

Risk-Based Internal Audit

The SIA Architecture – Overview



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The seven questions every internal auditor should answer

These questions convert audit work from testing to assurance.

ASK

1. Objective

What is the business trying to achieve?

ASK

2. Risk

What can prevent it?

ASK

3. Priority

Which risks matter most?

ASK

4. Response

What is management doing about them?

ASK

5. Evidence

How do I test whether the response works?

ASK

6. Residual risk

What risk remains?

ASK

7. Communication

What should I communicate and follow up?

If IA does not answer these questions, the audit may be complete - but the assurance may not be risk-based.

Why risk-based internal audit matters now

The risk environment is moving faster than static audit plans.

GREATER CHANGE.
HIGHER RISK.
STRONGER ASSURANCE.



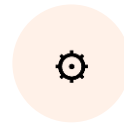
Business models

Digital platforms, outsourcing and complex supply chains make risks less visible.



Regulation and scrutiny

Boards, regulators and stakeholders expect timely assurance on risk, controls and governance.



Technology and data

ERP configuration, AI, cyber and automation can amplify wrong logic at scale.



Volatility

Commodity prices, demand shifts, geopolitics, tariff movements and working-capital pressure change priorities.



Global + India context

Supply-chain resilience, RM dependency, ESG, buyer compliance, lead-time pressure and data privacy are no longer peripheral issues.

A risk-based audit plan prepared in April should not become sacred until March.

Risk-Based Internal Audit

What RBIA really means

A structured way to align internal audit effort with the organisation's **most significant risks, priorities and changes**.

OBJECTIVE-FIRST • EVIDENCE-LED • ACTION-ORIENTED

The
mindset
shift

“
Did we
comply?
”

VS

“
What can materially prevent the
objective - and how well is that
risk being managed?
”

Risk-Based Internal Audit

**RBIA helps internal audit focus first on the risks
that can materially hurt the organization -
and helps management act
before those risks crystalize.**

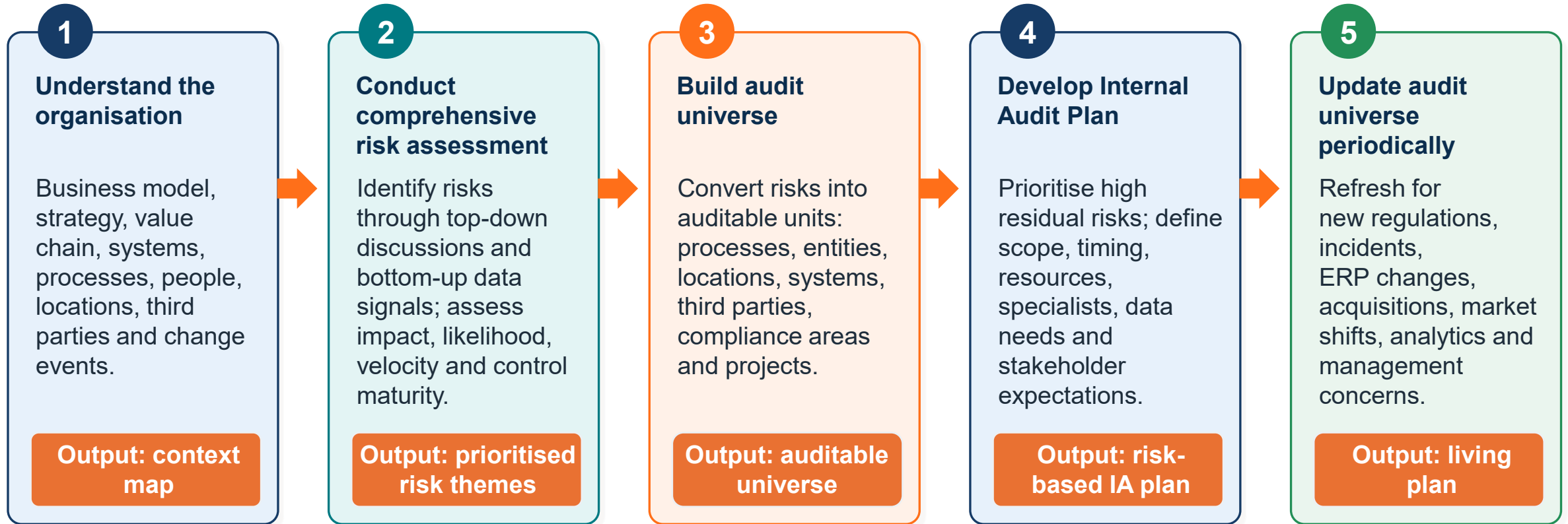
Core idea: RBIA is not “more audit”. It is better prioritization of assurance around the organization's biggest risks.

