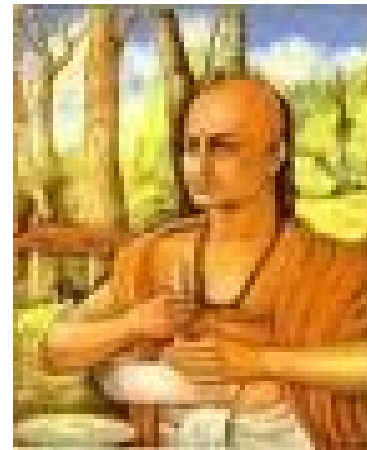


# Internal Controls Over Financial Reporting (ICOFR)



control

# Early History of Auditing : INDIA



**Vishnugupta Kautilya – better known as Chanakya first introduced concept of auditing in his book - Arthaniti**

**Birbal – A great auditor for Emperor Akbar. Gave him facts and solutions on several complex matters with desired evidence.**



# requirements

## Companies Act 1956

- does not expressly state the requirement of internal audit
- But has parked in Companies (Auditor's Report) Order, 2003 (CARO) and has also a specific requirement to comment on internal control.

## Companies Act 2013

- under section 138 has an expressly stated appointment of internal auditor for better internal control and corporate governance.

Further Companies Act 2013 also requires the below mentioned stakeholders to comment on adequacy on internal control of the organization

### Auditors

- Section 143(3): The auditor's report shall state whether the company has adequate internal financial controls system in place and the operating effectiveness of such controls.

### Directors

- Section 134(5)(e) of the 2013 Act, requires the directors' responsibility statement of listed companies to specifically assert on adequacy and operating effectiveness of internal financial controls.

### Audit Committee

- Section 177(4): Every Audit Committee shall act in accordance with the terms of reference specified in writing by the Board which shall, *inter alia*, include evaluation of internal financial controls and risk management systems.

### Independent Directors

- Section 149 (8) :Code for Independent Directors has one of its Roles and Function that the independent directors shall satisfy themselves on the integrity of financial information and that financial controls and the systems of risk management are robust and defensible

# scope and responsibility

## Board

### Scope:

- **Listed companies** – Adequacy and operating effectiveness of internal financial controls
- **Unlisted companies** - Adequacy of internal controls over financial reporting

### Responsibilities:

- Laydown adequate and effective internal financial control and include in Directors' responsibility statement
- Independent Directors' to satisfy themselves on the strength of financial controls

## Audit Committee

### Responsibilities:

- Evaluate internal financial control system
- Review Auditor's comment / observation on internal financial controls before submission to Board
- Discuss issue with management or internal/statutory auditors
- Investigate and seek external professional advice

## Auditor

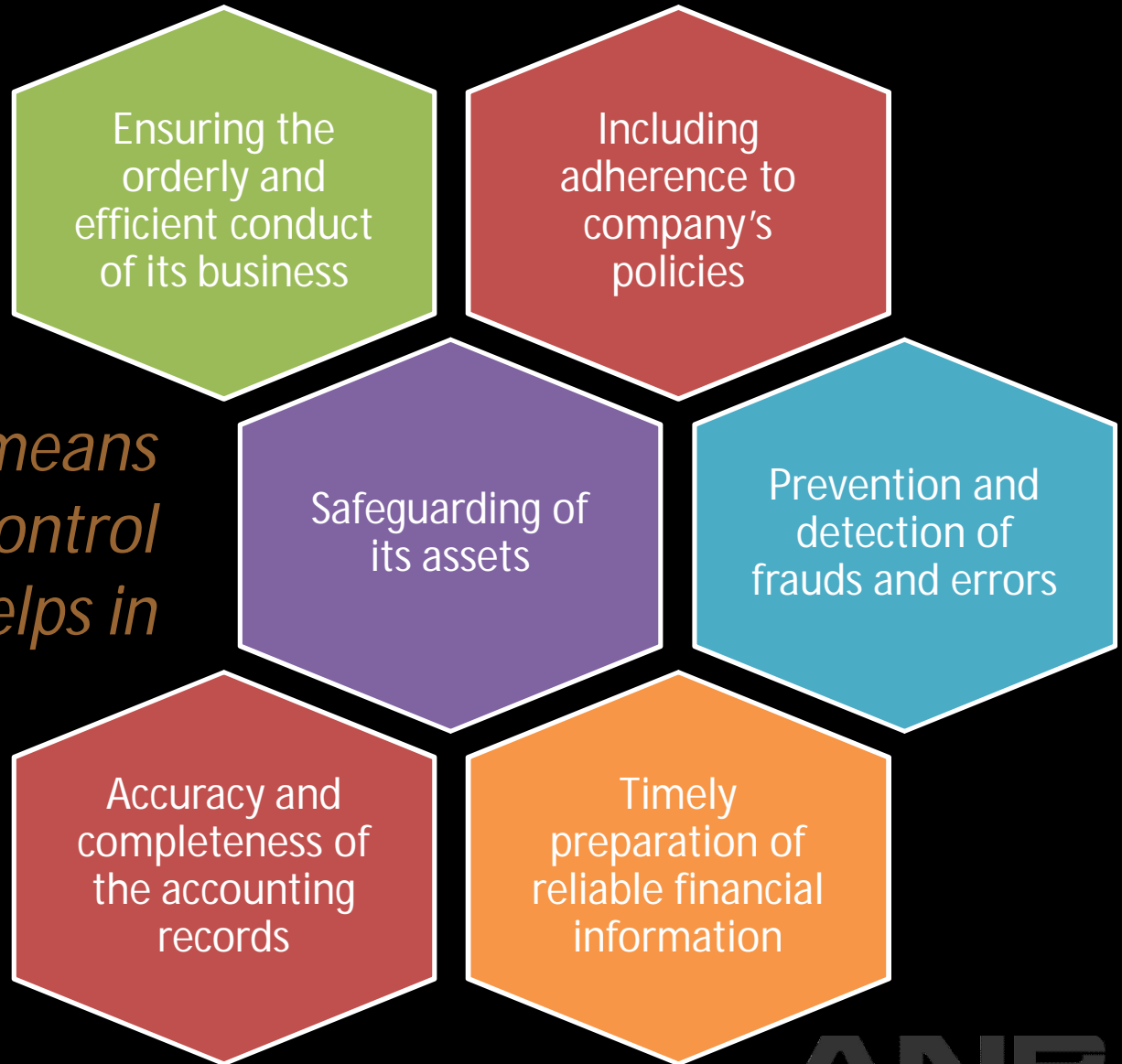
### Responsibilities:

- Report on adequacy and operating effectiveness of internal financial controls system over financial reporting

# introduction

*ICOFR is one element of the broader concept of internal control*

*ICOFR means any control which helps in*



# CARO v/s IFC

- The scope for reporting on internal financial controls is significantly larger and wider than the reporting on internal controls under the Companies (Auditor's Report) Order, 2015 ("CARO").
- Under CARO, the reporting on internal controls
  - Is limited to the adequacy of controls over purchase of inventory and fixed assets and sale of goods and services.
  - Does not require reporting on all controls relating to financial reporting and
  - Does not require reporting on the "adequacy and operating effectiveness" of such controls.
- Ref: **Guidance Note on Audit of Internal Financial Controls Over Financial Reporting**  
© The Institute of Chartered Accountants of India Guidelines

# Internal control v/s. Internal Financial Control

Definition components	Per Standards of Auditing 315 -Internal control by ICAI	Per explanation to Sec 134(5)( e ) - Internal financial control in Companies Act 2013
1. Reliability of financial reporting	X	
1A. Accuracy and completeness of accounting records and timely preparation of reliable financial information		X
2. Effectiveness and efficiency of operations	X	
2A . Orderly and efficient conduct of business including adherence to company's policies		X
3. Safeguarding of assets	X	X
4. Compliance with applicable laws and regulations	X	
5. Prevention and detection of frauds and errors		X

# reporting

- Reporting on internal financial controls over financial reporting will not be applicable with respect to interim financial statements, such as quarterly or half-yearly financial statements, unless such reporting is required under any other law or regulation.

