

# *Internal Audit Plan Checklist*

## 1. Regulatory and Compliance Framework

### Companies Act, 2013 Compliance

- ☐ Verify applicability of internal audit requirements (Section 138)
- ☐ Ensure company meets threshold criteria (turnover  $\geq$  ₹200 crores  
OR outstanding loans  $\geq$  ₹100 crores)
- ☐ Review internal auditor appointment and qualifications
- ☐ Confirm internal audit function reporting to Audit Committee
- ☐ Validate compliance with prescribed internal audit standards

### Industry-Specific Regulations

- ☐ Banking – RBI guidelines and prudential norms
- ☐ Insurance – IRDAI regulations
- ☐ NBFC – RBI master directions
- ☐ Listed companies – SEBI LODR requirements
- ☐ Power sector – Central/State Electricity Regulatory Commission norms
- ☐ Pharmaceutical – CDSCO and FDA compliance

## Tax and Statutory Compliance

- ☐ GST compliance and input tax credit claims
- ☐ Income Tax Act provisions and transfer pricing
- ☐ Professional Tax and Labor Law compliance
- ☐ Environmental clearances and pollution control
- ☐ Factory licenses and trade licenses

## 2. Risk Assessment and Planning

### Business Risk Evaluation

- ☐ Conduct comprehensive risk assessment using COSO framework
- ☐ Identify key business processes and control points
- ☐ Assess fraud risk factors specific to Indian business environment
  - Evaluate regulatory compliance risks
- ☐ Review previous audit findings and management responses

### Audit Universe Mapping

- ☐ Financial processes (Procure-to-Pay, Order-to-Cash, Record-to-Report)
- ☐ Treasury and cash management
- ☐ Human resources and payroll
- ☐ Information technology and data security
- ☐ Procurement and vendor management
- ☐ Sales and distribution channels
- ☐ Manufacturing and quality control
- ☐ Corporate governance processes



## Risk Prioritization Matrix

- ☐ Create risk heat map based on impact and likelihood
- ☐ Consider regulatory requirements and materiality
- ☐ Factor in management concerns and stakeholder expectations
- ☐ Align with company's strategic objectives

## 3. Audit Planning and Scheduling

### Annual Audit Plan Development

- ☐ Prepare 3-year rolling audit plan
- ☐ Ensure adequate coverage of high-risk areas
- ☐ Balance financial and operational audits
- ☐ Include special investigations and surprise audits
- ☐ Plan for continuous monitoring activities

### Resource Planning

- ☐ Assess internal audit team competencies
- ☐ Identify need for external experts or co-sourcing
- ☐ Plan for technology tools and audit software
- ☐ Budget allocation for audit activities
- ☐ Training and development requirements

### Stakeholder Communication

- ☐ Present audit plan to Audit Committee for approval
- ☐ Coordinate with statutory auditors and other assurance providers
- ☐ Communicate with process owners and auditees
- ☐ Set expectations with senior management

## 4. Audit Execution Framework

### Audit Methodology

- ☐ Develop standardized audit programs and checklists
- ☐ Define sampling methodologies and statistical techniques
- ☐ Establish data analytics and continuous auditing procedures
- ☐ Create templates for working papers and documentation
- ☐ Set quality review and supervision protocols

### Documentation Standards

- ☐ Maintain proper audit trails and working papers
- ☐ Document audit objectives, scope, and methodology
- ☐ Record findings, exceptions, and management responses
- ☐ Ensure confidentiality and data security protocols
- ☐ Archive audit files as per retention policies

## 5. Indian-Specific Focus Areas

### Financial Controls

- ☐ Revenue recognition practices and multiple element arrangements
- ☐ Related party transactions and transfer pricing
- ☐ Foreign exchange compliance (FEMA regulations)
- ☐ Consolidation procedures for group companies
- ☐ Impairment testing and fair value measurements



## Operational Areas

- ☐ Supply chain and vendor due diligence
- ☐ Cash handling and petty cash management
- ☐ Inventory management and physical verification
- ☐ Fixed asset management and depreciation policies
- ☐ Employee benefit obligations and gratuity funds

