – 1.3**



Step 5 – The database once loaded will automatically be divided into 4 groups i.e. (i) numeric, (ii) date, (iii) character and (iv) time based on the input in each records of the column. **The Field Statistics** tab is available in the **Properties Tab**. The field statistics tab provides the user with basic set of information required to understand the data that are (i) Numeric – Average, negative values, standard deviation, maximum, minimum, data errors, (ii) Character – blank fields, categories of characters, (iii) Date/Time – most common day, most common month, Sunday transactions earliest and latest dates etc. Obtain every statistical report applicable to the said data.



Step 6: Use the software to perform data manipulation, data extraction and study the exception report to understand the data. **REFER FLOWCHART A.2**

Step 7: Use the software to extract samples from the total data population. **REFER FLOWCHART A.3**

Step 8: IDEA for use in audit – Minimum set of functions to be performed is enlisted. **REFER FLOWCHART A.4**

Step 9: Save the **project overview and history sheet** in order to complete the audit documentation (**Refer Chapter 5**). Further archive the project (**Refer Chapter 1.2**)



This is the most important step in understanding the entire nature and the total composition of the data.

Having understood the fundamentals of audit and a detailed look on the audit documentation policy and process of your firm we shall now discuss on a large level as to how to audit every Schedule.

Verification of Financial Statements and Reporting Under 3CA/CB and 3CD

In this segment, we shall be discussing at a very high level on areas to verify in each part of the financial statement. This is no way is to be considered as a final work to be done but should be considered only as a guidance. Please ensure that the complete audit program is duly followed.

A detailed Audit program for the various scenarios mentioned for whom form 3CA/3CB is applicable is enclosed in Appendix 1.

Further the report under form 3CA/CB and Form 3CD along with the annexures like the Signed FS, Notes and other records are required to be Uploaded on the Income tax Portal. Following are the steps to file tax audit report 3CA-3CD/3CB-3CD:

Step 1: Taxpayer needs to add Chartered Account to whom he/she wants to assign the form. Taxpayer may add CA by navigating through Authorised Partners → My Chartered Accountant → Add CA. Alternatively, taxpayer may navigate through e-File → Income Tax Forms → File Income Tax Forms → Form 3CA3CD/Form3CB-3CD.

Step 2: After successfully adding CA, taxpayer needs to assign the tax audit. Taxpayer is requested to navigate to e-File → Income Tax Forms → File Income Tax Forms and select Form 3CA-3CD/3CB-3CD, as applicable under category “Persons with Business / Professional Income”. Form can be assigned to CA by selecting CA Name, AY and Filing Type. If CA is not added, you can navigate to Authorised Partners → My Chartered Accountant to add CA.

Step 3: After successfully assignment of form to CA, form shall be available in the CA's worklist → For Your Action. CA can either reject or accept the assignment. In case CA rejects the assignment, form need to reassign from the taxpayer end.

Step 4: In case CA accepts the assignment, CA is required to fill all the necessary details in the offline utility and generate JSON.

Step 5: CA needs to upload the JSON under Worklist → For Your Action→ Pending for Upload and verify the same using DSC.

Steps 6: Form uploaded by CA shall be available under Taxpayer's worklist → For Your Action → Pending for Acceptance. Taxpayer may either approve or reject the tax audit report. Form submission will be completed after taxpayer's approval.

FAQ for form 3CA/CB issued by Income Tax Department is available online at https://www.incometax.gov.in/iec/foportal/sites/default/files/2022-09/Click%20Here_0.pdf

Templates, Checklists, Sample Formats and clause wise documentation folders and annexures related to this tax audit manual are available as softcopy. Contact the respective branch heads for the access of the same.

Manual on issuance of Certificate

Preface:

Welcome on board to Suri & Co Chartered Accountants!!!

By now you would have got yourself introduced to the fundamentals of the firm which includes its mission vision and value system. We are sure you would also had a detailed look at the firm's Human resources policies and practices. Having now been onboarded its now time to get to the business. As you may be well aware, your firm is committed to providing its services in the most professional and ethical manner and this warrants that the plan and processes involved in service delivery is upfront informed to you.

It is with the above intent that we bring to you this **Manual on issuance of certificate**. Through the course of this document, you are expected to gather:

1. Background and Objective
2. Process followed.
3. Specific process for General certificates issued by us.
4. Documentation responsibility towards certification.

We sincerely thank the entire team who had closely worked in making this manual live.

Best wishes to you for a successful audit life at SURI.

PS: Knowledge is divine. Keep gaining more and more of it during your stay in this firm. We love learning as much as you do so please reach out to us for any queries or suggestions.

Background:

Government and other authorities under various statutes or notifications require reports or certificates from practitioners (Practicing Chartered Accountant) or more particularly statutory auditor of the entity in support of statements or other information provided by an entity. Such reports or certificates can also be required to be issued to fulfil a contractual reporting obligation or may be required by the management or those charged with governance of an entity for its own special purposes.

Further, the applicable law and regulation or a contractual arrangement that an entity might have entered into, prescribe the wording of report or certificates. The wording often requires the use of word or phrase like “certify” or “true and correct” to indicate absolute level of assurance expected to be provided by the us on the subject matter. Absolute assurance indicates that we have performed procedures as considered appropriate to reduce the engagement risk to zero.

We are expected to provide either a reasonable assurance (about whether the subject matter of examination is materially misstated) or a limited assurance (stating that nothing has come to our attention that causes us to believe that the subject matter is materially misstated). We are not expected to reduce the engagement risk to zero. This is because there are inherent limitations attached to the procedures which we may perform in relation to issuance of a report or certificate, as the case may be.

whenever a practitioner is required to give a “certificate” or a “report” for special purpose, the practitioner needs to undertake a careful evaluation of the scope of the engagement, i.e., whether the practitioner would be able to provide reasonable assurance or limited assurance on the subject matter.

In this manual we will list the different procedures to be performed in a reasonable assurance engagement vis a vis limited assurance engagement as mentioned in the Guidance note issued by ICAI.

This entire manual is prepared keeping in mind the requirements of the Guidance note report or certificates for Special purposes (2006) as also all other applicable laws and regulations. In addition, your firm has also put in its 8 decades of experience in putting together the document.

We shall now be discussing on the 3 key aspects of for issuance of Report or certificates:

1. Planning.
2. Execution.
3. Completion.

Planning:

We should plan the engagement so that it will be performed in an effective manner, including setting the scope, timing and direction of the engagement, and determining the nature, timing and extent of planned procedures that are required to be carried out in order to achieve the objective of the engagement.

CHARTERED ACCOUNTANTS

We shall perform the following:

1. Obtain initial letter/e-mail communication about the overall scope of work from the client.
2. To understand the purpose of our certification/report and end use of the same. This will help us to understand our requirements and end users/stakeholder expectations from our certificate/report. This shall be documented as a part of our work paper in the checklist.
3. Based on the above purposes, we need to understand whether we need to provide reasonable assurance or limited assurance and accordingly draw the overall plan. The team need to obtain approval from the engagement partner assurance function.

4. The terms of engagements shall be signed by us and agreed by the client before start of the work – **Refer Annexure 1 for Engagement letter format.**
5. In case of recurring engagement with the client, the engagement letter can be signed once for each financial year.
6. We shall frame the initial list of requirements which are required for verification. The same shall be drafted and sent to client. This shall be documented as a part of our work paper in the checklist. Refer Appendix 2 for sample certifications attached.
7. We need to satisfy the ethical and quality control requirements as mentioned below. Unless the ethical and quality control requirements is satisfied, the engagement cannot be proceeded further.

a) Ethical and Quality control requirements:

At Suri, our value statement is delivering quality work ethically and hence before the start of the assignment, we need to obtain clearance of the following:

CHARTERED ACCOUNTANTS

1. There are no ethical and independence issues for taking up this assignment.
2. That the team performing the assignment has appropriate competence and capabilities.

b) Materiality:

Misstatements, including omissions, are considered to be material if they, individually or in the aggregate, could reasonably be expected to influence relevant decisions of intended users taken on the basis of the subject matter information. The consideration of materiality is a matter of professional judgment.