Ref: Guidance Note on Audit of Internal Financial Controls Over Financial Reporting

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# reporting

- The auditor, while commenting on the clause, makes an assessment whether the major weakness noted by him has been corrected by the management as at the balance sheet date.
- If the auditor is of the opinion that the weakness has not been corrected, then the auditor should report the fact while commenting upon the clause.”
- Accordingly, the auditor should report if the company has adequate internal control systems in place and whether they were operating effectively as at the balance sheet date.

Ref: Guidance Note on Audit of Internal Financial Controls Over Financial Reporting

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# reporting

- Section 129(4) of the 2013 Act states that the provisions of the 2013 Act applicable to the preparation, adoption and audit of the financial statements of a holding company shall, mutatis mutandis, apply to the consolidated financial statements.

Ref: Guidance Note on Audit of Internal Financial Controls Over Financial Reporting  
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# reporting

- The auditor's opinion does not assure the future viability of the entity nor the efficiency or effectiveness with which the Management conducted the affairs of the entity

Ref: Guidance Note on Audit of Internal Financial Controls Over Financial Reporting  
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# benefits

**ICOFR can provide the reader of financial statements with:**

- Assurance that financial statements fairly reflect all financial transactions;
- Assurance that all transactions are recorded in accordance with applicable policies, directives and standards;
- Assurance that transactions are carried out in accordance with delegated authorities;
- Assurance that financial resources are safeguarded against material loss due to waste, abuse, mismanagement, errors, fraud, omissions and other irregularities;



**ANB**

# adoption of frameworks

The **Companies Act 2013 does not specify or recommend** any framework that may be considered by companies when they establish their internal financial control.

To state whether a set of financial statement present a true and fair view, it is essential to check and benchmark financial statements for compliance with a framework and the generally accepted accounting principles such as IFRS, US GAAP etc..

Similarly to assess and report on adequacy and compliance of the system of internal control, **it is essential that the management adopts one or a combination of frameworks** of internal controls.

**Following are few commonly applied framework:**

- COSO (USA)- 98% of US listed companies use this
- COCO (CANADA) (Criteria of Control) 20 controls in four areas : purpose, commitment, capability monitoring and learning.
- TURNBULL REPORT (UK) have good internal controls/audits to ensure quality of financial reporting and catch frauds



# essential components of internal controls

A company **may adopt any of the commonly applied frameworks or establish a framework of its own**. Pending issuance or recommendation of a framework by the Ministry of Corporate Affairs (MCA), in case a company choose to establish and internal control framework of its own, it should **ensure that the framework addresses the following essential components of internal controls**:

Control  
Environment

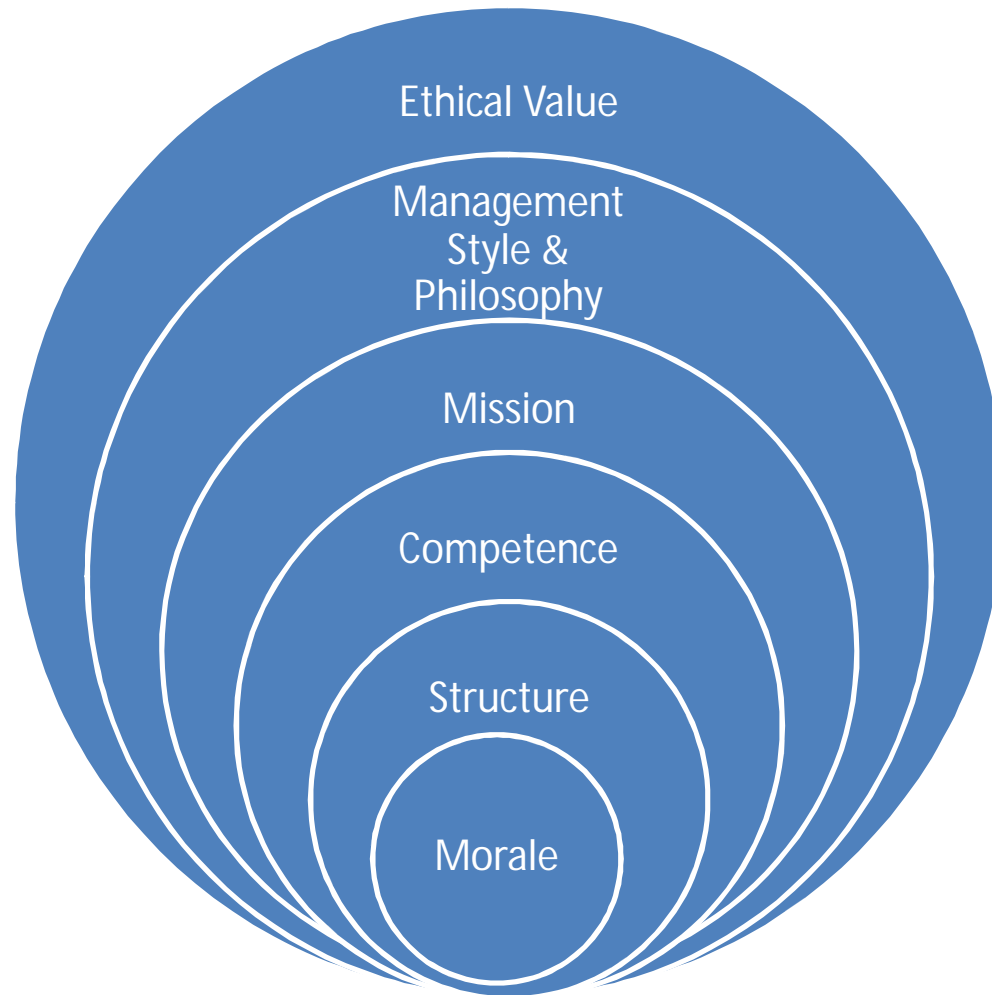
Risk  
Assessment

Control  
Activities

Information  
&  
Communication

Monitoring  
activities

# control environment

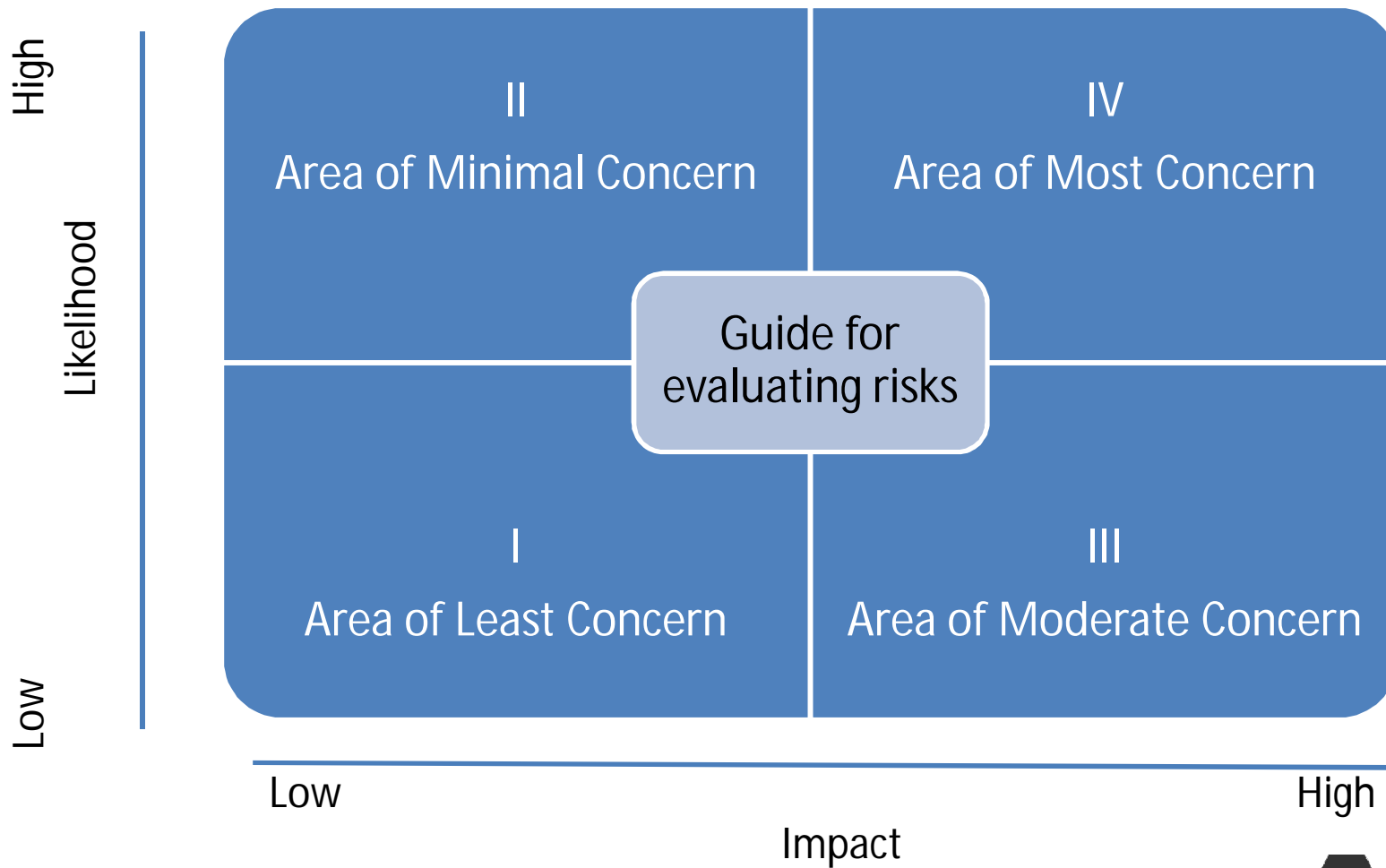


# risk assessment

- Assess and Manage risks
  - Assess Type of Risk
    - Internal and External Risks
  - Manage Risks
    - Prevent risk
    - Accept risk
    - Reduce risks to acceptable risk
    - Avoid risk



# Guide for evaluating risk



# control activities

Automated

Manual

Preventive

Detective

# examples of control activities

- Documentation
- Approval and authorization
- Verification
- Supervision
- Separation of duties
- Safeguarding of assets
- Reporting
- Information System Controls
  - General IT controls
  - Application Controls
  - Backup and disaster recovery

# monitoring

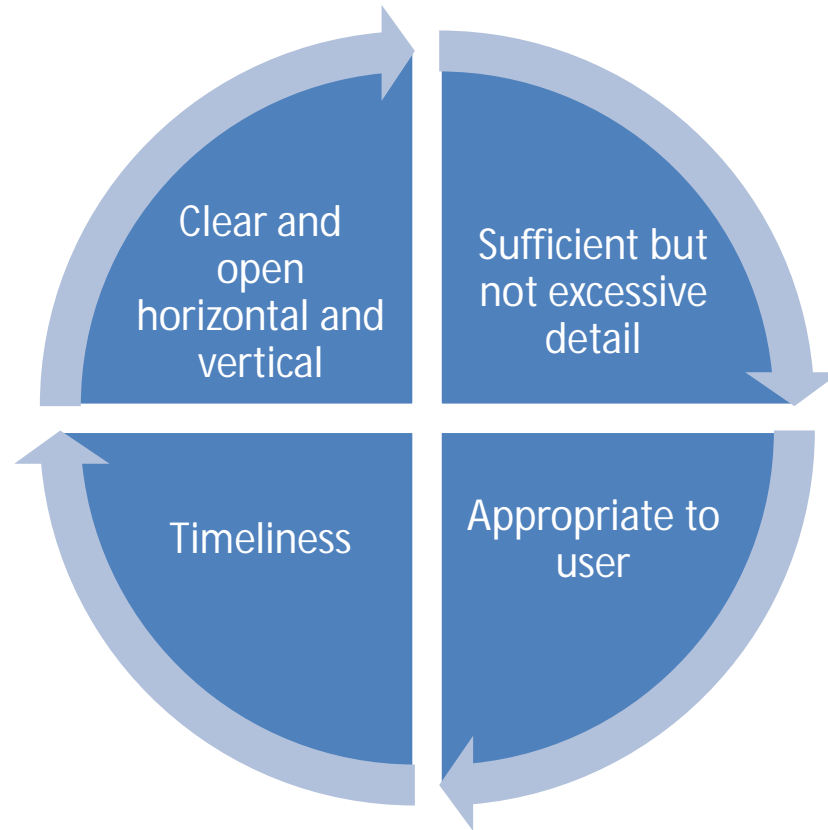
- Monitoring is review of an organization's activities and transactions to assess the quality of performance over time and to determine whether controls are effective.

- Major areas:

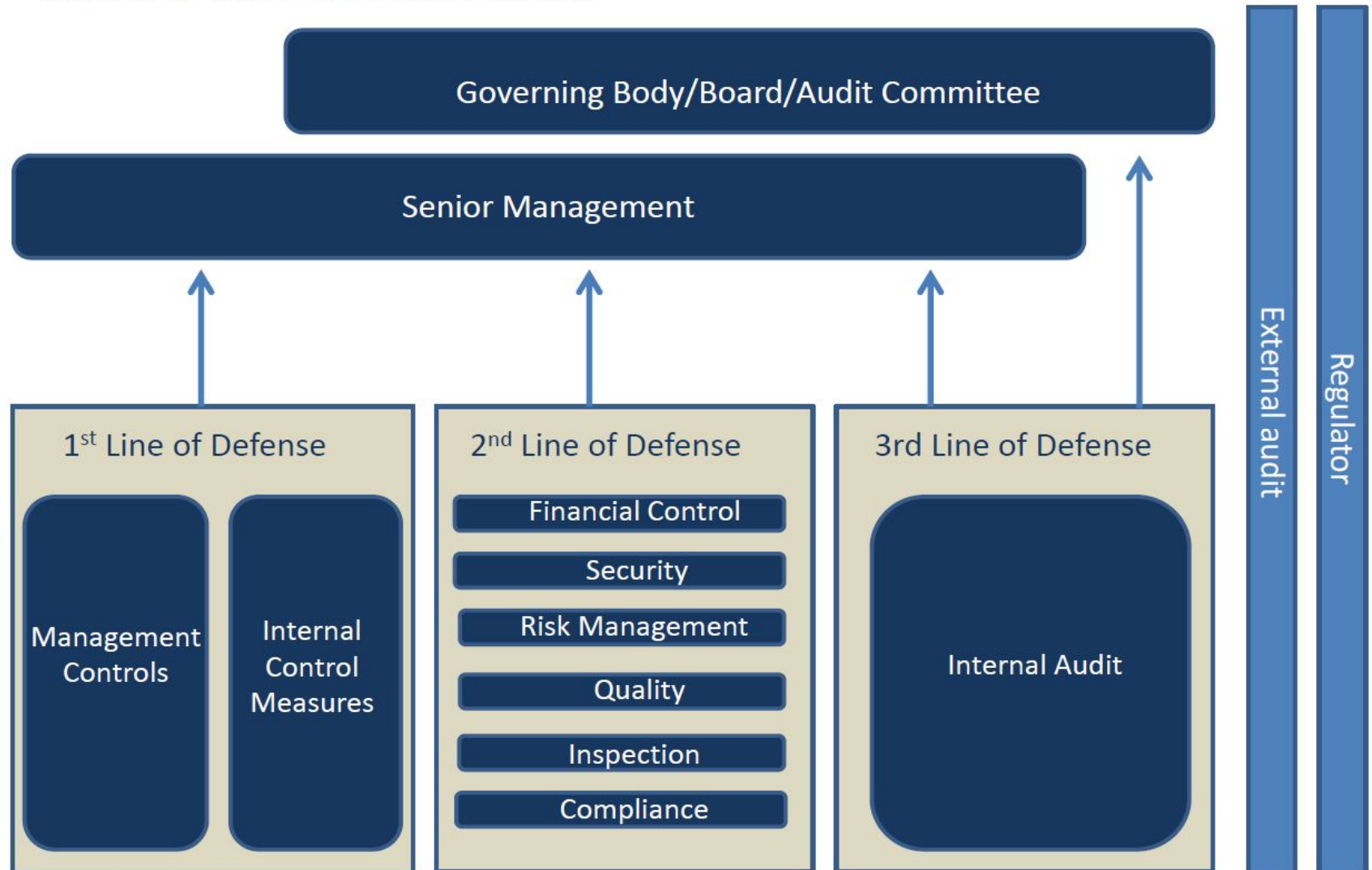


# communication

- Elements of communication



## The Three Lines of Defense Model



# overview

## Activities



- Establishment of Entity level controls
- Establishment of Process level controls
- Establishment of IT controls
- Establishment of Fraud Mitigation controls
- Testing and validation of controls

