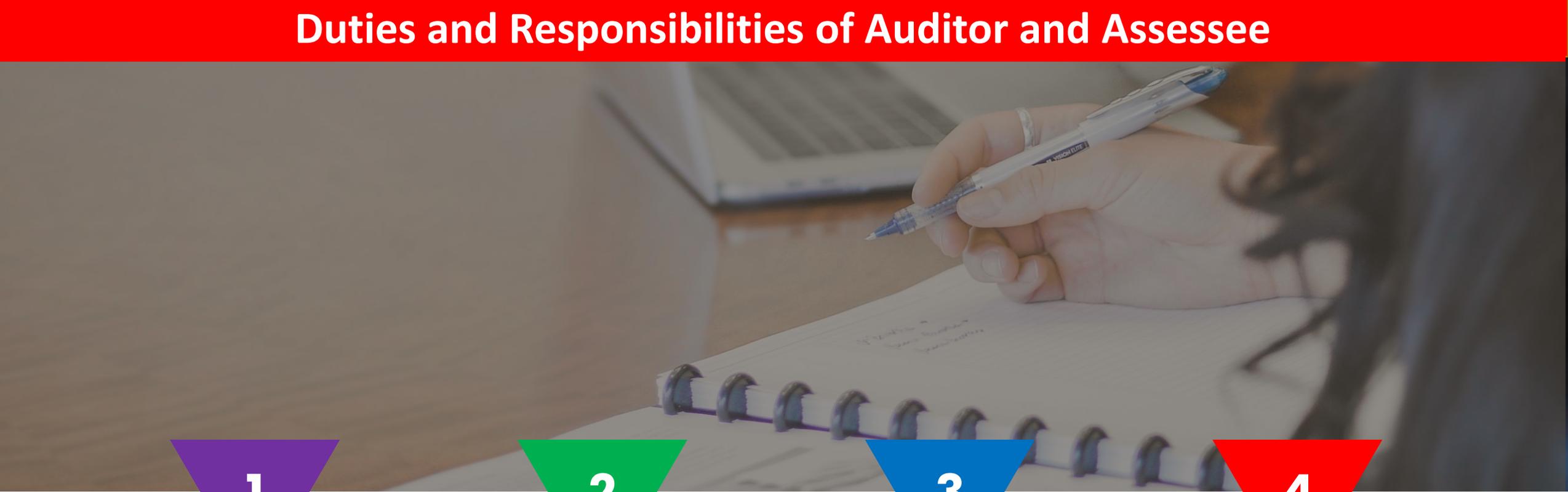


Duties and Responsibilities of Auditor and Assessee

Duties and Responsibilities of Auditor and Assessee



1

Introduction

2

Duties

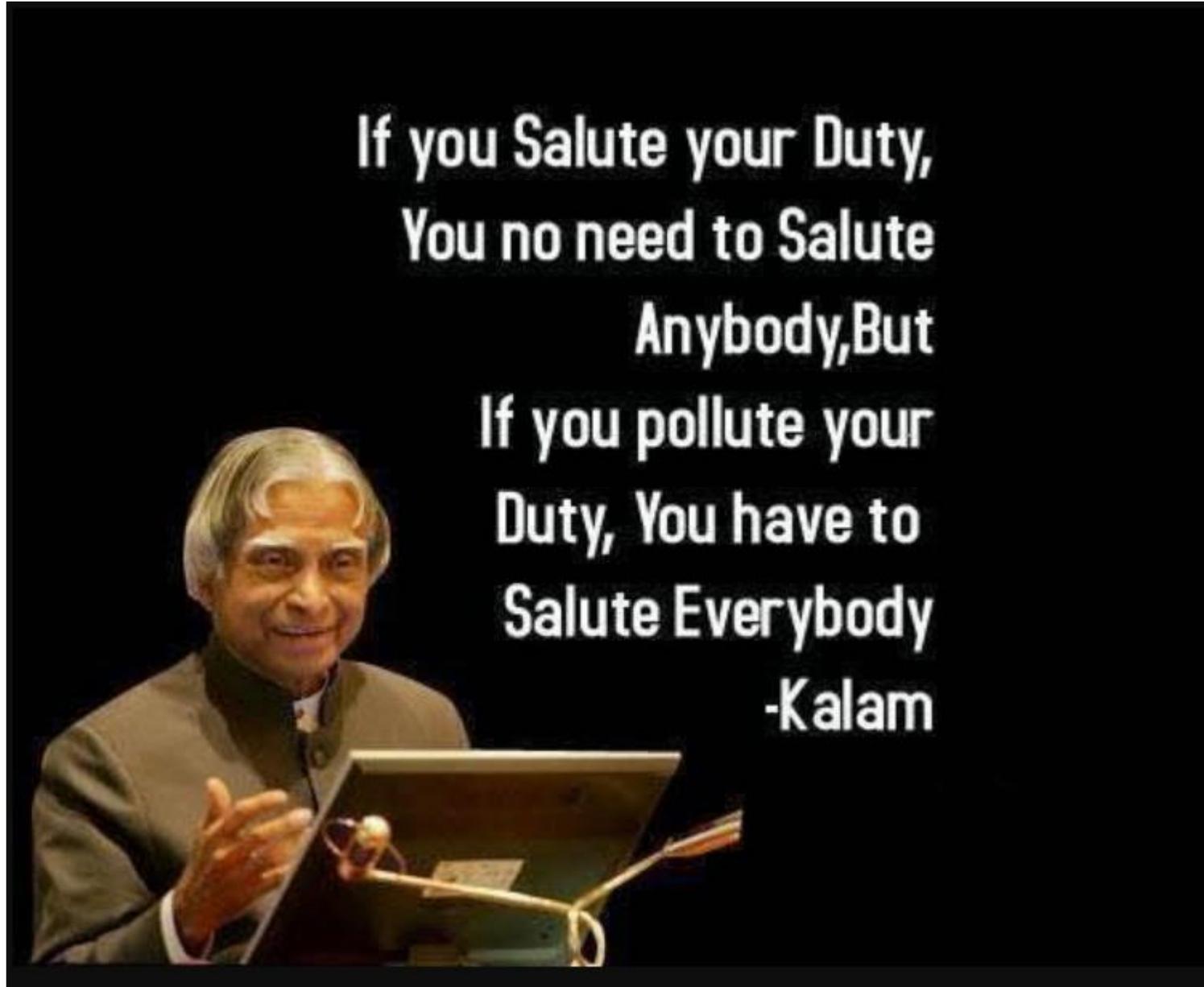
3

Responsibilities

4

Q & A

Duties and Responsibilities of Auditor and Assessee

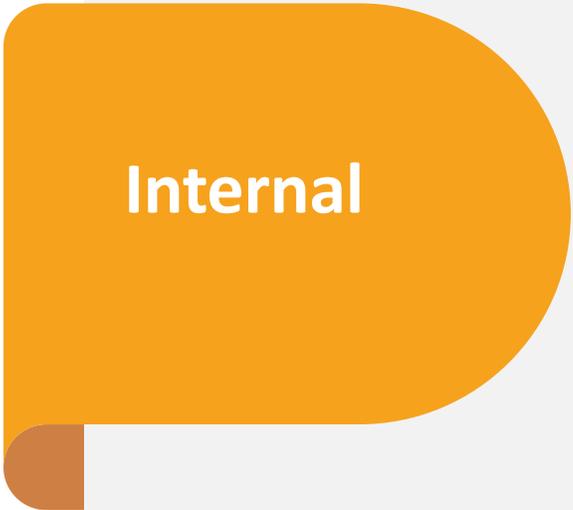




Who is An Auditor?

An auditor is an individual approved to review and check the accuracy of financial reports and to ensure compliance with tax laws by corporations/department.

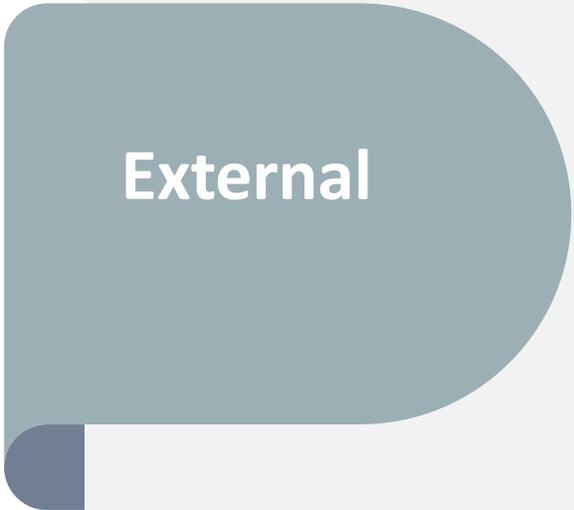
Different Auditors in GST



Internal

The icon for an internal auditor is a stylized orange shape with a rounded right side and a small protrusion on the left, set against a light gray background.

