

BHUBANESWAR BRANCH OF EASTERN INDIA REGIONAL COUNCIL OF  
THE INSTITUTE OF CHARTERED ACCOUNTANTS OF INDIA  
e-newsletter/11/2024-25



**FEB 25**  
**ICAI**  
**E-NEWSLETTER**

# Budget

# 2025





## Editorial



## Dear Esteemed Members,

February 2025 was a momentous month, filled with insightful sessions, thought-provoking discussions, and successful events that witnessed enthusiastic participation from both members and students. Your unwavering support and active involvement played a crucial role in making each program a grand success.

I am deeply honored to assume the chairmanship of **ICAI, Bhubaneswar**, and effective **February 21, 2025**. This new responsibility is both a privilege and a commitment- one that I embrace with dedication and a vision to strengthen our fraternity. With your continued support, we aim to introduce transformative initiatives that foster learning, collaboration, and professional excellence.

As we step into March 2025, we bring you a dynamic lineup of engaging events and knowledge-enriching programs. I encourage you to explore the details in this newsletter and plan your participation accordingly. Stay connected with all our initiatives by visiting our branch's website: [www.bhubaneswar-icai.org](http://www.bhubaneswar-icai.org). Your engagement serves as our greatest motivation, inspiring us to curate impactful programs that contribute to the growth and advancement of the CA profession.

A heartfelt thank you to all the dedicated members whose relentless efforts and unwavering support continue to drive us toward new milestones. Together, let's create a lasting legacy of excellence, innovation, and collective progress.

Wishing you all a productive and fulfilling month ahead!

Warm regards,

**CA. Mahendra Kumar Sahoo**

Chairman, ICAI Bhubaneswar Branch

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## Members area of Interest

## Observations related to SA 220, Quality Control for an Audit of Financial Statements

### Observation1:

It was noted that distribution of income and expense and equity and owner equity testing are performed by performing negative testing in SAP and related screenshots were filed in the documentation, as there is no IT Specialist involved. The company has SAP in place, however, IT testing performed by direct testing by auditor in SAP which are thereby substantive procedures rather than control testing procedures. There is DMS (Dealer Management System) Portal, based on which the dealers place their orders. These orders are interfaced with SAP for creation of sales orders. Similarly, there is Oracle for warranty claims (DMS warranty claim system). However, there is no testing performed for correctness and completeness of integration of DMS and Oracle with SAP.

Involvement of IT Specialist in respect of testing procedures concerning General IT controls, automated controls and information produced from such IT systems need to be factored right from the audit planning stage.

What is the issue?	AASB Suggested Guidance	Technical Literature
Whether professional With specialized knowledge of auditing IT Systems are an engagement team member? Is the engagement Partner required to review the work of professional with a specialized knowledge in Accounting/auditing?	The ultimate responsibility for the audit rests with the engagement Partner. As per SA 220, an audit firm should establish an engagement team that has the appropriate balance of skills, experience, competence and capacity necessary to perform the audit. To address the specific needs of audit, an audit firm should include professionals on the engagement team who not only have accounting or auditing expertise, but also specialized knowledge, to perform audit procedures. (e.g., A professional with specialized knowledge of auditing IT systems is included on the engagement team to assist with the audit procedures that address the entity's use of IT when the IT environment is complex.) The work of professionals with specialized knowledge is directed, supervised and reviewed by the engagement partner as per requirements set out in SA 220 and SA 300. The engagement partners should maintain a	<p><b>Para 14 of SA220:</b></p> <p>The engagement partner shall be satisfied that the engagement team, and any auditor's experts who are not part of the engagement team, collectively have the appropriate competence and capabilities to:</p> <p>(a) Perform the audit engagement in accordance with professional standards and regulatory and legal requirements; and</p> <p>Enable an auditor's report that is appropriate in the circumstances to be issued. (Ref: Para.A10-A12)</p> <p><b>Para 15 of SA220:</b></p> <p>The engagement partner shall take responsibility for:</p> <p>(a) The direction, supervision and performance of the audit engagement in compliance with professional standards and regulatory and legal requirements; and (Ref: Para. A13-A15, A20)</p>