RBIA PLANNING CYCLE

Developing the Risk-Based Internal Audit Plan

RBIA PLANNING
CYCLE

FROM BUSINESS REALITY TO AUDIT COVERAGE



↻ continuous refresh

Developing the Risk-Based Internal Audit Plan

Move from business understanding to a living audit universe and a risk-prioritised plan.

RBIA PLANNING
CYCLE

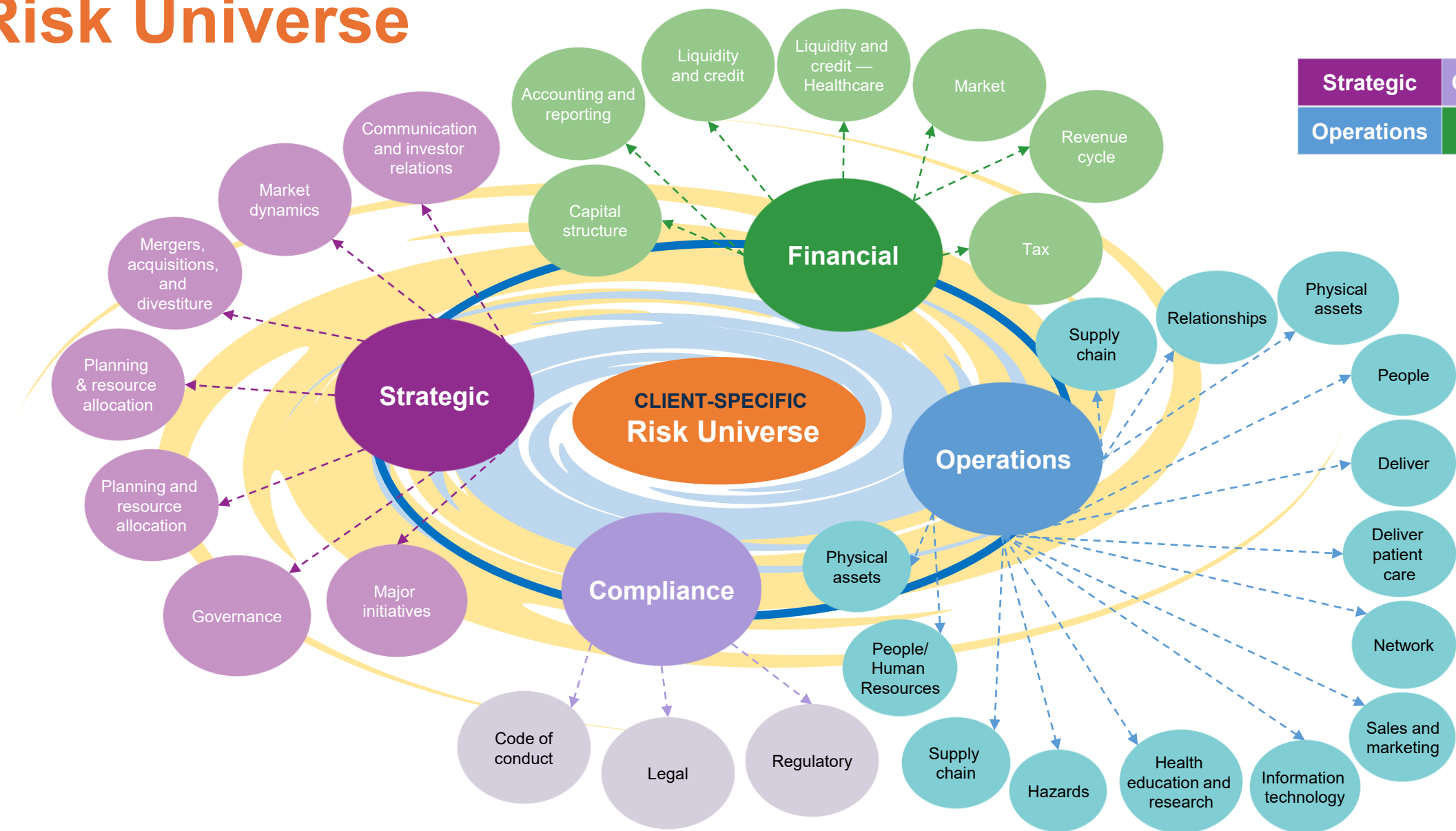
KEY PLANNING TEST

Are the highest residual risks, recent changes and data signals actually driving the plan - or is the plan repeating last year's comfort areas?

Takeaway: An RBIA plan is a **living risk response** - not an annual calendar frozen in time.

Risk Universe

Risk Universe



INDUSTRY APPLICATION

Worked Example 1: Pharmaceutical Industry

Applying RBIA Domestic Formulation
Pharmaceutical Company

Understanding the Organization - Pharmaceutical Co.

