

## Final Course (Group - IV)

### Paper 17

#### COST AND MANAGEMENT AUDIT (CMAD)

**100 Marks**

| Module. No.  | Module Description   | Weight     |
|--|--|------------|
| <b>Section A: Cost Audit</b>   |  | <b>50%</b> |
| 1  | Basics of Cost Audit   | 5%         |
| 2  | Companies (Cost Records and Audit) Rules, 2014 (as amended)    | 10%        |
| 3  | Cost Auditor   | 10%        |
| 4  | Overview of Cost Accounting Standards and GACAP                | 10%        |
| 5  | Cost Auditing and Assurance Standards                          |            |
| 6  | Cost Audit Programme   | 5%         |
| 7  | Cost Audit Documentation, Audit Process and Execution          | 5%         |
| 8  | Preparation and Filing of Cost Audit Report                    | 5%         |
| <b>Section B: Management Audit</b>   |  | <b>25%</b> |
| 9  | Basics of Management Audit                                     | 5%         |
| 10   | Management Reporting Issues and Analysis                       | 5%         |
| 11   | Management Audit in Different Functions                        | 5%         |
| 12   | Evaluation of Corporate Image                                  | 5%         |
| 13   | Information Systems Security Audit                             | 5%         |
| <b>Section C: Internal Control, Internal Audit, Operational Audit and Other Related Issues</b> |  | <b>15%</b> |
| 14   | Internal Control and Internal Audit                            | 5%         |
| 15   | Operational Audit and Internal Audit under Companies Act, 2013 | 5%         |
| 16   | Audit of Different Service Organisations                       | 5%         |
| <b>Section D: Forensic Audit and Anti-Money Laundering</b>                                     |  | <b>10%</b> |
| 17   | Forensic Audit   | 5%         |
| 18   | Anti-Money Laundering  | 5%         |

## SECTION A: COST AUDIT

### 1. Basics of Cost Audit

- 1.1 Nature and Scope of Cost Audit
- 1.2 Genesis of Cost Audit
- 1.3 Objectives of Cost Audit
- 1.4 Utility and Advantage of Cost Audit
- 1.5 Cost Accounting Standards

### 2. Companies (Cost Records and Audit) Rules, 2014 (as amended)

### 3. Cost Auditor

- 3.1 Definition
- 3.2 Cost Auditor's Eligibility, Qualifications, Disqualifications, Appointment, Resignation, Rotation, Remuneration, Removal, Rights and Duties, Liabilities
- 3.3 Professional Ethics
- 3.4 Duties of a Cost Auditor to Report Fraud – Section 143 of the Companies Act 2013
- 3.5 Punishment for Fraud (Section 447 of the Companies Act, 2013)
- 3.6 Punishment for False Statement (Section 448 of the Companies Act, 2013)

### 4. Overview of Cost Accounting Standards and GACAP

- 4.1 Cost Accounting Standards
- 4.2 Guidance Notes on Cost Accounting Standards
- 4.3 Generally Accepted Cost Accounting Principles (GACAP)

### 5. Cost Auditing and Assurance Standards

- 5.1 Cost Auditing Standards - Overview

### 6. Cost Audit Programme

- 6.1 Introduction
- 6.2 Factors in Planning Cost Audit Assignment
- 6.3 Cost Audit Programme

### 7. Cost Audit Documentation, Audit Process and Execution

- 7.1 Cost Audit Documentation
- 7.2 Audit Process
- 7.3 Practical Steps of Audit Process

### 8. Preparation and Filing of Cost Audit Report

- 8.1 Introduction
- 8.2 Critical Elements of Cost Audit Report and Related Evidences (Physical and Digital)
- 8.3 Qualified Audit Report
- 8.4 Adverse Audit Report
- 8.5 Filing of Cost Audit Report to MCA in XBRL Format (as per TAXONOMY)

