



**The Institute of Chartered Accountants of India
(Set up by an Act of Parliament)**

PUNE BRANCH OF WIRC OF ICAI

NEWSLETTER

**Issue No. 1 - January 2018
(Subscribers copy not for sale)**

PUNE BRANCH OF WIRC OF ICAI

Forthcoming Programmes

SR. NO.	DATE	SEMINAR NAME	VENUE	TIME	FEES	CPE HRS.
1.	17 th February, 2018	Seminar on Clause by Clause Analysis of Direct Tax Provisions of Finance Bill	ICAI Bhawan, Bibwewadi, Pune - 37	9.30 am TO 5.00 pm	Fees Rs. 800/- (Including GST)	6 Hrs.
2.	21 st February, 2018	Mega Conference for Members in Industry	Hotel Conrad, Pune - 37	9.30 am TO 5.00 pm	Fees Rs. 1200/- (Plus GST)	6 Hrs.
3.	9 th , 10 th & 11 th March, 2018	Inter-Firm One Act Play Competition	Jawaharlal Nehru Auditorium, Ghole Road, Pune			N. A.

Notes:-

- 1) Programme timing includes 1st half an hour Registration.
- 2) For online registrations & detailed programme structure visit www.puneicai.org

IND-AS Lecture Meet Week



CA S.B. Zaware, Chairman, Accounting Standards Board & Speaker



CA Amit Darekar, Speaker



CA Akshay Oke, Speaker



CA Parag Kulkarni, Speaker



CA Kishore Phadke, Speaker



CA Mehul Shah, Speaker

Seminar on "I have a Dream-Success Mantra for Entrepreneurs"

Seminar on "Professional Misconduct-Practical Issues & Case Studies"

Seminar on "Professional Opportunities For SMPs In SME Sector"

Seminar on "Incentive Schemes Under DGFT"



Ms. Rashmi Bansal Speaker



CA. K. Ravi Speaker



CA. G. B. Modi Speaker



Mr. Kumar Iyer Speaker

The Art of Writing

A Good Forensic Audit Report

Contributed by :- CA. Aadesh V. Bora

Email :- aadesh@boraca.in

Introduction

This Article is an honest attempt to elucidate on how to draft a good and effective Forensic Audit Report (FAR). The very best of forensic analysis would be useless if it cannot be intelligently conveyed through an effective FAR. Report writing is a skill, which can be learned and honed over a period of time. This report will be the base for the management to act against the alleged perpetrator and can be subject to litigation. Hence, while drafting the FAR one should ensure adequate guard against any consequential future professional liability.

Objective

The primary objective of a FAR is to logically present facts and evidence gathered that will enable the management to reach an informed opinion on the subject matter. Depending upon the importance of the subject matter, it is the discretion of the Forensic Auditor of whether to include recommendations, opinions or conclusions in the FAR.

Step-by step

Start the FAR before even beginning the examination. There is usually some information that would be available before even running a single process. The FAR could be updated as the audit progresses. This could be done by writing down information through each step, or even by keeping notes in a way that will allow for easy transfer to the FAR. Report writing can be simplified if the evidence is organized in a neat, concise, logical and easily retrievable manner.

Create a Template

Templates are easy to create and will end up saving many hours of work down the road. The template doesn't have to be set in stone, but just having one will make report writing easier, if for no other reason than because you won't have to remember to include things that are already built-in. They are a great tool for ensuring consistent formatting and standardized language. Use confidentiality language whenever appropriate. Also, it is recommended having the word "Draft-For Discussion" in a header, footer, or watermark on every page until the report is finalized.

