

SUMMER INTERNSHIP PROJECT

“A STUDY ON INVENTORY AUDIT AT JIO LTD.”

Submitted To:

DMSR

**G. S. College of Commerce & Economics, Nagpur
(An Autonomous Institution)**

Affiliated To:

Rastrasant Tukdoji Maharaj Nagpur University, Nagpur

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NAAC Accredited “A” Grade Institution**



Academic year:-2022- 2023



CERTIFICATE

This is to certify that the investigation described in this report titled “**A STUDY ON INVENTORY AUDIT AT JIO LTD.**” has been carried out by **Mr. Durgesh Kushwaha** during the summer internship project. The study was done in the organization, **R S SURANA & ASSOCIATES.**, in partial fulfillment of the requirement for the degree of **Master of Business Administration of G.S. College of Commerce and economics (An Autonomous Institute)** affiliated to **R. T. M. Nagpur University, Nagpur.**

This work is the own work of the candidate, complete in all respects and is of sufficiently high standard to warrant its submission to the said degree. The assistance and resources used for this work are duly acknowledged.

Dr. Aniruddha Akarte
Faculty Guide

Dr. Sonali Gadekar
MBA Co-ordinator

CERTIFICATE



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TO WHOMSOEVER IT MAY CONCERN

This is to certify that Mr. **Durgesh Chandrabhavan Kushwaha** student of MBA (Finance) at G.S College of Commerce and Economics (DMSR) Nagpur has successfully completed his 45 days Internship Programme in **M/S R S SURANA & ASSOCIATES** (From 16 Sep 2022 to 31 Oct 2022).

During the period of internship programme with us he was punctual, hardworking and inquisitive. His performance exceeded expectation and was able to complete the task successfully on time.

We wish him all the best in all his future efforts.

Date: 01/11/2022
Place: Nagpur

For, R S Surana & Associates
CHARTERED ACCOUNTANT



Proprietor: CA Rohit Surana
M NO. 196442

ACKNOWLEDGEMENT

It is a matter of pride and privilege for me to have done a summer internship project at “**R S SURANA & ASSOCIATES**” and I am sincerely thankful to them for providing this opportunity to me.

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I'm thankful to the principal of G.S. College of Commerce and Economics, Nagpur, **Dr. Swati S. Kathaley** and to the Dean of DMSR, **Mr. Anand Kale**.

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DURGESH KUSHWAHA

Index (Table of Contents)

Sr. No.	Particulars	Page No.
1	Introduction	7
2	Company profile	13
3	Terminologies	15
4	Objective of study	16
5	Scope of study	17
6	Need of study	18
7	Contribution during SIP	19
8	Limitations	23
9	Research methodology	24
10	Findings	27
11	Conclusion	29
12	Bibliography	30

INTRODUCTION

The title of study is internal audit procedure Auditing is done throughout the year they are there to alert the management for any deviation from the NRB framework likewise loopholes that are there in the policy and procedure are highlighted as Internal Audit Department constantly monitor the work and reports to the higher authorities for changes to be made. Internal Audit Department reviews the Income and recognizes it if not taken and realized. There is a period research conducted by the Internal Audit Department where data are collected and examined for recommendation, the research in general will look at the secondary data's rather than primary ones.

There are various forms of Audit carried out in any commercial banks. The first audit is the self audit, and then secondly there are another department like Credit Risk Department and Risk Management that constantly monitors the work. If any of the risks is overlooked by the Credit and Risk Management Department than the last department to control and alert the organization management is the Internal Audit Department of the Organization

Since the MBA program is an integrated set of practical and theoretical method of learning, the students of this program are required to have practical exposure in any kind of business organization as last term of this course. The primary goal of internship is to provide an on-the-job exposure to the student and an opportunity for translation of their theoretical conceptions in real life situation.

Definiton of Audit

Auditing is a systematic process of objectively obtaining and evaluating evidence regarding assertions about economic actions and events to ascertain the degree of correspondence between those assertions and established criteria and communicating the results to interested users. The various types of auditing services provided by the organization are Statutory Audit, Due Diligence Audit, Internal Audit, External Audit, Financial Audit, Forensic Audit etc.