	<p>questioning mindset, apply his knowledge, experience and professional skepticism, and evaluate whether sufficient appropriate audit evidence has been obtained. As per SA 220, such procedures would include evaluation of the adequacy, relevance and reasonableness of work of audit professional with specialized knowledge (e.g., IT auditors), their findings or conclusions and their consistency with other audit evidence.</p>	<p>(b) The auditor's report being appropriate in the circumstances.</p> <p><b>Para 16 of SA 220:</b></p> <p>The engagement partner shall take responsibility for reviews being performed in accordance with the firm's review policies and procedures. (Ref: Para. A16-A17, A20)</p> <p><b>Para 17 of SA 220:</b></p> <p>On or before the date of the auditor's report, the engagement partner shall, through a review of the audit documentation and discussion with the engagement team, be satisfied that sufficient appropriate audit evidence has been obtained to support the conclusions reached and for the auditor's report to be issued. (Ref: Para. A18-A20)</p> <p><b>Para 10 of SA 300:</b></p> <p>The auditor shall plan the nature, timing and extent of direction and supervision of engagement team members and the review of their work. (Ref: Para. A15-A16)</p>
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## Observations related to SA 230, Audit Documentation

### Observation 1:

The working papers were collectively maintained in electronic files and in manual files. There was no cross referencing between the work papers in electronic files and the manual file to be viewed as one combined set of audit file. Cross referencing of work papers in manual file and the electronic file is recommended to evidence a single set of audit work papers.

What is the issue?	AASB Suggested Guidance	Technical Literature
Can a particular engagement documentation include cross reference of relevant information filed in another section of an Audit file?	Engagement documentation encompasses electronic as well as manual records. To avoid unnecessary repetition and to demonstrate cohesion of the audit work as a whole, an	<p><b>Para A11 of SA 230:</b></p> <p>The auditor may consider it helpful to prepare and retain as part of the audit documentation a summary (sometimes known as a completion memorandum) that describes the significant matters identified during the audit and how they were addressed, or that includes cross-references to other relevant supporting audit documentation that provides such information. Such a summary</p>



	<p>audit firm, as provided under SA 230, may find it appropriate to crossrefer certain information with corresponding information filed in another section of an audit file.</p>	<p>may facilitate effective and efficient reviews and inspections of the audit documentation, particularly for large and complex audits. Further, the preparation of such a summary may assist the auditor's consideration of the significant matters. It may also help the auditor to consider whether, in light of the audit procedures performed and conclusions reached, there is any individual relevant SA objective that the auditor cannot achieve that would prevent the auditor from achieving the overall objectives of the auditor.</p> <p><b>Para A 17 of SA 230:</b></p> <p>When preparing audit documentation, the auditor of a smaller entity may also find it helpful and efficient to record various aspects of the audit together in a single document, with cross references to supporting working papers as appropriate. Examples of matters that may be documented together in the audit of a smaller entity include the understanding of the entity and its internal control, the overall audit strategy and audit plan, materiality, determined in accordance with SA 320, assessed risks, significant matters noted during the audit, and conclusions reached.</p>
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## Observation 2:

It was noted that the audit file did not contain any documentation for board minutes or summary of board meetings that have happened during the period under audit. Further, the file also did not contain summary of minutes of any other meeting of other committees. The matters in such documents are critical in nature and require adequate consideration which presently has not been evidenced in the file. Engagement team needs to ensure that adequate documentation is maintained in the audit file including conclusions, on such critical documents.