Section 65



External

The icon for an external auditor is a stylized blue-gray shape with a rounded right side and a small protrusion on the left, set against a light gray background.

Section 66

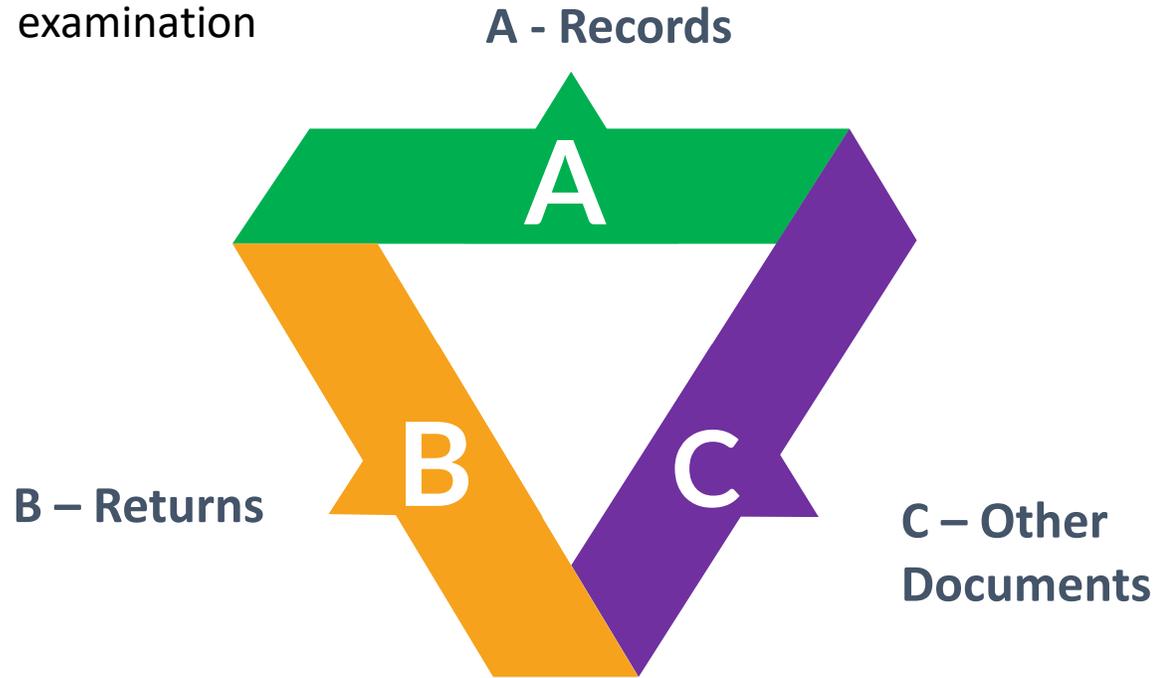
AUDIT

Audit - is a systematic and independent examination of books, accounts, statutory records, documents and vouchers of an organization to ascertain how far the financial statements as well as non-financial disclosures present a true and fair view of the concern. It also attempts to ensure that the books of accounts are properly maintained by the concern as required by law. Auditing has become such a ubiquitous phenomenon in the corporate and the public sector that academics started identifying an "Audit Society".

