



The Institute of Chartered Accountants of India

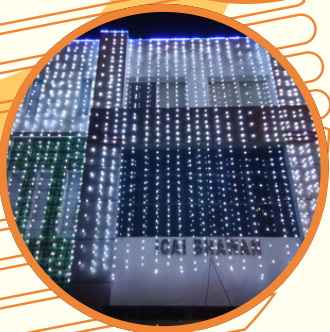
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LUDHIANA BRANCH OF NIRC OF ICAI



E-NEWSLETTER NOVEMBER-2024

Vol.11| No.11| November 2024



CA. Subash Bansal
(Chairman)



CA. Mohit Wasan
(Vice-Chairman)



CA. Rakesh Grover
(Secretary)



CA. Avneet Singh
(Treasurer)



CA. Vasu Aggarwal
(Immediate Past Chairman)



CA. Vikas Kwatra
(Past Chairman)



MESSAGE FROM THE DESK OF THE CHAIRMAN

CA. Subash Bansal
(Chairman)

**Dear Professional Colleagues,
Diwali greetings!**

I hope this festival of lights has brought immense joy, prosperity, and success to your lives and continues to inspire us all to illuminate the path of knowledge and service. As we bask in the festive cheer, let us also reaffirm our commitment to excellence, ethics, and professional growth.

November is a significant month as it bridges the festive fervor with our resolute focus on achieving year-end goals. At the Ludhiana branch, we remain steadfast in our efforts to empower our members and students by organizing meaningful seminars, workshops, and initiatives that cater to the evolving demands of our profession.

This month, we have planned several knowledge-centric programs, including interactive sessions on the latest developments in taxation & techniques. I urge all members to actively participate and derive maximum benefit from these opportunities. Such engagements not only enhance our technical skills but also strengthen the bond within our professional fraternity.

On the students' front, we are continuing our endeavors to provide them with robust academic support and career guidance. Their success reflects our collective future, and I encourage them to embrace every learning opportunity with enthusiasm and determination.

As always, I express my heartfelt gratitude to all the members of the managing committee, our dedicated staff, and volunteers for their tireless efforts in ensuring the seamless execution of our initiatives. It is through this spirit of collaboration and commitment that we continue to scale new heights.

Let us move forward with renewed vigor, fostering the values of integrity, professionalism, and community service. Together, we can make a lasting impact.

Wishing you and your families continued happiness, health, and success.

**Warm regards,
CA. Subash Bansal
Chairman**

Ludhiana Branch of NIRC of ICAI

**MESSAGE FROM SECRETARY****CA. Rakesh Grover
(Secretary)****Dear Professional Colleagues,**

It is my pleasure to present the November 2024 edition of our newsletter, reflecting the dynamic spirit and dedication of the Ludhiana Branch of NIRC of ICAI. This month has been marked by a host of enriching events, fostering professional growth, student empowerment, and community engagement.

We hosted insightful Career Counselling Programmes on 6th and 30th November 2024, led by CA Akshit Maheshwary and CA Drshti Kapila, respectively. These sessions aimed to inspire young minds, highlighting the endless possibilities in the Chartered Accountancy profession.

Our Investor Awareness Programmes on 7th and 8th November 2024 featured enlightening sessions on "Mutual Fund Schemes" by CA Samandeep Singh and "Energy Derivatives - Risk Management Mechanism and Portfolio Diversification" by CA Ruchi Shukla. These initiatives empowered participants with essential financial literacy and smart investment strategies.

A Seminar on Cybersecurity and Fraud Prevention held on 8th November 2024 delved into "The Power of Prevention: Strengthening Internet Controls, Cybersecurity, and Fraud Defenses," with engaging sessions by CA Vinit Agarwal, CA Sidheshwar Bhalla, and CA Sumit Sharma.

The month also witnessed an Industrial Visit for CA Students to Happy Forgings – Doburji Unit on 22nd November 2024, offering practical exposure to manufacturing processes. Additionally, the CA Student Talent Search 2024 hosted competitions in Chess, Presentations, Extempore, and Sketching on 23rd and 24th November 2024, showcasing the exceptional creativity and skills of our students.

To enhance members' expertise, a Seminar on Excel & Power BI was held on 30th November 2024, with an impactful session by CA Jagjit Singh. The Post Qualification Course on Information System Audit, organized by the Digital Accounting & Assurance Board, also commenced on the same day.

I express my heartfelt gratitude to the speakers, faculty, participants, and volunteers for their unwavering dedication. A special mention to the organizing team for their meticulous efforts in making these initiatives a success.

Let us continue our journey of fostering learning, professional excellence, and holistic development together. Your active participation and support remain our driving force as we move forward.

