

# MEGA CONCLAVE FOR NEW HORIZONS FOR THE PROFESSION

## USING COMMON SENSE IN INTERNAL AUDIT

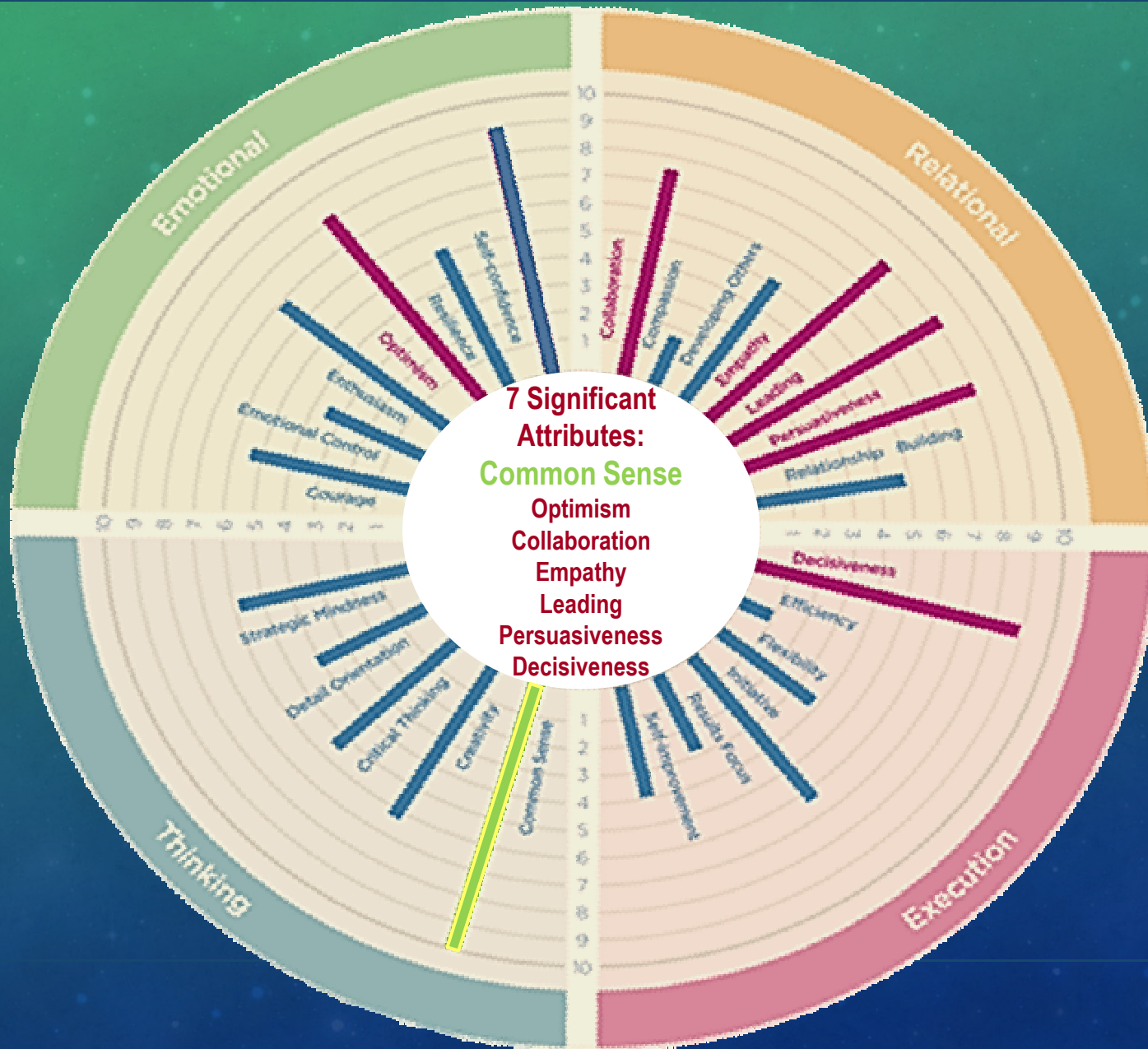
A degree doesn't mean you're smart.  
Common sense does



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11<sup>h</sup> December 2015  
The Lalit, Mumbai