What is the issue?	AASB Suggested Guidance	Technical Literature
Is it necessary for an audit firm to obtain a copy of minutes of Meetings of governing body/ Owners?	Obtaining and reviewing the minutes of meetings of the governing body/ owners is a standard part of the audit process to ensure a comprehensive understanding of the organization's Governance and operations. These minutes provide important insights into the organization's decision-making processes, governance practices, and significant events or decisions that could impact the financial statements or the audit process. Various Standards on Auditing generally expect an audit firm to obtain the minutes of the meeting e.g., minutes of meeting of Governing body/owners.	<p><b>Para 8 of SA 230:</b></p> <p>The auditor shall prepare audit documentation that is sufficient to enable an experienced auditor, having no previous connection with the audit, to understand: (Ref: Para. A2-A5, A16-A17)</p> <p>(a) The nature, timing, and extent of the audit procedures performed to comply with the SAs and applicable legal and regulatory requirements; (Ref: Para. A6-A7)</p> <p>(b) The results of the audit procedures performed, and the audit evidence obtained; and</p> <p>(c) Significant matters arising during the audit, the conclusions</p>



reached there on, and significant professional judgments made in reaching those conclusions. (Ref: Para. A8- A11)

**Para 5 of SA 315:**

The auditor shall perform risk assessment procedures to provide a basis for the identification and assessment of risks of material misstatement at the financial statement and assertion levels. Risk assessment procedures by themselves, however, do not provide sufficient appropriate audit evidence on which to base the audit opinion. (Ref: Para. A1-A5)

**Para 6 of SA 315:**

The risk assessment procedures shall include the following:

- (a) Inquiries of management, of appropriate individuals within the internal audit function (if the function exists), and of others within the entity who in the auditor's judgment may have information that is likely to assist in identifying risks of material misstatement due to fraud or error. (Ref: Para. A6-A12)
- (b) Analytical procedures. (Ref: Para. A13-A16)
- (c) Observation and inspection. (Ref: Para. A17)

**Para A 17 of SA 315:**

Observation and inspection may support inquiries of management and others, and may also provide information about the entity and its environment. Examples of such audit procedures include observation or inspection of the following:

- The entity's operations.
- Documents (such as business plans and strategies), records, and internal control manuals.
- Reports prepared by management (such as quarterly management reports and interim financial statements) and those charged with governance (such as minutes of



		<p>board of directors' meetings).</p> <ul style="list-style-type: none"><li>• The entity's premises and plant facilities.</li></ul> <p><b>Para 6 of SA 500:</b></p> <p>The auditor shall design and perform audit procedures that are appropriate in the circumstances for the purpose of obtaining sufficient appropriate audit evidence. (Ref: Para. A1-A25)</p> <p><b>Para A 8 of SA 500:</b></p> <p>More assurance is ordinarily obtained from consistent audit evidence obtained from different sources or of a different nature than from items of audit evidence considered individually. For example, corroborating information obtained from a source independent of the entity may increase the assurance the auditor obtains from audit evidence that is generated internally, such as evidence existing within the accounting records, minutes of meetings, or a management representation.</p> <p><b>Para 15 of SA 550:</b></p> <p>During the audit, the auditor shall remain alert, when inspecting records or documents, for arrangements or other information that may indicate the existence of related party relationships or transactions that management has not previously identified or disclosed to the auditor. (Ref: Para. A22-A23)</p> <p>In particular, the auditor shall inspect the following for indications of the existence of related party relationships or transactions that management has not previously identified or disclosed to the auditor:</p> <ul style="list-style-type: none"><li>(a) Bank, legal and third-party confirmations obtained as part of the auditor's procedures;</li><li>(b) Minutes of meetings of shareholders and of those charged with governance; and</li><li>(c) Such other records or documents as the auditor considers necessary in the circumstances of the entity.</li></ul>
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		<p><b>Para 7 of SA 560:</b></p> <p>The auditor shall perform the procedures required by paragraph 6 so that they cover the period from the date of the financial statements to the date of the auditor's report, or as near as practicable thereto. The auditor shall take into account the auditor's risk assessment in determining the nature and extent of such audit procedures, which shall include the following: (Ref: Para. A7-A8)</p> <ul style="list-style-type: none"><li>(a) Obtaining an understanding of any procedures management has established to ensure that subsequent events are identified.</li><li>(b) Inquiring of management and, where appropriate, those charged with governance as to whether any subsequent events have occurred which might affect the financial statements. (Ref: Para. A9)</li><li>(c) Reading minutes, if any, of the meetings, of the entity's owners, management and those charged with governance, that have been held after the date of the financial statements and inquiring about matters discussed at any such meetings for which minutes are not yet available. (Ref: Para. A10)</li><li>(d) Reading the entity's latest subsequent interim financial statements, if any.</li></ul> <p><b>Extract from Para A16 of SA 570 (Revised):</b></p> <p>Audit procedures that are relevant to the requirement in paragraph 16 may include the following:</p> <p>Reading minutes of the meetings of shareholders, those charged with governance and relevant committees for reference to financing difficulties.</p>
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## **Budget focuses on ease of doing business- ICAI**