Sections

Reports can get long and are often very detailed. For the reader, they can seem dry. What the reader really wants to do is to zero-in on the really juicy bits and be able to navigate easily to other points as needed. Breaking up the report into sections is an easy way to accommodate your readers. A typical FAR would include the following sections

a) Covering Letter: - This would ideally be on the letterhead of the Forensic Auditor (FA), addressed to the appointing authority and would include that the Forensic Audit has been duly carried out and the reported findings are attached herewith. It should signify the confidentiality of information contained therein.

b) Contents: - This would enlist the various sections of the FAR with corresponding page numbers for the same. This would facilitate the reader to a great extent.

c) Executive Summary: - The Executive Summary would contain a precis of your actions and the succinct elements of your findings, within your scope, which are supported by the remainder of the report body. This allows the reader to get the high level view of important findings without having to delve into specifics.

d) Introduction: - This section would include basic information regarding the appointment of FA and also about the Company and the overall approach of conducting the Forensic Audit. This includes the basic reason as to why a Forensic Audit is being conducted in the first place i.e. the background and objectives.

e) Scope: - Scope should be as referred to in the Engagement Letter. This section could be further sub-divided into the following sub-sections –

i) Mandate – It would include that the engagement was undertaken in accordance with the Standard on Related Services (SRS) 4400 "Engagements to Perform Agreed-upon Procedures regarding Financial Information", issued by the Institute of Chartered Accountants of India (ICAI).

ii) Terms of Reference – It would provide the detailed guidance on the scope of the Forensic Audit to be carried out for the Forensic Audit Period.

iii) Purpose of report and Restriction of use – It would entail the purpose of the FAR and the disclaimers & limitations, constraints, indemnities therein.

iv) Information relied upon – It would include the gist of documents relied upon, interviews conducted, analysis done, etc. while conducting the Forensic Audit.

To be a champion, I think you have to see the big picture. It's not about winning and losing; it's about every day hard work and about thriving on a challenge. It's about embracing the pain that you'll experience at the end of a race and not being afraid. I think people think too hard and get afraid of a certain challenge.

f) Methodology: - This is the main body of the FAR. It explains in detail the actual work done, the software and hardware used (including the version numbers), the serial numbers, the hash values, the evidence obtained and analyzed and the steps taken to conduct the Forensic Audit. It would include various CAAT Tools used like IDEA, ACL, etc. and various Forensic Audit Tests like Tiger Team Tests, Benford's Law, Barium Test, Birbal Tricks, Application of Inverse Logic, Time-Space Dimension Tests, etc.

g) Findings: - Here, facts should be disclosed while avoiding any subjective opinion. This section could be further sub-divided into the following sub-sections -

i) Inference - It would include the extrapolation of the analysis of evidence & interviews conducted and the quantification of amounts involved (if possible).

ii) Modus Operandi - It explains the method and manner in which the fraud was allegedly perpetrated, the devices / software used, the people allegedly involved.

iii) Red Flags - It enlists the Red Flags i.e. the suspicious activities / events that were prevalent that indicated fraudulent activities were being allegedly carried out.

iv) Internal control weaknesses that allowed the misappropriation - It shows that the internal controls were weak in the specific areas of operations.

h) Recommendations: - It should specify the probable preventive / remedial measures to strengthen accountability measures in light of the above-mentioned findings. It can also be mentioned that a full review of internal controls should be conducted to determine how such incidents can be prevented and detected in the future. It would be the management's call whether the matter is to be pursued further or not.

i) Constraints and Limitations: - This section comes in handy when certain data / information / persons, etc. were not made available to the Forensic Auditor. If the same would have been available, it could have had a bearing on the final FAR.

j) Experts' Reports: - If, during the Forensic Audit engagement, any expert's help was availed like an architect, an engineer, a lawyer, etc., the Experts' Reports should also be referenced here and attached as a separate exhibit.

k) Conclusion: - This section summarizes the observations and findings of the FAR in brief by highlighting the important issues. It also includes the Impact to the Company because of the suspected / alleged fraud. The conclusion must be also clearly referenced to the constraints and limiting factors as mentioned above.

l) Appendices: - This section enlists the entire chain of custody of documents (including photos) involved, verified and relied upon while conducting the Forensic Audit, the names & designations of the people whose interviews were conducted, the acronyms used in the FAR and also the names & designations of the Forensic Audit team involved in the engagement.

