



Progress Partners Business Advisory LLP



**Boutique
Management
Consulting Firm**

**Presence – Mumbai,
Pune, Delhi, Kolkata,
Bangalore**

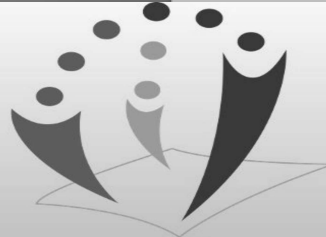


**Multidisciplinary
Team**

Elite Clientele

**Business
Advisory**

Risk Assurance



**Progress Partners
Business Advisory LLP**

**Legal Compliance
Assessments**

**Project Feasibility
& Funding**

Internal / Management Audit



Background

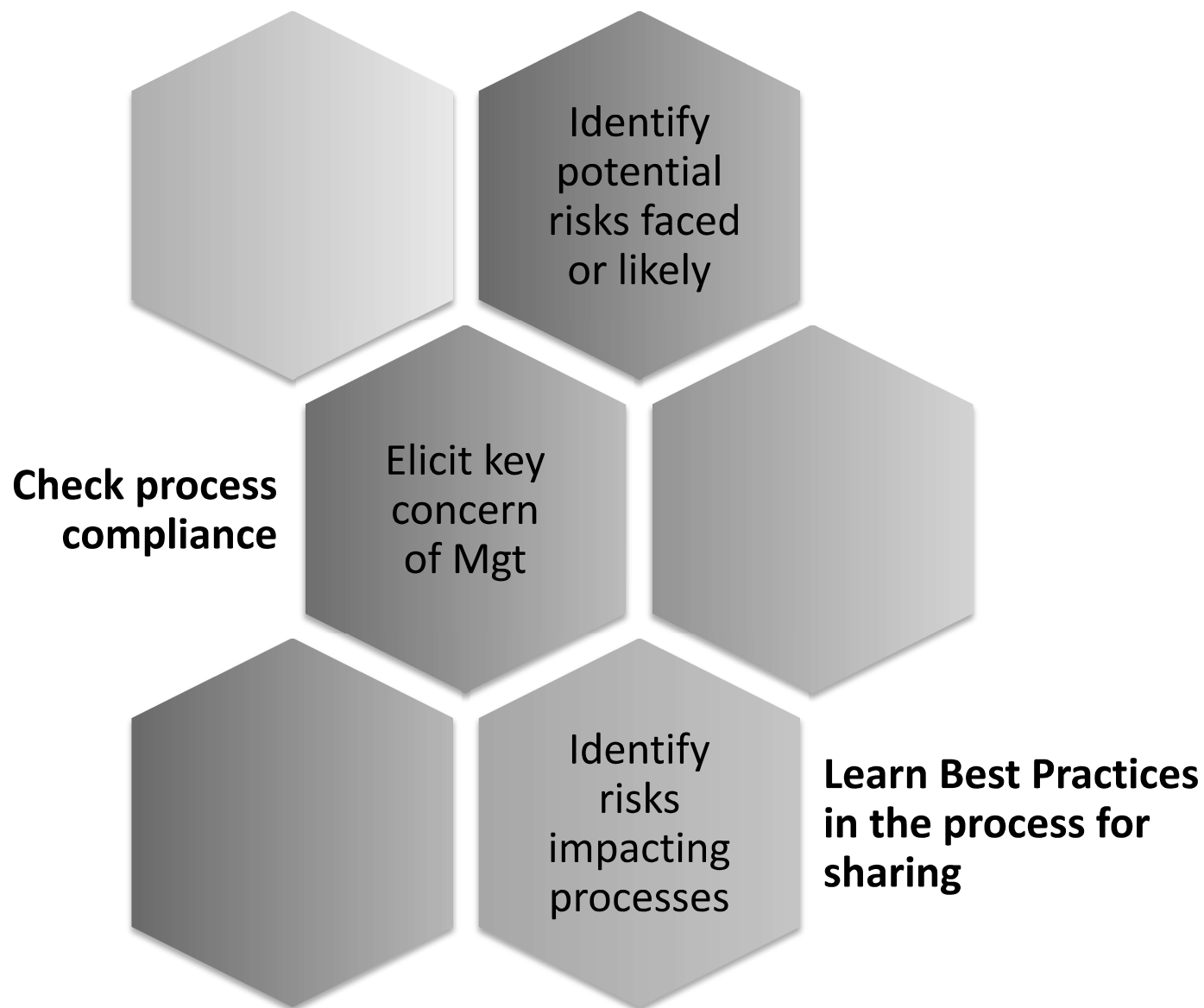
- Expanded Polymer Systems Private Limited is a 40-year-old reputed Speciality Chemicals Company.
- It has manufacturing facilities in Navi Mumbai and Dahej
- As the businesses have grown over the previous decade, the management feels it is now time to have a proper Internal Audit Systems, both for the business requirement as well as for statutory compliance.
- Since the company's turnover is close to ₹ 650 cr, Internal audit is required to be conducted under section 138 of the Companies Act, 2013 read with rule 13 of the Companies (Accounts) Rules, 2014
- Internal Audit will also provide the management with insight into the working of the company, help monitor wastage, identify potential control gaps and mitigate risks.
- In view of the above, the management has decided to engage a firm of external auditors to undertake Internal Audit on a regular basis
- Progress Partners Business Advisory LLP, being an audit firm, with experience of having done such audits in the past has therefore put in this proposal for the same.