The Institute of Chartered Accountants of India (ICAI) on Saturday, February 01, 2025, said the Budget focuses on ease of doing business, promote domestic manufacturing and position India as a more competitive player in global trade, supporting economic resilience and growth.

"Suggestions by ICAI in Pre-Budget memorandum regarding the finance bill 2025, phasing out of alternative tax regime, rationalisation of TDS and TCS regime, exemption of withdrawal from NSS and taxation of business trusts have also been accepted," ICAI Ex-President Ranjeet Kumar Agarwal said in a statement.

Finance Minister Nirmala Sitharaman on Saturday, February 01, 2025, presented her eighth consecutive Budget. Sitharaman announced significant income tax cuts for the middle class and unveiled a blueprint for next-generation reforms for Viksit Bharat as she treaded a fine line between fiscal prudence and providing a thrust to growth:

ICAI also said deeming the annual value of two self-occupied house property as nil -instead of erstwhile one, is a - great move.

Among other measures, the Budget has announced a scheme to make India a global hub for toys by focusing on cluster development.

Contract manufacturing firm Aequus' Chairman and CEO Aravind Melligeri said the continuing tilt towards S strengthening India's manufacturing sector is a positive step for growth.

The all-round emphasis on AIMSMEs, which the minister termed as the second engine of growth is the backbone of la Indian manufacturing, is in the re right direction, he said in a

Given the current market conditions and also long-term need to make India a global toy manufacturing hub, Melligen said the emphasis on clusters for toy manufacturing is welcome.



## FORTHCOMING EVENTS FOR THE MONTH OF MARCH 2025

Date	Programme	Speaker/ Resource Person	Venue	Duration	CPE Hours	Fees Rs.
March 08,2025	GST Amnesty Scheme	Jatin Christopher	ICAI Auditorium	4 Hours	NA	400
March 08,2025	Women's Day	To be decided	ICAI Auditorium	2 Hours	NA	Nil
To be decided	Bank Audit	To be decided	ICAI Auditorium	6 Hours	NA	200

