



**THE INSTITUTE OF
COST ACCOUNTANTS OF INDIA**

(STATUTORY BODY UNDER AN ACT OF PARLIAMENT)

CMA BHAWAN

12, SUDDER STREET, KOLKATA-700 016.

Telephones : + 91-33-2252-1031 / 1034 / 1035
: + 91-33-2252-1619 / 1492 / 1602
: + 91-33-2252-7373 / 7143 / 2204
: + 91-33-2252-0141 / 0191
Fax : + 91-33-2252-7993
: + 91-33-2252-1026
: + 91-33-2252-0147
: + 91-33-2252-2871
Website : www.icmai.in

THE INSTITUTE OF COST ACCOUNTANTS OF INDIA
12, SUDDER STREET, KOLKATA-700016

Annexure-1 (SCOPE OF WORK FOR THE INTERNAL AUDIT)

(A) Internal Audit

A1. Budgetary Control:

- Whether expenditure is incurred as per approved budget from Head Quarters
- To calculate and report all budgetary variances in excess of 10% along with proper justification of such deviation.

A2. Payments and Expenditures:

a) Capital Expenditure

- To vouch all purchases made and verify that capital expenditure was incurred after obtaining prior approval as per DOP and as per approved Budget and tender guidelines was followed.
- To check that fixed assets register is maintained properly.
- To ensure that fixed assets are sold/scrapped against written authority.
- To check that depreciation on fixed assets has been written off at appropriate rate.
- To ensure that all fixed assets are insured against fire, strike, Riots and civil commotion, Flood, Earthquake, war, malicious damage, nuclear radiation and equipment break-down.
- To review the Capital Expenditure status Report which includes all capital work undertaken by the Region/Chapter.

b) Revenue expenditure

- To verify all the expenditure are as permissible per CWA Act & Regulations.
- To check the approved budget for expenses as well as Delegation of Power and tender guidelines have been observed.
- Checking of all payments made to the suppliers and others through



THE INSTITUTE OF COST ACCOUNTANTS OF INDIA

(STATUTORY BODY UNDER AN ACT OF PARLIAMENT)

CMA BHAWAN

12, SUDDER STREET, KOLKATA-700 016.

Telephones : + 91-33-2252-1031 / 1034 / 1035
: + 91-33-2252-1619 / 1492 / 1602
: + 91-33-2252-7373 / 7143 / 2204
: + 91-33-2252-0141 / 0191
Fax : + 91-33-2252-7993
: + 91-33-2252-1026
: + 91-33-2252-0147
: + 91-33-2252-2871
Website : www.icmai.in

RTGS/NEFT with reference to relevant pay orders/instruments and approval notes.

- Verify whether bills are passed as per Supply /Work Order/Agreement/tender guidelines on test check basis.
- Checking of Petty Cash Register and reconcile Opening Bal / Rec. / Payments/Closing Balance.
- To ensure that capital expenditure are not treated as revenue expenditure.
- To examine whether the payment vouchers have relevant supporting documents and proper authorisation
- To review unusual items (i.e. debit balance, one supplier with balance in various categories etc.)
- To ensure that statutory and other deductions from the suppliers' bills are correct and the statutory dues are deposited to the appropriate authority within the stipulated time.
- To ensure the Expenses are not of personal nature.
- Checking of T.A bills of the Members of Managing Committee and employees as per rules and their subsequent payment to the Travel Agents.
- To ensure that controls and procedures in use are efficient, effective and economical.
- In case of cheque payments, whether cheques are sent by registered post, if not whether proper acknowledgements have been obtained.
- To check whether faculty honorarium for conducting oral coaching classes, computer training, GDBC classes are paid after deducting TDS as per Income Tax Act.

A3. Advances and Adjustment thereof:

- Checking Advance to Employees.
- Adjustment/ Recoveries of Advances during the month are as per stipulation.



