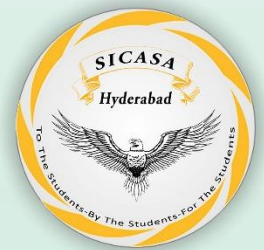
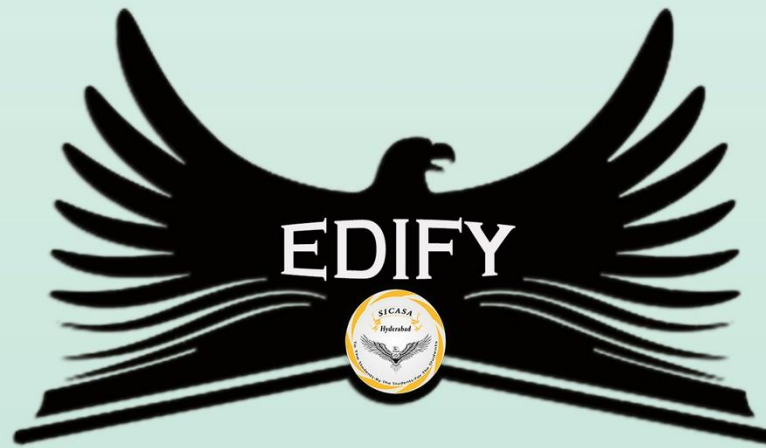




**Hyderabad Branch of SIRC of ICAI
&
Hyderabad Branch of SICASA**



E-NEWSLETTER



ISSUE - 8/JUNE,21



CONTENTS

Particulars	Page No.
Office Bearers of SICASA Hyderabad	02
Communication from SICASA Chairman.....	03
Tech Mithra.....	04
Statement Of Specified Financial Transactions	
– When To Report?	12
ICAI Guidelines – COVID 19: An Analysis.....	15
Creative Corner	19
Invitation for Articles	20

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Office Bearers of SICASA Hyderabad



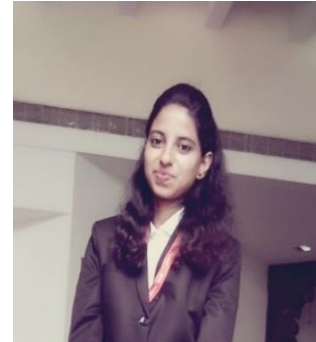
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Communication from SICASA Chairman

Dear Learners,

Welcome to the newsletter for the month of June. ICAI has announced the exam dates amidst this situation. Not forgetting the fact that ICAI is the second largest accounting body, it takes enough care of its upcoming Chartered Accountants. Hoping that the students are on track with the preparation, we wish you all the best.

Do not dig down deep, at some time you realize that you cannot climb up. Do not worry much about the past and keep your preparation going. Despite of a warrior being great in his home ground, his hard work is acknowledged only in the battle ground. Your battle ground is the 3 precious hours on the exam day. Do not panic about the situation that is prevailing. Focus on the exam and do well.

Believe in yourself. No matter how tough the situation is, you can win it. You have worked fingers to your bone. Now it's time to go that extra mile. Do your fair share of work and leave the rest to the almighty. Don't stop until you make your family proud.

The students are advised to take all the safety precautions while stepping out. Ensure that you wear a proper mask and carry a bottle of sanitizer with you. Make sure that you take your own stationery and water bottles. Maintain adequate social distancing and avoid being in groups. Follow a healthy diet plan and avoid junk food in these difficult times.

SICASA Hyderabad in association with ICAI Hyderabad is conducting a paid vaccination drive for all the CA Students of Hyderabad. We have come up with this voluntary initiative valuing the safety of all the CA students whose exam is due in July and all the article students who are working amidst this situation. CA firms can also register and sponsor for the vaccination of their article assistants. Ensure that you make the best utilization of it.

We request you all to stay safe and ensure safety of people dependant on you.

I request students to participate and engage with the newsletter by way of contributions of articles for the newsletter. Finally, I thank my editorial team, technical team, authors and well-wishers, who are promoting this journal. With these words, I conclude and promise that the professional standards will be maintained and promoted for the betterment of each one of us.