## ON THE LIGHTER SIDE OF LIFE

**Now have a laugh at our expense...**

**The Life of a Chartered Accountant in One Line**

*"Before CA: 'Let's party!'*

*During CA: 'Let's study!'*

*After CA: 'Let's work!'*

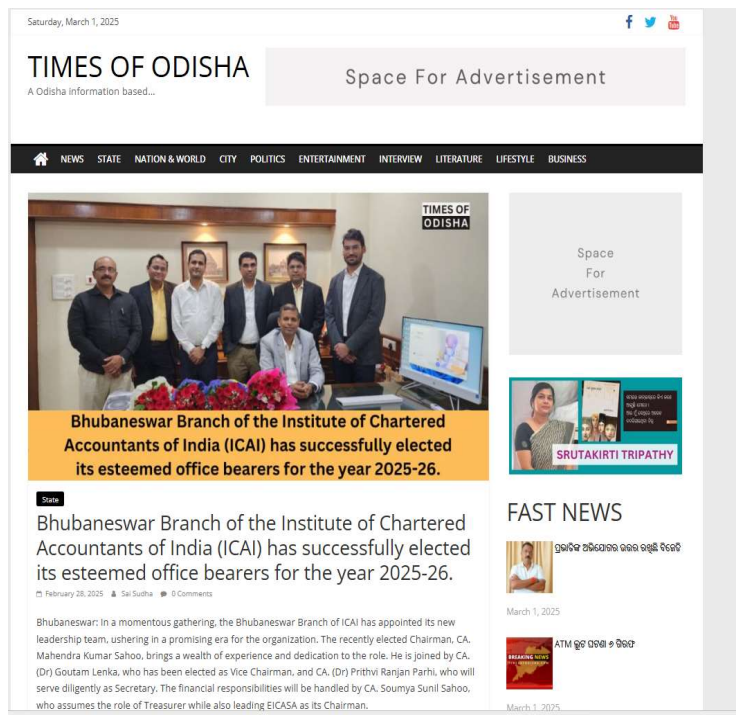
*After Work: 'Let's sleep!'*

*After Sleep: 'Let's work again!'"*

*Source : Anonymous*

## Glimpses of Events

## Newly Elected Members







## କେନ୍ଦ୍ରୀୟ ବଜେଟ୍ ୨୦୨୪ ଉପରେ ସମୀକ୍ଷା ସମାରୋହ



ଭୁବନେଶ୍ୱର, ୧୩/୨ (ଭୁ.ପ୍ର) : ଭୁବନେଶ୍ୱର ଆଇସିଆଇ ଶାଖାରେ ୨୦୨୪ କେନ୍ଦ୍ର ବଜେଟ୍ ବିଷୟରେ ଏକ ଗୁରୁତ୍ୱପୂର୍ଣ୍ଣ ଆଲୋଚନାଚକ୍ର ଅନୁଷ୍ଠିତ ହୋଇଯାଇଛି । ଭୁବନେଶ୍ୱର ଆଇସିଆଇର ପୂର୍ବତନ ଅଧ୍ୟକ୍ଷ ଅରୁଣ କୁମାର ସାବତ, ଅଧ୍ୟକ୍ଷା ଜାହାନା ଦେବୀ, ଉପାଧ୍ୟକ୍ଷ ନରେନ୍ଦ୍ର ସାହୁ, ସଚିବ ଡ. ଗୌତମ ଲେଙ୍କା

ଏହାକୁ ପରିଚାଳନା କରିଥିଲେ । ଏହି ଅବସରରେ ଟିକସ ବିଶେଷଜ୍ଞ ଡ. ଗିରିଶ ଆହୁଜାଡ଼ା ପ୍ରତ୍ୟକ୍ଷ ଟିକସ ସମ୍ବନ୍ଧରେ ବିଶେଷ ମନ୍ତବ୍ୟ ରଖିଥିଲେ । ଅପ୍ରତ୍ୟକ୍ଷ ଟିକସ ଉପରେ ତରୁଣ କୁମାର ଅଗ୍ରୱାଲ ସବିଶେଷ ଆଲୋଚନା କରିଥିଲେ । କାର୍ଯ୍ୟକ୍ରମରେ ଭୁବନେଶ୍ୱର ଆଇସିଆଇ କୋଷାଧ୍ୟକ୍ଷ ଶାଶ୍ୱତ

ତ୍ରିପାଠୀ, ପୂର୍ବତନ ଅଧ୍ୟକ୍ଷ ରଞ୍ଜନ ପୃଷ୍ଟି ଏବଂ ପ୍ରତାପ କୁମାର ସାହୁ, ଗଗନ ବିହାରୀ ଦାଶ ଉପସ୍ଥିତ ଥିଲେ । ୪୦୦ରୁ ଅଧିକ ଚାର୍ଟଡ଼ ଆକାଉଣ୍ଟାଣ୍ଟ ଅଂଶଗ୍ରହଣ କରି ୨୦୨୪ କେନ୍ଦ୍ର ବଜେଟ୍ ପ୍ରକାଶ ଓ ଆବଶ୍ୟକତା ଉପରେ ଏକ ପୂର୍ଣ୍ଣାନୁପୂର୍ଣ୍ଣ ଆଲୋଚନା କରିଥିଲେ ।