Materiality is considered in the context of qualitative factors and, when applicable, quantitative factors. The relative importance of qualitative factors and quantitative factors when considering materiality in a particular engagement is a matter for the our's professional judgment.

- i) Quantitative factors are expressed numerically as computed in the manner given in Appendix 1 of this manual. You are required to obtain clearance of the materiality value obtained from Engagement partner. The materiality cannot be fixed if the facts are certificated by us such as turnover, networth certificate etc wherein we certify the actual facts and hence deviations are not expected. Hence, this is required in case where the engagement is other than fact based.
- ii) Qualitative factors may include such things as:
 - a) The number of persons or entities affected by the subject matter.
 - b) The interaction between, and relative importance of, various components of the subject matter information when it is made up of multiple components, such as a report that includes numerous performance indicators.
 - c) The wording chosen with respect to subject matter information that is expressed in narrative form.
 - d) The characteristics of the presentation adopted for the subject matter information when the applicable criteria allow for variations in that presentation.
 - e) The nature of a misstatement, for example, the nature of observed deviations from a control when the subject matter information is a statement that the control is effective.
 - f) Whether a misstatement affects compliance with law or regulation.
 - g) In the case of periodic reporting on an underlying subject matter, the effect of an adjustment that affects past or current subject

matter information or is likely to affect future subject matter information.

- h) Whether a misstatement is the result of an intentional act or is unintentional.
- i) Whether a misstatement is significant having regard to the our understanding of known previous communications to users, for example, in relation to the expected outcome of the measurement or evaluation of the underlying subject matter.
- j) Whether a misstatement relates to the relationship between the responsible party, the measurer or evaluator, or the engaging party or their relationship with other parties.
- k) When a threshold or benchmark value has been identified, whether the result of the procedure deviates from that value.
- l) When the underlying subject matter is a governmental program or public sector entity, whether a particular aspect of the program or entity is significant with regard to the nature, visibility and sensitivity of the program or entity.
- m) When the subject matter information relates to a conclusion on compliance with law or regulation, the seriousness of the consequences of non-compliance.

Sun & Co
CHARTERED ACCOUNTANTS

Execution:

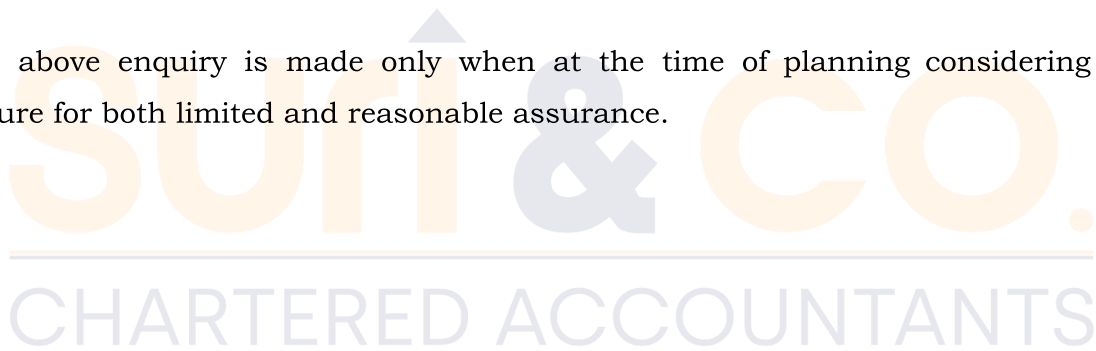
Once we complete the planning stage including assessment of materiality of the report/certificate. We will now move to the most important aspect of steps involved in execution of work.

- a) Understanding the Underlying Subject Matter and Other Engagement Circumstances:

Considering the nature of engagement, We should make inquiries of the appropriate party(ies) regarding:

- i) Whether they have knowledge of any actual, suspected or alleged intentional misstatement or non-compliance with laws and regulations affecting the subject matter information;
- ii) Whether the entity has an internal audit function and, if so, make further inquiries to obtain an understanding of the activities and main findings of the internal audit function with respect to the subject matter information; and
- iii) Whether the responsible party has used any experts in the preparation of the subject matter information.

The above enquiry is made only when at the time of planning considering the nature for both limited and reasonable assurance.



b) Obtaining evidences for Limited assurance engagement:

Limited assurance engagement—An assurance engagement in which the practitioner reduces engagement risk to a level that is acceptable in the circumstances of the engagement. The nature, timing, and extent of procedures performed in a limited assurance engagement is limited compared with that necessary in a reasonable assurance engagement but is planned to obtain a level of assurance that is, in the practitioner’s professional judgment, meaningful.

- i) **Identify area where a material misstatement** of subject matter information is likely arise and design the verification process to obtain limited assurance.
- ii) We check the process involved by the entity in preparation of the subject matter information.

c) Obtaining evidences for Reasonable assurance engagement:

Reasonable assurance engagement—An assurance engagement in which the practitioner reduces engagement risk to an acceptably low level in the circumstances of the engagement, as the basis for the practitioner’s opinion. The practitioner’s opinion is expressed in a form that conveys the practitioner’s opinion on the outcome of the measurement or evaluation of the underlying subject matter against the criteria.

- i) **Identify and assess the risk of material misstatement** in subject matter information.
- ii) Based on the assessed risk design and perform procedure to respond to the assessed risk and obtain reasonable assurance.
- iii) We check the understanding of internal control over the preparation of the subject matter information. This include evaluating the design of those controls relevant to the engagement and check whether they have been implemented by performing procedure.
- iv) Making inquiry of personnel responsible for the subject matter.

For both the assurance engagement, we check, verify, inquire and document the following for obtaining evidences for drawing our conclusions:

1. The purpose of issuance of our report/certificate and Stakeholder/users requirement.
2. Verification of purpose documents such as Tender documents, Agreement with parties, Request for Quote and applicable Law which mention the requirements of issuance of certificate and in certain cases, the format of our report is also mentioned.
3. In some cases, the certificate/reports can be issued only upon fulfilment of certain conditions such as being statutory auditor of the company, Holding Valid Peer review certificate and holding certain specific Turnover etc. and hence we need to check whether there are any specific conditions mentioned and if so the same has been satisfied by us.
4. Verify the facts mentioned in the certificate/reports including accuracy of the data including arithmetical accuracy.
5. To document the source documents based on which the data has been validated such as audited financial statement, books of accounts, Trial balance, ledger copies, invoices, bill of entry, tax paid challan etc.
6. Check if the subject matter requires us to check the subsequent events until the date of the report.
7. We shall document the checklist and documentation requirements mentioned in the Checklist formats as per Appendix – 2 for general certifications.

d) Other information:

In certain certification/ reports contain certain other information which is included either by law, regulation or custom, in a document containing subject matter information. In such cases, we shall do overall check/verification to identify if there are any material inconsistency between the other information and the subject matter information or the assurance reports.

e) Using the work of expert:

When during the course of certification/issuance of report, we use the work of experts, we shall document the following:

1. Evaluate whether the expert has the necessary competence, capabilities and objectivity for the purposes. In the case of a use of external expert, the evaluation of objectivity should include inquiry regarding interests and relationships that may create a threat to that expert's objectivity;
2. Obtain a sufficient understanding of the field of expertise of the expert;
3. Agree with the expert on the nature, scope and objectives of that expert's work; and
4. Evaluate the adequacy of the expert's work for the our purposes.