1

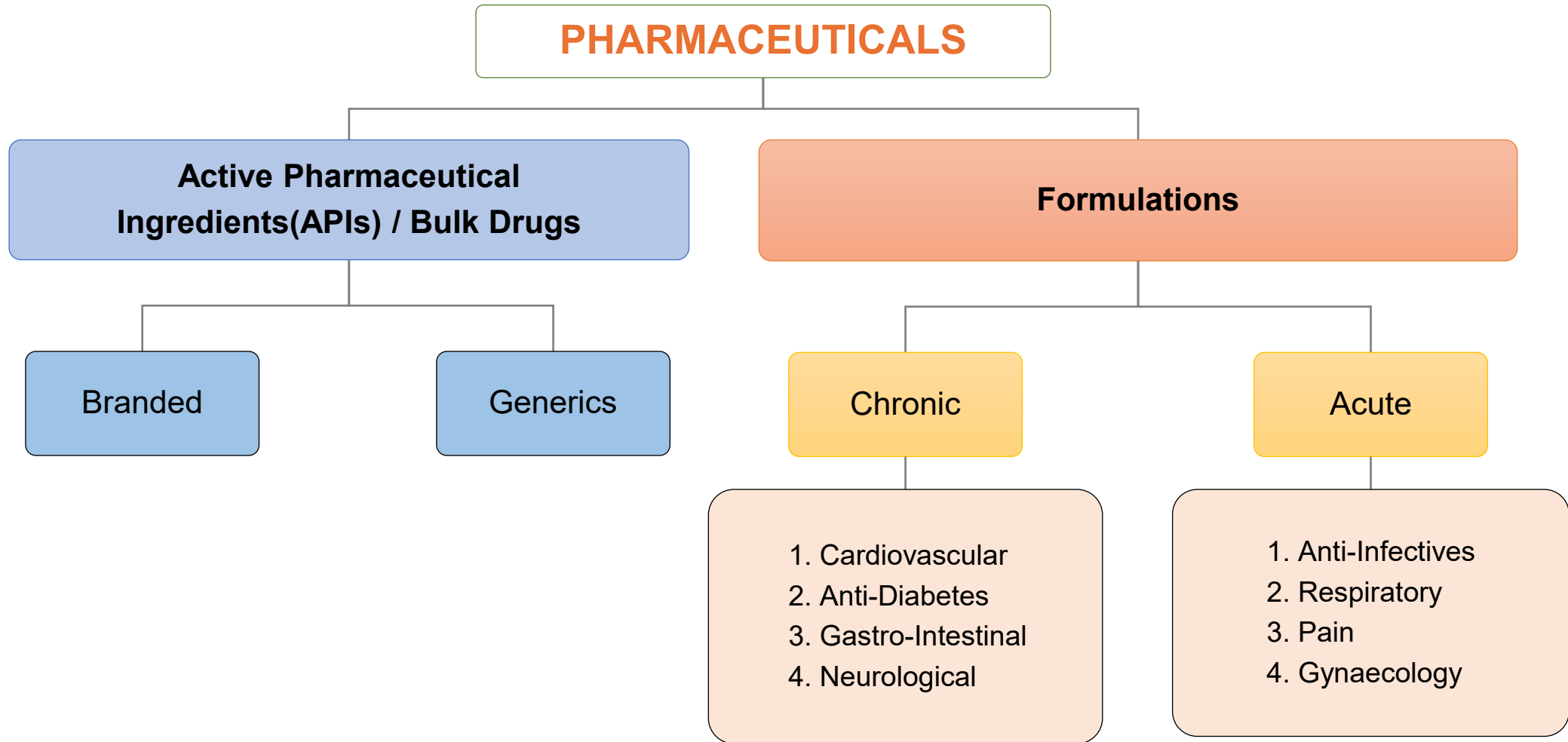
Understand the organization

Business model, strategy, value chain, systems, processes, people, locations, third parties and change events.

Output: context map

Healthcare Segments

Segments	Details
Hospitals	Government hospitals – It includes healthcare
	Private hospitals – It includes nursing homes and mid-tier and top-tier private hospitals.
Pharmaceutical	It includes manufacturing, extraction, processing, purification and packaging of chemical materials for use as medications for humans or animals.
Diagnostics	It comprises businesses and laboratories that offer analytical or diagnostic services, including body fluid analysis.
Medical Equipment and Supplies	It includes establishments primarily manufacturing medical equipment and supplies, e.g. surgical, dental, orthopaedic, ophthalmologic, laboratory instruments, etc.
Medical Insurance	It includes health insurance and medical reimbursement facility, covering an individual's hospitalisation expenses incurred due to sickness.
