

***FROM THE DESK OF THE CHAIRMAN***  
***OF***  
***“THE INTERNAL AUDITING AND ASSURANCE STANDARDS BOARD”***  
***OF***  
***“THE INSTITUTE OF COST ACCOUNTANTS OF INDIA”***

**Shri. P. Raju Iyer, Central Council Member &  
Chairman, Internal Auditing & Assurance Standards Board**

**Introductory & Opening Remark Speech on 1<sup>st</sup> Meeting of IAASB**

**Date: 01<sup>st</sup> September -2019**



**Venue: The Institute of Cost Accountants of India, Delhi Office**

Good Morning Respected Eminent Members and Colleagues in the Council.

On the auspicious of ensuing Ganesh Chaturthi the Board is commencing its activities and I seek the blessings of Maha Ganapathy for the wellbeing of the Institute, Members and Nation.

I thanks all the members who have all along to Delhi in spite their busy schedule in statutory compliance in filing of returns and other assignments.

With great pleasure and gratitude, I invite you all to the 1<sup>st</sup> Meeting of the Internal Auditing and Assurance Standards Board of the Institute of the Cost Accountants of India.

CMA Balwinder Singh, the President of the Institute & Eminent resource persons from our profession have felt the need for the constitution of board for Internal Audit. The Present Council for the First Time has nurtured the Board to formulate and issue standards, guidelines and advisory for the Internal Audit Function. The Cost Accountants have been recognized by the Companies Act, 2013 and other regulatory bodies for appointment as Internal Auditors. Majority of our members are yet to be tap potential area of Internal Auditing

To give a flip to the young members, the opportunity for them in Internal Auditing would be a fruitful. We have witnessed a steady increase in student's strength. 18 Months training have been incorporated in our CMA Curriculum, thereby there would be a better exposure to the students and the prospective members in the arena of Internal Auditing in addition to the practice of Cost accounting & Auditing. Considering the importance of capacity building and brand enhancement of the profession, the board aims to build technical materials and training to make them expertise in the field of internal audit.

The business activities and operations are undergoing turbulent change. Gone are those days where the auditing was confined only to verification of documents and financial transactions.

Also, the development in the Artificial intelligence and data mining the purview of the internal auditing needs to be suitably aligned. The conceptual framework can be aligned in the following

- 1) Identify risks, controls, and other key entities within all audit universe documentation.
- 2) Map out a knowledge graph of entity relationships to accompany the risk summary.
- 3) Map and relate risks and controls to documents within the audit universe
- 4) Segment off the risk statements having high similarity, in an effort to identify areas of possible audit efficiencies, and
- 5) Reveal at a roll-up of the risks by program, revealing where there are no audit documents or risk statements within the audit universe, indicating a program that has been ignored by the audit function.

Internal Auditors are expected to advice and point out to the different levels of management, the path for progress, value addition and wealth creation. Auditing coupled with Assurance service function shall thrive upon the Attribute and Performance Standards by providing the requirements applicable to assurance (A) or consulting (C) services.

Industries should be made aware of the role of the CMAs to create value addition. In the current scenario, the independent directors are expecting that the risk in their roles and responsibilities are reduced to bare minimum level. This can be only achieved when the Cost Accountants take up the practice of Internal auditing in order to meet the expectations of the stakeholders.

The diversity of Evaluating emerging technologies, Analyzing opportunities, examining global issues, assessing risks, controls, ethics, quality, economy and efficiency, assuring that controls in place are adequate to mitigate the risks, would give internal auditors a broad perspective on the organization and its governance.

This year we are planning to bring out standards on Internal Auditing for Manufacturing Sectors / Services Enterprises. We shall also issue Guidelines for specific sectors such as Automobile Industry, Textile Industry, Chemical Industries, Power Generation, Health care Sectors, Educational Institutions, Banking and Insurance Companies, Real Estate, Securities market intermediaries such as stock brokers and share brokers etc.,

Time is an important factor and a limitation for us. We need bring out a standard along with relevant guidelines coupled with training programmes such as workshop, seminar for the capacity building for our members. It is proposed to form Small sub groups to prepare zero base drafts, so that Secretariat can present to the Board for further developments.

I am sure that all the members of this board are experts in diversified areas and having a profound understanding of an assessment of the business operations, the scope of our work can lead to more discoveries of efficiencies as more people involved in planning and development of technical material.

Thank You

Jai Hind

Good Day.