ESSENTIALS OF GOOD AUDIT REPORT

The essentials of good audit report are as follows:

Title

An auditor report must have appropriate title, such as “Auditor’s Report”. It is helpful for the reader to identify the auditor’s report. It is easy to distinguish it from other reports. The management can issue any report about the business performance. The title of the report is essential.

Addressee

The addressee may be shareholder or board of director of a company. The auditor can audit financial statements of any business unit as per agreement. The report should be appropriately addressed as required by engagement letter and legal requirements. The report is usually addresses to the shareholders or the board of directors.

Identification

The audit report should identify the financial statement that have audited. The financial statement may include trading profit and loss accounts, balance sheet and statement of changes in financial position and sources and application of frauds statement. Thereport should include the name of the entity. Moreover the data and period covered by the financial statement are also stated in it.

Reference to Auditing Standards

The audit report should indicate the auditing standard or practice followed in conducting the audit. The international auditing guidelines need assurance that the audit has been conducted as per set standards.

Opinion

The auditor's report should clearly state the auditor's opinion on the presentation in the financial statement of the entity's financial position and the result of its operations. The statement give a true and fair view is an auditor's opinion. This opinion is usually based on national standard or international accounting standards.

Signature

The audit report should be signed in the name of the audit firm, the personal name of the auditor or both as appropriate.

Auditor's Address

The address of auditor is stated in the audit report. The name of city is stated in the report for information of the readers.

Date of Report

The report should be dated. It informs the reader that the auditor considered the effect on the financial statements and in his report of events or transactions about which he become aware the occurred up to that date.

Products and Services:

The major products and services provided by the firm are auditing, due diligence, account outsourcing, project management and consulting services which are as follows:

Financial Audits:

In a financial audit, the assertions about which the auditor seeks objective evidence relate to the reliability and integrity of financial and, occasionally, operating information. This type of audit usually covers the basic set of financial statements (Balance Sheet, Income Statement, Statement of CashFlows, Statement of Changes in Equity and notes to the financial statements)

Statutory Audit:

A legally required review of the accuracy of a company's or governments' financial records is what termed as Statutory Audit. The purpose of a statutory audit is same as the purpose of any other audit - to determine whether an organization is providing a fair and accurate representation of its financial position by examining information such as bank balances, bookkeeping records and financial transactions.

Internal Audit:

Internal audit is an independent, objective assurance and consulting activity designed to add value and improve an organization's governance, risk management and management controls over: efficiency/effectiveness of financial statements (Balance Sheet, Income Statement, Statement of Cashflows, Statement of Changes in Equity and notes to the financial statements

Account Outsourcing:

Outsourcing is gaining popularity as a way to reduce financial and operational risks by making them easier to manage. Keeping this in mind, the firm provides accounting services to various organizations. Business organizations can alleviate the burden of staying on top of frequent changes to tax codes and accounting regulations and provide increased levels of information transparency, visibility of controls and clarity of accountability by outsourcing of accounting system.

Company Establishment:

The firm also extends its services towards establishment of organizations and corporation. The firm helps in registration in company registrar office as per the company act 2063, acquiring of certificate of commencement of business, etc.

Tax Management:

The firm also helps in tax management for organizations. Organizations can acquire services like calculation of income tax, management of Value Added Tax (VAT), Tax Deducted at Source, timely filing and payment of tax to Inland Revenue Department, etc.

Consultancy and Training:

The firm also offers advising and counseling services on matters relating to accounting system, tax procedures, company establishment, and numerous other financial matters. The firm provides consultancy services in areas of Country Strategic Papers, Restructuring policies and Internal Control System Development, Mergers/Demergers, Financial Controller/ Due Diligence Review/Special Review of various Infrastructure projects on behalf of commercial banks; Forensic Audits, etc.

Services are provided to all types of organization such as company, Banks Industries et

COMPANY PROFILE

R S SURANA & ASSOCIATES was established in January 2011. It is a leading chartered accountancy firm rendering comprehensive professional services which include audit, management consultancy, tax consultancy, accounting services, manpower management, **R S SURANA & ASSOCIATES** is a professionally managed partnership firm. The team consists of distinguished Chartered Accountants, corporate financial advisors and tax consultants. The firm represents a combination of specialized skills, which are geared to offers sound financial advice and personalized proactive services. Those associated with the firm have regular interaction with industry and other professionals which enables the firm to keep pace with contemporary developments and to meet the needs of its clients. The firm has provided consulting and auditing services to major Banks and Financial Institutions in Vidharbha including JIO COMPANY, GODHANI ,NAGPUR. Firm has also involved in advisory works, auditing and as a counterpart with local consultancy and also in the capacity of independent expert.