Telemedicine	Telemedicine has enormous potential in meeting the challenges of healthcare delivery to rural and remote areas besides several other applications in education, training and management in health sector.



About Indian Pharma Market

44%
cumulative
market share

No.	Corporation	Value Cr. (PA)	Ind. Market Share	Cumulative Market Share
1	SUN PHARMACEUTICALS INDUSTRIES	18997	8%	8%
2	ABBOTT LABORATORIES	15328	6%	14%
3	CIPLA	12972	5%	19%
4	MANKIND	11489	5%	24%
5	ALKEM LABORATORIES	9301	4%	28%
6	INTAS PHARMACEUTICALS	8761	4%	32%
7	TORRENT PHARMACEUTICALS	8175	3%	35%
8	LUPIN	8120	3%	38%
9	MACLEODS PHARMACEUTICALS	7781	3%	41%
10	DRL	7439	3%	44%
11	ZYDUS LIFESCIENCES	6842	3%	47%
12	ARISTO BIOTECH AND LIFE SCIENCE	6683	3%	50%
13	GSK	5281	2%	52%
14	EMCURE PHARMACEUTICALS	5186	2%	54%
15	GLENMARK PHARMACEUTICALS	5133	2%	56%
16	IPCA LABORATORIES	4944	2%	58%
17	U S V	4473	2%	60%
18	MICRO LABS	3597	2%	62%
19	PFIZER	3469	1%	63%
20	ALEMBIC PHARMACEUTICALS	3216	1%	64%
21	ERIS LIFESCIENCES	3073	1%	65%
22	JB CHEMICALS AND PHARMACEUTICALS	2838	1%	66%
23	FDC	2596	1%	67%
24	SANOFI	2296	1%	68%
25	AJANTA PHARMA	1878	1%	69%