Best wishes,

At your services always,

CA Chinna Sitarami Reddy A

Feel Free to contact at acsreddy.ca@gmail.com

Tech Mithra:

“Tech Mithra” is an initiative taken by SICASA Hyderabad to make CA Students familiar with the Technological Changes happening around the world and how those changes would impact our Profession way forward.

In this Modern Era, its very important to stay updated with the usage of Technology. Though many of us maybe strong in the fundamentals of subjects & Concepts but might lack the application knowledge due to unawareness of usage of things around in this digital times.

We SICASA Hyderabad are trying to bridge that gap and help the fellow students by publishing a series of Topics which are inter-related in a sequential manner such that student can learn the basics of the topics & their impact on us moving ahead in their career path.

After learning 1.Artificial Intelligence

2.Machine Learning

3.Deep Learning

4.Natural Language Processing

5.Robotic Process Automation

6.Blockchain Technology

7.Cloud Computing , this month we bring

8.Data Analytics & Cloud Computing

Chapter : 8 - Data Analytics & Cloud Computing

Cloud Computing is a technique in which a network of remote servers is hosted on the Internet, primarily *store the data*, manage the data, and process the data. However, it is not done by a local server or a personal computer. So, it doesn't require a physical server. cloud computing is the delivery of computing services including servers, storage, databases, networking, software, analytics, and intelligence over the Internet. The Cloud is scalable and flexible, which will provide security and control over data centre.

Data analytics can be defined as the application of the computer systems in the analysis of large data sets to *produce information* that support decision making. The data are evaluated, selected, visualized, analysed & are finally interpreted to derive the results. Data Analytics provides information about the data sets, identifies the underlying relations between the sets, makes assumptions, and formulates hypotheses. In data analytics, the data is measured and estimated from big data sources.

Data storage is done on cloud, and data analytics involves the extraction of data.

Thus, Cloud Computing do not dependent on data analytics whereas the data analytics depends on cloud computing for data extraction. Aside from its increased accessibility and utility, data analysis on cloud drives also exports hosting and maintaining servers, to cloud service providers. Companies can spend less money on servers and instead focus on bolstering their staff and product. Thus, cloud drives help smaller companies get into the big data game, allowing start-ups to better compete with larger organizations in their industry.

Data Analytics and Tools:

'The goal is to turn data into information and information into insight'

Data analytics involves the extraction of data using fields within the basic data structure, rather than the format of records. A simple example is Power View, an Excel tool which can filter, sort, slice and highlight data in a spreadsheet and then present it visually in variety of bubble, bar and pie charts. Microsoft Excel is a platform that will help you get better insights into your data. Being one of the most popular tools for Data Analytics, Microsoft Excel provides the users with features such as sharing workbooks, work on the latest version for real-time collaboration, and adding data to Excel directly from a photo and so on. Visualizations are as good as the data on which they are based, and the quality of the analyses thereby facilitated depends on the underlying data that must be extracted, analysed and linked in the right way.

Data analytics is broken down into four basic types.

- Descriptive analytics describes what has happened over a given period of time.
- Diagnostic analytics focuses more on why something happened.
- Predictive analytics moves to what is likely going to happen in the near term.
- Prescriptive analytics suggests a course of action.

Data analytics tools can be used in risk analysis, transaction and controls testing, analytical procedures, in support of judgements and to provide insights. Many data analytics routines can now easily be performed by auditors with little or no management involvement.

Audit data analytics involves the analysis of complete sets of data to identify anomalies and trends for further investigation, as well as to provide audit evidence. This process usually involves an analysis of entire populations of data, rather than the much more common audit approach of only examining a small sample of the data. Audit data analytics represent a significant improvement over traditional audit techniques.

Auditors can navigate much bigger external data sets much faster than before because the biggest recent advances have been in the interfaces between client and auditor systems, software and data i.e., the interfaces that facilitate data extraction. These interfaces enable auditors to run the routines not just as substantive procedures, as in the past, but earlier during the audit at the risk assessment stage in understanding processes, and in work on controls.

Computer-Aided Audit Tools & Techniques:

Data Analytics tools such as CAAT (Computer Aided Audit Tools and Techniques) have helped us **to perform audit** in an easier manner and has made establish audit trails and working paper trials making easy retrieval of data. It refers to the use of technology to help evaluate controls by extracting and eliminating relevant data. CAATs assist auditors and researchers in detecting frauds and anomalies.