Insight

One of the best ways to get familiar with report writing is to read as many forensic reports as one can. These reports are especially helpful because they give an idea of what is expected. The length, content, and format will vary depending on firm policies and intended audience. Reading other reports can help determine not only what works, but also what does not work.

What to avoid

- While drafting the FAR, care should be taken not to deviate from the main objective of the Forensic Audit.
- The use of terms like 'appear', 'seems to be', 'perhaps' indicate the FAR is inconclusive.
- Personal bias or subjectivity in reporting facts without a comprehensive review could hamper the final outcome.
- Avoid using any abusive or offensive or sarcastic language.
- Avoid using any personal pronouns.
- Any grammatical or punctuation or spelling error is a strict no-no.

Conclusion

So, what are the key take-aways from the above discussion? Firstly, drafting a FAR needs considerable care and attention to detail, so as to convey the facts in a justified manner. Also, facts stated must be unbiased and not subjective. Do not allow conclusions to surpass the evidence. A conservative statement that is consistent with the facts is stronger than an exaggeration. A FAR is a confidential document and its primary purpose is to appraise the management and the legal counsel of the Company, of the result of the enquires with a view to assess the merits and demerits of the subject matter and to facilitate reaching a conclusion.

References

Guidance has been drawn from -

- Website of <http://www.forensicmag.com/articles/2012/05/report-writing-guidelines>
- 'Study on Investigative Audits' publication of the ICAI.

Seminar on “Recent Boardroom Battles-Corporate Governance Lessons”



CA Y.M. Kale (Group President Corporate Governance & Development – Hinduja Group and Past President – ICAI)-Speaker



Prof. Narayanaswamy-Speaker



Adv. Suhas Tuljapurkar-Speaker



CA S. Balasubramaniam -Speaker



CA Pravin Rajani -Speaker

REAL ESTATE CONCLAVE



CA Sagar Tilak-Speaker



CA. Vardhaman Jain-Speaker



CA Jayesh Kariya-Speaker



Adv. Jigar Shah-Speaker



Mr.Kuntal Shah-Speaker



Panelist from L to R : Mr.Kuntal Shah, CA Jayesh Kariya, CA Vijaykant Kulkarni, CA Shrikant Paranjape, CA Leena Marne, Shri Gadadhar Dash

GST GYAN SATRA SERIES-III



CMA Ashok Nawal Speaker



CA Manish Gadia Speaker



CA Shailesh Bapat Speaker



CA Vivek Baj Speaker



CA Sandeep Sachdeva Speaker

Invitation for empanelment as Examiners for Chartered Accountants Examinations

Madam/Dear Sir,

You are aware that CA Examinations are held twice a year in May and November and about 3,30,000 candidates appear in these examinations, both at Intermediate (IPC) and Final levels in every examination.

ICAI maintains a panel of Examiners comprising Chartered Accountants, Lawyers, Professors, other Academicians, Cost Accountants, Company Secretaries, IT Professionals etc. to evaluate the answer books in respect of these examinations.

A Chartered Accountant with 4 years of standing experience is eligible for empanelment as an Examiner

To meet the ever increasing requirement for Examiners, the Institute is continuously on the lookout for persons who have the requisite qualifications and background, flair for academic assignments and who can devote time to the task of evaluating answer books.

Being an Examiner, a member can keep himself/herself abreast of the latest developments in the academic field and also be associated with his/her alma mater.

An announcement inviting applications for empanelment as examiners, giving full details regarding eligibility, honorarium payable for the assignment and other details are available on www.icaai.org under "**Most Important**" section.

Applications for empanelment can be made online at <http://examinerspanel.icaaiexam.icaai.org>. After submitting the Form online, kindly take a print out, sign it, affix your photograph and send with all the annexures to The Joint Secretary (Exams.), The Institute of Chartered Accountants of India, 'ICAI Bhawan', Indraprastha Marg, New Delhi-110002.

It is our sincere wish that members come forward not only to serve their alma mater in providing their valuable services but also contribute in grooming our future professional colleagues.