## **Chairman Communique on the first two meetings of the “Internal Auditing and Assurance Standards Board”**

Sincere gratitude to the President, Vice-President, all Council Members & other eminent Professionals of the Institute for their support in constituting the Internal Auditing & Assurance Standards Board [hereinafter referred as “Board” or “IAASB”] as per the decision of the Council in its 322<sup>nd</sup> meeting held on 21.08.2019 at FTCCL, Hyderabad.

This requirement of IAASB was greatly in emphasis and need of the hour considering inclusion of “Cost Accountants” in the scope of Internal Audit as per provisions of Companies Act, 2013 and other legislations in force.

The objective of the Board is to emphasize various expectations of CMA Professionals from the Institute as well as from the professional of other sectors in the domain area of Internal Audit. The Members of the Board firmly believe that the board will take necessary steps and arrangement for imparting training for capacity building, issuing Guidance Notes, Practical Manuals, Technical Guides, Standards, etc. for acquiring necessary knowledge, skill, attitude, & technology for effective delivery of Internal Audit assignments to better serve the expectations of all beneficiaries/stake holders.

The board has conducted its first meeting on 1<sup>st</sup> September,2019 at CMA Bhawan, Institutional Area, 3 Lodhi Road, New Delhi – 110 003 under the Chairmanship of CMA P.Raju Iyer with the presence of Vice President of the Institute and members of the board. All the Members thanked the Council of the Institute for formation of the board in the 1<sup>st</sup> time in the history of the Institute. The Members of the board expressed their desire to give full support in the process of capacity building for the Members of the Institute in Practice and in Service in the area of Internal Audit by creating value addition through workshop, guidance notes, technical notes, standards etc.

Vice President in his address to the members of the board opined that the present Council has felt necessary to constitute this Board to strengthen the opportunity for the members of the Institute in the field of Internal Audit by way of imparting specific training, guidance notes and standards for serving the industry in both manufacturing as well in Service sector.

The Members of the board are of the opinion that the business activities and operations are undergoing turbulent change. Today, auditing is not confined only to verification of documents and financial

transactions. Also, the purview of internal audit needs to be suitably aligned with the developments in Artificial Intelligence and data mining. The conceptual framework can be aligned in the following:

- 6) Identify risks, controls, and other key entities within all audit universe,
- 7) Map out knowledge graph of entity relationships to accompany the risk summary,
- 8) Map and relate risks and controls to documents within the audit universe,
- 9) Segment off the risk statements having high similarity, in an effort to identify areas of possible audit efficiencies, and
- 10) Reveal at a roll-up of the risks by program, revealing where there are no audit documents or risk statements within the audit universe, indicating a program that has been ignored by the audit function.

Based on the above, the Members of the Board prepared an action plan for the year 2019-2020 where main focus will be given on training, workshops, webinars and preparation of guidance notes, technical manuals and monographs. Preparation of Standards on Internal Audit and Assurance will be taken up simultaneously and implemented in the next phase.

The 2<sup>nd</sup> meeting of the Board was held on 16<sup>th</sup> November, 2019 at CMA Bhawan, Institutional Area, 3 Lodhi Road, New Delhi – 110 003. The Members of the board thanked the President and the Council of the Institute for organizing a “**GLOBAL SUMMIT 2020**” from 9<sup>th</sup> to 11<sup>th</sup> January, 2020 at New Delhi in the occasion of celebration of Institute’s Diamond Jubilee Year. The members also appreciated the theme of the Global Summit “**MISSION 5 TRILLION – CMA AS A CRYOGENIC FORCE**” which is the dream of the Prime Minister of India as well as of the nation.

As per the suggestion of the Members the Board considered the proposal of celebrating the of month “APRIL 2020” as “Month of Internal Audit” for the Institute and for this purpose the Board have planned for various activities on Internal Audit to focus the objective and goals of this board to the Institute’s Members, Students and Corporates. For this purpose the board decided to undertake the followings activities:

- i. The Month of April, 2020 will be the "Month of Internal Audit" celebration.
- ii. Management Accountant Journal for the month of April, 2020 of the Institute will be on “Internal Audit” and activities of the Internal Audit and Assurance Standards Board.
- iii. Guidance Notes of Specific Industrial Sectors will be released in the month of April, 2020.
- iv. Workshops and Webinars will be conducted in that month.

The communique of the Chairman of “IAASB” has been send to all the Members of the Institute through email on 12<sup>th</sup> December, 2019.

The Chairman on behalf of the members of the board thanked the Council once again for constituting the board and giving the responsibility to the board for focusing the need on Internal Audit sector in terms of capacity building, image building and value addition to the stakeholders of the Institute.