

Financial Reporting: Material Account Balance (Balance Sheet)/Class of Transactions (Income Statement)/Disclosure — Risk Control Matrix (RCM)

Serial No.	Area	Sub Area	Assertion Name — Relevant Assertion at the Period-End									Identification of Risk of Material Misstatement ("What Could Go Wrong")	Significant Findings or Issues?	Risk of Material Misstatement Due to Fraud?	Reasons for classifying into Significant or Normal Risk				Classification of Inherent Risk (Normal, Significant)
			Existence	Rights and Obligations	Completeness	Valuation and Allocation	Occurrence	Accuracy	Cutoff	Classification	Understandability	Risk Description			The transaction is complicated	Application of professional judgment is high	Transaction is outside normal course of business	Significant or new accounting pronouncements	
Explanations to Column Heading			(Refer Sheet 'Assertions') (Refer IG 11.5)									Identification of Risk that could result in Material Misstatement. (Refer Para 100)	Issues that require review by manager/partner.	The presumed risks due to fraud are revenue recognition and management override of controls. If there is a fraud risk, the risk should be classified as Significant. (Refer IG 19.15)	If answer to any of the above reasons is "Yes" it is to be classified as significant risk. (Refer column 'Classification of Inherent Risk')				Deciding the significance of risk from auditor's perspective. Always significant if there is a risk of fraud. (Refer IG 13.10)
				Note 2															
	Col. 1	Col. 2	Col. 3	4A	4B	4C	4D	4E	4F	4G	4H	4I			Col. 5	Col. 6	Col. 7	8A	8B
1	Financial Reporting	Preparation of Financial Statements	X	X	X	X	X			X	X	Financial statements (i.e. Balance Sheet, Statement of Profit and Loss and Cash Flow Statements along with the notes and disclosures) are not in accordance with Schedule III to the Companies Act, 2013, applicable Accounting Standards and any other reporting requirements. (Financial)	No	No	No	No	Yes, As there was a change in the schedule III (MSME Creditor)	Significant	
2	Financial Reporting	Defining the Financial Closing and Reporting Process	X	X	X	X	X			X	X	Roles and responsibilities in the financial closing and reporting process are not clearly defined, or Individuals in financial reporting roles do not have the necessary understanding of the organisation's operations and appropriate accounting knowledge to properly perform their assigned	No	No	No	No	No	Normal	
3	Financial Reporting	Alternative accounting treatments	X	X	X	X	X			X	X	When alternative accounting treatments are available for a significant event or transaction, the decisions on which treatments to select are not documented, approved by management, and are not communicated to the audit committee. (Financial)	No	No	No	Yes	No	No	Significant
4	Financial Reporting	User profile on ERP System	X	X	X	X	X			X	X	User profiles (on ERP system) are not maintained to ensure that appropriate individuals have access to financial reporting process. (Financial)	No	No	No	No	No	No	Normal