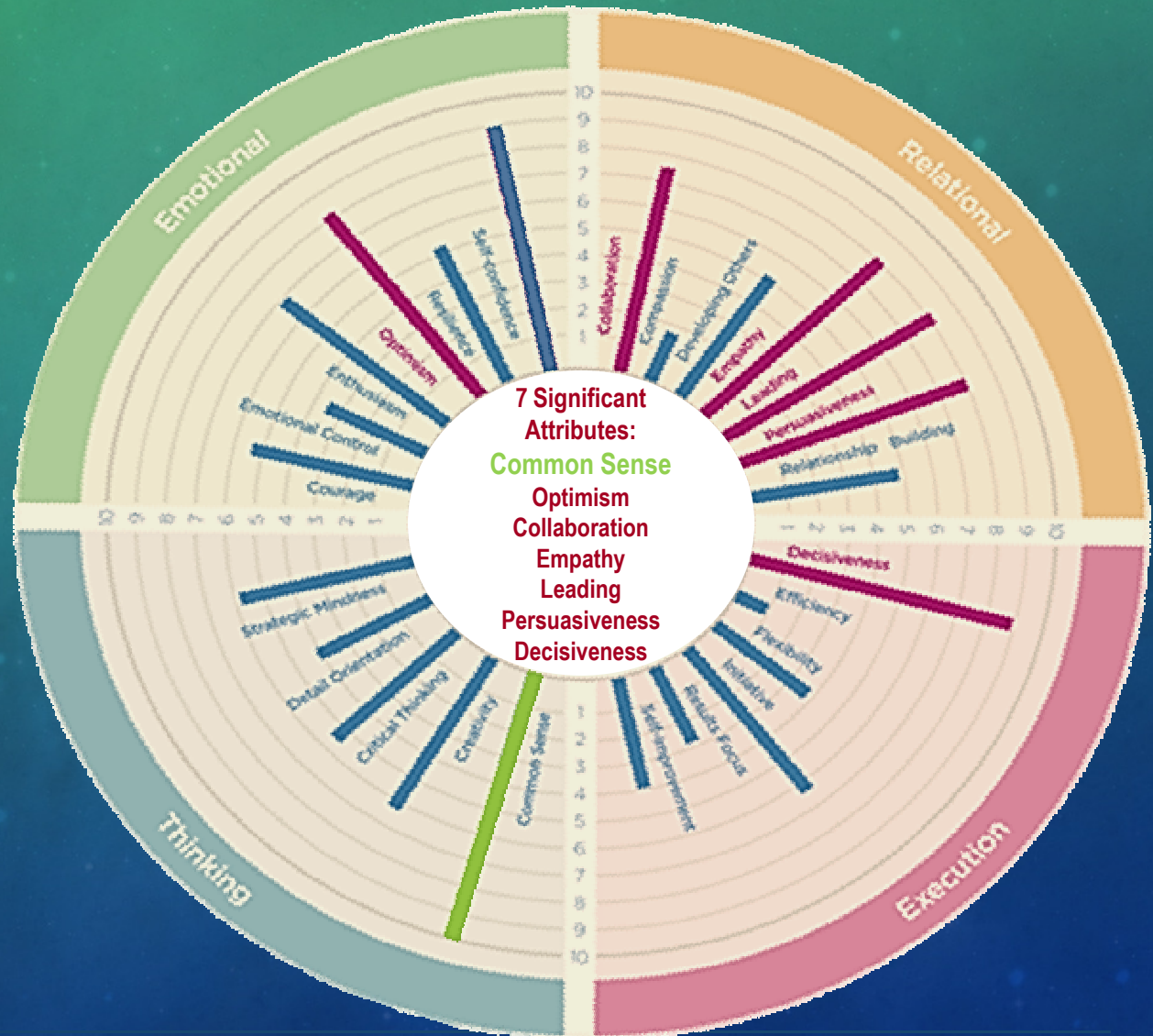
# Essential Attributes for Internal Auditors



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## EMOTIONAL

- Self Confidence
- Resilience
- Optimism
- Enthusiasm
- Emotional Control
- Courage