Looking forward to your kind cooperation and support in this endeavour.
With best regards,

(B. Muralidharan)
Joint Secretary (Exams)

Analysis of E Way Bill Provisions & Procedures

Contributed by :- CA Swapnil Munot

Email :- munotswapnil@gmail.com

1.1 INTRODUCTION:

Central Government has notified uniform E Way bill (EWB) regulations in Chapter XVI of Central Goods and Service Tax (CGST) Rules 2017. Also, some of states government has also notified the said rules under its respective state GST regulations. Basically, E Way Bill is form which has two parts:

Part A: Its contains details of what is to be transported and to whom it is transported

Part B: It contain, vehicle details by which goods will be transported

E Way bill provisions are applicable to all goods, having consignment value more than Rs 50,000, except list given in Rule 138(14). **It is applicable:**

- For movement of all goods, irrespective of whether they are taxable or non-taxable,
- For Intra State as well as Inter State movement of goods.
- Whether person supplying is registered under GST or not.
- Whether person receiving the goods is registered under GST not.
- Whether Transporter is registered under GST or not.
- Whether movement of goods is for supply or not.

Details insight of E-way bill provisions and procedure are explained as under:

1.2 BENEFITS OF E – WAY BILL:

E-way removes drawbacks of conventional check post system, brings transparency and convenience to comply EWB procedures. Below are advantages of EWB provisions:

- a) Compliance of GST Law:** It is mechanism to ensure that goods being Transported, comply with GST Law i.e. Invoicing, disclosure, Tax payment etc.
- b) Tracking:** It is effective tool to track the movement of Goods.
- c) To Check Tax Evasion**
- d) Uniform Provisions across Nation:** The e-way bill provisions under GST will bring in a uniform e-way bill rule which will be applicable throughout the country.
- e) Reduction in Transport Time:** The physical interface will be replaced by digital interface, which will facilitate faster movement of goods.
- f) Valid across India:** One E-way bill is valid in every State and Union territory. No need to prepare state wise EWB.
- g) Beneficial to Economy:** Indian economy save up to Rs 2300 crore in transportation which they lost annually due to truck delays at state check posts. It is expected that due to Eway bill, government revenue is will increase by 20%.
- h) The abolition of check posts:** Its a huge relief for truckers who would earlier have to wait in queue for hours to clear the check posts
- i) Nature Friendly:** It is expected that due to E-way bill, 50 Tons of Paper will be saved Every Day.

**Every day is a new opportunity. You can build on yesterday's success or put its failures behind and start over again.
That's the way life is, with a new game every day, and that's the way baseball is.**

1.3 24TH GST COUNCIL MEETING:

In various GST council meeting issue of E-way bill were discussed. However, it is concluded in 24th GST Council meeting held on 16th Dec 2017. *This was first kind of GST Council meeting held through Video Conference. Council discussed that:*

- *EWB system to be opened on trial basis for everyone from 16th Jan 18*
- *Mandatory to be made applicable from 01st Feb 2018 for Interstate movement*
- *uniform system of EWB for inter-State as well as intra-State movement will be implemented across the country by 01.06.18.*

1.4 WHEN AND WHO SHOULD PREPARE PART A OF EWB [RULE 138(1)]:

Part A of EWB is to be prepared by person who causes movement of goods. Below is analysis of said provision.

- Every Registered person,
 - who **causes movement of goods**
 - of Consignment value exceeding Rs 50,000/-
 - In relation to a supply or
 - For reasons other than supply or
 - Due to inward supply from an unregistered person,
-
- Shall before commencement of such movement, furnish information relating to the said goods in **Part A of FORM GST EWB-01**, electronically, on the common portal
 - **JOB WORK:** where goods are sent by a Principal located in one State to Job worker located in any other State, the e-way bill shall be generated by the principal irrespective of the value of the consignment.
 - **HANDICRAFT GOODS:** where handicraft goods are transported from one State to another by a person who has been exempted from the requirement of obtaining registration, the e-way bill shall be generated by the said person irrespective of the value of the consignment

1.5 PART B OF EWB & GENERATION OF EWB [RULE 138(2)]:

EWB is not valid and usable, unless its Part B is filled. Part-B is a must for the e-way bill for movement purpose. Otherwise printout of EWB says it is invalid for movement of goods. In general, Part B is to be filled by person who is transporting the goods and after that EWB is to be generated. Below is analysis of said provision.