Completion: _____

Once we complete the execution process, the final stage is forming the opinion/conclusion based on the evidence and supporting verified by us.

1. We shall prepare the report/certificate as per the formats mentioned in the Guidance note on reports or certificate for special purposes. Refer Appendix – 2 for general certifications formats.
2. Complete the documentation which will minimum include the following:
 - a) Nature, timing and extent of the procedure performed to comply with the Guidance note and applicable legal and regulatory requirements.
 - b) The results of the procedure performed and the evidences obtained

- c) Significant matters arising during the engagement, the conclusion reached thereon, and significant professional judgements made in reaching the conclusions.
 - d) List of queries/clarification raised along with the reply and disposal of the same.
 - e) Obtain the management signed copy of information included in the certificate.
 - f) Obtain written representation letter from the client. Sample format are added in Appendix 2 for General certifications issued.
 - g) Obtain concurrence from the client on the draft certificate/report
 - h) Sign off the workpaper by team member, reviewer and engagement partner by mentioning date and place.
 - i) Generate UDIN for the subject matter of engagement.
3. The timelines for closure of final documentation including sign off of checklist, archival of documentation is as under:

S.No.	Category of work	Timelines
1.	Checklist sign off and final documentation	7 days from date of sign off.
2.	Archival of all the final documents	15 days from date of sign off.

Assurance report prescribed by Law or Regulations:

1. In certain cases, the law or regulation prescribe the layout or wording of the assurance report. In these circumstances, we need to evaluate whether the intended users might misunderstand the assurance conclusion and in such cases additional explanations in the assurance report can mitigate the possible misunderstanding.

2. Refer para 29 to 33 of Guidance note for detailed understanding.

Framing opinion during report preparation:

1. Unmodified opinion:

1. We can conclude unmodified opinion when:

- a) In the case of a reasonable assurance engagement, that the subject matter information is prepared, in all material respects, in accordance with the applicable criteria; and

- b) In the case of a limited assurance engagement, that, based on the procedures performed and evidence obtained, no matter(s) has come to the attention of the practitioner that causes the practitioner to believe that the subject matter information is not prepared, in all material respects, in accordance with the applicable criteria.

2. Emphasis of Matters:

Draw intended users' attention to a matter ***presented or disclosed*** in the subject matter information that, in the professional judgment, is of such importance that it is fundamental to intended users' understanding of the subject matter information.

3. Other matters:

Communicate a matter ***other than those that are presented or disclosed*** in the subject matter information that, in the Professional judgment, is relevant to intended users' understanding of the engagement, the practitioner's responsibilities or the assurance report.

4. Modified opinion:

In following cases, modified opinion is concluded:

- a) When, in the professional judgment, a scope limitation exists and the effect of the matter could be material. In such cases, the we should express a qualified opinion/conclusion or a disclaimer of opinion/conclusion.
- b) When the subject matter is materially misstated. In such cases, we should express a qualified opinion/conclusion or adverse opinion/conclusion.

General certificate issued by us at Suri and co:

The following are the list of common certificates issued by us. It is important for you to go through the checklist and documentation requirements given in Appendix 2. We will now discuss the specific verification procedure for the same:

1. Turnover certificate:

Company/entity at the time of participation in tenders (Governmental or non-Governmental) are required to achieve a minimum level of Turnover or average

turnover, in such cases, the provide as a evidence of turnover, certificate from us are required to be submitted at the time of participation in the Tender. Hence in majority cases this certificate is the prerequisite for participation in the tender itself and hence place more importance on the certificate we issue at our firm.

The following are the list of specific audit procedures we follow:

1. The purpose documents (Tender/RFQ) is obtained to understand the turnover requirement including the minimum range required, whether current financial year or previous financial year or whether average turnover to be given. This understanding is important based on which we can plan the verification process.
2. In certain cases the purpose document may require turnover from specific product/service etc. In such cases understanding the product and service is very important.
3. To check the audited financial statement based on which the certificates are issued and this reference is also given in our certificate that the value mentioned are based on audited financial statements.
4. To obtain a copy of signed audited financial statements along with audit report.
5. In case the audit report contain any modified opinion and facts of the same needs to be considered in our certification/report.
6. In case, the certificate is issued on average turnover then the arithmetic accuracy of the average turnover value is required to be checked
7. In certain cases, the purpose document may define turnover with some adjustments. In such cases we need to verify the adjustments that are required to be made to arrive at the turnover value as defined in the purpose document.

2. Net worth Certificate:

Company/entity at the time of participation in tenders (Governmental or non-Governmental) or processing the loan application with banks are required to

provide the details of Net worth which acts as an indicator of financial health of the Company. In such cases, as a evidence of Net worth, certificate from us are required to be submitted at the time of participation in the Tender or submission of documents to bank. Hence in majority cases this certificate is the prerequisite for participation in the tender itself/loan sanction and hence place more importance on the certificate we issue at our firm.

The following are the list of specific audit procedures we follow:

1. The purpose documents (Tender/RFQ) is obtained to understand the Net worth requirement including the minimum range required, whether current financial year or previous financial year to be given. This understanding is important based on which we can plan the verification process.
2. To check the audited financial statement based on which the certificates are issued and this reference is also given in our certificate that the value mentioned are based on audited financial statements.
3. To obtain a copy of signed audited financial statements along with audit report.
4. In case the audit report contains any modified opinion and facts of the same needs to be considered in our certification/report.
5. In case, the certificate is issued for a financial year or as at certain period for which the audit is not yet done, then the relevant books of accounts are required to be verified and the facts that the certificate is issued based on unaudited books of accounts is required to be stated in the Certificate.
6. In certain cases, the purpose document may define Net worth with some adjustments. In such cases we need to verify the adjustments that are required to be made to arrive at the net worth/ average net worth value as defined in the purpose document.
7. In case, the certificate is issued on average net worth then the arithmetic accuracy of the average net worth value is required to be checked.

3. Form 15CB:

The Company requires Form 15CB for payments made to Non-Resident, not being a Company, or to a Foreign Company which are taxable and if the payment exceeds ₹5 Lakh during financial year. Form 15CB is an event-based form and is required for each remittance that satisfies the condition laid. In form 15CB, a Chartered accountant certifies the details of the payment, TDS rate, TDS deduction and other details of nature and purpose of remittance. In other words, Form 15CB is the Tax Determination Certificate in which a Chartered accountant examines a remittance with regard to chargeability provisions. Hence in all cases where the remittances exceed Rs. 5 lakhs (Single or aggregate), this certificate is the prerequisite.

The following are the list of specific audit procedure we follow:

1. The purpose documents are obtained to understand the nature of transaction, to check on the applicability of form 15CB and to check on the relevant provisions of Income Tax Act, 1961.
2. To obtain a copy of agreement between both the parties for which the payment is processed.
3. To obtain a copy of signed invoice for the proposed payment.
4. Understand the nature of transaction by way of reading the agreement and invoice and accordingly check on the applicability of TDS provisions under Income Tax Act 1961.
5. Based on the nature of transaction and the country with which the transaction is entered, document the applicable Article under Double taxation avoidance agreement along with the applicable tax rates.
6. To check on the applicability of surcharge and cess in case tax is required to be deducted under Income Tax Act, 1961
7. To check on availability of Tax residency certificate (TRC) and obtain and document the TRC
8. Obtain the proof of exchange rate considered for remittance.
9. To obtain an understand whether the transaction falls under Rule 37BB(3) and document the same

10. To check on the availability of PAN and accordingly in cases where no PAN is available then higher TDS rate to be considered under Income tax Act 1961.
11. To check on whether grossing up of tax is required to be made and accordingly compute the TDS

4. Unjust enrichment for duty refund:

Unjust enrichment occurs when one person is enriched at the expense of another in circumstances that the law sees as unjust.

