**BHUBANESWAR BRANCH OF EASTERN INDIA REGIONAL COUNCIL OF**
**THE INSTITUTE OF CHARTERED ACCOUNTANTS OF INDIA**

**e-newsletter/01/2026-27**


# APRIL 2026

# ICAI

# E-NEWSLETTER

## EDITORIAL

**Dear Esteemed Members,**

The past month has been a period of steady progress and renewed enthusiasm for our branch. Through a range of technical sessions, student-focused initiatives, and interactive engagements, we have continued to strengthen our learning ecosystem and professional network. It is encouraging to witness the growing participation and commitment from both members and students, which truly reflects the vibrancy of our fraternity.

As we begin the new financial year 2026–27, it brings with its fresh opportunities and responsibilities. The evolving professional landscape calls for continuous learning, adaptability, and collaboration. At the ICAI Bhubaneswar Branch, we are committed to curating programs that not only enhance technical competence but also equip our members and students to meet emerging challenges with confidence.

In the coming months, we aim to focus on knowledge-sharing platforms, peer interactions, and initiatives that encourage holistic professional development. We also look forward to strengthening our outreach and creating more avenues for meaningful engagement within our community. I urge each one of you to take an active role in these initiatives and contribute towards making our branch more dynamic and impactful.

I sincerely appreciate the dedication and efforts of our members, managing committee, and volunteers whose continued support drives our success. Together, let us move ahead with a shared vision of excellence, integrity, and growth.

Wishing you all a year filled with new achievements, professional fulfillment, and continued success.

**Warm regards,**

**CA (Dr.) Goutam Lenka**

**Chairman, ICAI Bhubaneswar Branch**

## EDITORIAL BOARD



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# Members' area of Interest

## Observations related to SA 330, The Auditor's Responses to Assessed Risks.

### Observation 2:

The following observations regarding not performing audit procedures required by SA 330 were noticed:

(i) Process of identifying significant accounts, risk of material statement and relevant controls mitigating the risk.
(ii) Testing of design and implementation of relevant controls.
(iii) Testing operating effectiveness of the controls for the period under audit. The firm has not tested controls for the purpose of reporting on internal financial controls.
(iv) Procedures performed to ensure adequacy of scope of internal auditors.
(v) Lack of evidence w.r.t. the firm observing the physical verification of inventory or performing physical verification after the year-end with roll back procedures up to the date of balance sheet.
(vi) Testing management override of controls, including testing controls over recording of journal entries.
(vii) Procedures performed to evaluate and assess severity of deficiencies identified during testing operating effectiveness of internal controls over financial reporting.

| What is the issue? | AASB Suggested Guidance | Technical Literature |
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| When should an audit firm decide to test controls? | SA 330 requires an audit firm to design audit strategy to respond to the identified risks of material misstatement. Designing audit strategy includes a decision on whether the audit firm will be following a controls reliance strategy or substantive procedures only strategy as stated in SA 330. When use of a control's reliance strategy is planned, the audit firm should design and execute tests of the relevant controls and conclude whether relevant controls are properly designed and operated effectively throughout the audit period. | **Para 5 of SA 330:**<br><br>The auditor shall design and implement overall responses to address the assessed risks of material misstatement at the financial statement level. (Ref: Para. A1-A3)<br><br>**Para 6 of SA 330:**<br><br>The auditor shall design and perform further audit procedures whose nature, timing and extent are based on and are responsive to the assessed risks of material misstatement at the assertion level. (Ref: Para. A4-A8) including significant accounting estimates and disclosures;<br><br>**Para 7 of SA 330:**<br><br>In designing the further audit procedures to be performed, the auditor shall:<br><br>(a) Consider the reasons for the assessment given to the risk of material misstatement at the assertion level for each class of transactions, account balance, and disclosure, including:<br><br>(i) The likelihood of material misstatement due to the particular characteristics of the relevant |