Internal Audit Approach

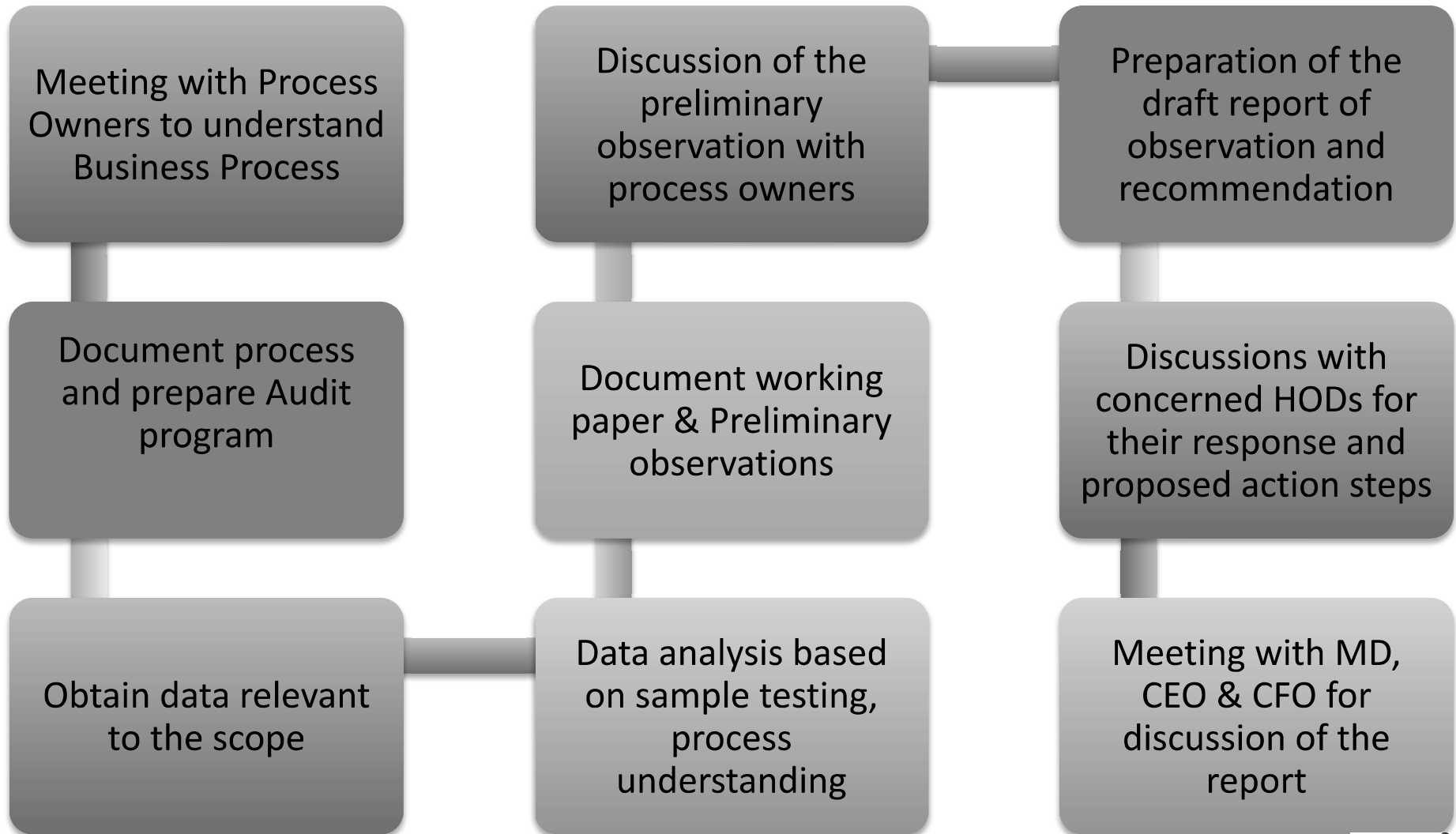


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Audit Approach



Audit Approach



Audit Approach

Risk Based

Audit Approach helps Prevent
Issues

Improve
Internal Risk
Management
Practices

Efficient Testing

Focus on
Controls
Effectiveness

Extensive
focus on IT
Infrastructure

Prevents
Future
Problems

Increase use
of Data
Analytics

Reduced Time
requirements



Transparent Communication

We believe in :

- Continuous and transparent communication during and after an audit
- Providing clear and actionable reports capturing:



- Observations



- Root Cause



- Impact



- Recommendation



- Management Action Plan



Reporting & Follow-up

- Audit to be conducted quarterly
- Some critical areas may be taken up each month
- Reporting will be quarterly
- Critical items will be reported immediately to the management without waiting for quarterly report
- All subsequent reports will have a section on status of previous observations



Internal Audit Scope & Commercials



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Audit Scope



Risk assessment of all types of business risks


Evaluation of Control Environment and Management's control activities

Evaluation of risk and controls on Information and communication

Effectiveness of Monitoring and Reporting



Audit Scope



Identify all significant risks and assess on an ongoing basis

Measurable targets and indicators where possible

Evaluate the risk mitigation procedure or system in place

Discuss cases of unmitigated risks and its acceptability to the Management



Control Environment



A vertical diagram consisting of three white circles connected by a thin line. Each circle is positioned to the left of a gray rectangular box containing text. The top circle is connected to the top box, the middle circle to the middle box, and the bottom circle to the bottom box. The line starts from the top circle, goes down, then right, then down again, then right again, and finally down to the bottom circle.