Company/entity in certain cases are required to obtain refund of duty/tax which they have already paid to the Government. This refund can be paid as a part of incentive or based on any circular or based on notification issued by the authorities. In these cases, authorities seek for unjust enrichment certificate from Chartered accountants to confirm that the amount claimed is already not paid as refund or passed on to their customers. Based on our certificate only, the refund claim is processed.

The following are the list of specific audit procedures we follow:

1. Obtain the documents such as Act, Notification, circular etc and understand the relevant provisions under which the duty can be claimed to ensure the duty is eligible for refund.
2. Obtain the relevant books of accounts and understand the treatment given in books of accounts for the duty claimed as refund.
3. Obtain the documents evidencing the payment of duty such as challans/ returns.
4. Obtain cost breakup of the product made to ensure the same is not passed on to the customer.

5. Trace the payment challan with the books of accounts and ensure that the amount paid is standing as receivable in the books of accounts since the same is stated in the certificate we issue.

6. Pollution control board - Value of assets:

Company/entity are required to provide the details of Value of assets of the Company based on which the fees is determined by the pollution control board. In such cases, as a evidence of value of assets, certificate from us are required to be submitted based on which the fees is calculated.

The following are the list of specific audit procedures we follow:

1. Notification or circular shall be obtained to understand the requirements and assets which needs to be considered.
2. To obtain a copy of signed audited financial statements along with audit report.
3. To check the audited financial statement based on which the certificates are issued and this reference is also given in our certificate that the value mentioned are based on audited financial statements.
4. To check the fixed asset register from the books of accounts of the company and cross check for the same.
5. In case the audit report contains any modified opinion and facts of the same needs to be considered in our certification/report.
6. In certain cases, the purpose document may define meaning of asset with some adjustments. In such cases we need to verify the adjustments that are

required to be made to arrive at the adjusted value as defined in the purpose document.

7. Annual performance Report (APR):

An Indian Party (IP)/ Resident Individual (RI) which has made an Overseas Direct Investment (ODI) has to comply with certain obligations prescribed under the Notification No. FEMA 120/RB-2004 dated July 04, 2004 as amended from time to time. One of these includes obligation for submission of an Annual Performance Report (APR) in Form ODI Part III of the Reserve Bank by 30th of June every year in respect of each Joint Venture (JV)/ Wholly Owned Subsidiary (WOS) outside India set up or acquired by the IP/ RI. A certification of a Chartered Accountant or an statutory auditor is provided in this behalf.

The following are the list of specific audit procedures we follow:

1. The purpose documents i.e. FEMA Notification is obtained to understand the requirements. This understanding is important based on which we can plan the verification process.
2. The financial data to be reported in the APR is required to be traced with audited financial statements.
3. In case, the financial statements are unaudited then the financial data provided in APR is required to be mapped/ traced with Board approved financial statements.
4. To obtain a copy of signed audited financial statements along with audit report.
5. In case the audit report contains any modified opinion and facts of the same needs to be considered in our certification/report.
6. To check whether there is any change in the shareholding pattern during the reporting period which requires disclosure in table

7. To check and obtain confirmation on whether all dues receivable from the foreign entity under this UIN, as required under Regulation 9 (4) of Foreign Exchange Management (Overseas Investment) Regulations, 2022 or corresponding extant Regulations in case where the reporting is being done under the earlier overseas investment framework** as stipulated by the Reserve Bank from time to time, and it has been verified from the Foreign Inward Remittance Certificate issued by the AD bank/s.
8. To ensure every transactions mentioned in the certificate are tracked with the signed audited financial / unaudited Board Approved financials.
9. Obtain a confirmation on the filing of APR for previous periods for all JV and Wholly owned subsidiaries.

8. Guaranteed Remittance (GR) waiver certificate:

Company and entity may export goods outside India free of cost or re-export the goods which needs to be returned. In such cases, authorised dealer (AD) banker require certificate from us, confirming whether the goods exported do not involve any foreign exchange transaction based on which GR waiver is submitted with RBI.

The following are the list of specific audit procedures we follow:

1. To obtain the details of details of invoice, packing list, e-way bill and Bill of entry for material imported and materials re-exported.
2. To check the ledger copy of the party to confirm that there are no amount receivable/received against the said transaction.
3. To check the accounting treatment of material for which the claim is made.

9. ODI certificate:

Companies/ entities at the time of making an investment by way of acquisition of equity capital of an unlisted foreign entity or subscription to the MOA of a foreign entity or invest in 10% or more of paid up equity capital of a listed foreign entity are required to obtain an Overseas Direct Investment certificate under OI rules and OI regulations. Hence in such cases this certificate is the prerequisite for investment in the foreign entity and hence place more importance on the certificate we issue at our firm.

The following are the list of specific audit procedures we follow:

1. Obtain the Charter documents of the foreign entity and understand the objectives of the entity that are defined
2. Obtain an confirmation on whether investee is registered as a start-up company under the laws of the host country.
3. Obtain a confirmation on whether investee has invested in India at the time of making such financial commitment or anytime thereafter directly or indirectly in such a way resulting in a structure with more than 2 layers of subsidiaries in India.
4. Obtain a confirmation on whether the investor have any account which is classified as a non-performing asset and is not classified as will full defaulter by any bank.
5. Obtain confirmation on whether any investigation is going on against investor by a financial service regulator or any investigative agencies in India such as CBI, SFIO, etc.
6. Obtain a copy of Board resolutions passed by the entity for the financial commitments made.
7. Obtain a confirmation on whether financial commitment is provided to any other foreign entity other than investee till date. If yes, obtain the details of such financial commitments made to verify the compliance of overall financial commitment as per the regulations.
8. Obtain draft valuation report on the valuation of shares of foreign entity and verify the appropriateness of method utilised for valuation.

9. A note on compliance of provisions of International valuation methods as prescribed under the FEMA regulations towards usage of method for the valuation to be obtained.
10. To check and obtain confirmation stating that with respect to ODI made earlier, all the forms required to be filled within due date are filed and that there are no forms that are pending to be filed as on date.
11. Obtain a confirmation on whether any guarantee has been given by the group company.

10. Term Loan Utilisation:

Company/entity borrow terms loan from banks for certain specific purposes and the same shall be used only for such purpose only. Post disbursement, the bank in order to confirm the utilisation of the said term loan request the company to provide certificate from Chartered Accountant for actual utilisation of funds. The bank considers this as a record for the actual utilisation.

The following are the list of specific audit procedures we follow:

1. To check the PO, invoices, inspection report, GR/IR and payment advice details for payment made to specific vendor.
2. To check the accounting entries posted for the same and trace the payment in bank statement.
3. To check if any specific condition is mentioned in the sanction document based on which the loan payment is being made.

Templates, Checklists, Sample Formats and other documentation folders and annexures related to this certification manual are available as softcopy. Contact the respective branch heads for the access of the same.

Information Technology Policy and Procedure Manual

Introduction

Suri & Co IT Policy and Procedure Manual provides the policies and procedures for selection and use of Information Technology within the firm which must be followed by all staff. It also provides guidelines which Suri & Co will use to administer these policies.

Suri & Co will keep all IT policies current and relevant. Therefore, from time to time it will be necessary to modify and amend some sections of the policies and procedures, or to add new procedures. Hence, it is always advisable to ensure that the Policy that you rely for any reason is the updated policy document.

