

# VT CAPITAL MARKET PRIVATE LIMITED

Registered Office: 27AB Royd Street, Ground Floor, Kolkata-700016  
Member-NSE-14759, BSE-4020 & MCX-35970 SEBI Reg no: INZ000168637

## INTERNAL AUDIT AND INTERNAL CONTROL MANUAL



VT Capital Market Pvt Ltd (VCMPL) Member of NSE, BSE & MCX Internal Audit Manual of the Company.

This Manual is in two parts. Part -I deals with the scope of internal audit in FSBPL, its organization and status, annual audit programmed, frequency, extent of checks exercised, selection of transactions for audit, audit techniques, internal audit report and the related matters.

Part-II contains checklists which give in detail the tests to be carried out for each audit item. Checklists have been prepared for main areas viz. fixed assets, inventory, cash and bank, contract notes and sundry debtors, purchases, sundry creditors, employees' remuneration, operations, utilization of manpower, personnel department, administration department, KYC documents, risk management, dealing with clients funds and securities, banking and demat account operations, terminal operations and systems, management of branches, investor grievance handling, maintenance of books and accounts, proprietary trading.



## **PART – I**

### **INTRODUCTORY**

1. Internal audit is an independent appraisal activity seeking to provide the management a reasonable assurance regarding the following :
  - a) That all assets of the company are safeguarded against all kinds of losses and misuse.
  - b) That the accounting controls designed to ensure the reliability of financial records are actually in operation.
  - c) That financial and other operating controls are actually in operation.
  - d) That management policies and plans are duly followed.
  - e) That the various management decisions have been made on the basis of adequate study and cost benefit analysis, keeping in view the long term objectives of the company.

Internal audit is a managerial control which functions by measuring and evaluating the effectiveness of other controls. It assists all levels of management in effective discharge of their responsibilities through analysis, appraisals, findings and suggestions.

Internal Audit is not restricted to accounting and financial areas but goes beyond these, to the operational areas as well.

### **INTERNAL AUDIT IN VCMPL**

2. Internal Audit in VT Capital Market Pvt Ltd (VCMPL) is a corporate function. Internal Audit located in the Corporate Office is responsible for internal audit both in the Corporate Office and in the branches.

### **SCOPE OF INTERNAL AUDIT IN VCMPL**

- 3.1 Internal Audit in VCMPL will have the following broad components :
  - i) Audit of primary and subsidiary records i.e. cash book, bank and cash vouchers, journal vouchers, contract notes, party ledgers, fixed assets, sundry debtors etc.
  - ii) Review of systems and procedures and internal controls to ascertain their continued adequacy, effectiveness and efficiency.
  - iii) Review of operations and performance of different departments.
  - iv) Review of expenses to ensure that propriety has been observed.
- 3.2 Its activities in these regards will be directed to :
  - Ensure that the assets of the company are adequately safeguarded against losses and misuse.
  - Ensure the accuracy and reliability of accounting and other information generated.
  - Ensure that the prescribed systems and procedures are being followed in the day to day operations of the company.
  - Ensure that the management's policies are being adhered to.
  - Ensure that the transactions and the operations in the branches are carried out with reasonable efficiency and effectiveness .
  - Ensure that all the resources are utilised with maximum efficiency to attain the corporate objectives.
  - Ensure observance of propriety in contracts and other financial transactions.
- 3.3 The above scope/activities of Internal Audit may be reviewed from time to time by the management who may add to or alter these as and when necessary.





3.4 The Internal Audit may also be required to take up special investigative assignments.

#### **INTERNAL AUDIT AND INTERNAL CONTROL**

4. Fields of internal audit and internal control are distinct. Any system of internal audit presupposes the existence of a system of proper and effective internal checks. Internal check is the responsibility of the supervisors in all departments. The appraisal of these internal checks will be one of the functions of internal audit. However, internal check systems may be developed in consultation with the Internal Auditor.

#### **INDEPENDENCE OF INTERNAL AUDIT**

5.1 To ensure effective and un-biased discharge of above functions, it is essential that : Internal Audit be objective and have the necessary organizational status.

#### **OBJECTIVITY**

5.2 To ensure objectivity, Internal Audit will not be given line authority over any operational or financial functions or become involved in the preparation of records (although it may advise in these matters) or be considered as a source of temporary staff for other work (notably finance and accounts work) of the company.

#### **RIGHTS AND RESPONSIBILITIES OF INTERNAL AUDIT**

6.1 Internal Audit will have full right of access to all company records, assets and personnel for performance of its activities as defined above. However, the audit staff shall be discreet in the use of confidential information acquired in the course of their work and shall not use the same for their personal gain nor use them in a manner detrimental to the interest of the company and the welfare of its employees.

6.2 Internal Auditor will be free to review and critically appraise any activity in any Unit/Department but this will not relieve the executives/supervisors of their responsibilities as internal auditing is only a staff or advisory function.

6.3 The Internal Audit will be informed of all changes in internal control procedures, prior to their implementation.

#### **ANNUAL AUDIT PROGRAMME**

7.1 The Head of Internal Audit will before the commencement of each year, draw up and get approved an Annual Audit Programme according to which the audit for that financial year shall be carried out. This annual programme will be broken up into quarterly audit programme

7.2 The annual programme will state the various areas which will be subjected to audit and the requirements for each such area. The plan shall be constructed after taking into account the coverage during the previous years, discovery of fraud in a particular area of operations during the previous financial year, suggestions of the Statutory Auditors, if any, special assignments to be taken up as per the management instructions and the budgetary constraints.

7.3 The Chief Manager (F&A) will monitor the progress of work every month and based on the coverage obtained or on special considerations, will arrange for special audits or authorise modifications