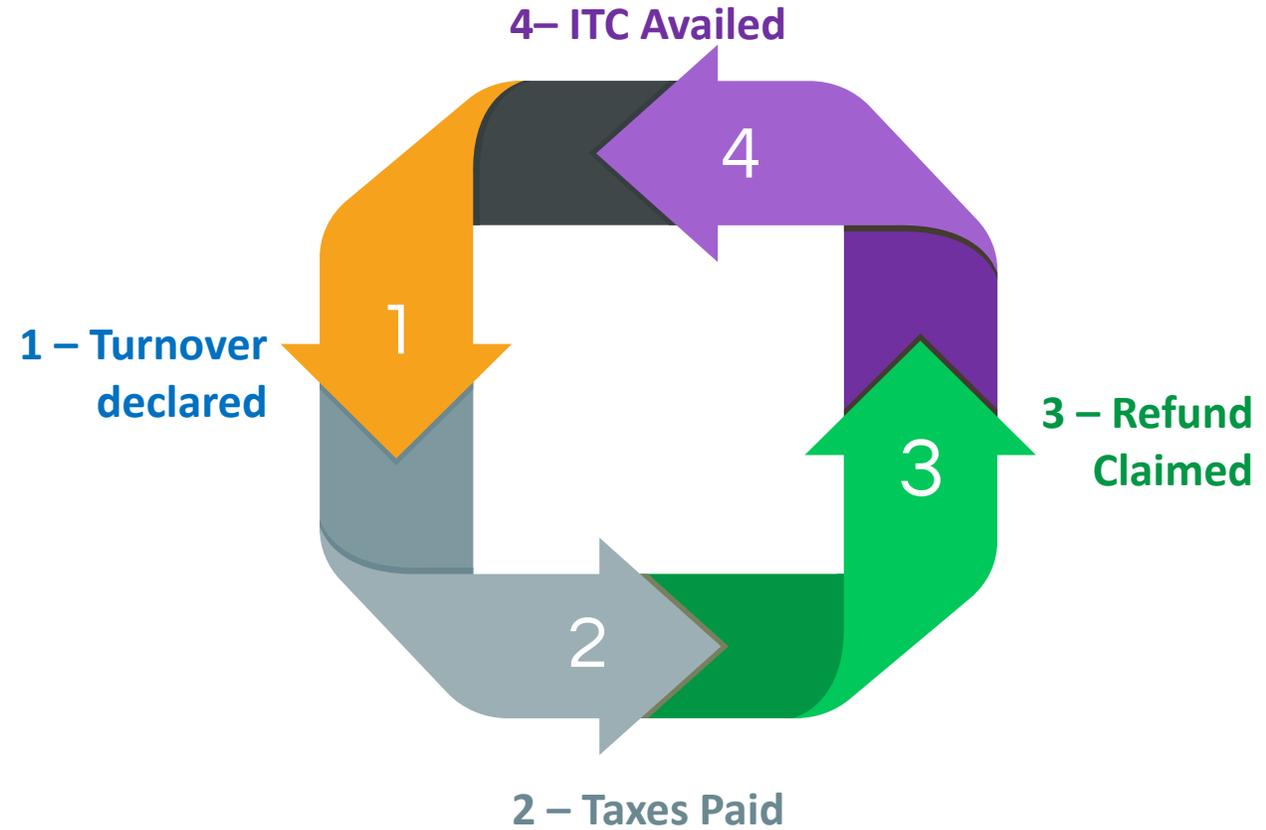
Audit - refers to a financial statement audit. A financial audit is an objective examination and evaluation of the financial statements of an organization to make sure that the financial records are a fair and accurate representation of the transactions they claim to represent. The audit can be conducted internally by employees of the organization or externally by an outside professional

AUDIT – SECTION 2(13)

Audit Means examination



by the registered person **under this Act** or **the rules made thereunder** or under any other law for the time being in force to verify the correctness of



To **assess his compliance** with the **provisions of this Act** or the rules made thereunder

Duty



Duty

Something that one is expected or required to do by moral or legal obligation

Responsibility



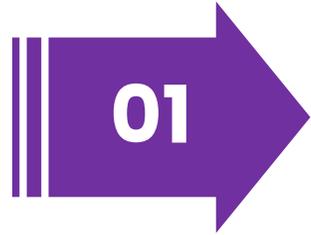
Responsibility

Responsibility is the obligation of an individual to perform the duty or task assigned to him.

