



# Beyond Conventional Audits

## *Opportunities for CAs*

Western India Regional

Council of ICAI

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Mumbai

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Balasubramanian



# Beyond Conventional Audits

## Conventional Audits

- Statutory Audits
- Internal Audits
- Tax Audits – companies / firms / others
- Other tax related services
- Service Tax – filing
- VAT – consulting and filing
- Company incorporation and ROC subjects
- Certification
- Other Miscellaneous services allowed by ICAI

Attestation  
Mostly  
Regulatory

# Beyond Conventional Audits



## Need for going beyond conventional Audits

Look at the Vital Statistics – West region

|               | In full time practice | Not in Practice | What's the inference |
|---------------|-----------------------|-----------------|----------------------|
| Fellow CAs    | 19109                 | 3767            |                      |
| Associate CAs | 16208                 | 45989           |                      |
| Total         | 35317                 | 49756           |                      |



# Beyond Conventional Audits

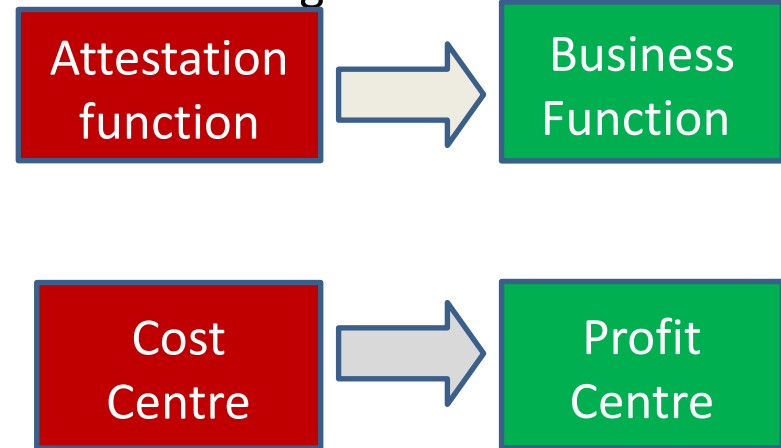
## Changing Landscape

- Statutory Audits becoming tougher with a lot more additional reporting requirements – mounting accountability
- Automated environment and ERP completely kills the regular ‘voucher audit’
- Young professionals not willing to take up career in conventional practice
- Large firms competing with mid sized firms
- Basic IT, VAT/ST and Service Tax tasks are handled by the clients on their own with little help
- Even banks are rendering free IT filing services, also certain Financial Advisory services firms render such services
- Dependency of small sized clients has its own risk

# Beyond Conventional Audits

## Shift from Attestation

- Mind set – even to move away from attestation function
- Understand specific industry needs and challenges
- Acquire skills
- Align with the right partner
- Creating the right team
- Sustenance
- Highly competitive spirit
- Long-term goals





# Beyond Conventional Audits

## Opportunities

- Assurance Services
- Accounting – end to end
- CFO services
- Consulting
- Financial Advisory Services
- Other specialized areas



# Beyond Conventional Audits

## Assurance Services

- Distribution & Retail
- HR
- Projects
- Data Security and IT assurance
- Quality control and environmental performance
- Risk management
- Contract Management – shareholders/services/suppliers



# Beyond Conventional Audits

## Supply Chain – assurance services

**Applicability – any company that's into distribution / franchising**

Retail displays &  
Planogram  
Assets  
Schemes

Appointment  
Inventory  
SOPs  
Payments

Appointment  
Stocks  
Schemes  
Market Returns  
Financial & operational  
efficiency

Appointment  
Stocks  
Schemes  
Periodical  
review





# Beyond Conventional Audits

Distribution & Retail – assurance services

Applicable Industries

- FMCG
- Retail
- Pharmaceutical
- Cement / Paint / Chemicals
- Automobile
- Consumer Durables including mobile

# Beyond Conventional Audits

## Relevance for Assurance Services

- Materiality of financial implication
- Build operational efficiency
- Adherence to best practices
- Regulatory adherences
- Growing need on governance
- Scaling up business
- Independent assurance service providers
- Inability to handle internally

An orange callout bubble with a blue outline, containing text about the FMCG industry. It is connected to the main content area by a blue line that tapers to a point.

FMCG – 4th largest industry in India. Industry size expected to grow to \$75 billion by 2018 from the current \$45 billion

A purple callout bubble with a blue outline, containing text about the retail industry. It is connected to the main content area by a blue line that tapers to a point.

Retail industry to move from \$600 B to \$1.3 trillion by 2020. Organized retail today has just 10%

# Beyond Conventional Audits

## Accounting Services

- ✓ End to end accounting and reporting functions
- ✓ Financial Accounting and MIS
- ✓ Filing of all regulatory returns
- ✓ Audit co-ordination
- ✓ Multiple reconciliation tasks
- ✓ Accounts payable and other claims processing
- ✓ Data Analytics
- ✓ Could be an off-site on-site model





# Beyond Conventional Audits

## Outsourced CFO

### Services may include

- Sounding board to the CEO / founders
- Setting up governance standards

Ideal for mid-sized companies    Emerging trend    Long conversion cycle    High end service

- Business Plans

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- Periodical review



# Beyond Conventional Audits

## Consulting

- Business Process
- Business Plans
- Strategic consulting
- Information Technology / ERP
- Accounting System & Financial reporting
- Mergers / Acquisitions
- Human capital management



# Beyond Conventional Audits

## Others

- Financial Advisory Services
- Forensic audit
- Actuary – actuarial services
- Information security audit specialization
- Excise
- GST
- New emerging areas – CSR, Smart Cities, Start-up ventures etc
- Other Highly Specialized Services



# Beyond Conventional Audits

## Recommendation

- Have a few bouquet of services, preferably related ones
- Specialize in one or more services – need to have a leadership position
- Keep close watch on what is happening to the industries serviced by you
- Promote and create visibility – subject to regulatory restrictions
- Try to extend the services to all companies in the relevant industries
- Create a scale and derisk
- Technology is the lifeblood – maximize
- Ensure business continuity
- Create a good team



# Beyond Conventional Audits

A Big thanks for the invitation

A bigger thanks to the audience

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