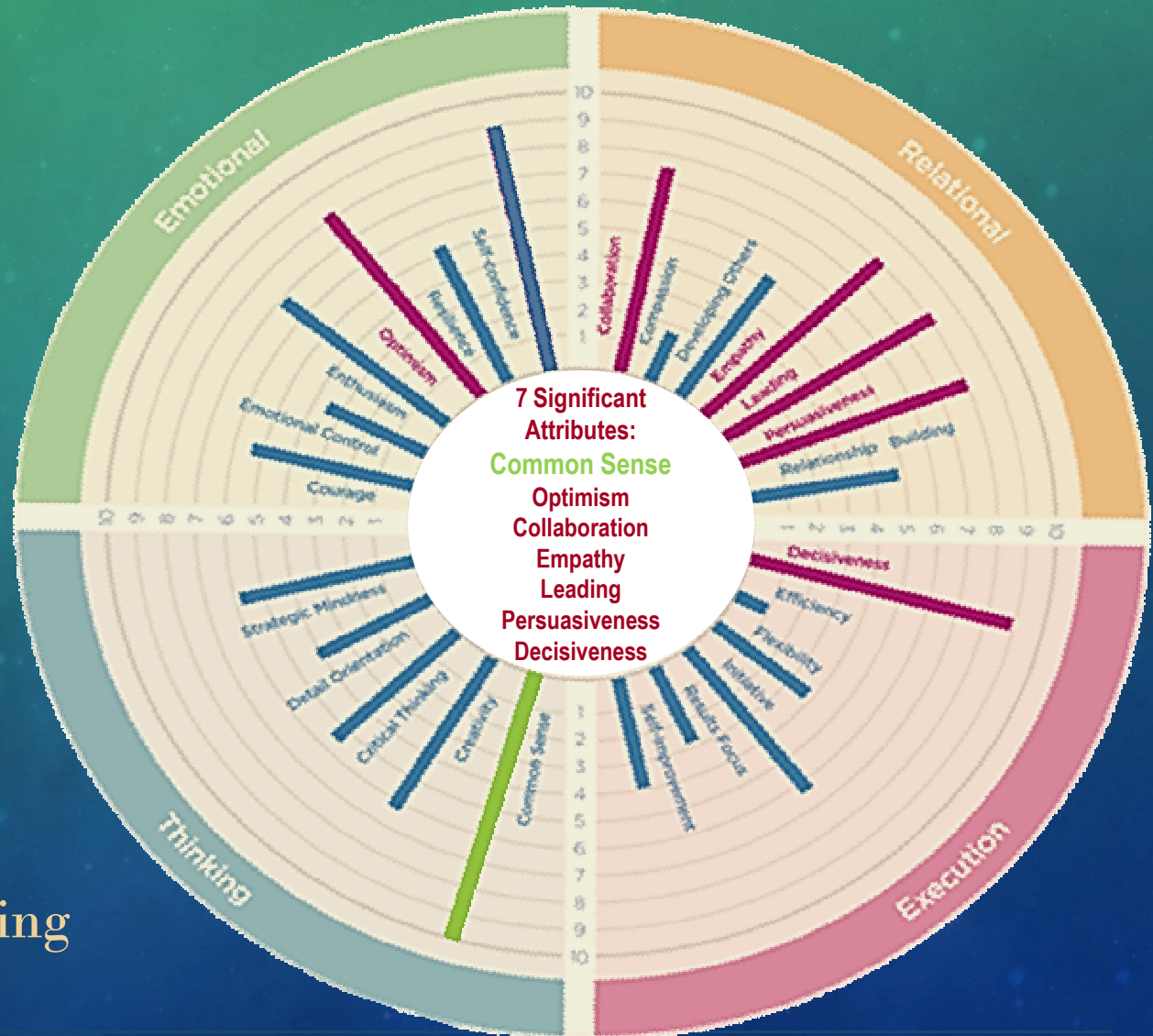




# Essential Attributes for Internal Auditors

## RELATIONAL

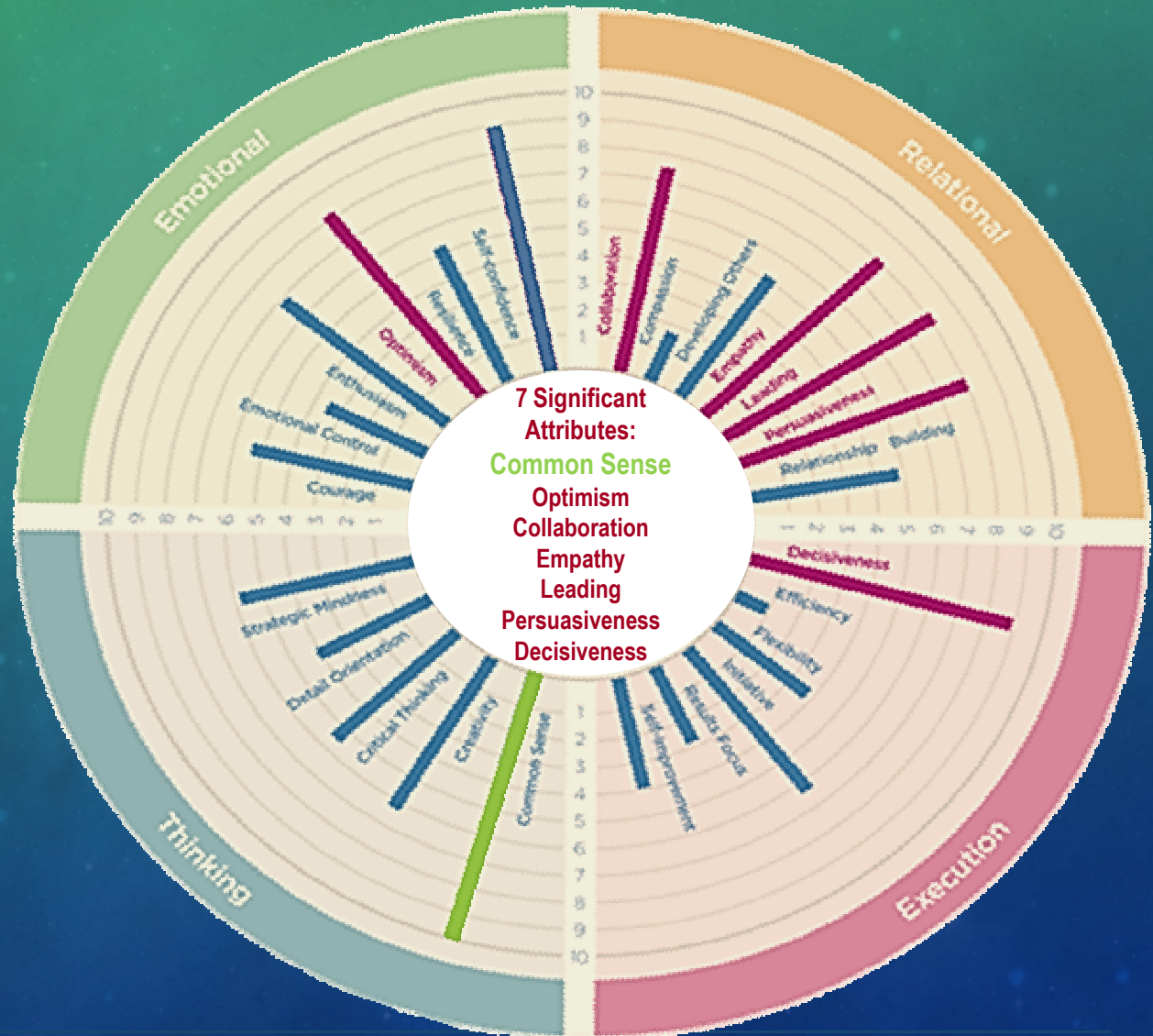
- Collaboration
- Compassion
- Developing Others
- Empathy
- Leading
- Persuasiveness
- Relationship Building