Difference Between Duty & Responsibility

	Duty	Responsibility
Meaning	Duty implies an obligation or moral commitment which an individual is expected to perform.	Responsibility refers to the liability which is assumed or accepted by a person, as a part of his job role or position
What is it?	Binding force	Authority
Reflects	Respect or obedience, for the work, rules, superiors or elders	Accountability for the performance or non-performance of something
Demands	Sacrifice of self-interest	Trustworthiness and loyalty
How they arise?	Imputed	Shouldered

Duties of Auditor – Department



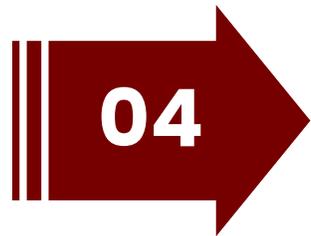
Preparing/
Updating
Master File



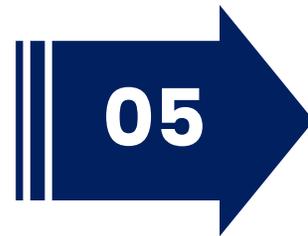
Collection of
Relevant
Documents
incl, recons



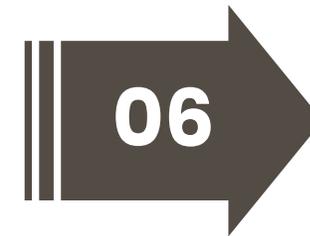
Desk Review



Preparation of
Audit Plan –
Scrutiny / Desk
Review



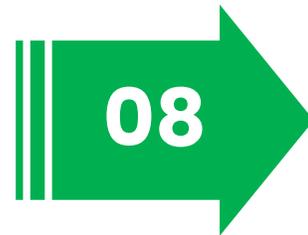
Conducting
Audit As per
Plan



Preparation of
the
Issue/Report



Follow-up up
Action



Adjudication
under Section
73/74



Recovery of Tax

Duties of Auditor – Department

1.

**Audit
Should be
Conducted
In systematic
manner**

2.

**Scrutiny of
Records**

3.

**Audit
Should be based
Material facts**

4.

**To Record all
the Facts**

5.

**Audit is
different
From
enforcement**

Provide access to the place of business,
records & required information

Responsibility of Assessee

1 Provide access to all the records
Maintained by the assessee

2 Trial Balance

3 Financial Statements

4 Cost Audit Report

5 Income Tax Audit Report

6 Any other Reports

Intimation for Audit

Notice is sent to taxpayer wide GST AD01 (Annexure – 1) before 15 days of the audit

Reasonable time is given for the taxpayer

If the tax payer does not respond then another letter is sent with penal provisions under Section 122, 123 & 125

If the tax payer still does not respond then the details are communicated to the Executive Commissioner for taking necessary action

Details are sent to the Director General of Audit for including his name in the Risk Parameters

GST compliance rating will be reduced once it is implemented

GST DEPARTMENT AUDIT

Objective of Audit



Verify

The data between the returns filed and the accounting data



Desist

Its should stop the tax payers from doing any frauds in the future



Detect

The objective is to detect any frauds being committed by the taxpayer

The Objective of the Audit is to measure the level of compliance of the taxpayer in the light of the provisions of the CGST Act 2017 and the rules made there under.

Principles of Audit

01

Audit will be conducted in a Comprehensive and in a systematic manner

02

Emphasis is on the identified risk areas and scrutinizing the records maintained in the course of business

03

Audit techniques based on materiality – degree and nature of risk factors

04

Proper recording of all the checks and findings during the audit

05

Identifying the unexplored compliance verification process

Duration of Audit



2 to 4 days including the desk work and for taxpayers under Section 51 and Section 52



4 to 6 working days



6 to 8 working days

Desk Review

The audit team will do the desk review with the available data with them basis of the TAG – Taxpayer at a Glance. Information available on

- Registration Portal,
- Returns filed, Annual Return & Reconciliation Statement
- e-waybills Issued,
- Returns filed with other departments,
- Cost Audit Report,
- Income Tax Audit Report,
- C&G Report, Audit reports of earlier tax periods &
- contracts with customers

Cost Audit/Cost Accounting Records

- In respect of Regulated sectors like Telecommunication, Electricity, petroleum and Gas, Drugs and Pharma, fertilizers and Sugar, Cost audit requirement has been made subject to a turnover based threshold of Rs 50 crores for all products and services and Rs 25 crores for individual product and services.
- In respect of Non-Regulated sectors - The threshold is Rs 100 crores and Rs. 35 crores respectively.