Following are the objectives of using CAAT:

- Access and analyse information from different sources.
- To ensure the integrity of the actual data.
- Recording the history of procedures and analyses performed.
- Automation of the analyses.

Advantages of using CAAT:

- Faster data processing, Ease of use
- Improved efficiency and performance
- Increased credibility of the audits

Following are the most widely used computer-based programs.

- Audit Command Language (ACL): Audit Command language analytics is a data extraction & analysis software used for fraud detection and prevention, and risk management. It samples large data sets to find irregularities or patterns in transactions that could indicate control weakness or fraud.
- Caseware IDEA: Caseware IDEA is a powerful and comprehensive data analytics tool that primarily focuses on audits and allows the auditors to assess risks, gather evidence, uncover trends, and provide the intelligence needed to make informed decisions from the multiple data sources.
- Active Data: Active Data is a plug-in available for Microsoft Excel, which provides data analysis procedures. It is less expensive in comparison to the ACL and Caseware IDEA.
- Teammate Analytics: This Analytics allow the auditors to perform robust data analysis to deliver significant value to their team, their internal or external clients, and their organization as a whole.
- Picalo: Picalo is open-source software that incorporates small plug-ins to detect fraud indicators.

Cloud Computing and Cloud Analytics:

‘Cloud is about how you do computing, not where you do computing’

Cloud analytics is the use of remote public or private computing resources (cloud) **to analyze data** on demand. Cloud computing analytics helps streamline the business intelligence process of gathering, integrating, analyzing, and presenting insights to enhance business decision making. Cloud analytics works by allowing a business to **use the advanced data analytics tools** available on cloud analytics platforms to analyze vast quantities of data. Businesses can then report and store those findings for repeat use. Cloud analytics offerings are typically offered as a subscription or pay on a volume of data or query basis. Cloud analytics has proven to be a faster way to gain business-critical insight for decision making.

Cloud computing audit include the IT general controls related to organization and administrative, communication, risk assessment, monitoring activities, logical and physical access, systems operations, and change management. An auditor is free to review and require evidence for any of the controls identified within these areas to gain the required assurance that controls are designed and operate effectively.

Companies should strive to align their business objectives with Audit objectives. This'll ensure that time and resources spent will help achieve a strong internal control environment & lower the risk of qualified opinion.

Internal Audit: It is important to note that the audit approach carried out is likely to vary, depending on the scale & complexity of the service being used. Before beginning of Audit, Internal Auditor should consider:

- Is the existing audit risk assessment process flexible enough to differentiate between the range of cloud services that might be used?
- Is there a clear understanding of the difference between the organisation and the cloud, and where the technology boundary starts and stops?
- Has sufficient explanation been provided to key internal parties, including directors and the audit committee, to highlight the business reasoning or impact of cloud provision?
- How does the audit work complement the wider supplier assessments that are considering both third and fourth party risks?
- How will samples be selected and are there opportunities to employ data analytics, either via the service provider or in-house, to enable complex analysis that caters for peaks and troughs in provision?
- Are the audit teams knowledgeable about the differences in cloud computing services and do they apply the right approach to deliver effective audit coverage?
- Does the organisation's strategy for the cloud link to the overall business strategy?

Key risks and challenges:

- **Cloud security:** Security is one of the main areas of this report's focus and requires detailed knowledge. There are a broad range of security controls that need to be considered, from access control and encryption through to cyber defenses and monitoring. How the cloud service provider implements recognised security standards will also be critical to consider.
- **Operational resilience:** Effective operational resilience is necessary for maintaining service for customers in addition to meeting regulatory and legal requirements. Internal audit will need to consider the level of resilience required and how the cloud provider meets these requirements.
- **Supplier management and its role in maintaining service:** Internal auditors will need to understand how the operating model works and may use service metrics, defined KPIs and meetings with the service provider (or supplier management team) to gain a greater understanding of the cloud.
- **Governance policies and processes:** There needs to be a clear transition where the business as usual approach effectively embeds into the organisation. An organisation-wide cloud policy needs to be established. Cloud services can be procured easily and there is a risk that without the right governance organisations could lose central control of the IT being used.