## Compliance Monitoring

- ☐ Corporate Social Responsibility (CSR) spend and utilization
- ☐ Board meetings and corporate governance practices
- ☐ Insider trading regulations and code of conduct
- ☐ Anti-corruption and gift policies
- ☐ Environmental, social, and governance (ESG) initiatives

## Digital and Cyber Security

- ☐ Data privacy and protection (Personal Data Protection Bill compliance)
- ☐ Cybersecurity frameworks and incident response
- ☐ Digital payment systems and UPI transaction controls
- ☐ Cloud computing and data storage security
- ☐ Business continuity and disaster recovery plans



## 6. Reporting and Follow-up

### Audit Reporting Standards

- ☐ Develop clear and concise reporting templates
- ☐ Include executive summaries for senior management
- ☐ Classify findings by risk rating and priority
- ☐ Provide actionable recommendations with timelines
- ☐ Ensure reports are objective and evidence-based

### Management Response Process

- ☐ Obtain written management responses to findings
- ☐ Agree on implementation timelines and responsible parties
- ☐ Establish escalation procedures for unresolved issues
- ☐ Create management action plan tracking system
- ☐ Schedule follow-up audits for critical findings

### Audit Committee Reporting

- ☐ Prepare quarterly status reports for Audit Committee
- ☐ Present significant findings and systemic issues
- ☐ Report on audit plan progress and resource utilization
- ☐ Highlight regulatory compliance gaps and remediation
- ☐ Provide independent assessment of internal controls



# 7. Quality Assurance and Improvement

## Internal Quality Reviews

- ☐ Conduct periodic self-assessments of audit function
- ☐ Implement quality control checklists and peer reviews
- ☐ Monitor audit cycle times and efficiency metrics
- ☐ Track client satisfaction and stakeholder feedback
- ☐ Benchmark against industry best practices

## External Quality Assessment

- ☐ Plan for external quality assessment (as required by IIA standards)
- ☐ Engage qualified external assessors
- ☐ Address recommendations from previous assessments
- ☐ Maintain conformance with International Standards for Professional Practice

## Continuous Improvement

- ☐ Update audit methodologies based on emerging risks
- ☐ Incorporate lessons learned from completed audits
- ☐ Enhance technology capabilities and automation
- ☐ Develop audit team competencies and certifications
- ☐ Stay updated with regulatory changes and best practices



## 8. Budget and Performance Metrics

### Budget Planning

- ☐ Allocate budget for personnel costs and overheads
- ☐ Plan for training and professional development
- ☐ Budget for technology tools and software licenses
- ☐ Provide for external expert consultations
- ☐ Include contingency for special investigations

### Key Performance Indicators

- ☐ Audit plan completion percentage
- ☐ Average audit cycle time
- ☐ Management action plan implementation rate
- ☐ Cost per audit hour
- ☐ Stakeholder satisfaction scores
- ☐ Number of significant findings resolved
- ☐ Compliance rating improvements

## 9. Documentation and Records Management

### Audit File Management

- ☐ Maintain permanent audit files with key documents
- ☐ Organize current audit files by engagement
- ☐ Implement version control for audit programs
- ☐ Ensure proper access controls and security
- ☐ Plan for electronic vs. physical file storage





## Retention Policies

- ☐ Define retention periods for different document types
- ☐ Comply with statutory requirements for record keeping
- ☐ Implement secure disposal procedures for confidential documents
- ☐ Maintain backup and recovery procedures
- ☐ Regular review and cleanup of audit archives

## Annual Review Checklist

- ☐ Review and update the audit charter
- ☐ Assess effectiveness of internal audit function
- ☐ Update risk assessment and audit universe
- ☐ Revise audit methodologies and programs
- ☐ Evaluate team performance and development needs
- ☐ Present annual report to Audit Committee and Board
- ☐ Plan for next year's audit activities and budget