**Warm Regards,
CA. Rakesh Grover
Secretary, Ludhiana Branch of NIRC of ICAI**



CA. Avneet Singh
EDITOR-IN-CHIEF & TREASURER

EDITORIAL BOARD'S MESSAGE



CA. Sagar Gambhir
CO-EDITOR

Dear Professional Colleagues,

Greetings from the Editorial Board!

We are pleased to present the November 2024 edition of the ICAI Ludhiana Branch E-Newsletter. This month, we are delighted to feature an insightful article on "Audit Planning" by CA. Rahul Sharma. The article delves into the significance of meticulous planning in audits and provides valuable guidance for enhancing efficiency and compliance. We extend our heartfelt thanks to CA. Rahul Sharma for his contribution.

As we continually strive to enrich the content of our newsletter, we encourage our members to actively participate by contributing articles, case studies, or thought leadership pieces. Your contributions not only add value to our publication but also serve as a medium to share knowledge and experiences within our professional community.

Moreover, we welcome your valuable suggestions and feedback to improve the newsletter's quality and relevance. Whether it pertains to content, design, or any other aspect, your input is vital in ensuring this initiative remains beneficial for all.

You can send your articles or suggestions to us at [ludhiana@icai.org]. Let's work together to make this newsletter a vibrant source of learning and collaboration.

**Warm regards,
Editorial Board
ICAI Ludhiana Branch**

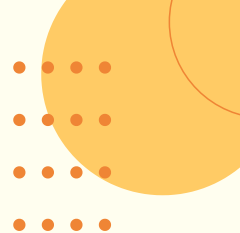


CA. Rahul Sharma

Relying upon the work of Internal Auditor : Standard on Auditing (SA) Revised 610

Need and Possibility of use of work of Internal Auditor by Statutory Auditor: like in other activities of life in audit also the main constraint is scarcity of resources, but here the most important resources are time & availability of competent persons. As the most of the work performed/techniques used/resources used by internal auditors and external (Statutory) auditors are normally same, this more specific to the matters related with assessment of internal control framework. Thus there emerges a possibility of elimination of possibility of duplicity of activities already undertaken/to be undertaken by internal auditors. Knowledge and experience of the internal audit function can inform the external auditor's understanding of the entity and its environment and identification and assessment of risks of material misstatement. Effective communication between the internal and external auditors also creates an environment in which the external auditor can be informed of significant matters that may affect the external auditor's work.

The external auditor expects to use the work of the internal audit function as part of the audit evidence obtained. Such use of the work modifies the nature timing and extent, of audit procedures to be directly by the external auditor. This is to kept in mind that – while the external auditor has sole responsibility for his report and for the determination the nature, timing and extent of the audit procedures.



Relationship and difference between Internal and External Auditor:

| Particulars | Internal Audit Function/ Internal Auditor | External Auditor |
|-------------------------------|--|--|
| Role and Scope | To be determined by Management | Statutory and defined by the applicable law and regulation |
| Objective / Functions | Set by the management and not as same with the external auditor (In most of the cases it is review of other internal Controls) | To report on the True and Fairness of Financial Statements |
| Independence & Responsibility | Part of management as an organ or a separate entity serving under the direction of management | Separate and Independent entity |
| Reporting Responsibility | To Management | To Shareholders or As specified under Statute |

SA 610 not applies if :

- If entity not under Internal Audit
- If activity under internal audit is not relevant for statutory audit
- In accordance with SA 315 Statutory Auditor is not expected to use the work of the function in obtaining audit evidence – Where limited checking should not be carried out by the Statutory Auditor.
- If restricted

The external auditor shall make all significant judgments in the audit engagement and, to prevent undue use of the work of the internal audit function, **shall plan to use less of the work of the function and perform more of the work directly:** (Shall avoid using work of internal auditor in following ares)

(a) The more judgment is involved in: (i) Planning and performing relevant audit procedures; and (ii) Evaluating the audit evidence gathered; (Ref: Para. A18–A19)

(b) The higher the assessed risk of material misstatement at the assertion level, with special consideration given to risks identified as significant; (Ref: Para. A20–A22) (c) The less the internal audit function’s organizational status and relevant policies and procedures adequately support the objectivity of the internal auditors; and (d) The lower the level of competence of the internal audit function.

Internal Auditor’s Work can be **used in following ways** by the statutory Auditor:

1. Using Internal Auditors to provide direct assistance
2. Assessing the work already done by internal auditor and using that to derive assurance level while **determining the nature, timing and extent of the audit procedures**



Prior to using internal auditors to provide direct assistance for purposes of the audit, the external auditor shall:

- (a) Obtain written agreement from an authorized representative of the entity that the internal auditors will be allowed to follow the external auditor's instructions, and that 9 SA 260, paragraph 11. 8 the entity will not intervene in the work the internal auditor performs for the external auditor; and
- (b) Obtain written agreement from the internal auditors that they will keep confidential specific matters as instructed by the external auditor and inform the external auditor of any threat to their objectivity.