## Value to be derived



- Formal and Periodic monitoring system around Internal Financial Controls
- List of Inadequate and less efficient controls
- Analysis of high risk process areas
- Analysis of Red flag areas
- Assurance on adequacy and operational efficiency of Internal Financial Controls

## Users



- Process owners and HODs
- Internal Audit
- Directors/Audit Committee



# planning

- Auditor is required to:
  - Establish an overall strategy that sets scope, timing and direction of audit.
- It involves:
  - Identification of significant account balances
  - Identification of risk of material mis-statements
  - Identification and understanding of significant flow of transactions
  - Identification of controls



# design and implementation

Testing of Design effectiveness of controls by determining whether:

- the company's controls, if they are operated as prescribed by persons possessing the necessary authority and competence to perform the control effectively,
- satisfy the company's control objectives and
- can effectively prevent or detect errors or fraud that could result in material misstatements in financial statements

# reporting

Where there are deficiencies that individually or in combination result in one or more material weakness:

*The auditor should evaluate need to express a modified opinion i.e. qualified or averse on the company's IFC – FR, unless there is restriction on scope of the engagement.*

# limitations

- Internal controls are driven by cost benefit analysis
- Frauds and collusions cannot be ruled out however strong the controls
- Internal controls are designed for standard transactions. But innovative products are designed and launched even before systems and processes are put in place
- Management overrule processes while dealing with crisis which then sometimes become a practice. Exceptions become a rule.

# ANB @ ICOFR



# approach

## Using financial statement and COSO's framework as base



### Testing the "As Is" Control Environment

- Discussion with Management
- Auditors report
- Regulatory Bodies if any



### Risk Assessment

- Mapping of Financials to the business & its operation
- Conducting process walkthroughs
- Assessing type of risk and its impact.



### What are the organization controls?

Mapping of existing controls against risk identified. i.e. Entity level controls, process level controls and technology controls



### Information & Communication systems

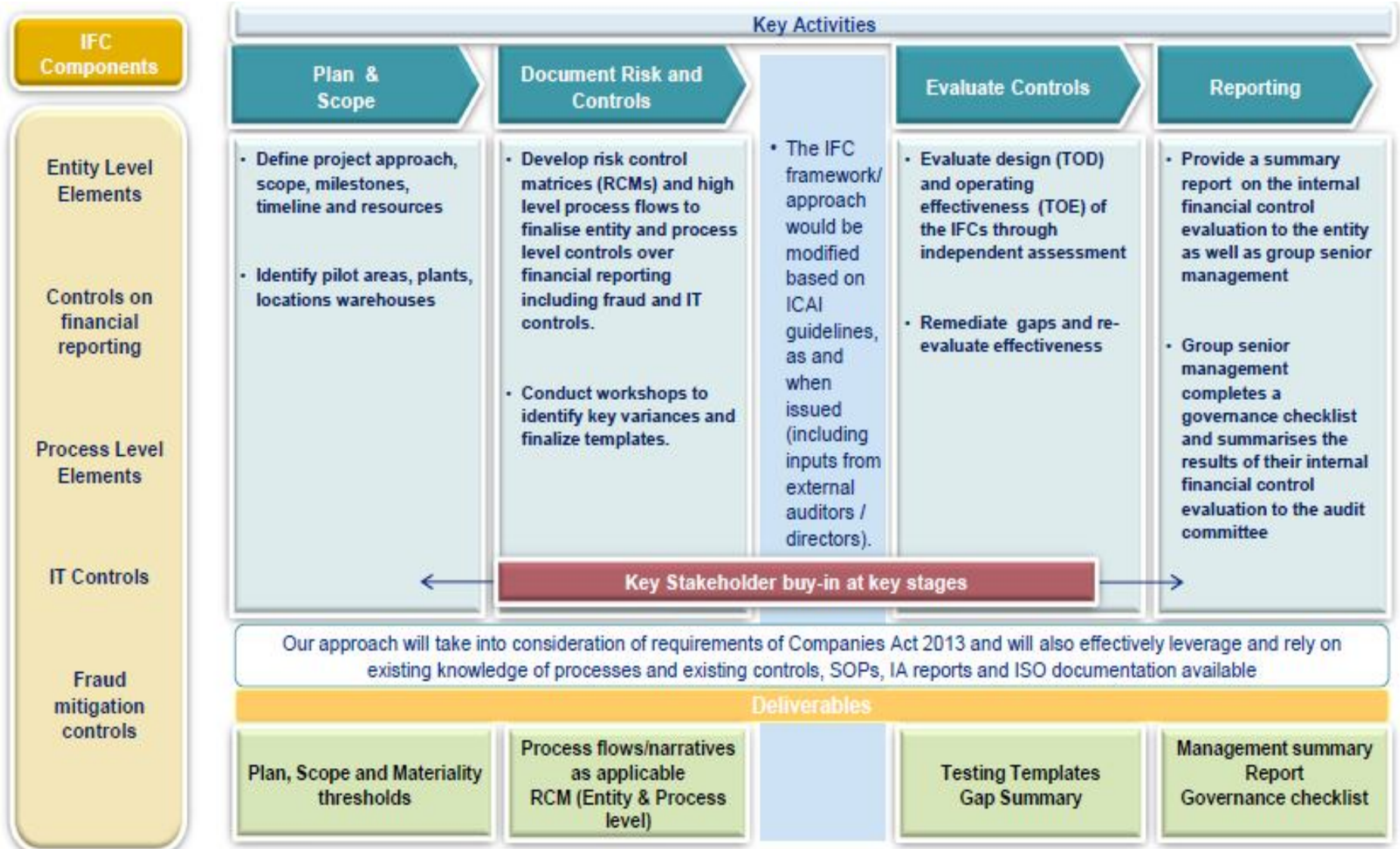
Identifying, classifying and disseminating information in the form & timeframe that makes it relevant, sufficient to enable effective decision making and mitigating possible losses



### Monitoring

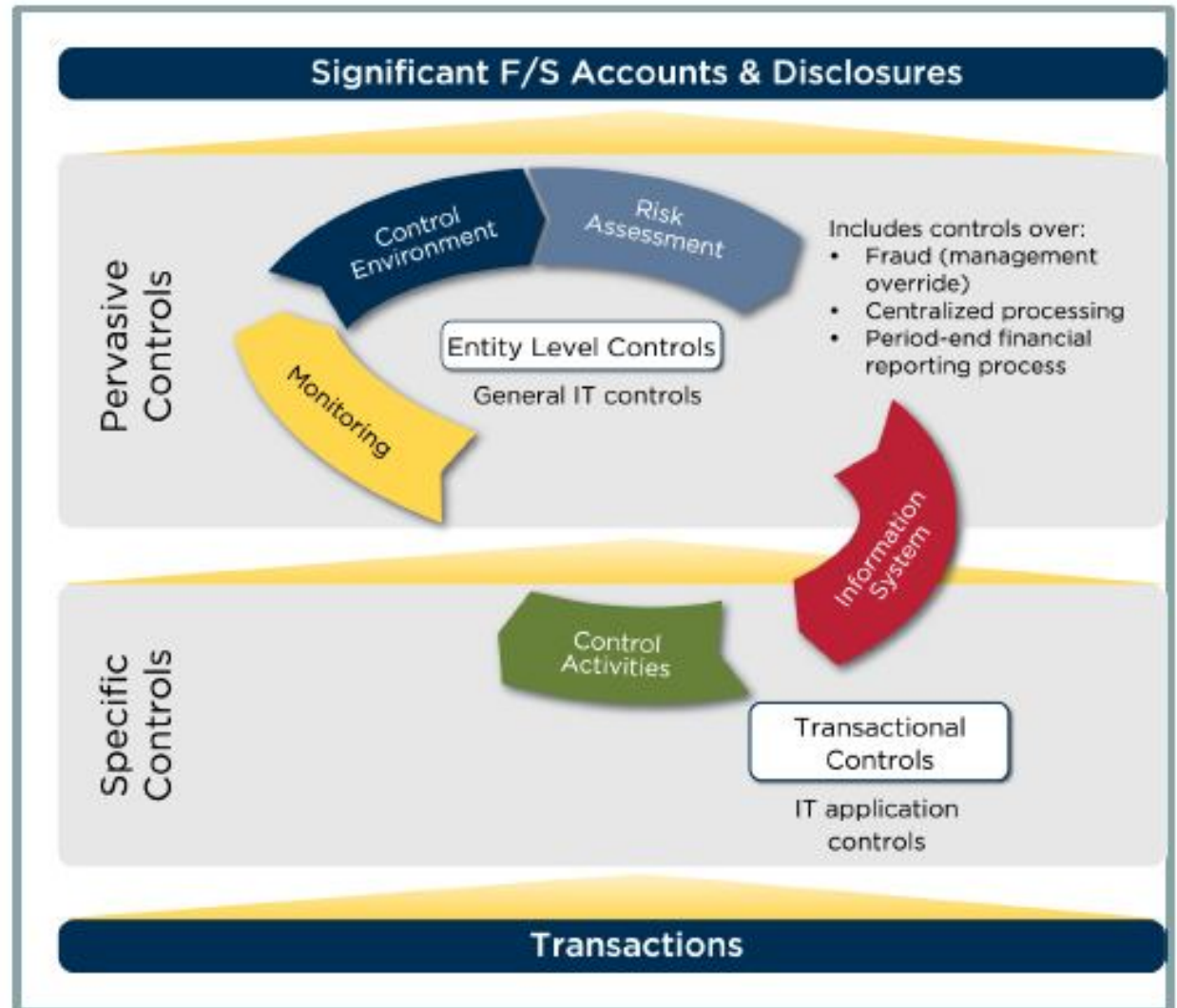
Ascertaining whether components of internal control are present and functioning