**SECTION B: MANAGEMENT AUDIT****9. Basics of Management Audit**

- 9.1 Definition
- 9.2 Nature and Scope
- 9.3 Need for Management Audit and Reporting
- 9.4 Audit of Management Process and Functions
- 9.5 Establishing reliability of information
- 9.6 Role of CMAs in Management Audit

**10. Management Reporting Issues and Analysis**

- 10.1 Introduction
- 10.2 Performance Analysis
- 10.3 Capacity Utilisation Analysis
- 10.4 Productivity and Efficiency Analysis
- 10.5 Utilities and Energy Efficiency Analysis
- 10.6 Key Costs and Contribution Analysis
- 10.7 Profitability Analysis
- 10.8 Working Capital and Liquidity Management Analysis
- 10.9 Manpower Analysis
- 10.10 Other Areas Suggested to be covered in the Report on Performance Analysis
- 10.11 Management Accounting Tools

**11. Management Audit in Different Functions**

- 11.1 Corporate Objectives and Culture
- 11.2 Corporate Services Audit
- 11.3 Corporate Development Audit
- 11.4 Evaluation of Personnel Development
- 11.5 Consumer Services Audit
- 11.6 Audit of Environmental Pollution Control
- 11.7 Audit of Energy and Utilities - Generation and Consumption
- 11.8 Productivity Audit/ Efficiency Audit
- 11.9 Propriety Audit
- 11.10 Corporate Social Responsibility (CSR) Audit
- 11.11 Social Cost – Benefit Analysis Audit

**12. Evaluation of Corporate Image**

- 12.1 Introduction
- 12.2 Audit Checks of Different Managerial Functions
- 12.3 Audit Checks of Various Corporate Divisions/Departments
- 12.4 ESG Audit

**13. Information Systems Security Audit**

- 13.1 Overview
- 13.2 Compliance and Security Framework
- 13.3 Cyber Security and Cyber Forensics
- 13.4 IT Audit in Banking Sector

## **SECTION C: INTERNAL CONTROL, INTERNAL AUDIT, OPERATIONAL AUDIT AND OTHER RELATED ISSUES**

### **14. Internal Control and Internal Audit**

- 14.1 Internal Control-Concept
  - 14.1.1 Objectives of Internal Control
  - 14.1.2 Scope of Internal Control
  - 14.1.3 Structure of Internal Control
  - 14.1.4 Limitations of Internal Control
  - 14.1.5 Evaluation of Internal Control
- 14.2 Internal Control and the Auditor
- 14.3 Internal Auditing – Evolution of the Profession

### **15. Operational Audit and Internal Audit under Companies Act, 2013**

- 15.1 Introduction
- 15.2 Preparation for an Audit
- 15.3 Audit Engagement Letter
- 15.4 Role of CMAs in Internal Audit, Operational Audit and Managers
- 15.5 Internal Audit under Companies Act, 2013
- 15.6 Internal Audit and Companies (Auditor's Report) Order
- 15.7 Internal Audit in Companies under manufacturing sector

### **16. Audit of Different Service Organisations**

- 16.1 Audit of Hospitals
- 16.2 Audit of Hotels
- 16.3 Audit of Educational Institutions
- 16.4 Audit of Co-operative Societies
- 16.5 Audit of Self-Help Groups
- 16.6 Audit of Non-Government Organisations (NGOs)
- 16.7 Audit of Local Bodies
- 16.8 Audit of Government Expenditure
- 16.9 Propriety Audit in the context of Government Audit
- 16.10 Audit of Commercial Accounts

## **SECTION D: FORENSIC AUDIT AND ANTI-MONEY LAUNDERING**

### **17. Forensic Audit**

- 17.1 Introduction to Forensic Audit
- 17.2 Fraud Risk Management
- 17.3 Financial Forensics and Forensic Audit Techniques
- 17.4 Ethical Considerations and Code of Conduct in Forensic Audit
- 17.5 Professional Opportunities

### **18. Anti-Money Laundering**

- 18.1 International Standards on Combating Money Laundering and the Financing of Terrorism & Proliferation
- 18.2 Guidance for a Risk-Based Approach for the Accounting Profession