Risk Associated with the Control (Not Higher, Higher)	Control That Addresses Risk of Material Misstatement — Control Name	Control Design Conclusion (Effective, Ineffective)	ICQ for substantive procedure	Yes/ No/ Not Applicable	Remarks, if any	Control Implementation Conclusion (Implemented, Not Implemented)	Control Conclusion (Effective, Ineffective)	OE
Risk that a control might not be effective and, if not effective there is a risk that material misstatement would result. (Refer IG 13.7, 13.8 & 13.9)	Controls in the entity to mitigate the risk of material misstatement. (Refer Para 107)	After evaluating of control design (Process flows and SOPs), whether the same is effective or ineffective? (Refer IG 11)	Questionnaire for answering whether the control is implemented and operating effectively or not?		Basis to support answers to ICQs for substantive procedures, if required.	Whether the control is in place or not? Implantation need not be tested if design is ineffective.	Whether the implementation of control is as per the design (Process flows and SOPs)? (Refer IG 13)	
Note 7	Note 8							
Col. 10	Col. 11	Col. 12	Col. 13	Col. 14	Col. 15	Col. 16	Col. 17	
Not Higher	a. •Knowledgeable personnel (Manager - Accounts) prepares financial statements based on Schedule III to the Companies Act, 2013, applicable Accounting Standards and any other reporting requirements. •The above prepared financials are reviewed by DGM - Accounts and •Chief Financial Officer. (Preventative)	Effective The review of work of the Manager Accounts is done by the DGM- Accounts and CFO thus if any adherence to Schedule III of Companies Act,2013 is missed, it is noted and the professional judgement of	Whether the personnel involved in the process is knowledgeable?	Yes	Manager Accounts and DGM - Accounts, involved in the process are competent Chartered Accountants having	Implemented	Effective	
Not Higher			Whether the personnel involved in the process is knowledgeable? Whether the groupings and disclosures in the financials are as per Schedule III to the Companies Act, 2013? Whether such financials are prepared and reviewed as described?	Yes Yes Yes		Implemented	Effective	
Not Higher			Whether any case for opinion seen? Whether any documents available for discussion about unusual transactions?	Yes No		Implemented	Effective	
Not Higher			Whether there is a system of authentication to ensure restricted access to the system? Whether access to employees is given according to their job requirements?	Yes Yes		Implemented	Effective	

Control Operating Effectiveness Testing Strategy (Test in Current Period, Using Prior Period Evidence, OE Testing Not Required)	Control Year Last Tested	Operating Frequency (Annually, Six Monthly, Quarterly, Monthly, Weekly, Daily, Many Times per Day, As Needed)	Control Automated?	Is IPE Used in Testing or Performing a Relevant Control?	List IPE	Application System	Testing Reference — IPE	Reference to Evaluation of D&I
(Refer column 'List IPE')	If major changes have taken place the auditor must test the controls in current year. If no major changes have taken place, the auditor must test the controls at	(Refer IG 11.8, 13.9 & 13.16)	(Refer IG 7)	(Refer IG 8)	IPE includes Process flows, SOPs, Workings, Ledgers or other system generated reports and other documents obtained from the entity. (Refer IG 8)	Examples include, SAP, Tally, RAMCO, TIM, etc. (Refer IG 7)	Reference to workings and documents taken on file.	Reference to other workings and papers on file for evaluation of the Process flow and SOPs.
Note 11	Note 12	Note 13		Note 14		Note 15	Note 16	Note 18
Col. 18	Col. 19	Col. 20	Col. 21	Col. 22	Col. 23	Col. 24	Col. 25	Col. 26
Test in Current Period	2015-16	Annually	No	Yes	1. Financial statements of the entity for Financial Year: 2014-15	None	Review of financial statements	Evaluation of Process for Financial Reporting at period end
Test in Current Period	2015-16	Annually	No	Yes	1. Financial statements of the entity for Financial Year: 2014-15	None	Review of financial statements	Evaluation of Process for Financial Reporting at period end
Test in Current Period	2015-16	As Needed	No	Yes	1. Case for Opinion	None	Case for Opinion	Evaluation of Process for Financial Reporting at period end
Test in Current Period	2015-16	As Needed	No	Yes	1. Screenshot of user IDsERP System-Finance Module	Screenshot of User ID	Evaluation of Process for Financial Reporting at period end

Planned Nature, Timing, and Extent of Procedures to Evaluate Operating Effectiveness (OE) of Controls	Testing Reference — OE	Findings and Observations (None Noted,
Timing and Extent of check has been mentioned with the documents. (Refer IG 13.27, 13.28 & 13.29)	Reference to workings and documents taken on file.	
Note 19	Note 20	Note 21
Col. 27	Col. 28	Col. 29
1. Inquiries 2. Inspection	Review of financial statements	None Noted
1. Inquiries 2. Inspection	Review of financial statements	None Noted
1. Inquiries 2. Inspection	Case for Opinion	None Noted
1. Inquiries 2. Observation	Screenshot of User ID	None Noted