# methodology



# internal control over financial reporting

- Pervasive are often called entity level controls
- Specific are often called business process or application controls

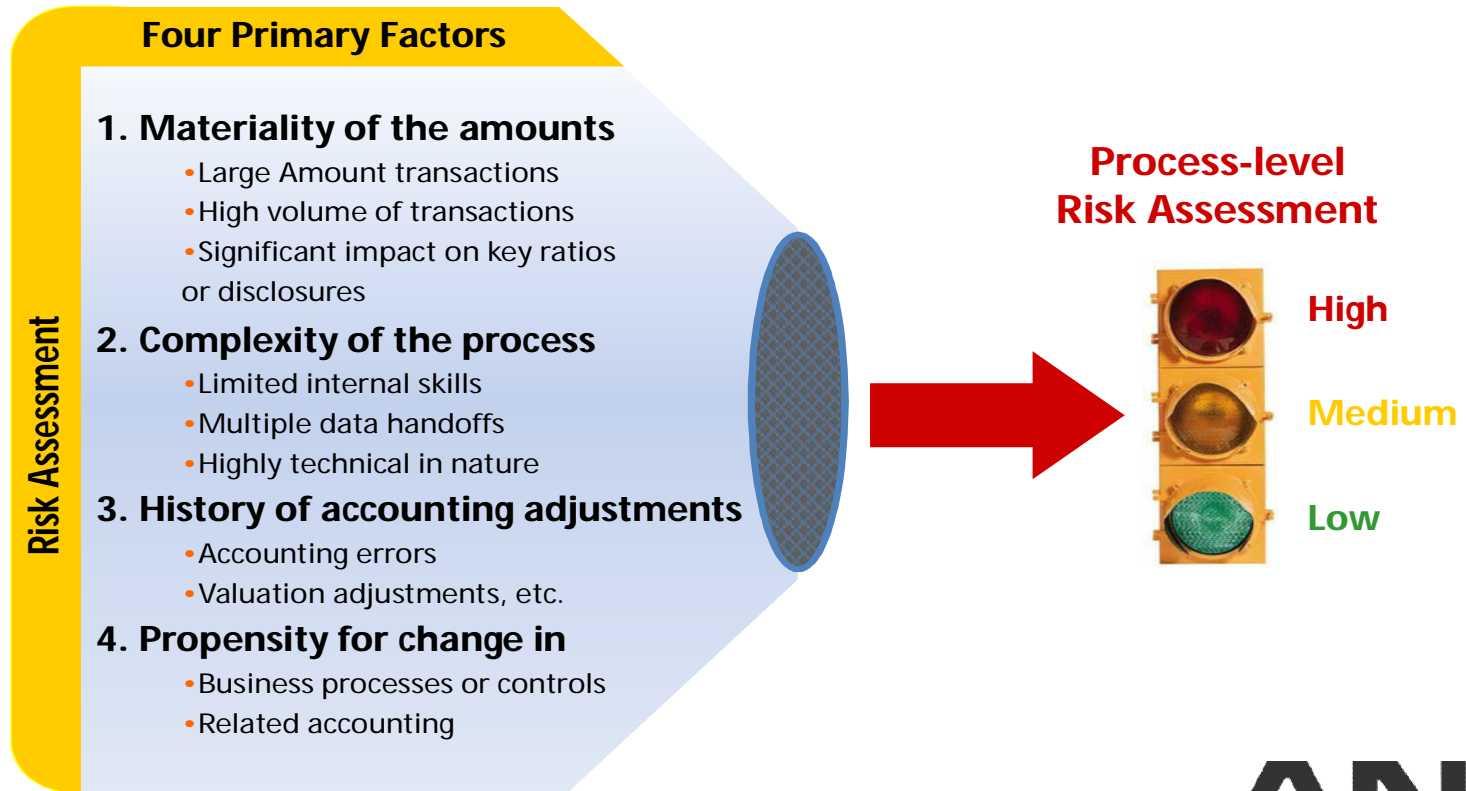


# risk assessment

**ELC**

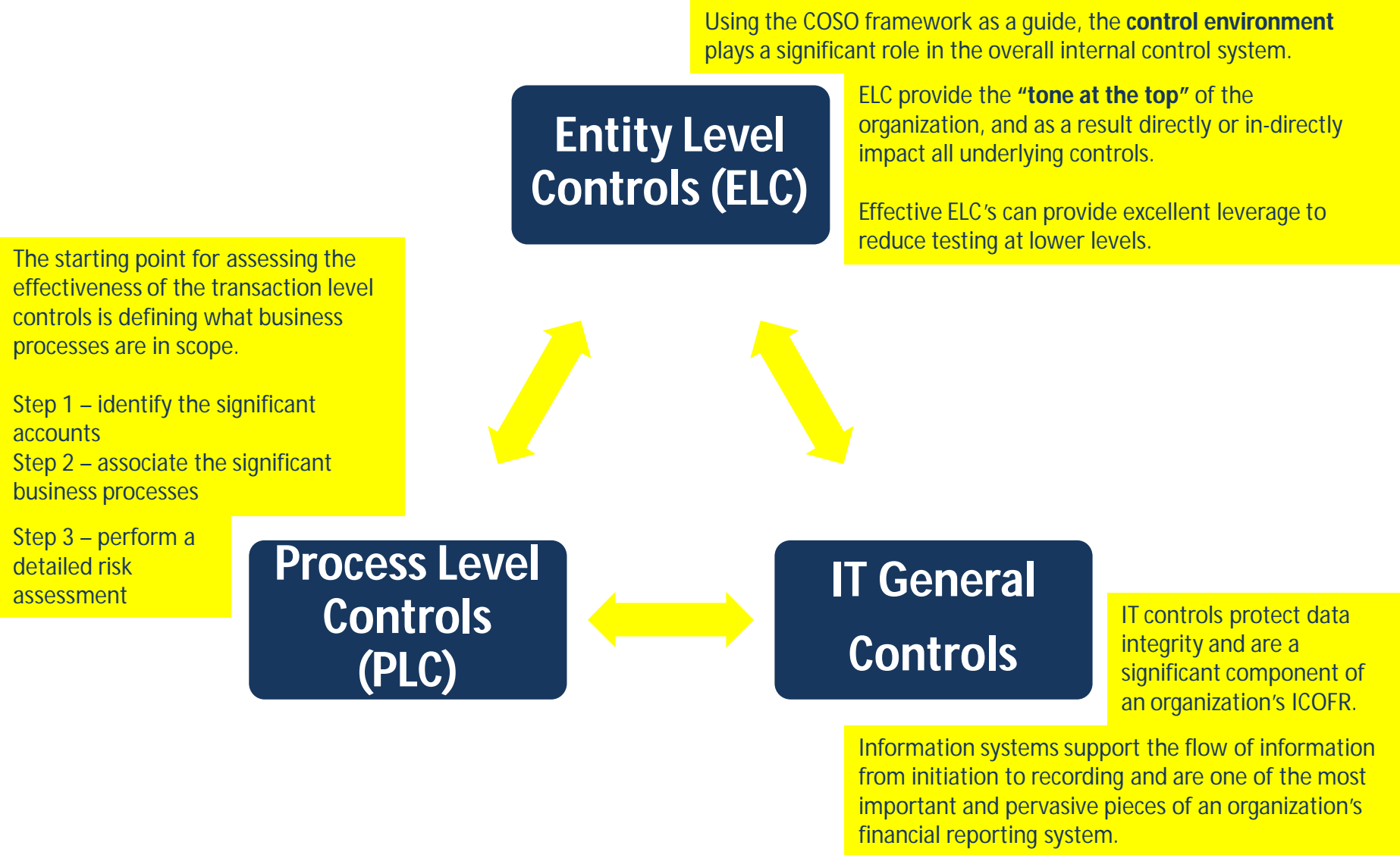
Review of Control environment to assess "tone at the top"				
Board			Senior Management	
commitment to integrity and ethical values	oversight	Structure, authority and responsibility	commitment to competence	Enforces accountability