Vision

The firm's vision is to be the premier auditing, accounting, tax and business /consulting firm by every measure that matters and also to accomplish the assignment through the experience of firm's partners & professional staff and also to arrange specific technical expertise from our associates of various streams of professions.

We go beyond the traditional auditor and client relationship by becoming your Trusted.

Mission

We adhere to the strictest principles of client confidentiality. The sensitive and competitive nature of proprietary information-and the maintenance of trust-demands it. We have built our success on such principles. We do our utmost to earn-and keep-client trust.

Firm's Performance

From my viewpoint, to the best of my knowledge and ability, I found the overall performance of the organization above satisfactory level measured on following criteria:

During my internship period of 45 days, what I found is that the organization has very energetic and motivated employees. Moreover, the firm is the auditing and consulting firm run/managed by the chartered accountants who are experts in the field of finance. Hence, there is very less chance of the firm incurring losses.

I feel that the quality of the work is good from the perspective of number of times the report gets checked and verified before the final report is handed over to the customer

TERMINOLOGIES

➤ **CLEAN AUDIT OUTCOME:**

The financial statements are free from material misstatements (in other words, a financially unqualified audit opinion) and there are no material findings on reporting on performance objectives or non-compliance with legislation.

➤ **FINANCIALLY UNOQUALIFIED AUDIT OPINION:**

An unqualified opinion is an independent auditor's judgment that a company's financial statements are fairly and appropriately presented, without any identified exceptions, and in compliance with generally accepted accounting principles (GAAP)

➤ **QUALIFIED AUDIT OPINION:**

A qualified opinion indicates that there was either a scope limitation, an issue discovered in the audit of the financials that were not pervasive, or an inadequate footnote disclosure. A qualified opinion is an auditor's opinion that the financials are fairly presented, with the exception of a specified area.

➤ **ADVERSE AUDIT OPINION:**

An adverse opinion is a professional opinion made by an auditor indicating that a company's financial statements are misrepresented, misstated, and do not accurately reflect its financial performance and health.

➤ **DISCLAIMER OF AUDIT OPINION:**

A disclaimer of opinion is a statement made by an auditor that no opinion is being given regarding the financial statements of a client. This disclaimer may be given for several reasons. For example, the auditor may not have been allowed or been able to complete all planned audit procedures.

OBJECTIVE OF STUDY

The study has been conducted to an effect of launch of JIO sim on other competitor in India.

The specific objectives of the study are:

- To have a overall idea about the audit procedures **R S SURANA & ASSOCIATES**. To gain practical knowledge and experience on how the firms conduct an audit and how work is conducted in bank and company.
- Gain an overview of the present situation of the Indian Telecom Industry.
- To identify key attributes in the business model of Reliance JIO.
- To define the ways in which reliance JIO has affected other players in the telecom industry of India.

SCOPE OF STUDY

I have been assigned in **R S SURANA & ASSOCIATES** that gave me tremendous scope to familiarize with the audit procedure of the organization. Major parts of scope are point out below:

- Audit procedure, which is followed by the organization for performing any audit.
- Audit administration of firm, which is followed by the organization for performing any audit.
- Audit methodology of firm, which is followed by the organization for performing any audit.

NEED OF STUDY

- Internal auditors gain an in-depth, up-close understanding of the processes, policies and procedures of an organization..

- Risk and compliance concerns are driving hiring at many companies, particularly in highly regulated industries like banking, insurance, healthcare and financial services.

- Potential internal auditing jobs on this career path include entry-level internal auditors, such as auditing specialists, risk assessment specialists, lead internal auditors, financial analysts, internal controls auditors and information systems auditors.

- The more complex regulatory environment means businesses must balance revenue-generating activities with the need to meet regulatory directives, implement new capital structures and manage institutional risk.

CONTRIBUTION DURING SIP

Week 1 & 2

First few days I do not have to do anything except observing them and I was asked to learn by observing and communicating and staying with them. At first week my primary work was to learn how to operate an Ms-excel customize software which is used for maintaining company accounts. Then I practically involved in work with the auditor's team.