- Regulatory and legal requirements: The importance of compliance Cloud provision will need to comply with both regulatory and legal requirements. This complex area is evolving. Financial regulators will be increasingly focused on the potential risk of concentration where a number of large organisations are using a small number of providers, such as Amazon, Google, IBM and Microsoft. A service failure at a large cloud service provider could result in mass disruption.

As the use of cloud technology increases, organisations will be adopting new operational models with increased automation that moves away from traditional IT management and service design. Internal audit will need to consider how it moves towards providing real time assurance.

Cloud computing will continue to transform the way organizations manage IT – increasing efficiencies while reducing costs – but there are risks. Proactively identifying and understanding relevant risks before signing a contract and committing to a cloud hosting implementation is essential for success and for ensuring both data security and adherence to compliance demands. Organizations should establish processes to routinely re-evaluate and monitor risks once the business is working in the cloud.

The Roles & Relationship between Big Data & Cloud Computing:

Cloud Computing providers often utilize a “software as a service” model to allow customers to easily process data. Typically, a console that can take in specialized commands and parameters is available, but everything can also be done from the site’s user interface. Some products that are usually part of this package include database management systems, cloud-based virtual machines and containers, identity management systems, machine learning capabilities, and more.

In turn, Big Data is often generated by large, network-based systems. It can be in either a standard or non-standard format. If the data is in a non-standard format, artificial intelligence from the Cloud Computing provider may be used in addition to machine learning to standardize the data. From there, the data can be harnessed through the Cloud Computing platform and utilized in a variety of ways. For example, it can be searched, edited, and used for future insights.

This cloud infrastructure allows for real-time processing of Big Data. It can take huge “blasts” of data from intensive systems and interpret it in real-time. Another common relationship between Big Data and Cloud Computing is that the power of the cloud allows Data analytics to occur in a fraction of the time it used to.

The internet of things is also one of the leading Technology, and it is comes with continuous innovation in real time Data Analytics and cloud computing. There are many machine-to-machine communication, data, and process occurring. We can do it easily with the help of cloud computing.

Concluding Lines:

Cloud makes the technology immersive, for good or bad. There seems to be no thin line nowadays between humans and an ever-increasing computing environment. Innumerable transactions are enabled by the cloud today. As clouds become more secure, reliable, and affordable, the use of data analytics in cloud computing will also continue to grow. It would not be unthinkable that soon all of a company's data could be saved to clouds and accessed anywhere by those in need of the information. Local servers and personal computer hard drives could give rise to all data being stored remotely in data warehouses far from the physical location of a business. While some still shudder at the potential security risks of cloud devices, likely they will become as efficient and secure as any typical drive or server.

Cloud Computing and Data Analytics have truly impacted the way organizations function and humans operate. Cloud Computing provides benefits which are applicable to all sizes of businesses and all kinds of individuals. Data is perceived as a resource and organizations are moving quickly to exploit these cloud resource. It is interesting to know that although these technologies have become mainstream, companies are still investing huge amounts in R&D. We can expect more growth of Cloud Computing and Big Data Analytics in coming years.

Statement Of Specified Financial Transactions – When To Report?

Social media and other modes of communication are presently carrying hundreds of comments and messages on what appears to me to be a completely unnecessary controversy viz. whether the Statement of Specified Financial Transactions (SFT) needs to be filed even if there is nothing to report. Instead of doing productive work, several people are spending enormous amount of time in discussing this matter and passing on messages to each other. Lets try to clear the confusion through this article.

1. **Section 285BA:** Section 285BA casts an obligation to furnish a statement of financial transaction or reportable account on certain categories of persons. Sub section (1) of this section lists down the categories of covered persons. Clause (k) of the sub section refers to “a prescribed reporting financial institution”.

The relevant section is reproduced below with certain parts highlighted to lay emphasis on the important and relevant words:

285BA. (1) Any person, being –

- (a) an assessee; or
- (b) the prescribed person in the case of an office of Government; or
- (c) a local authority or other public body or association; or
- (d) the Registrar or Sub-Registrar appointed under section 6 of the Registration Act, 1908 (16 of 1908); or
- (e) the registering authority empowered to register motor vehicles under Chapter IV of the Motor Vehicles Act, 1988 (59 of 1988) ; or
- (f) the Post Master General as referred to in clause
- (j) of section 2 of the Indian Post Office Act, 1898 (6 of 1898) ; or
- (g) the Collector referred to in clause (g) of section 3 of the Right to Fair Compensation and Transparency in Land Acquisition, Rehabilitation and Resettlement Act, 2013 (30 of 2013) ; or
- (h) the recognised stock exchange referred to in clause (f) of section 2 of the Securities Contracts (Regulation) Act, 1956 (42 of 1956) ; or
- (i) an officer of the Reserve Bank of India, constituted under section 3 of the Reserve Bank of India Act, 1934 (2 of 1934); or