Policy and a strategy for managing significant risks

Clearly defined authority, responsibility and accountability

Clear communication of expected employees' behavior



Information & Communication



MIS & Reporting - Timely, Relevant and Reliable

Evaluate IT / ERP Systems - Security, Availability & Reliability

IT Security Management

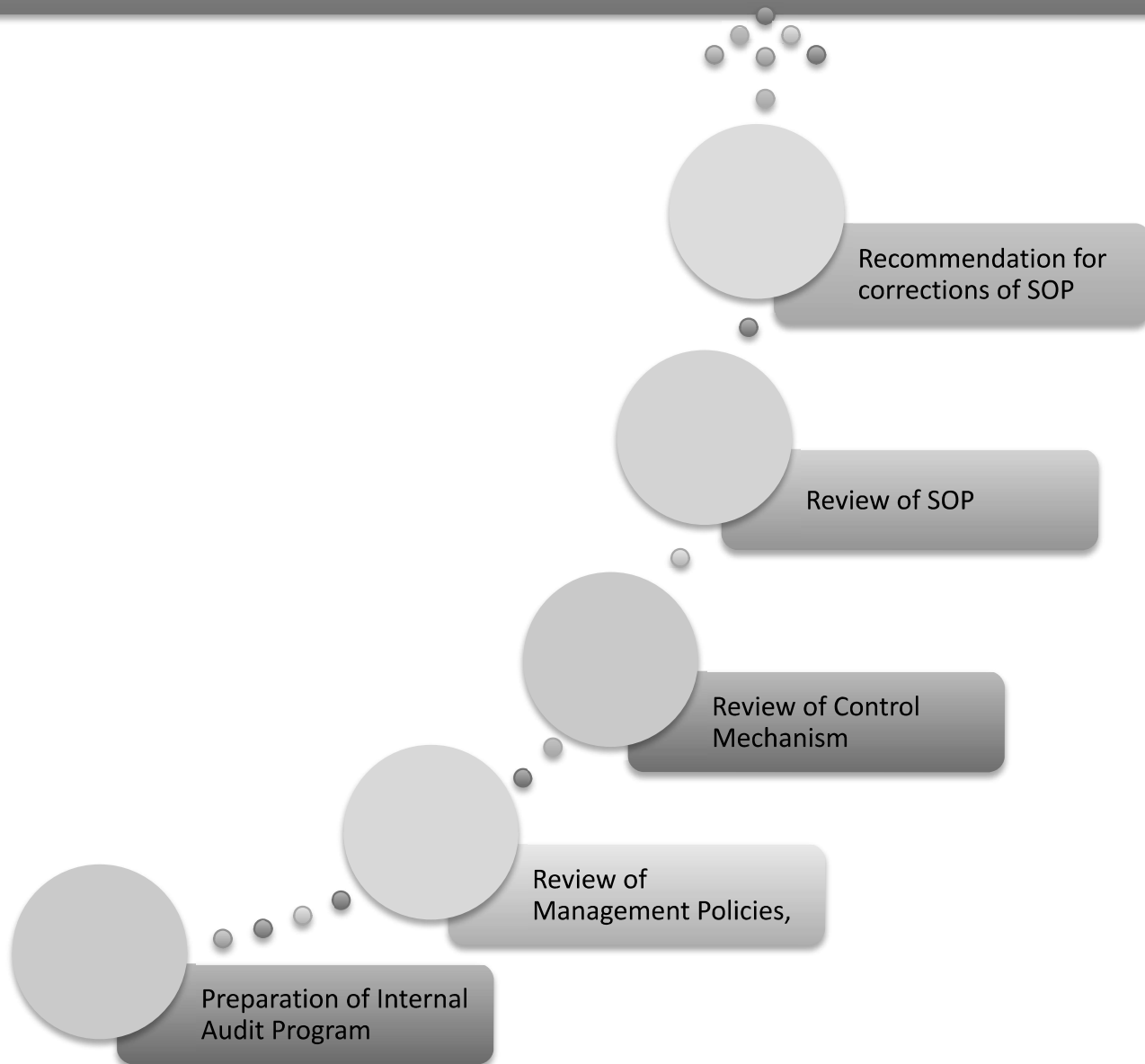
Meeting legal requirements







Methodology



Methodology



Identification of
trouble areas

Assessment of
transactions

(Checking &
Verification of 100%
of the entries)

Verification of data

(vouchers, bills, records, registers
& documents)

Review of ERP, controls,
implementation

Methodology

Audit Visits

As required
(expected
10 days a
month)