These policies and procedures apply to all staffs in the organisation including Articled assistants, Audit Staffs, Admin Staffs.

Purchase of Hardware

Policy Number: IT/2023-24/1

Policy Date: 01-03-2023

Purpose of the Policy

This policy provides guidelines for the purchase of hardware for the business to ensure that all hardware technology for the business is appropriate, value for money and where applicable integrates with other technology used by the firm.

Procedures

Purchasing desktop computer systems

The desktop computer systems purchased must have original Windows 11 as its operating system and other the minimum specifications for the PC should be as follows:

1. CPU Model: i5 (2nd Generation),
2. RAM: 8GB
3. HDD: 1TB HDD
4. SSD: 256 GB

Any change from the above requirements must be authorised by any of the Senior Partner and reason for the change also to be documented.

The desktop computer systems must be purchased as standard desktop system bundle and must be from manufacturers like HP, Dell, Acer etc.

For purchasing a New Desktop, the Head Office/Branch should obtain quotation from the regular supplier or if the purchase is planned from a different supplier, then the request for approval should be supported with minimum of 2 quotations. The Head Office/Branch should get the approval from respective Senior Partner in-charge before proceeding to purchase the hardware.

Once the desktop is purchased, before putting the same into use, asset tag should be placed on the Desktop and UPS. The desktop tag should be in the following format:

For Desktops

<Branch Code>/<D>/<Year of purchase>/<Sl.No>

Eg: <CHN/D/2022/01>

Branch codes are given in **Appendix – 1**

Purchasing Laptops for Staffs and Articled Assistants

The laptop systems purchased must have original Windows 11 as its operating system and other the minimum specifications for the laptop should be as follows:

1. Processor: i5 (2nd Generation),
2. RAM: 8BG
3. HDD: 1TB HDD
4. SSD: 256 GB

Any change from the above requirements must be authorised by any of the Senior Partners and reason for the change also to be documented.

For purchasing a new laptop, the Head Office/Branch should obtain quotation from the regular supplier or if the purchase is planned from a different supplier, then the request for approval should be supported with minimum of 2 quotations. The Head Office/Branch should get the approval from respective Senior Partner in-charge before proceeding to purchase the hardware.

Once the laptop is purchased, before putting the same into use, asset tag should be placed on the laptop and charger. The laptop tag should be in the following format:

1. For Staff Laptops

<Branch Code>/<L>/<Year of purchase>/<Sl.No>

Eg: <CHN/L/2022/01>

2. For Articled Assistant Laptops

<Branch Code>/<L>/<AA>/<Year of purchase>/<Sl.No>

Eg: <Kochi/AA/2022/01>

Branch codes are given in **Appendix – 1**

Purchasing Server Systems or Network Attached Storage (NAS) Servers

The server systems purchased must have original Windows Server as its operating system and other minimum specifications for the Desktop should be as follows:

1. Processor: i5 (2nd Generation)
2. RAM: 8BG
3. HDD: 1TB HDD
4. SSD: 256 GB

Any change from the above requirements must be authorised by any of the Senior Partners and reason for the change also to be documented.

Instead of purchasing Windows Server Head Office/Branch may decide to have Network Attached Storage (i.e. NAS). If the Head Office/Branch is going to buy NAS Server, the minimum requirement of storage should be 4 TB divided into the storage of 2 TB partition.

For purchasing a new server system/NAS Server, the Head Office/Branch should obtain quotation from the regular supplier or if the purchase is planned from a different supplier, then the request for approval should be supported with minimum of 2 quotations. The Head Office/Branch should get the approval from respective Senior Partner in-charge before proceeding to purchase the hardware.

Once the server is purchased, before putting the same into use, asset tag should be placed on the Server. The tag should be in the following format:

<Branch Code>/<S>/<Year of purchase>/<Sl.No>

Eg: <CHN/S/2022/01>

Branch codes are given in **Appendix – 1**

Purchasing Computer Peripherals

The other Computer Peripherals planned to purchase should be compatible with the other hardware of the Head Office/Branch.

For purchasing any peripherals individually costing more than Rs.10,000 or total such purchase crosses Rs.50,000 during the financial year then the Head Office/Branch should obtain quotation from the regular supplier or if the purchase is planned from a different supplier, then the request for approval should be supported with minimum of 2 quotations. The Head Office/Branch should get the approval from respective Senior Partner in-charge before proceeding to purchase the hardware.

The Senior Partner in charge should communicate the details of approved dealers to all the Branches and update the communication as and when required.

Once the server is purchased, before putting the same into use, asset tag should be placed on the Server. The tag should be in the following format:

<Branch Code>/<P>/<Year of purchase>/<Sl.No>

Eg: <CHN/P/2022/01>

Branch codes are given in **Appendix – 1**

Additional Policies for Purchasing Hardware

Since this policy is first with effective from 01-03-2023, as a transitional policy any IT assets purchased prior to 01-01-2023 may be tagged with year 2022 and need not be with the original year of purchase if the same is not traceable.

Policy for Software Purchase

Policy Number: IT/2023-24/2

Policy Date: 01-03-2023

Purpose of the Policy

This policy provides guidelines for the purchase of software for the business to ensure that all software used by the business is appropriate, value for money and where applicable integrates with other technology for the business. This policy applies to software obtained as part of hardware bundle or pre-loaded software.

Procedures

Request for Software

All software, including software for PDF Converters, WinRAR, Utilities for Digital Signature, Adobe, Java etc, which are not in the pre-approved list of open-source software must be approved by the IT In charge Partner prior to the use or download of such software.

Pre-approved open-source software list are given in Appendix 2.

Purchase of software

While purchasing any software, if the same is costing more than Rs.10,000 the Head Office/Branch should obtain quotation from the regular supplier or if the purchase is planned from a different supplier, then the request for approval should be supported with minimum of 2 quotations. The Head Office/Branch should get the approval from respective Senior Partner in-charge if the purchase at single instance crosses Rs. 30,000 or in aggregate crosses Rs. 2,00,000 during the year.

All purchases of software must be compatible with the business's server and/or other hardware systems.

Any changes from the above requirements must be authorised by Senior Partner in Charge for the Head Office/ Branch.

Policy for Use of Software/Hardware

Policy Number: IT/2023-24/3

Policy Date: 01-03-2023

Purpose of the Policy

This policy provides guidelines for the use of software/hardware for all staffs within the firm to ensure that all software/hardware use is appropriate.

Under this policy, the use of all open source and freeware software will be conducted under the same procedures outlined for commercial software.

Procedures

Hardware usage & Maintenance

Staffs shall ensure that the hardware is used with due care and following minimum maintenance shall be ensured:

- i. Head Office/ Branch shall ensure that a designated Laptop/desktop is provided to the staff upon joining the Firm. The system should be allotted only after taking the declaration from the staff in the format enclosed in Appendix 3.
- ii. Laptop/Desktop should be kept dust free and should be cleaned using laptop cleaning solution on a regular basis.
- iii. Disk defragmentation should be performed once in every six months.

- iv. For laptops, the charger should be removed once the laptop is fully charged to increase the battery life.
- v. Staff who is using the Laptop/Desktop shall raise Service Request through E-mail to the designated person and the concern should be addressed with proper revert to the mail within 7 working days.
- vi. Designated person for Information Technology related concerns can be Admin staff or audit staffs above the designation of Audit Executive. The same may be decided by the Partner in charge of the Head Office/Branch. In the absence of such a designated staff the partner of the branch will act as the designated person.
- vii. Responsibility for damages to Hardware, data Software on account of negligence is with the staff who uses the system.