(j) a depository referred to in clause (e) of sub-section (1) of section 2 of the Depositories Act, 1996 (22 of 1996) ; or

(k) a prescribed reporting financial institution,

who is responsible for registering, or, maintaining books of account or other document containing a record of any specified financial transaction or any reportable account as may be prescribed, under any law for the time being in force, shall furnish a statement in respect of such specified financial transaction or such reportable account which is registered or recorded or maintained by him and information relating to which is relevant and required for the purposes of this Act, to the income-tax authority or such other authority or agency as may be prescribed.

(2) The statement referred to in sub-section (1) shall be furnished for such period, within such time and in the form and manner, as may be prescribed.

(3) For the purposes of sub-section (1), "specified financial transaction" means any—

- (a) transaction of purchase, sale or exchange of goods or property or right or interest in a property; or
- (b) transaction for rendering any service; or
- (c) transaction under a works contract; or
- (d) transaction by way of an investment made or an expenditure incurred; or
- (e) transaction for taking or accepting any loan or deposit,

which may be prescribed :

Provided that the Board may prescribe different values for different transactions in respect of different persons having regard to the nature of such transaction:

Provided further that the value or, as the case may be, the aggregate value of such transactions during a financial year so prescribed shall not be less than fifty thousand rupees.

2. Rule 114E: Now, Rule 114E of the Income-tax Rules, 1962 is relevant for this purpose. The opening lines of this Rule are relevant. They are reproduced below with the important parts:

114E. (1) The statement of financial transaction required to be furnished under sub-section (1) of section 285BA of the Act shall be furnished in respect of a financial year in Form No. 61A and shall be verified in the manner indicated therein.

(2) The statement referred to in sub-rule (1) shall be furnished by every person mentioned in column (3) of the Table below **in respect of all the transactions of the nature and value specified in the corresponding entry in column (2) of the said Table** in

accordance with the provisions of sub-rule (3), which are registered or recorded by him on or after the 1st day of April, 2016, namely:—

In the Table given in Rule 114E, there are three columns. The first column is for serial number. The second column is for the “Nature and value of transaction” and the last column is for the “Class of persons (reporting person)”. All the entries in this table have a threshold limit. For example, entry no. 11 requires “Receipt of cash payment exceeding two lakh rupees for sale, by any person, of goods or services of any nature (other than those specified at Sl. Nos. 1 to 10 of this rule, if any.)” to be reported.

3. Conjoint reading of the section and the relevant rule:

Therefore, it is clear from the above that:

- a) Only certain specified persons are covered by the section 285BA;
- b) Only certain types of transactions which are prescribed are covered by the section 285BA;
- c) The Proviso to section 285BA gives power to the CBDT to prescribe different values for different transactions in respect of different persons having regard to the nature of such transaction;
- d) In pursuance of these powers, Rule 114E has been notified by the CBDT;
- e) In the Rule 114E, the specific transactions are prescribed and for each type of transaction, threshold limits are prescribed;
- f) As per the Rule 114E, out of the covered transactions, it is only those transactions which are in excess of the threshold limits given in Column (2) of the Table in Rule 114E which are required to be reported in the Form 61A.

Conclusion:

Based on the above, it is therefore abundantly clear that even if a person is specified in section 285BA, if that person does not have any transactions which are covered by section 285BA, that person does not need to file a Form 61A. Similarly, even if such person has entered into transactions which are covered in the section, if the threshold limit given in the Table in Rule 114E is not crossed, then too such a person is not required to file Form 61A. Therefore, in my view, the controversy that has arisen in the minds of a few people is unwarranted. As long as there are no transactions in excess of the threshold limits, filing of Form 61A under section 285BA read with Rule 114E is not mandatory.