GST DEPARTMENT AUDIT

Process of Audit

Third Party Data

Reconcile GSTR – 9 Data with Financial Statements & Compare Pricing across customers

Revenue Risk Analysis

Comparing key data with industry averages & previous years data

Trend Analysis

Basis of historical data project the trends and compare with actuals

Internal Controls

To verify reliable systems are in place and in control. Verify the ERP and its integration with taxes & transactions. ABC Analysis and System Walk through

Verification of Documents

Physical verification of documents with returns filed

Registered Person Master File

- It contains all the information of the taxpayers
- Updated at regular intervals

AUDIT – COVERAGE

Section 37 – 48

Verify if returns are filed within the due dates and interest if paid as per the provisions if not along with late fee .



Rules 46 – 55

Verify if relevant documents are issued for all the transactions as per the provisions .



Section 16 & 17

Verify if Input tax credit is claimed as per Provisions – eligibility / blocked / restricted .



Section 7

Supply – all transaction are classified as supply as per GST



Section 12, 13 & 14

Verify if the tax invoice is issued as per provisions of Time of Supply



Section 10 to 14 IGST Act

Verify if the provisions of place of supply are followed or not



1

During Scrutiny or inquiry or investigation an officer not below the rank of AC on authorization by Commissioner will ask for a CMA/CA to verify records

2

Submit the report within 90 days and can be extended by another 90 days by AC

3

Special audit will not have any impact on any other proceedings under this Act or any other Act

4

Opportunity will be provided to the registered person for any material gathered during the audit

5

Remuneration for the audit will be approved by Commissioner

6

If any material discrepancy is found proceedings can be initiated under Section 73 or 74

Check List

Desk Review – Goods

Sr.No	Documents	
1	Trial Balance	<ul style="list-style-type: none">• Understand the grouping of ledgers• Verify and understand which accounts have direct impact with GST• Verify any ledgers having unusual balances – loss, scrap, other income• Verify the credit balances and check if they are part of the GST Liability computation
2	Profit & Loss Account	<ul style="list-style-type: none">• Compare major heads with previous years amounts• Verify the expenditure accounts potential for reverse charge• Scrutiny of supplies – SEZ (LUT)
3	Balance Sheet	<ul style="list-style-type: none">• Verify the Share Capital accounts – subsidiaries etc.,• Assets
4	Notes to Accounts	<ul style="list-style-type: none">• Accounting polices – assets worth below Rs 5000 no updated in FA Register• Quantitative information – Cross check with GSTR – 9 Data• Information Accounting Standard followed and disclosed

Desk Review – Goods

Sr.No	Documents	
5	Annual Report & Directors Report	<ul style="list-style-type: none">• Verify Audit report for any potential areas impacting the GST• Tax Disputes pending or likely to• CARO Report – tax liabilities are matching with GST Liability in GSTR – 9• C&AG Report in case of public sector undertakings
6	Cost Audit Report	<ul style="list-style-type: none">• Check Serial No 4 for quantitate details will be verified with GSTR – 9 data and any differences should be able to be addressed• Check Serial No 5 for costing of each product and if any differences with Rule 30 of CGST Rules• Check Serial No 6 for operating rations for over a period of time and see any major differences, understand the reasons for the same• Check Serial No 10 for related party transactions and verify if valuation is carried out as per Rule 28 of the CGST Rules

Desk Review – Goods

Sr.No	Documents	
7	Tax Audit Report	<ul style="list-style-type: none">• Clause 18 for Depreciation and ITC availed on capital goods• Clause 27(a) input tax credit availed and carried forward, match with GST Ledgers and prepare reconciliation if required• Clause 21(b) prior period items and time of supply as per GST applicability and payment, any differences prepare a statement for the same• Clause 38, Cost Audit Report• Clause 40, check important accounting ratios

CMA B Mallikarjuna Gupta

B. Com, ACMA, MFM, M.IOD, PGDCS

Certified Product Manager from Indian School of Business

Over two decades of experience in the areas of Taxation, GST, Product Management, Brand Management, Finance, Accounting, Sales, Operations, Marketing, Project Accounting ERP & BI Implementation. Worked for Oracle, Infor, Logo, Systime & Dempo Group. Designed & implemented a Costing system for a Steel Plant, Biaxially Oriented Polypropylene (BOPP) & Upholstery plant. Certified Product Manager for **Indian School of Business (ISB)**