# Essential Attributes for Internal Auditors

## EXECUTION

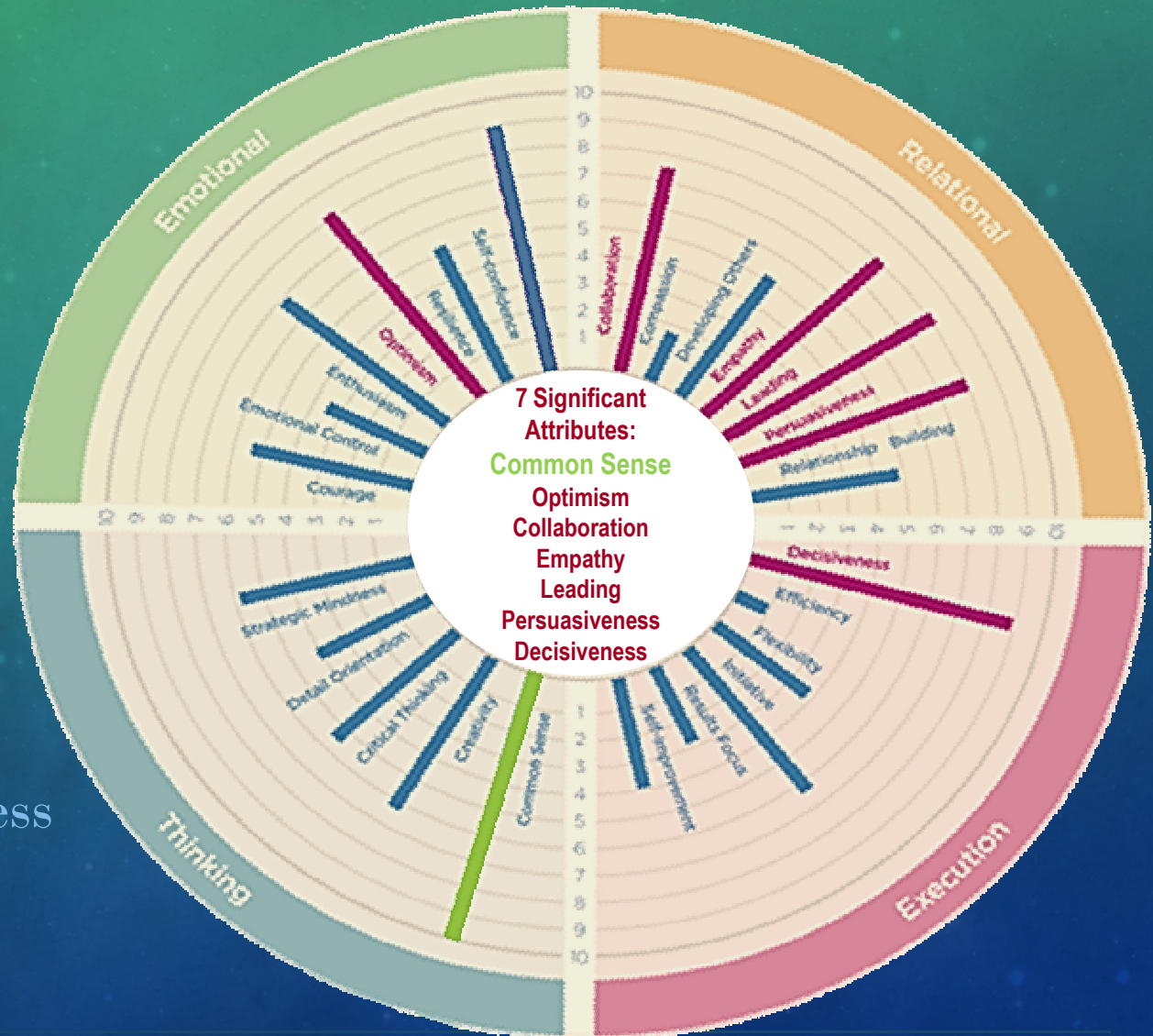
- Decisiveness
- Efficiency
- Flexibility
- Initiative
- Results Focus
- Self Improvement



# Essential Attributes for Internal Auditors

## THINKING

- Common Sense
- Creativity
- Critical Thinking
- Detail Orientation
- Strategic Mindedness





# Control Objectives - Payroll

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No vacation / sick leave in last three years

Dramatic increase or decrease gross salaries of employees

Employees with same address and contact numbers

Salary payment to separated employees

Cadre wise boundary controls for salary payments to employees

# Control Objectives - Payroll

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Employees receiving mutually exclusive benefits

Employees having common PAN, salary account

PAN verification – 4<sup>th</sup> and 5<sup>th</sup> Digit Test

Terminated / separated employees having access to business applications

Employees terminated without notice pay - Recovery



# Control Objectives - Procurement

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Segregation of duties – PR and PO creation, PO and GRN creation, PO creation and authorization

Compliance with Company Guidelines

Procurement more than purchase requisition / without requisition

Material Rate Variations

Delivery dates expired but materials not delivered

# Control Objectives - Procurement

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Open Purchase Orders – Delivery dates expired

Vendor wise order analysis

Big orders to new vendors

Procurement against deleted requisitions

Purchase orders dates before delivery dates –  
regularization

# Control Objectives - Vendor Master

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Common name / address/ PAN / bank of vendors

Frequent changes in vendors or contractors banking accounts

Vendor masters created on Sunday / Holiday

Vendor masters having alternate payee

Vendor masters without addresses



# Control Objectives - Vendor Master

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Match vendor bank accounts with employees

Dramatic increase or decrease in total number of invoices from contractors / vendors

Vendor invoices without delivery note reference

Pattern of adjustments to accounts payables for goods returned

Sequential vendor invoice numbers and gaps in invoice numbers

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THANK YOU