In R S SURANA & ASSOCIATES Chartered Accountants, there was no specific job description for an intern. After I joined the firm, I was placed in an internal audit team in a Jio company as a Junior Audit.

As a part of the team I was responsible to look into the various aspects of internal control of the company, the areas were, expenses, cash and wages and salaries as discussed in the previous part of this report.

Preparation of Audit Working Papers:

I prepared audit working papers simultaneously while doing vouching. The doubtful matters/transactions/entries were noted on the working papers. The entries without supporting documents and evident were noted down. Similarly, transactions/entries that require thorough checking of its supporting documents such as memorandum of understanding (MOU), agreement papers, insurance policies etc were noted for the purpose of reminder for checking of these supporting in detail later. It was necessary to

prepare working papers while doing vouching. However, I could not learn the way of coding and indexing of working papers for the purpose of filing and referencing and cross referencing during report writing due to limited duration of my internship programme. I prepared working papers for company and college both.

The audit working papers constitute the link between the auditor's report and the client's records. Documentation refers to working papers prepared or obtained by the auditor and retained by him in connections with performance of his audit.

The main reasons/purposes for the preparation of working papers are:

- They constitute a permanent record of the objectives and scope of the audit, as well as the work performed during the audit. Work papers organize and coordinate all phases of the audit.
- They contain the back-up material in support of the audit findings, conclusions, opinions, and comments.
- They reflect the quality and reliability of the work performed by the auditor; substantiate and explain in detail the opinions and findings presented



WEEK 3 & 4

Preparation of Preliminary Trial Balance and Financial Statements:

Preliminary Trial Balance

This a summary of the balance of all accounts in the chart of accounts to, firstly, make sure the books are balanced. Then, these account balances are used to prepare financial statements such as Profit and Loss Account, Balance Sheet and Cash Flows Statement. The trial balance is a worksheet on which all the general ledger accounts with their debit or credit balance are listed. It is a tool that is used to alert errors in the books of account. The total debits must equal the total credits. If they don't equal, there is an error that must be tracked down.

As the name indicates the **profit and loss statement** (also known as a statement of financial performance or an income statement) measures the profit or loss of a business over a specified period. A profit and loss statement summarizes the income for a period and subtracts the expenses incurred for the same period to calculate the profit or loss for the business. It reflects the past performance of the business and is the report most often used by small business owners to track how their business is performing.

WEEK 5

Balance sheet

This a financial statement that summarizes a company's assets, liabilities, specific point in time. The balance sheet gives an idea of what the company owns and owes as well as the amount invested by them. Each of the three segments of the balance sheet has many accounts within it, documenting the value of each one. Accounts such as cash, inventory,

and property are on the asset side of the balance sheet, and accounts such as accounts payable and long-term debt fall on the liability side. Accounts on a balance sheet differ by company and by industry, as there is no set template that accurately accommodates the differences between different types of businesses.

WEEK 6

Cash Flow Statement

This that financial statement which provides aggregate data regarding all cash inflows a company receives from both its ongoing operations financing and external investment sources, as well as all cash outflows that pay for business activities and investments during a given quarter. Income statement uses accrual accounting method and its benefit is that it strives to show a more accurate picture of the companies' profitability.

However, focusing on accrual based profitability without looking at cash inflows and outflows is very dangerous, not only because companies can more easily manipulate accounting profits than they can cash profits, but also because not having a handle on cash can potentially make even a healthy company go bankrupt.

Internal Audit

- 
- Monitoring of Internal Control
 - Examination of Financial & Operating Information
 - Risk Management
 - Review of Compliance with Laws & Regulation
 - Governance
 - Review of Operating Activities

Functions



LIMITATIONS OF STUDY

The study is conducted with an objective to make a thorough study of external audit procedure. I have availed many facilities and faced some obstacles during my study. These obstacles may be termed as limitation of the study. These limitations are as follows:

- Scheduled time span was not sufficient to cover all information.
- As an independent audit firm the information of the case study is not adequate for this study.
- To some extent the exact audit procedure is not followed due to time and other constrains.
- As the internship was the first practical experience, it was not possible for me to know all and everything of audit procedure.

Research methodology

In order to prepare the assigned project paper I have collected necessary information from two types of source as follows:

- Primary sources information.
- Secondary sources information.