vCFO, GST, Management & Product Management Consultant

COO, Nextgen Learning And Consulting Private Limited

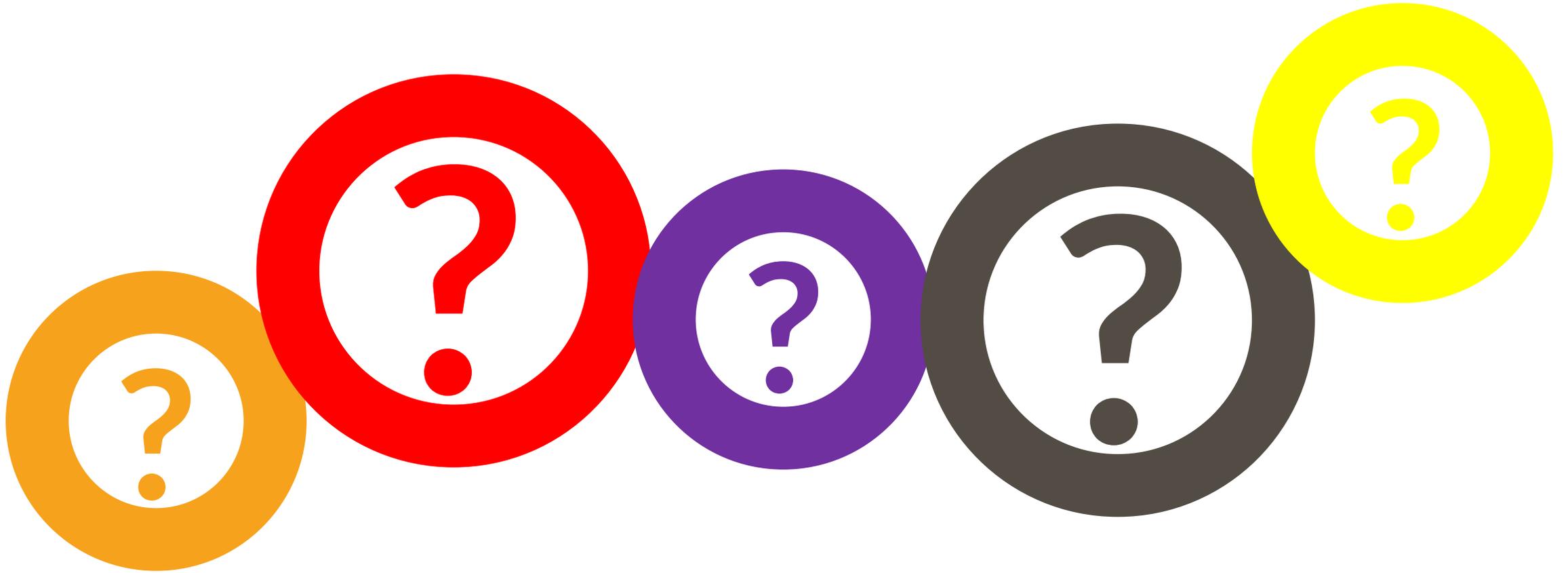
Member of

- GST Grievance Redressal Committee – Telangana
- Member – MSME & Startups Promotion Board at Institute of Cost Accountants of India, Kolkata
- Expert Member of Technology Development Fund Scheme of DRDO
- Co-Chair for Customs & GST Committee at Federation of Telangana Chamber of Commerce & Industry (FTCCI)
- Member - Regional Advisory Committee, Dattopanth Thengadi National Board for Workers Education and Development, Ministry of Labour and Employment, Govt. of India.
- Resource Person/Faculty - Institute of Cost Accountants of India, Regional Training Institute (CAG Auditors), National Academy of Customs, Indirect Taxes & Narcotics, Indian Navy, and National Institute for Micro Small and Medium Enterprises (NI-MSME)
- Served as a Member at National Council for Indirect Taxes at ASSOCHAM and at the Institute of Cost Accountants of India at the Central Council Level & Chapter Level



AWARDS/RECOGNITIONS

- Conferred the Indian Achievers' Award 2021 - In Recognition of Outstanding Professional Achievement & Contribution in Nation Building
- GUINNESS WORLD RECORDS title holder as a team member for the “Most people running up a single mountain.”
- Selected one among the 100 Digital Influences for 2020 by [YourStory](#)
- His podcasts find place in the top 10 Taxation podcasts in India for 2021
- Recognized by the Cyberabad Police for Traffic Volunteering for 100 hours & for conducting drunken drive.



My Coordinates



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