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| | | class of transactions, account balance, or disclosure (i.e., the inherent risk); and<br><br>(ii) Whether the risk assessment considers the relevant controls (i.e., the control risk), thereby requiring the auditor to obtain audit evidence to determine whether the controls are operating effectively (i.e., the auditor intends to rely on the operating effectiveness of controls in determining the nature, timing and extent of substantive procedures); and (Ref: Para. A9-A18)<br><br>(b) Obtain more persuasive audit evidence the higher the auditor's assessment of risk. (Ref: Para. A19) |
| Why is it necessary for statutory auditor to comply with Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by ICAI and Standards on Auditing while reporting on internal controls over financial reporting? | The necessity for a statutory auditor to comply with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by ICAI and the relevant Standards on Auditing arises from the following reasons:<br><br>**1. Legal and regulatory compliance:** Statutory auditors are required by law to follow the guidelines and standards set by regulatory bodies. In India, ICAI also regulates the auditing profession, and non-compliance with its directives can lead to legal and professional consequences.<br><br>**2. Professional standards:** Adhering to the Guidance Note and Standards on Auditing ensures that the auditor maintains the highest level of professional standards. This includes due diligence, objectivity, and the exercise of professional skepticism.<br><br>**3. Quality and reliability of audit:** Compliance with established standards and Guidance Notes helps to ensure that the audit is conducted with a consistent and systematic approach, leading to a more reliable and high-quality audit report.<br><br>**4. Risk management:** Compliance with these guidelines helps the auditor in identifying and assessing the risks of material misstatement in the financial statements due to fraud or error. It also aids in designing and implementing appropriate responses to those risks.<br><br>**5. Stakeholder confidence:** Investors, creditors, and other stakeholders rely on | **Para 8 of SA 330:**<br><br>The auditor shall design and perform tests of controls to obtain sufficient appropriate audit evidence as to the operating effectiveness of relevant controls when:<br>(a) The auditor's assessment of risks of material misstatement at the assertion level includes an expectation that the controls are operating effectively (i.e., the auditor intends to rely on the operating effectiveness of controls in determining the nature, timing and extent of substantive procedures); or<br>(b) Substantive procedures alone cannot provide sufficient appropriate audit evidence at the assertion level. (Ref: Para. A20 A24)<br><br>**Para 9 of SA 330:**<br><br>In designing and performing tests of controls, the auditor shall obtain more persuasive audit evidence the greater the reliance the auditor places on the effectiveness of a control. (Ref: Para. A25)<br><br>**Para 10 of SA 330:**<br><br>In designing and performing tests of controls, the auditor shall:<br><br>(a) Perform other audit procedures in combination with inquiry to obtain audit evidence about the operating effectiveness of the controls, including:<br>(i) How the controls were applied at relevant times during the period under audit.<br>(ii) The consistency with which they were applied.<br>(iii) By whom or by what means they were applied. (Ref: Para. A26-A29)<br><br>(b) Determine whether the controls to be tested depend upon other controls (indirect controls), and if so, whether it is necessary to obtain audit evidence supporting the effective operation of those indirect controls. (Ref: Para. A30-A31) |