The external auditor shall direct, supervise and review the work performed by internal auditors on the engagement in accordance with SA 220. In so doing:

- (a) The nature, timing and extent of direction, supervision, and review shall recognize that the internal auditors are not independent of the entity and be responsive to the outcome of the evaluation of the factors in paragraph 29 of this SA; and
- (b) The review procedures shall include the external auditor checking back to the underlying audit evidence for some of the work performed by the internal auditors. The direction, supervision and review by the external auditor of the work performed by the internal auditors shall be sufficient in order for the external auditor to be satisfied that the internal auditors have obtained sufficient appropriate audit evidence to support the conclusions based on that work. (Ref: SA 610)

General Evaluation of Internal Audit Function :

The External Coordination between Statutory and Internal Auditors: It is desirable that that the external auditor ascertains the internal auditor's tentative plan for the year and discusses it with him at as early a stage as possible to determine areas where he considers that he could rely upon the internal auditor's work. Where internal audit work is to be a factor in determining the nature, timing and extent of the external auditor's procedures, it is desirable to plan in advance the timing of such work, the extent of audit coverage, test levels and proposed methods of sample selection, documentation of the work performed and review and reporting procedures.

Coordination with the internal auditor is usually more effective when meetings are held at appropriate intervals during the year. It is desirable that the external auditor is advised of, and has access to, relevant internal audit reports and in addition is kept informed, along with management, of any significant matter that comes to the internal auditor's attention and which he believes may affect the work of the external auditor. Similarly, the external auditor should ordinarily inform the internal auditor of any significant matters which may affect his work.



General Evaluation of Internal Audit Function: The external auditor's general evaluation of the internal audit function will assist him in determining the extent to which he can place reliance upon the work of the internal auditor. The external auditor should document his evaluation and conclusions in this respect. The important aspects to be considered in this context are:

(a) Organizational Status : Whether internal audit is undertaken by an outside agency or by an internal audit department within the entity itself, the internal auditor report to the management. In an ideal situation he reports to the highest level of management and is free of any other operating responsibility. Any constraints or restrictions placed upon his work by management should be carefully evaluated. In particular, the internal should be free to communicate fully with the external auditor.

(b) Scope of Function: The external auditor should ascertain the nature and depth of coverage of the assignment which the internal auditor discharges for management. He should also ascertain to what extent the management considers, and where appropriate, acts upon internal audit recommendations.

(c) Technical Competence: The external auditor should ascertain that internal auditor should ascertain that internal audit work is performed by persons having adequate technical training and proficiency. This may be accomplished by reviewing the experience and professional qualification of the persons undertaking the internal audit work.

(d) Due Professional Care: The external auditor should ascertain whether internal audit work appears to be properly planned, supervised, reviewed and documented. An example of the exercise of due professional care is by the internal auditor is the existence of adequate audit manuals, audit programmes and working papers.

If the external auditor plans to use the work of the internal audit function, the external auditor shall discuss the planned use of its work with the function as a basis for coordinating their respective activities. (Ref: Para. A24–A26)

The external auditor shall read the reports of the internal audit function relating to the work of the function that the external auditor plans to use to obtain an understanding of the nature and extent of audit procedures it performed and the related findings.



The external auditor shall perform sufficient audit procedures on the body of work of the internal audit function as a whole that the external auditor plans to use to determine its adequacy for purposes of the audit, including evaluating whether:

- (a) The work of the function had been properly planned, performed, supervised, reviewed and documented; 7 SA 260, Communication with Those Charged with Governance, paragraph 11. 6
- (b) Sufficient appropriate evidence had been obtained to enable the function to draw reasonable conclusions; and
- (c) Conclusions reached are appropriate in the circumstances and the reports prepared by the function are consistent with the results of the work performed. (Ref: Para. A27–A30) 24.

The nature and extent of the external auditor's audit procedures shall be responsive to the external auditor's evaluation of:

- (a) The amount of judgment involved;
- (b) The assessed risk of material misstatement;
- (c) The extent to which the internal audit function's organizational status and relevant policies and procedures support the objectivity of the internal auditors; and
- (d) The level of competence of the function

The External auditor should also test the work of the internal auditor on which he intends to rely. The Nature timing and extent of the external auditor's tests will depend upon the judgment as to the materiality of the area concerned to the financial statements taken as a whole and the results of his evaluation of the internal audit function and of the specific internal audit work. His Test may include examination of items already examined by the internal auditor, examination of other similar items, and observatiomn of the internal auditor's procedures.

DISCLAIMER :

Ludhiana branch of NIRC of ICAI is not in any way responsible for the result of action taken on the basis of views expressed in article published in this newsletter.