Primary sources information

- I have collected primary information by working with two audit team .
- Discussing with engagement partner, audit manager, audit staff and articulated student.

Secondary sources information

- I have also collected secondary information like annual audit report,management audit report, accounting system & audit working papers.
- The information was obtained from various corresponding files of the firm

Audit process and procedures in India

The audit firm India are regulated and guided by the Institute of Chartered Accountants Of India. ICAI has suggested and provided the firm with different subject regarding auditing. Like others it has suggested auditing procedures that can be followed by the audit firm in India in its Audit Practice Manual.

Audit process suggested by Audit Practice Manual (APM) may be summarized as follows.

Planning

In order to assist in a disciplined approach to planning and to ensure compliance with Indian Standards on Auditing (ISA), the APM provides documentation enabling a record of planning to be kept, demonstrating the approach adopted for each audit and the reasons for that approach.

Collection of audit evidence

The APM audit programs are comprehensive and designed to deal with most eventualities. However, it is crucial that the programs are tailored to meet particular circumstances of the client.

Controlling and recording

This section provides detailed guidance on the use of the documentation, including the way in which the forms should be completed for the preparation of a well-documented audit file.

Review and opinion

This section deals with how partner can review the overall audit and form an opinion.

APM provides some checklists which can be used to review the overall performance of the client.

Audit Procedures

There are seven steps involved in the procedures that come one after another. The procedures followed by the R S SURANA & ASSOCIATES are basically inspired by the approaches suggested by ICAI in Audit Practice Manual. Steps are as follows:

- Identity Overall Goals
- Gather & Evaluate Initial Information
- Assess General Risks
- Assess Account Specific Risk
- Develop Efficient And Effective Audit Plan Program
- Conduct Audit Testing
- Evaluate And Communicate Audit Results

FINDINGS

We measure several outcomes at the patient, professional, and department levels (Ts. The primary outcomes are adverse events and complications. The secondary outcomes are patient experiences, the standardised mortality rate (SMR), prolonged company stay, team climate, and patient safety culture. These outcomes are assessed using medical record reviews, questionnaires, routine company administrative data, and observations. We collect data 3 months before the audit and will collect data again 15 months afterwards. We measure patient experiences also 9 months after auditing; the SMR and prolonged company stay are generated from the routine administrative company data monthly. During internship period, I never felt I am different than them. Rather, I started to feel like I was also one of them (one of the CA student doing Articleship not internship). I really feel lucky to receive such kind of treatment and behavior from other employees. I think that for such kind of friendliness and rapport, there is great role of informal talks. The organization had a culture of having breaks time and again. This provided great opportunity for the new comers like me to get acquainted with the organization and the employees.



I learned the various operations carried out during my audit and the procedure that the department should followed in carrying out those operations. The guideline and manual was well instated there for the maternity company, so as to carry out certain activity. Like for example a certain criteria was to be followed in order to allocate the bed and private rooms etc. If any of the procedure was missed during conducting of the activity then there would be a high chance of error / risk due to improper follow of the procedure. So each activities carried out in the company has to follow specific procedure, where these procedure were predefined so as to avert risk like fraud, operational risk, financial risk and the future risk.

The findings and facts were the outcomes of audit and these finding and figure were stated as comments by internal auditor. The comments showed the work done by the auditor. I had at first enlisted many comments at first but I later found that the comments that I found were dealing with the compliance of procedures, as my comments only focused on errors made by the administrative department. I then learned that the Company Administrative Department had a big challenge, a challenge to contribution in developing mechanism that controlled high errors during work find out loop holes in the procedure for activities and monitor branches performance.

The report writing skill was developed as I understood that a good sketched report didn't need to be re-addressed the findings and facts verbally; the report would just speak for itself.

CONCLUSION

- R S SURANA & ASSOCIATES internship program as offered me a great opportunity develop the new skills and knowledge with lot of new responsibility.
- The program as enhanced my knowledge and skills as well as improved my professional ability to work in a multilateral environment.
- Reliance JIO has become a very successful brand in India & providing customer satisfaction is to be their main motive. It provides unlimited free calling and data services & SMS on the move as people are more dependent on it in their daily lives like wide network coverage and good 4G services.
- Reliance JIO possesses congestion free & wide network coverage, attractive 4G schemes & customer services as well as lifetime roaming free services.

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