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| | the auditor's report to make informed decisions. Compliance with the ICAI's Guidance Note and Standards on Auditing enhances the credibility of the auditor's report, thereby increasing stakeholder confidence in the financial statements.<br><br>**6. Framework for evaluation:** The Guidance Note provides a framework for the auditor to evaluate the company's internal control system over financial reporting. It helps in understanding the design and operation of the controls and in assessing their effectiveness.<br><br>**7. Benchmarking best practices:** The Standards on Auditing represent best practices in the field of audit. They are based on extensive research and are regularly updated to reflect changes in the business environment, technology, and regulatory landscape.<br><br>**8. Global alignment:** Standards on Auditing are aligned with international standards. Compliance with these standards ensures that the audit is recognized and respected on a global scale, which is particularly important for entities that operate internationally or are listed on foreign stock exchanges.<br><br>**9. Responsibility to report deficiencies:** The auditor has a responsibility to report significant deficiencies and material weaknesses in internal control to those charged with governance and management. Compliance with the Guidance Note and Standards on Auditing helps the auditor in fulfilling this responsibility effectively.<br><br>**10. Continuous improvement:** By adhering to the Guidance Note and Auditing, Standards auditors on are encouraged to continuously improve their methodologies updated with developments practices. and the in audit stay latest auditing. | **Para 36 of the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting**<br><br>Applicability of Standards on Auditing for the audit of internal financial controls over financial reporting Paragraph A1 of SA 200, inter alia, states "In some cases, however, the applicable laws and regulations may require auditors to provide opinions on other specific matters, such as the effectiveness of internal control, or the consistency of a separate management report with the financial statements. While the SAs include requirements and guidance in relation to such matters to the extent that they are relevant to forming an opinion on the financial statements, the auditor would be required to undertake further work if the auditor had additional responsibilities to provide such opinions."<br><br>Accordingly, the Standards on Auditing do not fully address the auditing requirements for reporting on the system of internal financial controls over financial reporting. However, relevant portions of the Standards on Auditing need to be considered by the auditor when performing an audit of internal financial controls over financial reporting. For example, the auditor should consider the requirements of SA 230, "Audit Documentation" when documenting the work performed on internal financial controls; the auditor should consider and apply the requirements of SA 315 when understanding internal controls, etc.<br><br>**Para 37 of the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting**<br><br>This guidance aims to provide the supplementary procedures that would need to be considered by the auditor for planning, performing and reporting in an audit of internal financial controls over financial reporting under Clause (i) of Sub-section 3 of Section 143 of the 2013 Act. The applicable standards on auditing which, inter alia, need to be considered by the auditor when performing an audit of internal financial controls is given in the respective paragraphs of this guidance. |

# INDIAN DIGITAL CURRENCY: PRESENT AND FUTURE

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## What is Digital Currency?

Digital currency refers to money that exists entirely in electronic form and is exchanged through virtual networks without any physical presence. It includes three major types—cryptocurrencies, stable coins, and Central Bank Digital Currencies (CBDCs). A CBDC is a sovereign digital form of fiat currency issued by a central bank. In India, the Reserve Bank of India (RBI) has introduced the Digital Rupee (e₹), which holds the same value as physical cash and appears as a liability on the RBI's balance sheet. It can be used seamlessly for person-to-person, person-to-merchant, and business transactions. Globally, more than 100 countries are exploring CBDCs, highlighting the growing importance of digital currency in modern financial systems.

## Benefits of Digital Rupee

The Digital Rupee offers multiple advantages that enhance the efficiency of financial transactions. It enables faster payments by allowing near-instant settlement, unlike traditional systems that may take time for confirmation. It also reduces transaction costs, especially in cross-border payments, which are typically expensive due to intermediaries and currency conversion. Another key benefit is its 24/7 availability, allowing users to transact at any time without being restricted by banking hours.

In addition, the Digital Rupee significantly reduces the cost burden associated with printing, storing, and distributing physical currency. It also minimizes risks such as theft, loss, and counterfeiting, thereby improving overall security. From a governance perspective, it enables the government to transfer benefits directly and instantly to beneficiaries, making welfare distribution more efficient. Furthermore, reduced reliance on physical cash contributes to lower environmental impact and improved monetary management.

## Current Status in India

India has taken notable steps toward implementing digital currency. The RBI launched the wholesale CBDC (e₹-W) in November 2022, primarily for interbank transactions, particularly in government securities. This was followed by the launch of the retail CBDC (e₹-R) in December 2022, aimed at public usage through a controlled pilot program.

The pilot currently operates across multiple banks and cities, including Bhubaneswar, and allows users to transact using digital wallets. Integration with UPI has further enhanced its usability, enabling seamless payments across merchants and individuals. In addition, the RBI has undertaken various regulatory and technological initiatives, such as sandbox testing and policy development, to ensure the secure and efficient rollout of the Digital Rupee.