Software Licensing

All computer software copyrights and terms of all software licences shall be followed by all staffs of the Firm.

Where licensing states limited usage (i.e., number of computers or users etc.), then it is the responsibility of designated person to ensure that these terms are followed.

IT Committee is responsible for completing hardware/software audit of Head office and all the branches on a periodic basis to ensure that software copyrights and licence agreements are adhered to and the hardware are properly maintained by head office or the branches.

Software Installation

All software must be appropriately registered with the supplier where this is a requirement.

“Suri & Co Chartered Accountants or the Partner in Charge of the branch” should be the name used where the registrations should be in individual name is to be the registered owner of all software.

Only software obtained in accordance with the software policy is to be installed on the firm’s computers.

All software installation is to be carried out by designated person in respective place. (Read with the Articled assistant laptop policy).

A software upgrade shall not be installed on a computer that does not already have a copy of the original version of the software loaded on it.

Software Usage

Only software purchased in accordance with the software policy is to be used within the business.

Prior to the use of any software, the employee must receive instructions on any licensing agreements relating to the software, including any restrictions on use of the software.

All software and Operating System, including Anti-Virus, Windows, Winman etc has to be updated on a timely manner. Designated person in each branch or head office shall check whether all the staffs are updating operating system and other software.

All employees must receive training for all new software. This includes new employees to be trained to use existing software appropriately. This will be the responsibility of IT Committee

Employees are prohibited from bringing software/ downloading unapproved software and loading it onto the firm's computer hardware.

Unless express approval from Senior Partner of respective branch is obtained, software cannot be installed on a employees' home computer/laptop.

Unauthorised software is prohibited from being used in the business. This includes the use of software owned by an employee and used within the firm.

The unauthorised duplicating, acquiring or use of software copies is prohibited. Any staff who makes, acquires, or uses unauthorised copies of software will be referred to IT Committee by the designated person for further action. The illegal duplication of software or other copyrighted works is not acceptable within this office and Senior partner in charge of head office or of that branch is authorised to undertake disciplinary action where such event occurs.

Breach of Policy

Where there is a breach of this policy by a staff, that staff will be referred to the IT Committee by the designated person for further action.

Where a staff is aware of a breach of the use of software in accordance with this policy, they are obliged to notify any of the partners of the Firm immediately. In the event that the breach is not reported, and it is determined that a staff failed to report the breach, then that staff will be equally responsible with the person who has breached the policy.

Software Uninstallation Policy

Staff is not authorised to uninstall any software which are there in the system. The decision to uninstall a software can be taken only by the designated person.

Articled Assistant Laptop Policy

Policy Number: IT/2023-24/4

Policy Date: 01-03-2023

Purpose of the Policy

This policy provides guidelines for the issuance new laptop for Articled Assistants.

Procedures

Once a new articled assistant has joined with the organisation within a period of 1 month the new laptop should be given under Laptop Policy.

The laptop given to the Articled Assistant should be with the specifications as mentioned in the IT Policy No 1 and it should be given after the installation process all the basic list of software mentioned in **Appendix 4**.

These laptops shall have two user IDs admin and another account with user access. Installation of any software into the system has to be restricted only to the admin and the same has to be managed by the designated person.

There will be a recovery, which will be decided by the Senior Partners, from the articled assistant against the laptop once the period of 6 months of training is completed.

Once the articled assistant is moving out of the Firm after completion of Course, the laptops which they were using it for last 3 years shall be given to them.

Before giving the laptops to the Articled assistants who are moving out of the firm after completion of Articleship period, designated person should ensure that the software including the Office 365, Anti-Virus Software are uninstalled from the system.

Information Technology Security Policy

Policy Number: IT/2023-24/5

Policy Date: 01-03-2023

Purpose of the Policy

This policy provides guidelines for the protection and use of information technology assets and resources within the business to ensure integrity, confidentiality and availability of data and assets.

Procedures

Physical Security

For all servers and other network assets, the area must be secured with adequate ventilation and shall be placed in such area which are commonly not accessed by public.

All security and safety of all portable technology, such as laptop, will be the responsibility of the staff who has been issued with the same. Each staff is required to use password and to ensure the laptop is always kept safely to protect the security of the asset issued to them. During the unattended period the laptop shall be kept in Lock mode.

It will be the responsibility of designated person to ensure that this requirement is always followed. Any staff becoming aware of a breach to this security requirement is obliged to notify IT Committee immediately.

In the event of loss or damage, IT Committee will assess the security measures undertaken to determine if the employee will be required to reimburse the business for the loss or damage.

Information Security

All sensitive, valuable, or critical business data is to be backed-up. It is the responsibility of designated person to ensure that data back-ups are conducted as per the Back Up policy explained under Policy Number: IT/2023-24/8.

The Head Office/Branch is mandated to use original antivirus software in all the computer systems available in office. To purchase an anti-virus software the office may use the policy for software purchase (Policy Number: IT/2023-24/2).

Branch in charge shall ensure that a full system check is performed by all the staffs monthly.

IT Committee to review the availability of Anti-Virus software in all the systems and whether the branch is regular in the detailed system check is being done on a periodic basis as prescribed. This review shall happen once in a year and with a physical visit to the office once in three years.

All information used within the business is to adhere to the privacy laws and the firm's confidentiality requirements.

Technology Access

Every staff will be issued with a unique identification credential to access the documentation platform and will be required to set a password for access.

CHARTERED ACCOUNTANTS

Information Technology Administration Policy

Policy Number: IT/2023-24/6

Policy Date: 01-03-2023

Purpose of the Policy

This policy provides guidelines for the administration of information technology assets and resources within the firm.

Procedures

Firm should have an IT Committee with at least 2 partners as members. The Committee to be always formed by all the partners and should be reviewed on yearly basis.

The responsibilities of IT Committee are as follows:

1. IT Committee is responsible for IT audit of Head office and all the branches on a periodic basis. The committee may fix the scope of audit and may use the service of external expert with the prior approval from senior partners.
2. IT Committee shall ensure that all the employees receive training for all new software and the new employees are trained to use existing software appropriately.
3. Ensure that the designated person at each office is doing his responsibilities on a regular basis. Further, to get the concerns reported from the designated person and to take corrective actions.
4. Review of documentation structure on a periodic interval.
5. Approving any changes in the server documentation format and communicating the same to all the partners about this change.
6. IT Committee shall review the 'Other Files' folder in server at least once in two years to ensure the client wise data is not getting saved inside other files.
7. To get the report from Senior Partners on any additional access to the admin files are given by them or not.
8. Review of Partner/Manager Files on a periodic basis to ensure client/work related data which should go to client base data is not getting saved in these folders.
9. All software installed and the licence information must be maintained in a soft copy register. It is the responsibility of IT Committee to ensure that register of software is maintained by the designated person.
10. Designated Person from Head Office/Each Branch is responsible for the maintenance and management of all service agreements, if any and the register as mentioned above. Any service requirements must first be approved by the Senior Partner in charge of Head office/branch.
11. Any unspecified technology administration requirements/ policies shall be directed to IT Committee.

Server Policy

Policy Number: IT/2023-24/7

Policy Date: 01-03-2023

Purpose of the Policy

This policy explains how the server system is to be maintained at Branch, structure in which the data to be maintained in the Server and maintenance of Server Data.

Procedures

Server Requirement

The Head Office/Branch shall have a network connected Server System or NAS Server as a centralised server. The entire data related to any of the Firm's assignment or admin files shall be available in the Server in the structured manner as explained under Data Maintenance structure.

Data Maintenance Structure

The Server of Head Office or Branch shall have major two category of Folders.

