

Acuite Ratings & Research Limited

Scope of Work for Internal Audit

1. REVENUE

- Review of terms of contracts & execution
- Checking of revenues and other operating income with reference to accounting policy, invoicing policy, credit memos, etc.
- Verification of reconciliation of income between Revenue Portal and financial accounts.
- Checking in Tally the entries with the underlying mandates to ensure completeness and accurate recording of revenue on the same.
- Review of Receivables/Age Analysis
- Checking of debtors provisioning
- Test of design, walkthrough and testing the effectiveness of the controls relating to revenue-IFC

2. HUMAN RESOURCE OPERATION

- Review Employee Manual and Salary Processing.
- Employee master data (including Medclaim records) and personal files
- Review of process related to new joiners and termination of relievers (data and access controls)
- Statutory compliance in respect of PF, Professional Tax, TDS, etc.
- Test checking of attendance records, Offer letter/Appointment letter with salary slip.
- Review of system files i.e., attendance record, salary payout, incentives records and leave records, Checking of full and final settlement of resigned employees.
- Checking employee reimbursements like LTA, Leave encashment, disbursement and recovery of loans to employees, etc.
- Checking of reconciliation of records as per HR system with accounting system
- Test of design, walkthrough and testing the effectiveness of the controls relating to HR – IFC

3. INVESTMENTS

- Review of investment Policy and its compliance
- Checking investments of the company including custody of instruments, record maintenance for timely realization of returns / redemption proceeds and valuations.
- Verification of income booking and realization.
- Reconciliation of accounts with holding statements of depositories.
- Test of design, walkthrough and testing the effectiveness of the controls relating to Investment – IFC

4. FIXED ASSETS

- Procedure of vendor selection
- Comparative analysis of various vendor quotations
- Process of raising Purchase order (PO) or Capital Expenditure Requisition (CER)
- Approval process for raising PO or CER
- Tracking of actual expenditure against CER
- Adequacy of documentation related to asset procurement
- Commissioning and Capitalization of Assets
- Verification of fixed asset register and physical verification programme undertaken by management.
- Ensuring that all capital expenditure is accounted in accounting system and FAM system

- Verifying the additions to the assets with the underlying documents like invoice, etc.
- Ensuring that retirement / Sale of assets, profit & loss on sale of assets are authorized and accounted properly.
- Verification of depreciation on fixed assets.
- Test of design, walkthrough and testing the effectiveness of the controls relating to Fixed Assets – IFC

5. EXPENSES / BANK & CASH PAYMENTS

- Review of expenses, process, accounting
- Checking of process of Chart of accounts (creation, modification, adequacy) and controls over same
- Checking of process of recognition and measurement of advances, prepaid expenses and liabilities
- Checking of process and control over Bank Reconciliation
- Checking of bank reconciliations for all bank accounts.
- Checking of Petty Cash Payments w.r.t supporting, authorization etc.
- Checking of payments made with underlying invoices, approvals, etc.
- Test of design, walkthrough and testing the effectiveness of the controls relating to expenses, bank & cash payments – IFC

6. FINANCIALS CLOSURE

- Review of Journal vouchers, Debit notes, Credit notes etc.
- Checking whether Write off of unrealized fees, expenses has been done as per the prescribed procedure and with authorization at appropriate level.
- Review of deposits taken or given and age analysis
- Review of other assets and liabilities
- Book closure
- Ledger scrutiny
- Test of design, walkthrough and testing the effectiveness of the controls relating to Financial Closure – IFC

7. REGULATORY COMPLIANCE REVIEW

- Check adherence to the compliance required under various legislation including income Tax, GST, Statutory and secretarial compliances under Companies Act.
- Profession Tax and allied laws.
- Review of Compliance whether happening in time or report delays, if any.
- Checking of monthly GST calculation prior to making payment to the service tax authorities.
- Verification of monthly process of GST calculation and its validation by internal / outsourced partner before making payment to the authority and check on sample basis.