Detail of activities for the month of November - 2024

04-Nov-2024 To 21-Nov-2024

**ICITSS - Information Technology
(Batch No. 15)**

 ICAI Bhawan Pakhowal, Road, Ludhiana

07-Nov-2024

Investor Awareness Program

Topic : Mutual Fund Schemes

Speaker: CA. Samandeep Singh

 Chamber of Industrial & Commercial
Undertakings, Ludhiana,

05-Nov-2024 To 22-Nov-2024

**AICITSS - The Management &
Communication Skills Course
(Batch No. 12)**

 ICAI Bhawan, Pakhowal Road, Ludhiana

08-Nov-2024

**Investor Awareness Programme on
"Energy Derivatives - Risk
Management Mechanism and
Portfolio Diversification" on 08th
November, 2024**

Speaker: CA. Ruchi Shukla

 ICAI Bhawan, Pakhowal Road, Ludhiana

06-Nov-2024

Career Counselling Programme

Career Counselor : CA. Akshit Maheshwary

 Shri Guru Harkrishan Public School,
Ludhiana

08-Nov-2024

**3 Structured CPE Hour Seminar on: "Power of
Prevention : Strengthening Internet Controls,
Cybersecurity & Fraud Defences"**

**Guest Speaker : CA. Vinit Agarwal
CA. Sidheshwar Bhall , CA. Sumit Sharma**

 ICAI Bhawan, Pakhowal Road, Ludhiana



Detail of activities for the month of November - 2024

22-Nov-2024

Industrial Visit for CA Students

 Happy Forgings -Doburji Unit

30-Nov-2024

6 Structured CPE Hour Seminar on: Excel & Power BI

Guest Speaker: CA. Jagjit Singh

 ICAI Bhawan, Pakhowal Road, Ludhiana

23-Nov-2024

“CA Student Talent Search 2024 ”

Chess Competition

Organised by: Board of Studies, ICAI

Hosted by: Ludhiana Branch Of NIRC Of ICAI

Chess Arbiter: CA. Akshit Maheshwary

 ICAI Bhawan, Pakhowal Road, Ludhiana

30-Nov-2024

Career Counselling Programme

Career Counselor: CA. Drishti Kapila

 Saint RK Anand Public School, Ludhiana

24-Nov-2024

CA Student Talent Search 2024

- Best Presenter (PPT)
- Extempore Competition
- Sketching Competition

Judges: CA. Maninder Kaur
CA. Manpreet Kaur
CA. Shikha Makkar
CA. Abhayjit Singh
Mr. Gaurav Bali
CA. Akshit Maheshwary

 ICAI Bhawan, Pakhowal Road, Ludhiana

30-Nov-2024

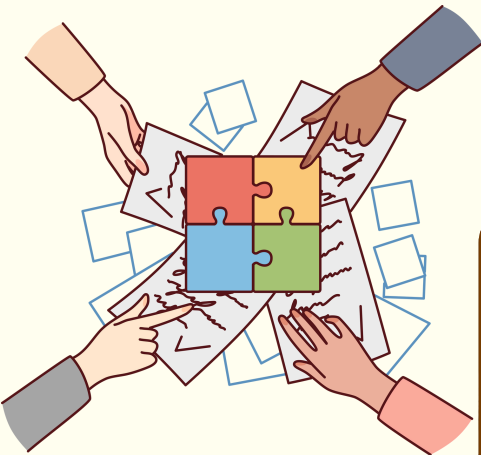
30 Structured CPE Hour Seminar on:
Post Qualification Course on
Information System Audit
Organised by: Digital Accounting &
Assurance Board

 ICAI Bhawan, Pakhowal Road, Ludhiana



Glimpses of Activities held during the Month of November 2024

Investor Awareness Programme on "Energy Derivatives - Risk Management Mechanism and Portfolio Diversification" on 08th November, 2024



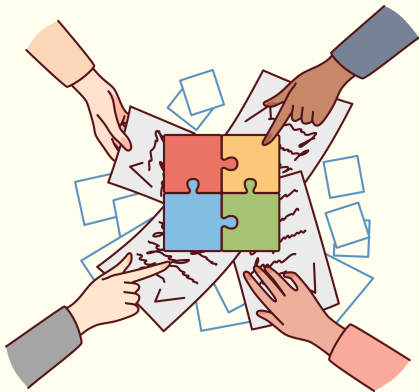
"Power of Prevention : Strengthening Internal Controls, Cybersecurity & Fraud Defences" on 08th November, 2024.





Glimpses of Activities held during the Month of November 2024

Career Counselling Programme at Shri Guru Harkrishan Public School on 06th November, 2024



Industrial Visit for CA Students at Happy Forgings -Doburji Unit on 22nd November, 2024



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