**PLC**





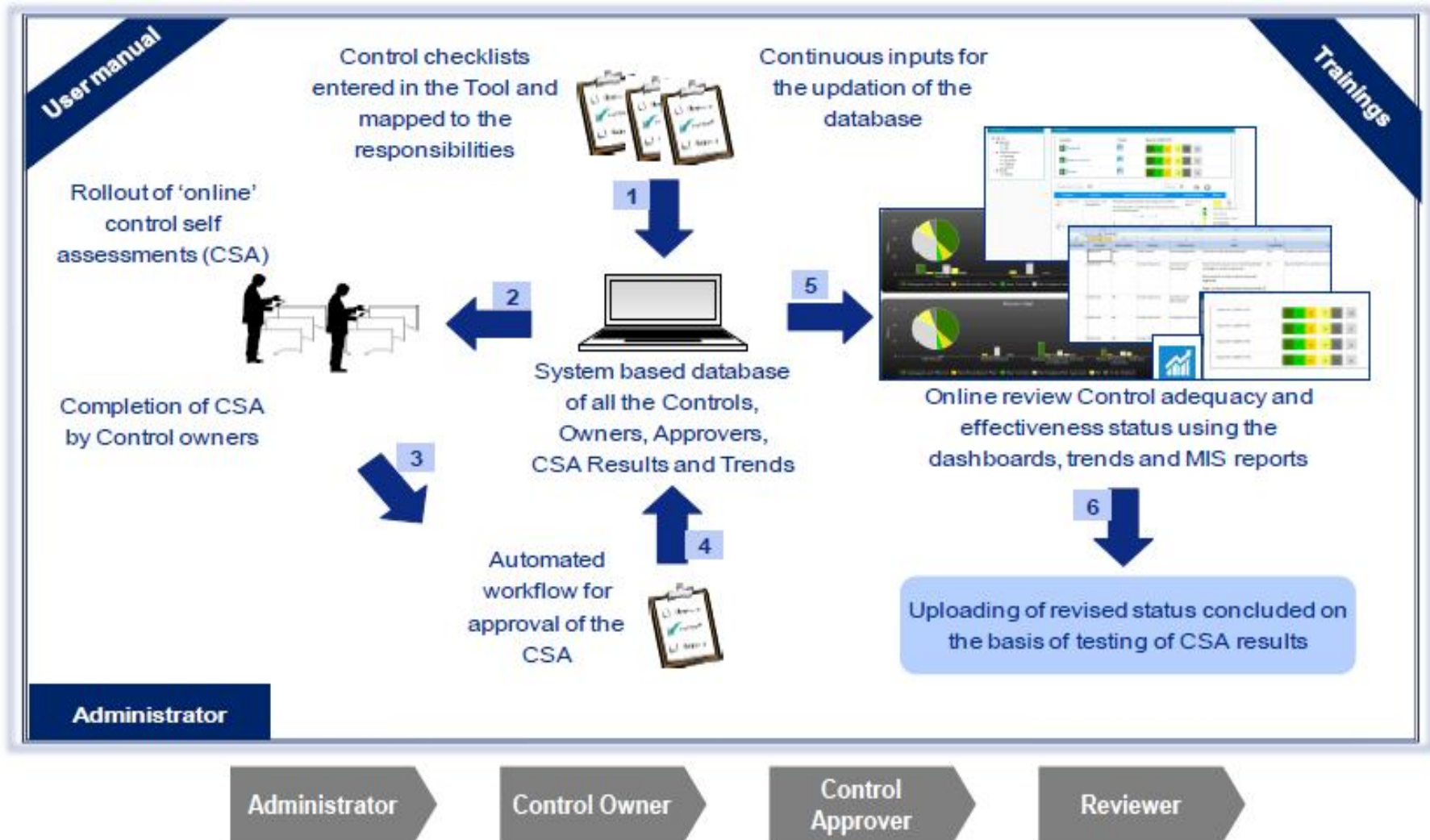
# control activities



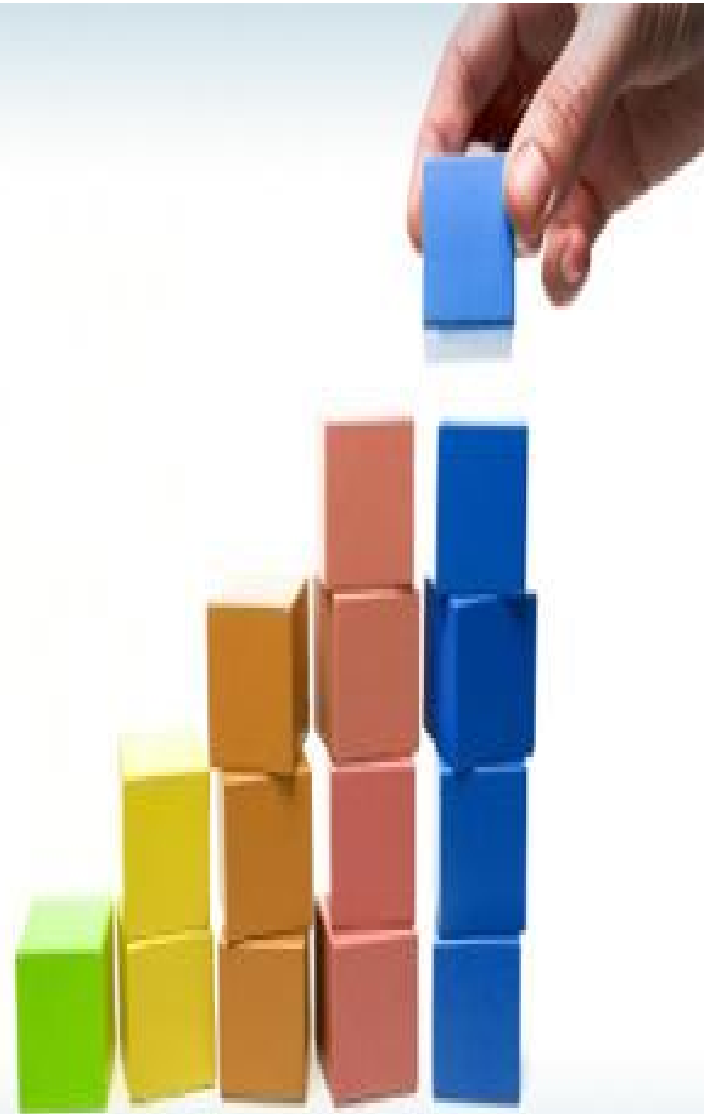
# monitoring

- The goal is to evaluate the consistency of control operation.
- Controls are tested based on the frequency of performance (daily, weekly, monthly, quarterly, annually)
- Test samples are not selected based on materiality

