



THE INSTITUTE OF COST ACCOUNTANTS OF INDIA

Headquarters: CMA BHAWAN, 12, Sudder Street, Kolkata-700016

Delhi Office: CMA BHAWN, 3, Institutional Area, Lodhi Road, New Delhi – 1100 03

***Internal Auditing and Assurance Standards Board***

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## **Internal Auditing and Assurance Standards Board**

### **Request for Comments**

The Council of the Institute, under the able guidance of CMA Balwinder Singh, President and CMA Biswarup Basu, Vice President had constituted the “*Internal Auditing and Assurance Standards Board*”. This was a historic decision to promote the role of Cost & Management Accountants in the domain area of internal audit. The objectives and functions of the Board include development & issue of standards, guidance notes, implementation guides, technical guides, practice manuals, information papers and case studies etc. and to undertake their revision, if necessary.

The Companies Act, 2013 vide Section 138 prescribes *inter-alia* appointment of a *Cost Accountant* for the conduct of internal audit by such class or classes of companies as mentioned in the Rules issued thereunder. Further, SEBI, NSDL, State Cooperative Societies Acts, National Health Mission (NHM), Ministry of Health & Family Welfare, Companies (Cost Records and Audit) Rules 2014 and various other Statutes also prescribe Internal Audit to be conducted by a *Cost Accountant*.

Today, Internal Audit is one of the most important requirements under the corporate governance framework. Internal Auditors play very effective role in assisting the organization to evaluate and improve the effectiveness of risk management, control, and governance processes. It provides an assurance relating to effectiveness of operations, reliability of financial management and reporting, and compliance with laws and regulations. In addition, Internal Audit provides very valuable guidance to improve the organization's operations.

To assess the organization's performance, and to ensure the overall quality, credibility, consistency and comparability of the work performed by the Internal Auditors, it is necessary to follow the prescribed standards, policies, rules, and regulations. As the companies are working under various sectors of economy that is governed by different regulatory bodies and agencies, so the internal audit for such sectors would be as per policy framework prescribed under the relevant rules and regulations; including examining business's internal controls, risk management, corporate governance, accounting, financial reporting, and IT general controls.

To support & enable the Cost Accountants to qualitatively perform internal audit assignments, the Board felt the need for the preparation and development of Guidance Notes on Internal Audit for General requirement *as well as for specific Industry /Service Sectors*. In the first phase, the Board has developed the following Guidance Notes; and their **Exposure Drafts** are enclosed for views/comments/suggestions from the stakeholders:



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1. Guidance Note on Internal Audit
2. Guidance Note on Risk Management Internal Audit
3. Guidance Note on Internal Audit of Cement Industry
4. Guidance Note on Internal Audit of Pharmaceutical Industry
5. Guidance Note on Internal Audit of Educational Sector
6. Guidance Note on Internal Audit of Petroleum Industry (Upstream and Downstream) & Natural Gases
7. Guidance Note on Internal Audit of Logistics and Supply Chain Management

At this juncture, we wish to place on record our sincere thanks to CMA B. Mallikarjuna Gupta, CMA Lakshman Rao U, CMA Sukrut Mehta, CMA Mrityunjay Acharjee, CMA Rakesh Shankar R, CMA T K Jaganathan, CMA Bharat Bhusan Gupta and CMA. C. Veeraraghavan, for their valuable efforts in drafting these Guidance Notes. We would also like to express our deep gratitude to all Members of the Board, particularly CMA M Gopalakrishnan, CMA A Durgaprasad and CMA B.B.Goyal for their valuable contribution, continuous support, guidance and encouragement to the initiatives of the Board.

Please submit your views / comments / suggestions on the Exposure Drafts of the above mentioned Internal Audit Guidance Notes in the following format latest by **18<sup>th</sup> July, 2020** through email at [iaasb@icmai.in](mailto:iaasb@icmai.in)

Sl.	Name of the Internal Audit Guidance Note	Page No.	Content as per Exposure Draft	Revision required	Justification, if any

**CMA P.Raju Iyer**  
Chairman, IAASB

**CMA Kushal Sen Gupta**  
Secretary, IAASB