THE INSTITUTE OF COST ACCOUNTANTS OF INDIA

(STATUTORY BODY UNDER AN ACT OF PARLIAMENT)

CMA BHAWAN

12, SUDDER STREET, KOLKATA-700 016.

Telephones : + 91-33-2252-1031 / 1034 / 1035
: + 91-33-2252-1619 / 1492 / 1602
: + 91-33-2252-7373 / 7143 / 2204
: + 91-33-2252-0141 / 0191
Fax : + 91-33-2252-7993
: + 91-33-2252-1026
: + 91-33-2252-0147
: + 91-33-2252-2871
Website : www.icmai.in

A4. Cash and Bank (including BRS)

- Checking of monthly Bank Reconciliation Statements of various Bank Accounts and entries for adjustment of charges etc..
- Obtaining Balance Confirmation directly from Banks and checking with Book Balances at the yearend in case of all accounts including fixed deposits.
- Returned draft/ cheque with the subsequent realizations on a quarterly basis.
- To physically verify cash collected at cash counter and in accounts department at periodical intervals.
- To ensure all payments are recorded in the Bank Book and DPR as per the rules of the Institute.
- To check FDR in the Balance Sheet with ledger from the Bank for FDR. To verify the calculation of interest thereof, its accounting and TDS accounting.
- To check all the FDR appearing in the Balance Sheet are free from any lien/charge.
- Entries of stale cheques and necessary accounting like creation of liabilities etc. has been done timely and in proper manner.

A5. Payroll

- To check the correctness of recording attendance, leave, unauthorized leave, etc. and timely reporting for preparation of payroll.
- To ensure that festival allowance, if any, is computed accurately and to review whether the incentive schemes, if any, is operating effectively and benefit all employees.
- Checking payments to LIC on account of Gratuity & Leave Encashment Fund based on actuarial valuation and correction of payments to outgoing employees out of funds received from LIC.
- To examine the procedure followed in case of termination of employment by resignation, retirement, etc.
- To ensure compliance with statutory laws and rules connected with



THE INSTITUTE OF COST ACCOUNTANTS OF INDIA

(STATUTORY BODY UNDER AN ACT OF PARLIAMENT)

CMA BHAWAN

12, SUDDER STREET, KOLKATA-700 016.

Telephones : + 91-33-2252-1031 / 1034 / 1035
: + 91-33-2252-1619 / 1492 / 1602
: + 91-33-2252-7373 / 7143 / 2204
: + 91-33-2252-0141 / 0191
Fax : + 91-33-2252-7993
: + 91-33-2252-1026
: + 91-33-2252-0147
: + 91-33-2252-2871
Website : www.icmai.in

employment.

- To verify terms of appointment of contractual/temporary employees appointed during the period under Audit.
- To check that reimbursement of Leave Travel Allowance is made with reference to actual bill submitted.

A6. Statutory Payments and Compliance:

Checking of compliance of Statutory Payments & Statutory Returns within the target dates

- ❖ TDS (U/S 192, 194C, 194J, 194I and other applicable sections)
- ❖ Service Tax
- ❖ GST
- ❖ Works Contract Tax
- ❖ Payments of municipal rates and taxes
- ❖ Professional Tax, PF, ESI and any other statutory liabilities

To verify whether any legal dispute is pending before any forum

A7: Purchases

- Whether DOP and Tender guidelines as applicable for Regional Councils and Chapters are complied or not?
- Whether Repeat Orders placed, are based on orders placed earlier with proper tendering; whether other conditions governing the placement of Repeat Orders are followed?
- Whether any attempt has been made to split the orders to keep the value of the contract within the delegated powers of the approving authority?
- Report on delay in placement of supply orders (from the date of approval of indent).
- Whether materials have been supplied within the stipulated time; if not, whether liquidated damages have been imposed?
- Whether the payments made are as per the terms and conditions of the order, especially taxes and duties; whether tax concessions are availed?

