

GUWAHATI@ICAI



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COVER HEADLINES

Chairman Speaks	1
Editor's Desk	2
Article	3
Guwahati Branch Activities	6
ICAI Important Announcements	8
Managing Committee	9
Keep in touch	10

Chairman Speaks...



Dear Esteemed Professional Colleagues,

While accepting any professional assignment, the scope of work should be well defined and time-frame of deliverables should be fixed. Also, considering the intricate work that we handle, we can always agree to review the terms and professional fees after some progress in work has been achieved. It is better to discuss and fix up a schedule for payment of professional fees.

The above goes a long way in ensuring transparency in the minds of both the client and the professional.

With no extensions of various deadlines, we are almost coming to a close of all professional assignment for the financial year ended 31st March 2022. This allows us the liberty of getting few moments for ourselves so that we can do some learning on par with our continuing professional education.

Seizing this opportunity, the CPE Committee of the Branch, under the able guidance of the CPE Committee of ICAI, is hosting a 2-day National Conference of Chartered Accountants "*Pratibaddhata: Committed to Excellence*" in Guwahati on 16th & 17th of December, 2022.

We will have four technical sessions, one each on Direct Tax, Indirect Tax, Corporate Law and a Panel Discussion on the Changing Landscape of Investigations in Economic Offences. Besides, a Cultural Evening for the registered member-delegates and their spouses will be held in the evening of 16th Dec, 2022.

I urge the esteemed members to kindly register for the event at Online Payment Gateway : bit.ly/3X4RnWv

Regards,

CA. Gaurab Garodia
Chairman

Editor's Desk...

Dear Professional Colleagues and Friends,

The month of October flourished by with festivals of Navratri and Diwali!

And yet again, like every year, we are heading towards the year end for another year to begin!

While most of us are in a 'relaxed mode' after successfully undergoing the pressures of earlier due dates, we must again gear up for the upcoming GST Annual Returns & Reconciliation. Also, this year, the last date to file the Income Tax Returns is December last instead of March end. We need to plan for that and simultaneously enjoy our time upskilling ourselves, pursuing our hobbies, and honing our fitness.

Keeping my message brief, I would conclude by urging all members to actively participate in all the activities with full spirit and effervescence. I earnestly request everyone to cultivate the habit of reading along with attending the CPE seminars and group discussions.

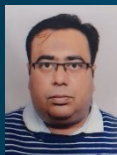
And yes, do keep writing articles and send them to us. Your writing endeavours will adorn our newsletter with knowledge.

My best wishes to everyone. May the cold winter bring its warm wonders!

Regards,
CA. Saurav Somani
Editor



Article



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Using the work of an Auditor's Expert

An expert is a person, firm or other association of persons possessing special skills, knowledge and experience in a particular field other than accounting and auditing. There can be four types of such experts:-

- Engaged by the client
- Engaged by the auditor
- Employee of the client
- Employee of the Auditor

Even if an expert is employed by the auditor while using his work it should not be used as work done by auditor's assistant, rather it should be tested as work done by an expert.

ISA 500, Audit Evidence, stipulates that if the information to be used as evidence has been prepared using the work of a management's expert then:

- Evaluate the competence, capabilities and objectivity of the expert
- Obtain an understanding of the work of that expert
- Evaluate the appropriateness of that expert's work as audit evidence for relevant assertion

In simple words, if the financial statements are prepared on the basis of an expert's work, then in those cases auditor has to proceed as above.

ISA 620 (Using the work of an Auditor's Expert) defines auditor's expert as: "An individual or organization possessing expertise in a field other, than accounting or auditing, whose work in work in that field is used by the auditor to assist the auditor in obtaining sufficient appropriate audit evidence. An auditor's expert may be either an auditor's internal expert (Part of audit firm) or an auditor's external expert (hired from outside by auditor)"

Auditors do need to employ their own expert in order to decrease the risk that material misstatement will not be detected. Even if an expert is employed by the auditor while using his work it should not be used as work done by auditor's assistant, rather it should be tested as work done by an expert.

Expert may be employed by auditor in following areas:-

- Valuation of certain type of assets – Land and buildings, Plant and Machinery, Jewellery, Work of Art, Antiques, Intangible Assets – Patents, trademarks etc., Environmental Liabilities, Site clean-up costs.
- Determination of Quantities or physical condition of assets, for example – Minerals,

- Petroleum reserves, Gas reserves etc.
- Actuarial Calculation of liabilities like – Insurance Contracts and Employee Benefit Plans
- Measurement of work completed and to be completed on contract in progress for revenue recognition.
- Legal Opinion for – Interpretation of contracts, laws and regulations.
- Analysis of complex or unusual tax compliance issues.

An auditor's expert needs to be **competent, capable** and **objective** if their services are to be deemed adequate for the audit purpose:

Competence – This relates to the nature and level of expertise of the expert. Any expert employed should have a widespread recognition of expertise in their discipline.

Capability – It is related with the expert's ability to exercise that competence in the circumstances of audit engagement. Example – expert must have resources to perform the task in hand.

Objectivity – It is related with the possible effects that bias, conflict of interest or the influence of others may have on the judgment of the expert. If an expert has a vested interest in expressing anything other than objective opinion with regard to the subject matter, then their opinion will be of no value to the auditor.