# automation



# Case Study



# ELC

SR. No	COSO Principles	COSO - Point of Focus	Control Objective	Control Activity	Documents / Evidence
1.	The organization demonstrates a commitment to integrity and ethical values	<ul style="list-style-type: none"> <li>• Sets the tone at top</li> </ul>	<ul style="list-style-type: none"> <li>• Management maintains an approved code of conduct ("CoC") and other policies regarding acceptable business practices, conflicts of interest and expected standards of ethical behavior.</li> </ul>	<ul style="list-style-type: none"> <li>• The Company has in place the following approved Codes of Conduct, which are posted on Company's intranet:</li> <li>• Code of Conduct (for employees and the Executive Director); and</li> <li>• Code of Conduct for Non-Executive Directors</li> <li>• CoC gives a reference to ethical standards expected from employees</li> </ul>	<ul style="list-style-type: none"> <li>• Code of Conduct</li> <li>• Code of Conduct for Non Executive Directors</li> <li>• Minutes of meeting</li> </ul>
2.a		<ul style="list-style-type: none"> <li>• Establishes standards of conduct</li> </ul>	<ul style="list-style-type: none"> <li>• Management maintains an approved code of conduct ("CoC") and other policies regarding acceptable business practices, conflicts of interest and expected standards of ethical behavior.</li> </ul>	<ul style="list-style-type: none"> <li>• The Company has in place the following approved Codes of Conduct, which are posted on Company's intranet:</li> <li>• Code of Conduct (for employees and the Executive Director); and</li> <li>• Code of Conduct for Non-Executive Directors</li> <li>• CoC gives a reference to ethical standards expected from employees</li> </ul>	<ul style="list-style-type: none"> <li>• Code of Conduct</li> <li>• Code of Conduct for Non Executive Directors</li> <li>• Minutes of meeting</li> </ul>

# ELC – contd.

SR. No	COSO Principles	COSO - Point of Focus	Control Objective	Control Activity	Documents / Evidence
2.b		<ul style="list-style-type: none"> <li>Establishes standards of conduct</li> </ul>	<ul style="list-style-type: none"> <li>There is a means for employees to communicate upstream, anonymously if so desired, other than through a direct supervisor.</li> </ul>	<ul style="list-style-type: none"> <li>Whistle Blower Policy which defines mechanism for directors and employees of the Company to report any actual or potential violation of the CoC is approved by Board of Directors</li> </ul>	<ul style="list-style-type: none"> <li>Whistle Blower Policy</li> </ul>
3.a		<ul style="list-style-type: none"> <li>Evaluates adherence to standards of conduct</li> </ul>	<ul style="list-style-type: none"> <li>Employees are aware of and understand the policies regarding acceptable behavior and what to do when they encounter improper behavior.</li> </ul>	<ul style="list-style-type: none"> <li>Code of Conduct is made available on the Intranet of the Company at all times and is accessible to all employees of the Company.</li> <li>The Whistle Blower Policy is also posted on the Intranet.</li> <li>All the directors and employees are required to complete a web-based learning on ethics and compliance to this learning module is monitored by Chief Ethics Counsellor</li> </ul>	<ul style="list-style-type: none"> <li>Code of Conduct</li> <li>Whistle Blower Policy</li> </ul>
3.b			<ul style="list-style-type: none"> <li>The importance of high ethics and controls is discussed with newly hired employees through orientations or interviews.</li> </ul>	<ul style="list-style-type: none"> <li>All new employees are assigned to the 'Code of Conduct' online tool and all the ethics policies are shared with them.</li> </ul>	<ul style="list-style-type: none"> <li>Ethics Update</li> </ul>

# ELC – contd.

SR. No	COSO Principles	COSO - Point of Focus	Control Objective	Control Activity	Documents / Evidence
4.a		<ul style="list-style-type: none"> <li>Addresses deviations in a timely manner</li> </ul>	<ul style="list-style-type: none"> <li>Management has laid down oversight responsibility to address reported deviations</li> </ul>	<ul style="list-style-type: none"> <li>The Whistle Blower Policy defines the oversight responsibility of Ethics Counsellor / Chairman of the Audit Committee to present the report to the Audit Committee on a periodic basis.</li> </ul>	<ul style="list-style-type: none"> <li>Whistle Blower Policy</li> </ul>
4.b			<ul style="list-style-type: none"> <li>The audit committee (or other committee) specifically addresses management's adherence to the company's established code of conduct.</li> </ul>	<ul style="list-style-type: none"> <li>Chief Ethics Counsellor reports to the Ethics and Compliance Committee for all the cases reported, status of these cases and outcome from investigation. Ethics and Compliance Committee on a periodic basis presents to the Audit Committee a summary on cases reported, status of these cases and outcome from investigation</li> </ul>	<ul style="list-style-type: none"> <li>Minutes of the meeting</li> </ul>

# ELC – contd.

SR. No	COSO Principles	COSO - Point of Focus	Control Objective	Control Activity	Documents / Evidence
1.	The organization communicates with external parties regarding matters affecting the functioning of internal control.	<ul style="list-style-type: none"> <li>Communicates to external parties</li> <li>Enables inbound communications</li> <li>Provides separate communication lines</li> </ul>	<ul style="list-style-type: none"> <li>There is a means for third parties to be informed and to communicate financial reporting issues, anonymously if so desired.</li> </ul>	<ul style="list-style-type: none"> <li>The Company on a periodic basis conducts classroom trainings for Vendors, Channel Partners, Associates on ethical standards to be observed in dealing with or on behalf of the Company and also on the reporting mechanism if any unethical behavior is noted.</li> </ul>	<ul style="list-style-type: none"> <li>Code of Conduct</li> <li>status of Ethics and trainings</li> <li>Sample training deck</li> </ul>
2.		<ul style="list-style-type: none"> <li>Communicates with the board of directors</li> </ul>	<ul style="list-style-type: none"> <li>The audit committee (or other committee) specifically addresses management's adherence to the company's established code of conduct.</li> </ul>	<ul style="list-style-type: none"> <li>Chief Ethics Counsellor reports to the Ethics and Compliance Committee for all the cases reported, status of these cases and outcome from investigation. Ethics and Compliance Committee on a periodic basis presents to the Audit Committee a summary on cases reported, status of these cases and outcome from investigation</li> </ul>	<ul style="list-style-type: none"> <li>Minutes of the meeting</li> </ul>



# PLC

## Identification of significant accounts

74% of total expenses

### Statement of Profit and Loss

Particulars	Note	in ₹ crore	
		Year ended March 31,	
		2014	2013
Income from software services and products	2.16	44,341	36,765
Other income	2.17	2,576	2,215
Total revenue		46,917	38,980
Expenses			
Employee benefit expenses	2.18	24,350	19,932
Deferred consideration pertaining to acquisition	2.10.1	228	85
Cost of technical sub-contractors	2.18	2,596	1,731
Travel expenses	2.18	1,287	1,281
Cost of software packages and others	2.18	920	734
Communication expenses	2.18	329	289
Professional charges		474	504
Depreciation and amortization expense	2.8	1,101	956
Other expenses	2.18	1,630	1,194
Total expenses		32,915	26,706
PROFIT BEFORE EXCEPTIONAL ITEM AND TAX		14,002	12,274
Dividend income	2.36	-	83
PROFIT BEFORE TAX		14,002	12,357
Tax expense			
Current tax	2.19	4,063	3,361
Deferred tax	2.19	(255)	(120)
PROFIT FOR THE PERIOD		10,194	9,116

### Balance Sheet

Particulars	Note	in ₹ crore	
		As at March 31,	
		2014	2013
<b>EQUITY AND LIABILITIES</b>			
<b>SHAREHOLDERS' FUNDS</b>			
Share capital	2.1	286	287
Reserves and surplus	2.2	41,806	35,772
		42,092	36,059
<b>NON-CURRENT LIABILITIES</b>			
Deferred tax liabilities (net)	2.3	-	56
Other long-term liabilities	2.4	364	120
		364	176
<b>CURRENT LIABILITIES</b>			
Trade payables	2.5	68	178
Other current liabilities	2.6	4,071	2,827
Short-term provisions	2.7	6,117	3,788
		10,256	6,793
		52,712	43,028
<b>ASSETS</b>			
<b>NON-CURRENT ASSETS</b>			
Fixed assets			
Tangible assets	2.8	5,719	4,425
Intangible assets	2.8	13	28
Capital work-in-progress		954	1,135
		6,686	5,588
Non-current investments	2.10	3,968	2,764
Deferred tax assets (net)	2.3	542	378
Long-term loans and advances	2.11	2,227	1,529
Other non-current assets	2.12	52	31
		13,475	10,290
<b>CURRENT ASSETS</b>			
Current investments	2.10	2,749	1,580
Trade receivables	2.13	7,336	6,365
Cash and cash equivalents	2.14	24,100	20,401
Short-term loans and advances	2.15	5,052	4,392
		39,237	32,738
		52,712	43,028
<b>SIGNIFICANT ACCOUNTING POLICIES</b>			
	1		

Trial Balance		Rs. In Crs	
Particulars	Debit	Credit	
<b>Employees Cost</b>	24350		
Salaries Expenses	22065		
Company's cont to PF	150		
Reimbursement Account	356		
House Rent Allowance	686		
Leave Encashment	1093		
Conveyance Account	2215		
<b>Other Current Liabilities</b>			
Salary Payable Control account		4071	
<b>Cash &amp; Cash equivalent</b>	24100.00		
Bank Account	24100.00		

Accounts affecting payroll

# PLC

## Processes Impacting Payroll accounting



### Employee Master Register

- Entry in Payroll master after completion of Probation Period.
- Other Benefits to employee as per eligibility



### Appointment letter

- Process of recruitment
- Issue of appointment letter
- Maker-Checker methodology



### Statutory Deduction

- Checking of Process of Calculation of Tax of employee after considering Investment declaration/ Proofs.
- Deduction of PT, PF, ESIC etc.