- **CASE I - WHERE GOODS ARE TRANSPORTED IN OWN CONVEYANCE OR HIRED ONE OR BY RAILWAYS OR BY AIR OR BY VESSEL:**
 - Where the goods are transported By
 - Registered person as a consignor or the recipient of supply as the consignee,
 - Whether in his own conveyance or a hired one or by railways or by air or by vessel,
 - the said person or the recipient *may* generate the e-way bill in FORM GST EWB-01 electronically on the common portal *after furnishing information* in Part B of FORM GST EWB-01.
- **EXPLANATION 2 TO RULE 138(3):**
 - Where the goods are transported by railways or by air or by vessel, Information in
 - Part A of FORM GST EWB-01 shall be furnished by consignor or recipient of the supply as consignee

1.6 PART B OF EWB & GENERATION OF EWB [RULE 138(3)]:

· CASE II - THE GOODS ARE HANDED OVER TO A TRANSPORTER FOR TRANSPORTATION BY ROAD:

- Where the goods are handed over to a transporter for transportation by road,
- Registered person shall furnish the information relating to the transporter in Part B of FORM GST EWB-01 on the common portal and
- E-way bill shall be generated by the transporter on the said portal on the basis of the information furnished by the registered person in Part A of FORM GST EWB-01

· CONSIGNMENT VALUE LESS THAN RS 50,000 [PROVISIO TO RULE 138(3)] - Registered person/Transported, *at his option*, can prepare and generate EWB even if value of consignment is less than Rs 50,000.

· CASE III - WHERE THE MOVEMENT IS CAUSED BY AN UNREGISTERED PERSON:

(The unregistered transporter can enrol on the common portal and generate the e-way bill for movement of goods for his clients.)

- Where the movement is caused by an unregistered person
- Either in his own conveyance or a hired one or through a transporter,
- he or the transporter may, at their option, generate the e-way bill in FORM GST EWB-01 on the common portal in the manner specified in this rule

· EXPLANATION 1 TO RULE 138(3):

- Where the goods are supplied by an unregistered supplier to a recipient who is registered,
- The movement shall be said to be caused by such recipient, if the recipient is known at the time of commencement of the movement of goods.

· CASE IV - WHERE TRANSPORTER TRANSPORT GOODS IN ONE VEHICLE TO HIS PLACE OF BUSINESS FOR FURTHER TRANSPORTATION:

- Where the goods are transported for a distance of less than 10km within the State or Union territory
- From the place of business of the consignor to the place of business of the transporter
- For further transportation,
- The supplier or the transporter may not furnish the details of conveyance in Part B of FORM GST EWB-01.

1.7 UNIQUE E WAY BILL NUMBER - EBN [RULE 138(4)]:

Every generated EWB will have unique EBN Number.

1.8 MULTIPLE VEHICLE USED FOR TRANSPORTATION [RULE 138(5)]:

It is very common in transport sector that, in order to transport the goods from one location to another location, multiple vehicle may be used. However, EWB provisions require that EWB should carry correct and updated vehicle number each time, during journey of transportation. Therefore, there is option given to update Part B of EWB, whenever there is change in vehicle. *Below is analysis of said provision.*

***For the meaning of life differs from man to man, from day to day and from hour to hour.
What matters, therefore, is not the meaning of life in general
but rather the specific meaning of a person's life at a given moment.***

• **UPDATION IN PART B OF FORM GST EWB – 01 REQUIRED:**

- Any transporter transferring goods from one conveyance to another in the course of transit
- Shall, before such transfer and further movement of goods,
- Update the details of conveyance in the e-way bill on the common portal in FORM GST EWB-01

• **UPDATION IN PART B OF FORM GST EWB – 01 NOT REQUIRED:**

- Where the goods are transported for a distance of less than 10 Km within the State or Union territory
- From the place of business of the transporter finally to the place of business of the consignee,
- The details of conveyance may not be updated in the e-way bill.