Information as to competence, capability and objectivity may be sought from sources like:

- Personal experience with previous work of expert
- Discussion with the expert
- Discussion with other auditors who are familiar with the expert's work
- Knowledge of expert's qualifications, membership of a professional body or industry association, license to practice or other forms of external recognition
- Published papers or books written by experts

If competence, capability or objectivity is compromised then while using the work of expert, chances of misstatement and errors will remain with the information.

The auditor should seek reasonable assurance that the expert's work constitutes appropriate audit evidence in support of the financial information, by considering –

- The source data used – auditor can seek information from expert as to how he has satisfied himself that source data are sufficient alternatively he may also conduct audit procedure on data for assurance of its sufficiency, relevance and reliability.
- The assumption and methods used and if appropriate their consistency with the prior period
- The result of expert's work in the light of overall knowledge of auditor

To evaluate the findings and conclusions of the auditor's expert, auditor may carry out various procedures like:

- Inquiries of the auditor's expert
- Reviewing the auditor's expert's working paper and reports
- Corroborative procedures such as :
 - Inquiries of the auditor's expert work

- Examining reputable statistical and other published data
- Confirming relevant matters with third parties
- Performing detailed analytical procedures and
- Re performing calculations
- Discussion with another expert with relevant expertise
- Discussing with auditor's expert report with management

If the auditor concludes that the work of the auditor's expert is not adequate for the auditor's purpose and auditor cannot resolve the matter, he may either ask the expert to carry out further work or he himself may opt to carry out additional audit procedures as appropriate.

Work of an Expert and Auditor's Report: If after performing all procedures the auditor concludes that:

- The work of the expert is inconsistent with the information in the financial statements, or
- The work of expert not constitute sufficient audit evidence

He may opt for Qualified opinion, Disclaimer of opinion or Adverse opinion as the case may be.

Reference to an Expert in the Audit Report: In case of Unqualified opinion auditor should not refer to the work of an expert in his report. If as a result of audit procedures auditor decides to express other than an unqualified opinion, it may in some circumstances, in explaining the nature of his reservation, refer to or describes the work of an expert. Where in doing so, the auditor considers if appropriate disclose the identity of the expert. In those cases auditor should obtain prior consent of the expert for such disclosure.

Guwahati Branch Activities

- a) The Committee for Members in Industry & Business, ICAI, organised a three-tier competition under the theme “Ideas@75” given by the Government of India for conducting programmes to celebrate Azadi ka Amrit Mahotsav (AKAM).

The Guwahati Branch conducted the Group Discussion on the topic “Chartered Accountants: Partners in Nation Building” on 10.10.2022. The moderator and judge for the session was CA. Veekash Kumar Agarwal. The Branch received 5 entries.

The moderator evaluated and judged the entries of CA. Saurav Somani, CA. Mudit Golcha and CA. Mohit Choudhary as best.



- b) On 12th October 2022, Guwahati Branch of ICAI organized a 2-hour workshop for awareness and information on “Various Schemes for MSME and Startups” from 4:30 PM, at NEDFi Convention Centre, where representatives of various MSME catalyst organizations like NSIC, SBI, SIDBI, NEDFi, Invoice mart, India EXIM Bank informed the participants about the major schemes offered for financing and growth of MSME’s and Start-ups. MSME Financing was counselled by the finance Professionals / Banks / Financial Institutions present at the meeting. The program was organised under the “Committee on MSME and Startup”.



- c) The Institute of Chartered Accountants of India under its Committee of MSME and Startup, and the Committee for Development of International Trade, Services & WTO have taken up a unique initiative called “MSME Yatra”, wherein a Bus started all the way from Mumbai in Maharashtra on 18th August 2022. The bus will visit and demonstrate in 75 different cities all over India spanning 22 states.

In its journey, the Bus arrived in Guwahati on 12-10-2022, Wednesday, and was received by the Guwahati Branch of EIRC of ICAI and stationed at NEDFi House, Opp. Guwahati Tea Auction Centre, Guwahati-781006.

The Hon’ble Minister Shri Jogen Mohan, Minister of Revenue & Disaster Management, Hills Area Development, Government of Assam has flagged off the Bus from Guwahati in the presence of the Managing Committee of the Guwahati Branch headed by its Chairman, CA. Gaurab Garodia, CA. Ashok Kumar Mour, Co- opted Member of the Committee of MSME & Startup along with the other members of the Guwahati Branch.



- d) In the Month of October, Guwahati Branch of ICAI has organized 9 Career counselling programs in school and colleges in different parts of Assam by different faculties.

The School and Colleges are: -

Golaghat Commerce College	Maharishi Vidyamandir, Silphukri
Jagiroad College	Nagaon College
Kendria Vidhayalaya, Narengi.	National Public School
Southpoint School	Vinayak Institute, Jagiroad
Spring Dale International School	



ICAI's Important Announcements

Points	Link
<ul style="list-style-type: none">• Third edition of the IFRS for SMEs Accounting Standard:	https://www.icai.org/post/3rd-edition-ifs-for-smes-accounting-standard
<ul style="list-style-type: none">• Guidance Note on Report Under Section 92E of The Income-Tax Act, 1961 (Transfer Pricing) (Revised 2022):	https://resource.cdn.icai.org/71914citax251022.pdf
<ul style="list-style-type: none">• Information System Audit - Assessment Test (ISA - AT), December 2022 -	https://resource.cdn.icai.org/72193exan-dec22-isaat.pdf

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2022-23



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