## Future of Digital Rupee

Looking ahead, the RBI plans to expand the functionality and scope of the Digital Rupee. One of the key developments includes enabling offline transactions, which will allow users to make payments even in areas with limited or no internet connectivity, thereby improving accessibility in rural and remote regions. Another important feature is programmability, which will allow payments to be made for specific purposes, such as government subsidies or corporate expenses, ensuring targeted and efficient fund utilization.

The Digital Rupee is also expected to simplify cross-border transactions by reducing time, cost, and dependency on intermediaries. It has the potential to enhance financial inclusion by bringing more individuals into the formal financial system. Alongside these advancements, the RBI is working on strengthening the regulatory framework to ensure compliance with financial and security standards.

## Conclusion

The introduction of the Digital Rupee marks a significant milestone in India's journey toward a digital financial ecosystem. By addressing the limitations of physical currency and improving transaction efficiency, it has the potential to transform the way payments are made and managed.

As adoption increases and technology continues to evolve, the Digital Rupee is expected to play a crucial role in promoting transparency, reducing operational costs, and supporting a cash-lite economy. It represents a forward-looking initiative that aligns with India's vision of a modern, secure, and inclusive financial system.

***"A Chartered Accountant is not merely a bookkeeper; he is a guardian of financial integrity and a trustee of public confidence." --- Robert H. Montgomery***

## ON THE LIGHTER SIDE OF LIFE

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

**Client:** "I'll send all documents soon."
**CA:** "Define 'soon'… this financial year or the next?" 😄

***Source: Anonymous***

# CLIENT EDUCATION BY A CHARTERED ACCOUNTANT: BUILDING STRONGER FINANCIAL PARTNERSHIPS

In today's dynamic business environment, the role of a Chartered Accountant (CA) extends far beyond traditional accounting and compliance. One of the most valuable yet often overlooked responsibilities of a CA is client education. Educating clients empowers them to make informed financial decisions, enhances transparency, and ultimately strengthens the professional relationship between the CA and the client.

Client education begins with simplifying complex financial concepts. Many clients, especially small business owners and startups, may not have a strong financial background. A CA must bridge this gap by explaining accounting principles, taxation laws, and regulatory requirements in a clear and understandable manner. Whether it is interpreting financial statements, understanding GST implications, or planning for tax efficiency, a well-informed client is better equipped to manage their business effectively.

Moreover, client education fosters compliance and reduces the risk of errors or penalties. When clients are aware of statutory deadlines, documentation requirements, and legal obligations, they are less likely to default unintentionally. This proactive approach not only safeguards the client's interests but also enhances the credibility of the CA as a trusted advisor.

Another key aspect is the use of technology and digital tools. With the growing adoption of digital accounting systems, e-filing, and financial analytics, clients must be guided on how to use these tools efficiently. A CA who educates clients on digital platforms, cybersecurity basics, and data management adds significant value in the modern business landscape.

Client education also plays a crucial role in financial planning and strategic decision-making. By helping clients understand cash flow management, investment options, and risk assessment, a CA contributes to the long-term sustainability and growth of the business. Educated clients are more likely to engage in meaningful discussions and collaborate effectively in achieving financial goals.

In conclusion, client education is not merely an additional service but a core function of a Chartered Accountant. It transforms the CA-client relationship from a transactional engagement to a partnership built on trust, knowledge, and mutual growth. A CA who invests in educating clients ultimately creates more aware, compliant, and financially sound businesses, contributing to the overall economic development.

***"An informed client is not just a responsibility fulfilled, but a partnership empowered."***

# Glimpses of Events

**"BHUBANESWAR BRANCH MC MEMBERS AT EIRC FELICITATION PROGRAMME"**


**"BHUBANESWAR BRANCH MEMBERS AT EICASA PREMIER LEAGUE 2026"**

THE INSTITUTE OF CHARTERED ACCOUNTANTS OF INDIA
(Setup by an Act of Parliament)
**Bhubaneswar Branch (ERIC) & EICASA Bhubaneswar**

# MANAGING COMMITTEE 2026-27

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Chairperson
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Vice Chairman &
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**CA Soumya Sunil Sahoo**
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