- 1) Server
- 2) Suri_Admin

Server

Server shall be further categorised into two folders named:

- a) Client base
- b) Other Files

a) Client Base

Client base should be further classified into the following categories with category reference number as prefix:

1. Companies
2. Partnership Firms
3. Individuals
4. Banks/ NBFCs
5. Trusts
6. Special Assignments

The Head office/ Branch may add additional category only with prior approval from the IT Committee in writing. When a new category is added by the IT Committee, on

approval, the same shall be intimated to the head office/ all the branches to update the same in their respective server platform. This policy is to ensure that the category list is same in Head office and all the branches at any point of time. Hence, even if the category is not applicable for the head office/branch, it is mandated to create an empty folder with the prefix of number.

Further, inside category wise folders, client wise folders to be maintained with full name of the client with Client code as prefix. Client code shall be the first letter of the client followed by the serial number.

(Eg: for ABC Private Limited the folder in server will be named as 'A1. ABC Private limited'. If there is another client named AXZ Limited then the folder name shall be 'A2. AXZ Limited')

Furthermore, each client folder shall have further classification based on the financial years and the folder names shall be in the following manner 'FY YYYY-YY' (Eg: FY 2022-23)

Server Client Base Category Client Name Financial Year

Eg : Server Client Base 1. Companies A2. AXZ Limited FY 2022-23.

The data inside the Financial year folder may be assignment wise and the documentation under respective folders can be based on the assignment specific policies followed by the Firm.

b) Other Files

Other files shall be further classified into two:

- 1) Suri – Policies: This folder shall have all the updated policies of the firm.
- 2) Financial Year wise folders: This folder may have any data which is not client specific, if any. Head Office/Branch shall ensure very minimal, or no data is getting saved under the folder 'Other files'.

The partner in charge of branch shall monitor this folder regularly and IT Committee shall review the Other Files folder at least once in two years to ensure the client wise data is not getting saved inside other files.

Suri Admin Files

This folder shall be accessible only to Partners, Admin Staffs and any other individual with the permission of Senior Partner in charge of Head Office or of that branch.

Any additional access provided from time to time to the admin files shall be reported by the Senior Partner to the IT Committee.

Suri Admin files shall be primarily classified into:

- A. Suri Files
- B. Partner/Manager Folders
- C. Old Staff Files

Suri Files – Suri Files shall be further classified into the following folders:

- i. Billing Related - To maintain Bill register and the Soft Copy of Bills
- ii. Accounts - To maintain MIS, Head Office/ Branch Accounting related matters including annual closing files. This has to be maintained financial year wise.
- iii. Staff Documents – Documents collected from staff as per HR Policy. This has to be maintained in staff wise folders.
- iv. Payroll – Monthly final payroll. To be maintained in financial year wise folders.
- v. TDS - To be maintained in financial year wise folders.
- vi. GST - To be maintained in financial year wise folders.
- vii. Others – Any Other Admin files you want to keep.

Partner/Manager Files – Individual named folders to be maintained. This folder is not intended for saving any audit/assignment related data. These folders are meant only for saving any confidential data which the Partner/Manager cannot save it in the main server. IT Committee shall review these folders at least once in two years to ensure the same.

Other Staff Files: It is a back up folder of data maintained by Ex-Staffs. This folder shall have staff wise sub folders and can contain their personal admin file if the staff had access to admin files and the E-Mail back up generated before deactivation of their account.

Data Back-Up Policy

Policy Number: IT/2023-24/8

Policy Date: 01-03-2023

Purpose of the Policy

This policy explains how and when the back of server shall be scheduled.

Procedures

NAS Server

The Head Office/Branches using NAS Server with 2 Partition, one partition shall be used for auto back of data on a daily basis.

Further, an additional back of data in any external hard disk to be taken on every Tuesday and Friday. The Hard Disk shall be kept at office and in the safe custody of the Partner in Charge.

Windows Server

The Head Office/Branches using Windows server back of data in any external hard disk to be taken on every Friday. The Hard Disk shall be kept at office and in the safe custody of the Partner in Charge.

Additional Policies for Data- Backup

The Head Office/Branch shall create a password protected Zip Folder of Server data on every year and the same shall be saved in the Server located in other location based on the direction from the IT Committee in writing.

The data in the zip folder being confidential, the password of the folder to be known only to the partner in charge of respective branch who creates the Zip folder and should be intimated to the senior partner in charge of IT Committee.

Until further communication from IT Committee on change of additional back up location the following structure to be followed:

1. Kochi – Thiruvananthapuram and vice versa.
2. Chennai – Madurai and vice versa
3. Bangalore – Mumbai and vice versa.
4. Coimbatore – Conoor and vice versa.

IT Committee to review the process of back up once in a year with a physical visit to the branch at least once in three years.

E-Mail Policy

Policy Number: IT/2023-24/9

Policy Date: 01-03-2023

Purpose of the Policy

E-mail policy is in order to ensure that staff use their email in a way that is aligned with the policies of the firm. This policy also explains the E-mail.

Procedures

1. All use of email must be compliant with the Company's policies on ethical conduct and the security of business data.
2. All use of email must be in line with proper business practices and relevant to job duties.
3. Communication with clients and other staffs of the firm shall be made only through the designated official mail ID and use of personal mail IDs for business communication is prohibited.
4. Usage of Company-owned email addresses and systems for personal use should be limited to minimal and incidental use.
5. Check your e-mail at least once on each working day and revert for all the mails received promptly.
6. Do not impersonate any other person when using e-mail or amend any received messages.
7. Do not create unnecessary e-mail congestion by sending trivial messages, personal messages or by copying e-mails to those who do not need to see them.
8. The E-Mails forwarded to Individual email addresses not owned or operated by the Firm must not contain any sensitive or confidential information.
9. The Firm's email addresses or systems shall not be used for creating, distributing, or accessing any offensive or illegal material, including but not limited to material with offensive comments about gender, race, age, sexual orientation, or religious beliefs.

10. Any offensive material received in the email must be reported to the IT Committee and Human Resources without undue delay.
11. If an email is from an unknown sender, do not provide any personal information or act by opening an attachment, clicking on a link, or entering information in a pop-up box.
12. If the email is from a known sender, check the identity of the sender before clicking on any attachment in the email. You can check the email of a sender by hovering over the name of the sender when you cannot see the email address to be sure the email address looks correct.
13. If any email contains a link or asks you to enter information, carefully check the identity of the sender before taking an action.
14. If any email doesn't look legitimate, don't open any attachments, or follow any directions in the email.
15. Bring any suspicious emails to the attention of IT Committee.
16. The Firm may monitor and record all email messages received or sent by email addresses or systems owned or operated by the Firm. The Firm does not necessarily monitor all email activity but retains the right to do so.

Password Policy

Policy Number: IT/2023-24/10

Policy Date: 01-03-2023

Purpose of the Policy

This policy is applicable for the setting the passwords in All systems-level passwords like server admin password, Laptop passwords, Server user passwords etc. and all user-level passwords like password for E-Mail, My Suri etc.

Procedures

Password Creation

- a) Password shall have minimum length of eight (8) characters on all systems.
- b) Password ideally should contain letters (One in Uppercase), Numbers and Once Special character.
- c) Password should not be the same as the User ID.
- d) Password should be changed within a maximum of 90 calendar days.

- e) Password so changed should not be identical to the previous three (3) passwords.
- f) Password not to be transmitted in the clear or plaintext outside the secure location.
- g) Not be displayed when entered.
- h) IT Committee to ensure that the passwords are only reset for authorized user.