:- Ameet N. Patel

ICAI Guidelines – COVID 19: An Analysis

In this difficult environment, each regulatory body is releasing relief measures and guidelines for easing out the impact of COVID 19. On the financial and compliance front, announcements have been flowing from the Government authorities in the form of deferment of statutory due dates or relaxation in payment terms to overcome the financial crisis being faced due to lock-down.

Institute of Chartered Accountant of India (ICAI) has come out with its guidelines for care to be taken by the PREPARER and AUDITOR of the financial statements. This guidance from the ICAI addresses the common issues which would be encountered on account of COVID 19 while preparing the financial statements and its audits and how they should be addressed. For better understanding of the quarterly and year-to date financial results, separate disclosure may be presented in financial statement for aggregate loss incurred due to COVID 19 being irregular and not ordinary in nature. I have bifurcated the guidelines for the preparers and auditors into two sections:

I. Guidelines for the PREPARER of the financial statements

A. Impact of corona virus on Financial Reporting - Assets & Liabilities

- **Inventory**

Inventories would have piled up since due to lock-down, supply chain has come to halt. Also fresh production activity is also stopped. This will require entities to examine the need to write down the inventories where the net realisable value is lower than cost price. Also the overhead costs incurred during the lock-down period cannot be loaded to the cost of inventory and will have to be charged off as expense immediately.

- **Impairment test for assets**

Reassess the need for impairment of non-financial assets like property, plant & equipments, intangibles and goodwill, considering reduced economic activity, change in financial forecast and budgeted cash flows, etc. Management will have to append the explanatory note in financial statements in regard to impairment test carried out along with sensitivity analysis.

- **Change In Useful Life Of Fixed Assets**

During lock-down the assets are not functional and kept idle. The management should reassess whether there is any change required in the useful life / residual life of such property, plant and equipment.

- **Fair value of financial assets / instruments**

Current market sentiments are not the correct representative for the market prices as at year-end. Accordingly, additional care to be taken in case of the financial assets and financial instruments which are mark-to-market price at the period end.

- **Trade receivables – Expected Credit Loss**

Year-end outstanding trade receivables would certainly rise due to liquidity constraint being faced by the customers in releasing the over-due payments. In such scenarios, management need to estimate and provide for bad debts and expected doubtful debts.

- **Leased assets**

In case of modification in lease arrangements like waiver or concession in rental payouts, financial effect needs to be factored in financial statement. Further, in case of non-cancellable lease arrangement which are onerous in nature, provision for impairment of leased assets also to be considered.

- **Capitalization of borrowing cost**

During this lock-down period, the construction projects have come to halt. In such scenario, borrowing cost incurred during such period does not form part of the cost of qualifying asset and will be charged off as expense immediately.

- **Provision for onerous contract**

There is overall disruption in supply chain baring essential items & logistic services which resulted into hike in procurement prices. Provision should be made of onerous contracts like expected loss which will be incurred to fulfill the commitment give to customer to supply the products at contract prices which are lower than the procurement prices.

- **Going concern assumption need to be reassessed by management**

The management will have to assess the impact of COVID 19 on the going concern assumption and accordingly measure its assets and liabilities. Management should include appropriate explanatory note for its impact on the financial statement as on balance sheet date and next 12 months.

- **Impact of COVID 19 on significant uncertainties**

Financial statement should include disclosure of significant recognition and measurement uncertainties that might have been emerged by the outbreak of the COVID -19 in measuring various assets and liabilities. Management should also disclose how they have dealt with the impact of COVID -19 on the financial position and financial performance of the entity.

B. Impact of coronavirus on financial reporting- Revenue & Expenses

- **Revenue recognition**

Measurement of revenue need to be reassessed considering the impact of COVID 19 on expected increase in sales return, primary and secondary discounts to liquidated the inventories, etc. Additionally, disclosure is required for revenue not recognized due to uncertainty of cash flows.

- **Recognition of insurance claims filed due to loss on account of COVID 19**

Business interruption insurance claim to be recognized as income in books only if the recovery is virtually certainty else it would be in nature of contingent nature. Disclosure of such contingent assets would be required in financial statement prepared under Indian Accounting Standard.

- **Re-measurement of deferred taxes**

Management should reassess the recognition of deferred taxes like deferred tax asset recognized on carry-forward business losses, impairment losses, deferred tax liability on distributable profits from subsidiaries, etc.