Surprise Visit

For
activities
like Cash
verification,
Stock
Verification

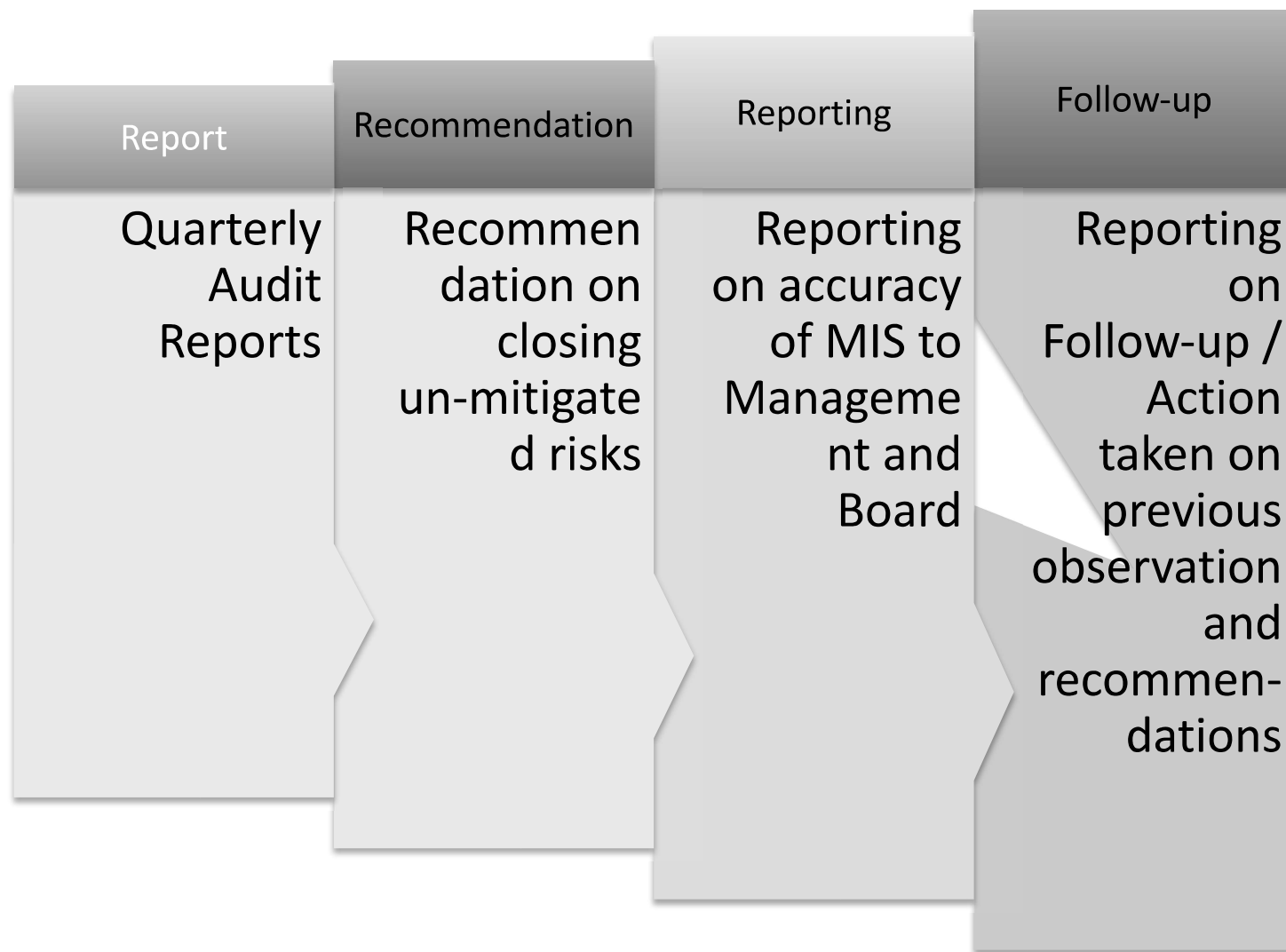
Quarterly

Discussion
with CEO /
Directors

Reporting

Submission
of Final
Report with
auditee's
responses
where
applicable

Deliverables



Why Progress Partners



Progress Partners
Business Advisory LLP

Our USP



Experience & Exposure



Undertaken a significant amount of work of similar nature.



Working with Large as well as SME clients.



Extensive experience in Distribution / Supply Chain for

- Manufacturing companies
- Trading businesses
- Independent distribution



Clients including Logistics companies, Chemicals, Pharma, Mobiles.



Audit and consulting assignments with Textile & Garment industries, Hotels / Hospitality businesses

Time & Fees

- **Professional Fees** ₹ 4,50,000 per Quarter
(covering both plants and Corporate Office)
- Out of Pocket Expenses in connection with the audit will be charged to the client.
- **Payment Schedule** : Payable within 15 days of submission of invoices
- GST and other Government levies (if any) at prevailing rates shall be added to our invoice



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