Password Deletion

All passwords that are no longer needed must be deleted or disabled immediately. This includes, but is not limited to, the following:

- 1) When a user retires, quits, is reassigned, released, dismissed, etc.
- 2) Default passwords shall be changed immediately on all login requirements.

Password Protection Standards

DO NOT list for protection of passwords:

- a) Don't reveal a password over the phone to anyone.
- b) Don't reveal a password in a mail message.
- c) Don't reveal a password to the colleagues.
- d) Don't talk about a password in front of others.
- e) Don't hint at the format of a password (e.g., "my family name")
- f) Don't reveal a password on questionnaires or security forms.
- g) Don't share a password with family members.
- h) Don't use the "Remember Password" feature of applications.
- i) Don't write passwords down and store them anywhere in your office.
- j) Don't store passwords in a file on any computer system which is unencrypted.

Other Policies

Policy Number: IT/2023-24/11

Policy Date: 01-04-2023

Purpose of the Policy

General Policies are covered here.

Procedures

Knowledge update & Digital Library

All staff may use the tab named 'Suvidya' on our website for understanding the latest updates and for knowledge update. This is a common knowledge/update sharing platform which may be accessed by anyone who visits our website. Staffs may encourage the clients to use it regularly for their knowledge update.

However, the update documents, if any, will also get circulated to all the staffs and clients from Suvidya E-mail Id.

Further, all the staffs shall also use the Technical helpdesk available under 'MySuri' Tab of the website for asking any doubts on the subjects and the answered questions will be coming there as an FAQ for future reference. This access is restricted only to the staffs of the firm.

Sharing of any content available in My Suri to anyone outside the Firm is prohibited.

Internet Policy

Suri & Co don't want to restrict our staffs access to websites of their choice, but we expect our staffs to exercise good judgement and remain productive at work while using the internet. Any use of our network and connection must follow our confidentiality and data protection policy.

Having said so, we would like to highlight few points which are to be considered as Inappropriate Employee Usage :

- Download or upload obscene, offensive or illegal material.
- Send confidential information to unauthorized recipients.
- Invade another person's privacy and sensitive information.
- Download or upload movies, music and other copyrighted material and software.
- Visit potentially dangerous or unofficial websites that can compromise the safety of our network and computers.

- Perform unauthorized or illegal actions, like hacking, fraud, buying/selling illegal goods and more.

Video Conferencing

- Use Google meet platform for all the meeting organised by the Firm. When the meetings are not organised by the firm and if the same is not scheduled in Google meet, you may use other video conferencing platforms.
- Display name in any of the video conference shall be your name followed by the firm's name.
- Wear work appropriate clothing for all video conferencing even when you are not connecting from office.
- Keep the video on at all the times and frame the camera correctly.
- Always ensure that you are on mute when you are not talking.

Internal Communication

- The chat tool for all the Official Communications shall be only Google Chats.
- Staffs are not allowed to use any other chat platforms for official communications.

SHRUTI & CO.
CHARTERED ACCOUNTANTS

Appendixes to IT Policy is available as softcopy in the respective documentation folder. You may contact the respective branch in charge for access of the same.

Human Resource Management

In the context of AQMM, human resource management involves the selection, training, and development of personnel involved in the audit process. This includes auditors, managers, and other support staff who are responsible for ensuring that the audit is conducted in an effective, efficient, and professional manner.

The effectiveness of human resource management can have a significant impact on the quality of the audit process. It is essential to have a robust human resource management system in place to ensure that personnel involved in the audit process are competent and adequately trained.

Moreover, human resource management is also crucial in maintaining a culture of professionalism and ethical behaviour within the organization. This includes the development of policies and procedures to ensure that auditors comply with relevant regulations, standards, and guidelines, as well as the provision of training and support to promote ethical conduct. It plays a critical role in ensuring the effective implementation of the audit process and maintaining a culture of professionalism and ethical behaviour within the organization.

A separate manual for HR Policies is available which provides more detailed information on its operation and policies. Further as a quality control requirement the QC Committee has structured an ideal Partner to staff ratio. The committee also plans to analyse the budgeted cost to actual costs. These are a part of QC Manuals. There is job description policy which explains the role and responsibility of the various designation in the firm which is forms part of HR Policy. Furthermore the firm's hierarchy and employees performance evaluation matrix is also in place which are crucial for the growth of the firm.

You can refer to these manuals which are available at the MYSURI portal or separately from the local branch.

Practice Management – Strategic/Functional

Practice management, both strategic and functional, is an important component of the Audit Quality Maturity Model (AQMM). It refers to the systems, processes, and procedures that firms use to manage their audit practices effectively.

Strategic practice management involves the development and implementation of a long-term strategy for the audit practice. This includes setting goals, defining the firm's vision and mission, assessing the external environment, and identifying opportunities and threats. It also involves the development of policies

and procedures to ensure that the firm's strategy is aligned with its overall business objectives.

Functional practice management, on the other hand, focuses on the day-to-day operations of the audit practice. This includes managing resources, allocating staff, and ensuring that audit engagements are completed on time, within budget, and to a high standard of quality.

Effective practice management is crucial for ensuring that audit engagements are completed to a high standard of quality. It requires firms to have systems and processes in place to manage resources effectively, allocate staff to engagements based on their skills and experience, and monitor the progress of engagements to ensure that they are completed on time and to a high standard.

Moreover, effective practice management also requires firms to have a strong culture of professionalism and ethical behaviour. This includes the development of policies and procedures to ensure that auditors comply with relevant regulations, standards, and guidelines, as well as the provision of training and support to promote ethical conduct.

We have ensured the strategic and functional management of the firm through our HR Policy, QC Policies, and IT Policies. You can refer the manuals for the same from the respective areas in this document

Roadmap to the next level

The Audit Quality Maturity Model provides a framework for assessing and improving the quality of audit practices within an organization. Moving to the next level of the model requires a systematic approach that involves the following steps:

1. Assess the current level of audit quality maturity: The first step is to evaluate the current level of audit quality maturity within the organization. This can be done by conducting a comprehensive self-assessment or by engaging a third-party to conduct an external assessment.
2. Identify gaps and areas for improvement: Once the current level of audit quality maturity has been assessed, it is important to identify the gaps and

areas for improvement. This can be done by comparing the current practices to the requirements of the next level in the Audit Quality Maturity Model.

3. Develop a roadmap: Based on the gaps and areas for improvement, a roadmap should be developed that outlines the steps required to move to the next level of the Audit Quality Maturity Model. The roadmap should include specific goals, timelines, and resources required for each step.
4. Implement the roadmap: The next step is to implement the roadmap. This involves putting in place the processes, procedures, and tools required to achieve the goals identified in the roadmap. It is important to ensure that all stakeholders are involved in the implementation process, including the audit team, management, and external auditors.
5. Monitor and measure progress: Once the roadmap has been implemented, it is important to monitor and measure progress towards the goals identified in the roadmap. This can be done by conducting regular audits, assessing the effectiveness of the new processes and procedures, and tracking key performance indicators.
6. Continuously improve: Finally, it is important to continuously improve audit quality by identifying areas for further improvement and implementing new processes, procedures, and tools to achieve higher levels of audit quality maturity.

Overall, moving to the next level of the Audit Quality Maturity Model requires a comprehensive and systematic approach that involves assessing the current level of audit quality maturity, identifying gaps and areas for improvement, developing a roadmap, implementing the roadmap, monitoring and measuring progress, and continuously improving.

In achieving the above steps possible it is imperative that you all embrace the firms policies and practices and at the same time bring to the notice of management and slightest improvement or change that you feel is required. We are sure you would accept that the firm's vision is your vision too and in achieving that vision through the process it take to achieve it you form an integral part and it cannot happen without your contribution.