### Resignation of employee

- Process of relieving employee
- Serving of notice period
- Settlement of account



**Payroll**  
management  
system



### Increment/ Bonus

- Process of Increments i.e. performance appraisal, Self appraisal.

# PLC

SR. No	Sub Process	Risk Description	Control Description	COSO component & Principles	Documents / Evidence required
1.	Inputs for Payroll Processing	<ul style="list-style-type: none"> <li>Salary not processed for eligible employees</li> <li>Incorrect salary paid to transferred / promoted employees</li> <li>Advances not recovered / incorrectly recovered from employees</li> </ul>	<ul style="list-style-type: none"> <li>All inputs from circle are updated in employee master by HR Team via tickets.</li> <li>All transfers and promotions are effected in system by HR itself</li> <li>Respective department give inputs to payroll team for updation of recovery amount in SAP which is subsequently validated in salary register.</li> </ul>	Control activities <ul style="list-style-type: none"> <li>Deploys through policies and procedures</li> </ul>	<ul style="list-style-type: none"> <li>Employee master maintained by HR team</li> <li>Evidence from the payroll input file validating the computation of salary of an employee</li> <li>Evidence of amount recovered employee where it was recoverable basis inputs given by respective dept. with payroll team.</li> </ul>
2.	Inputs for Payroll Processing	<ul style="list-style-type: none"> <li>Unauthorized changes in inputs provided by circle for payroll processing</li> <li>Inadequate bifurcation of departments</li> <li>No mapping of departments to employee budgets</li> </ul>	<ul style="list-style-type: none"> <li>All changes are updated based on tickets raised by circle and same is confirmed by HR SSC by closing tickets with relevant remarks.</li> <li>Mapping of departments to employee budgets is handled by business finance using cost center data.</li> <li>The CC data is updated on a annual basis based on which employee mapping is done.</li> </ul>	Control activities <ul style="list-style-type: none"> <li>Deploys through policies and procedures</li> </ul>	<ul style="list-style-type: none"> <li>Sample tickets raised for change of payroll data along with details on ticket closure, remarks etc.</li> <li>CC data to validate department and employee budgets mapping</li> </ul>

# PLC

SR. No	Sub Process	Risk Description	Control Description	COSO component & Principles	Documents / Evidence required
3.	Accounting entries for salary payouts	<ul style="list-style-type: none"> <li>Incorrect accounting entries for booking payroll cost, advance payments, advance recoveries and other elements of payroll</li> </ul>	<ul style="list-style-type: none"> <li>Accounting entries posted are automated basis the payroll data uploaded by HR</li> </ul>	Control activities <ul style="list-style-type: none"> <li>Selects and develops control activities</li> </ul>	<ul style="list-style-type: none"> <li>Summary of Payroll cost for a sample month</li> <li>Evidence of posting of same in SAP (Screenshot from SAP)</li> </ul>
4.	FNF Settlement	<ul style="list-style-type: none"> <li>Incorrect FNF payout</li> <li>Non - recovery of dues/ loan from terminating employees</li> </ul>	<ul style="list-style-type: none"> <li>The process of providing No-Due Certificate (NDC) is now completely automated. Once all the process owners approve the NDC for an employee, the final payout file is uploaded in the system for confirmation of the relevant employee.</li> <li>Once employee confirms the payout computation, the F&amp;F payment is sent for processing as per agreed timelines.</li> </ul>	Monitoring <ul style="list-style-type: none"> <li>Selects, develops and performs ongoing and separate evaluations</li> </ul>	<ul style="list-style-type: none"> <li>Sample NDC for a resigned employee.</li> <li>Evidence of verification of FNF calculation by HR SSC team &amp; confirmation sent to payroll team.</li> <li>Evidence of payments / recoveries made based on HR SSC inputs</li> </ul>

# PLC

SR. No	Sub Process	Risk Description	Control Description	COSO component & Principles	Documents / Evidence required
5.	Validation of the salary data (to be uploaded) v/s Salary register & upload of the file.	<ul style="list-style-type: none"> <li>Inaccurate salary processed / inaccurate payout to employees</li> </ul>	<ul style="list-style-type: none"> <li>Payroll team performs reconciliation of salary as per salary register v/s bank transfer file prior to seeking approval for payment.</li> <li>Bank details are updated in SAP as part of employee master by HR SSC.</li> <li>Any changes / modifications are done based on employee confirmation. Further, employees themselves can also change bank details of their own account.</li> </ul>	Control activities <ul style="list-style-type: none"> <li>Selects and develops control activities</li> </ul>	<ul style="list-style-type: none"> <li>Reconciliation of Salary as per register with salary payable as per bank register file.</li> <li>Bank master file updated in SAP by HR SSC.</li> <li>Evidence of any changes made to bank master duly authorized &amp; approved by employee &amp; HR head.</li> <li>Evidence of any change to bank master by employee using his login credentials</li> </ul>
6.	Increment	<ul style="list-style-type: none"> <li>What ensures that any change in annual salary increments are correctly updated in the payroll system?</li> <li>What ensures that any change in Salary Increment is appropriately approved?</li> </ul>	<ul style="list-style-type: none"> <li>All the increments are now managed through a completely automated system (OIA). Once the business approves increments, HR updates individual wise increment details in the IOA system. The access to OIA is with 2 designated individuals only. OIA is then linked SAP through which the final payout file is generated</li> </ul>	Control activities <ul style="list-style-type: none"> <li>Selects and develops control activities</li> </ul>	<ul style="list-style-type: none"> <li>Details of increment computed and paid for one sample employee.</li> </ul>

# PLC

SR. No	Sub Process	Risk Description	Control Description	COSO component & Principles	Documents / Evidence required
7.	Payroll payment	<ul style="list-style-type: none"> <li>What ensures that fictitious or duplicate employee records are not created?</li> </ul>	<ul style="list-style-type: none"> <li>Adequate controls are built into the recruitment system (Insta HR) and duplication check is done by the system in the PAN number, name, mobile number, email id etc.</li> </ul>	Control activities <ul style="list-style-type: none"> <li>Selects and develops control activities</li> </ul>	<ul style="list-style-type: none"> <li>List of duplicate employee alarms raised by the system</li> </ul>
8.	Employee Master	<ul style="list-style-type: none"> <li>What ensures that Invalid changes to the Employee Master don't go undetected?</li> </ul>	<ul style="list-style-type: none"> <li>Employee master will need a change whenever there is a organizational announcement (realignment), separation or transfer.</li> <li>Separation process is handled through the automated NDC process that links with HR system</li> <li>Organization realignment related cases are highlighted to HR by the business and upon relevant business approvals, a mass update is done in the HR system to reflect the correct mapping between employee &amp; the reporting manager</li> <li>Transfer cases are handled through the e-Transfer application. Here are details are auto updated as part of the transfer process in the HR system.</li> </ul>	Control activities <ul style="list-style-type: none"> <li>Selects and develops control activities</li> </ul>	<ul style="list-style-type: none"> <li>Details of increment computed and paid for one sample employee.</li> </ul>

# Thank you

sustainability is embedded in everything we do, including client services, employee relations and local community links.