1.9 CONSOLIDATION OF EWBS [RULE 138(6)]:

Also, many times, transporter carry multiple consignment at a time. In such case, as per above explained provisions, he is supposed to carry EWB for each consignment. This may increase paper work for transporter and more specifically for person in charge of conveyance. Therefore, EWB provisions contain option to carry on consolidated list EWB of consignment to be carried by transporter. This will help ease the EWB process.

1.10 ULTIMATELY TRANSPORTER TO BE RESPONSIBLE FOR EWB [RULE 138(7)]:

Transport journey of goods involve supplier – Transporter – Recipient. If one carefully observes all provisions, it can be observed that EWB provision cast responsibility of EWB on all parties involve. There may arise situation, where due to miscommunication, no party involved in transportation of goods generate EWB. Therefore, EWB provisions, ultimately cast the responsibility to generate EWB on Transporter, so as to ensure 100% compliance of provisions. However practically, business is supposed to ensure that EWB is generated, else penal action will be faced by business only.

1.11 EWB HELPFUL FOR GSTR 1 [RULE 138(8)]:

After generation of Invoice, same information will be required to prepared EWB and again same information will be required to prepare GSTR 1 Return. This amounts to duplication of work. Therefore, EWB contain provisions, that allows to use information, filled for preparation of EWB, automatically for GSTR 1. This will save lot of time. However, it will call reconciliation. Therefore, business may not adopt this option initially unless system stabilizes. However, there may be chances, officer may use this information during assessment/audit.

1.12 CANCELLATION OF E WAY BILL [RULE 138(9)]:

- **Cancellation of EWB:** There could be situation where it may happen that EWB is generated, however goods are not transported. In such case EWB provisions contain option to cancel EWB within 24 hours of its generation.
- **Deletion of E-Way Bill:** The e-way bill once generated cannot be deleted. However, it can be cancelled by the generator within 24 hours of generation
- **Modification of EWB:** The e-way bill once generated, cannot be edited or modified. Only Part-B can be updated.

Pune Branch of WIRC of ICAI

Plot No.8, Parshwanath Nagar, CST No. 333,
Sr.No.573, Munjeri,Opp. Kale hospital,
Near Mahavir Electronics,Bibwewadi, Pune 411037
Tel: (020) 24212251 / 52
Web: www.puneicai.org
Email: admin@puneicai.org

ADVERTISEMENT TARIFF

FOR PUNE BRANCH NEWSLETTER WEF NOVEMBER 2015

1) Back Page (19x15) Color	: ₹ 16,500/-
2) Inner Page of Front/Back Page (A4) Color	: ₹ 16,000/-
3) Full Page (A4) Color	: ₹ 15,000/-
4) Half Page	: ₹ 8,000/-
5) Quarter Page	: ₹ 4,500/-

Discount: *3 to 6 Insertions - 10%
*7 to 12 Insertions - 15%
*Adissional GST - 18%

Disclaimer: The ICAI and the Pune Branch of WIRC of ICAI is not in any way responsible for the result of any action taken on the basis of advertisement published in the newsletter. The members, however, may bear in mind the provision of the Code of Ethics while responding to the advertisements. The views and opinion expressed or implied in the Newsletter are those of the authors / contributors and do not necessarily reflect of Pune branch. Unsolicited matters are sent at the owners risk and the publisher accepts no liability for loss or damage. Material in this publication may not be reproduced, Whether in part or in whole without the consent of Pune branch. Members are requested to kindly send material of professional interest to editor@puneicai.org the same may be published in the newsletter subject availability of space and editorial editing.