## ଆଇସିଆଇ ଭୁବନେଶ୍ୱର ପକ୍ଷରୁ କେନ୍ଦ୍ରୀୟ ବଜେଟ୍‌ର ସମୀକ୍ଷା



ଭୁବନେଶ୍ୱର, ୧୩/୨ (ସମିସ୍ତ)

ଭୁବନେଶ୍ୱର ଆଇସିଆଇ ଶାଖାଠାରେ «୨୦୨୪-କେନ୍ଦ୍ର ବଜେଟ୍» ବିଷୟରେ ଏକ ଗୁରୁତ୍ୱପୂର୍ଣ୍ଣ ଆଲୋଚନାଚକ୍ର ଅନୁଷ୍ଠିତ ହୋଇଯାଇଛି । ଏହି ସେମିନାରରେ ଭୁବନେଶ୍ୱର ଆଇସିଆଇ କୋଷାଧ୍ୟକ୍ଷ ସିଏ ଶାଶ୍ୱତ ତ୍ରିପାଠୀ, ପୂର୍ବତନ ଅଧ୍ୟକ୍ଷ ସିଏ ଅରୁଣ କୁମାର ସାବତ, ଅଧ୍ୟକ୍ଷା ସିଏ ଜାହାନା ଦେବୀ, ଉପାଧ୍ୟକ୍ଷ ସିଏ ନରେନ୍ଦ୍ର ସାହୁ, ସଚିବ ସିଏ (ଡଃ) ଗୌତମ ଲେଙ୍କା ପରିଚାଳନା କରିଥିଲେ । ଏହି ଅବସରରେ ନାମୀ ଟିକସ ବିଶେଷଜ୍ଞ ଏବଂ ଦେଶର ଶୀର୍ଷ ଆର୍ଥିକ ଓ ଟିକସ ଆଇନ ଅଧ୍ୟୁକ୍ତ ସିଏ (ଡଃ) ଗିରିଶ ଆହୁଜାଡ଼ା

ପ୍ରତ୍ୟେକ ଟିକସ ସମ୍ବନ୍ଧରେ ବିଶେଷ ମତ ରଖିଥିଲେ । ଏହାସହ ପରୋକ୍ଷ ଟିକସ ଉପରେ ସିଏ ତରୁଣ କୁମାର ଅଗ୍ରୱାଲ ସବିଶେଷ ଆଲୋଚନା କରିଥିଲେ । ଏହି କାର୍ଯ୍ୟକ୍ରମରେ ଭୁବନେଶ୍ୱର ଆଇସିଆଇ କୋଷାଧ୍ୟକ୍ଷ ସିଏ ଶାଶ୍ୱତ ତ୍ରିପାଠୀ, ପୂର୍ବତନ ଅଧ୍ୟକ୍ଷ ସିଏ ରଞ୍ଜନ ପୃଷ୍ଟି ଏବଂ ସିଏ ପ୍ରତାପ କୁମାର ସାହୁ, ଏମସି ସଦସ୍ୟ ସିଏ ଗଗନ ବିହାରୀ ଦାଶ ପ୍ରମୁଖ ଉପସ୍ଥିତ ଥିଲେ । ଏହି ଆଲୋଚନାଚକ୍ରରେ ୪୦୦ରୁ ଅଧିକ ଚାର୍ଟଡ଼ ଆକାଉଣ୍ଟାଣ୍ଟ ଅଂଶଗ୍ରହଣ କରି ୨୦୨୪-କେନ୍ଦ୍ର ବଜେଟ୍ ପ୍ରକାଶ ଓ ଆବଶ୍ୟକତା ଉପରେ ଏକ ପୂର୍ଣ୍ଣାନୁପୂର୍ଣ୍ଣ ଆଲୋଚନା କରିଥିଲେ ।