II. Guidelines for the AUDITORS of the financial statements

Impact of corona virus on audit of financial statements

- **Revision in risk assessment and materiality**

Evaluation of additional risks on account of operational disruption, contractual non-compliance, liquidity & working capital issues, possibility of fraud, etc. will require revision in risk assessment and in calculation of materiality.

- **Year-end physical verification**

Considering the lock-down, it will not be possible for the entities to conduct physical verification of inventory and cash balances as on the cutoff date of 31st March 2020. The auditor shall perform alternate audit procedures to ensure the appropriateness of the stock levels / cash balances as on the reporting date.

- **External confirmations**

Auditor shall perform alternate audit procedures if inadequate / no responses are received from external parties for balance confirmation.

- **Assessment of significant accounting estimates and assumptions**

Considering the fact that lot of estimation and assumptions will be involved for factors such as impairment of assets, provision for onerous contract, contractual penalties, etc., auditor shall be skeptical in assessment of such estimates and assumptions made by management or its expert. The auditor shall obtain written representation from the management.

- **Assessment of Going concern**

In the current pandemic of prolonged operational disruption, the financial position of the entities would have been unfavorable. Auditors' should evaluate its impact on the going concern of the entity and discuss this with those charged with governance.

- **Group audit**

In case of audit of consolidated financial statements where the component(s) auditors are located in severely affected places, the principal auditor may perform alternative methods like video conferencing, filing detailed questionnaire, etc. for conducting the audit. It shall consider the impact of COVID 19 on the financial statement of its components.

- Other reporting requirements in the audit report
- The auditor shall evaluate that whether the impact of disruption could be a Key Audit Matter (KAM).
- In regards to its responsibilities relating to other information, the auditor shall consider the disclosures made by the Company for COVID-19 risks in its financials / annual report.
- In case of reporting under Internal Financial Controls (IFC), additional considerations might be required to be considered before drawing an opinion.

Few of best Practises would be :

- Auditors should prepare a separate set of questionnaire for management to identify such risks involved in each of the critical areas and measures taken to mitigate such risks and revisit the level of materiality.
- Auditors will have to assess the risk involved in each client based on the size, volume and classification of inventory at year end. Auditors should formally communicate to the management about the alternate steps which would be taken during the course of audit and auditor's representative will not be present during the year end physical count.
- Auditor shall examine subsequent receipts / payments, underlying documents for transactions during lock-down period. Confirmations from related parties should be insisted.
- Additional precaution should be taken by the auditors and emphasis may be added in the audit report.
- Audit steps should include assessment of risk and ability of the management to fulfill its obligations / current liabilities in next 12 months.
- Early warning should be given by the component auditor to principal auditor for matter like deadlines which cannot be fulfilled, any material adjustments, etc.

Conclusion

The impact of COVID-19 on economy, financial markets and entities in particular continues to evolve. In the current phase, the management of the respective entities are taking all the precautionary steps for their 'business continuity' and assessing the impact and risk of COVID-19 on the financial position of their entity.

Further, considering the fact that role of auditors at times like this is under increased scrutiny, the auditor shall exercise a very high degree of skepticism and work in accordance with professional standards and ethics requirements. The auditor may need to significantly alter its audit procedures to address the challenges and uncertainties arising out of impact of COVID-19. However; irrespective of the challenges and uncertainties, there should not be any dilution or non-compliance with the auditing standards in carrying out the audits and they may modify the audit report if the situation demands.

:- Milan Mody

Creative Corner

Art Work's:



Sunil

WRO0617688



Karthik K

SRO0568887

Invitation:

SICASA Hyderabad inviting articles for **E-Newsletter : Edify** for the month of **July, 2021**. All the Students who wants to get featured can submit your Articles, Art-Works ,Poems, Short-Stories etc. which are related to Chartered Accountancy curriculum for our further newsletters.

Topics :

- 1. Registration of Company - Practical Approach**
- 2. Preparation of Financial Statements**
- 3. Any other related to CA Curriculum**

Send us your works on : sicasahydnewsletter@gmail.com

Last date of Submission : 15th July, 2021

Rules:

- 1.No word Limit but Articles shall be confined to Topic's Opted.**
 - 2. No Plagiarism Allowed, Content sent should be Original.**
 - 3. Send your Work to the mail allowing with the following attachments :**
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-