Approx.
70%
cumulative
market share

About Indian Pharma Market

>3,000

Drug companies

10,500

Manufacturing
units

500+

API producers
≈8% of the global
API market

200+

Countries for
drug & pharma

80%

of domestic market is
concentrated to top
40 companies

70%

of domestic market is
concentrated to top 25
companies

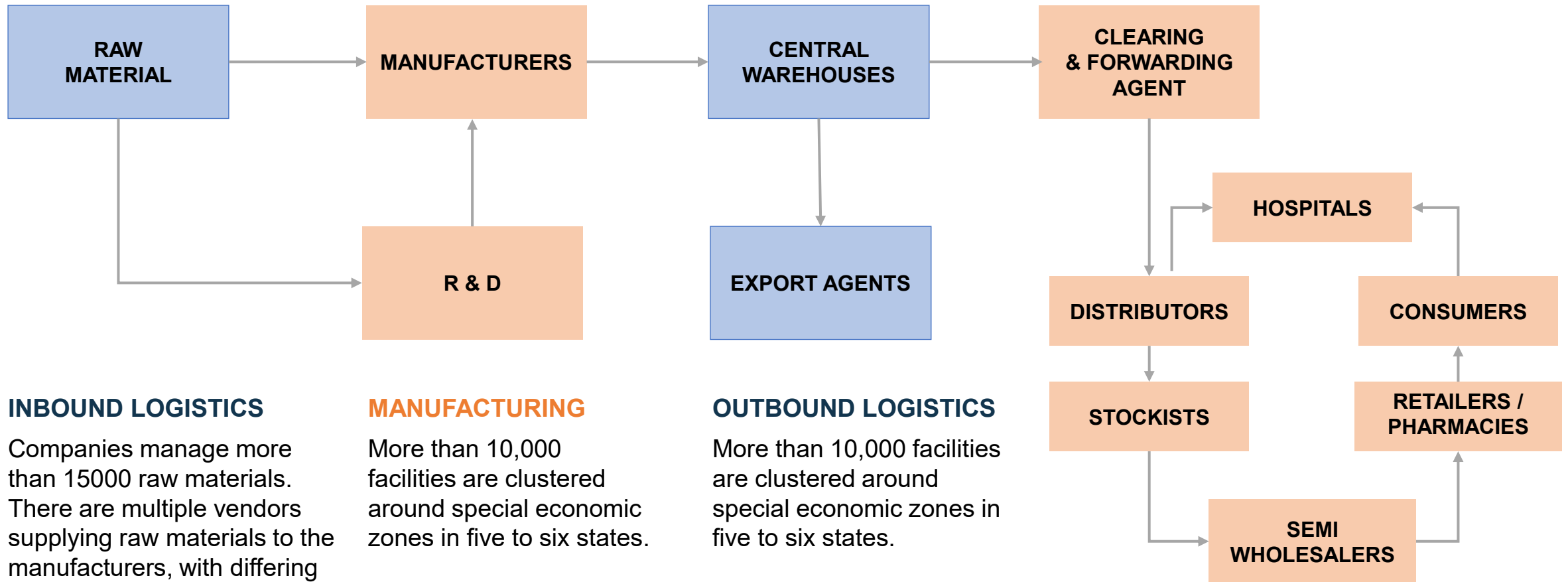
>65,000

Stockists around
10,00,000 pharmacies
across Indian domestic
market

5,000

Top stockists covering
approx. 80% of market
and so is our target (top
2000~50%)

Supply Chain Network



INBOUND LOGISTICS

Companies manage more than 15000 raw materials. There are multiple vendors supplying raw materials to the manufacturers, with differing degrees of quality standards.

MANUFACTURING

More than 10,000 facilities are clustered around special economic zones in five to six states.

OUTBOUND LOGISTICS

More than 10,000 facilities are clustered around special economic zones in five to six states.

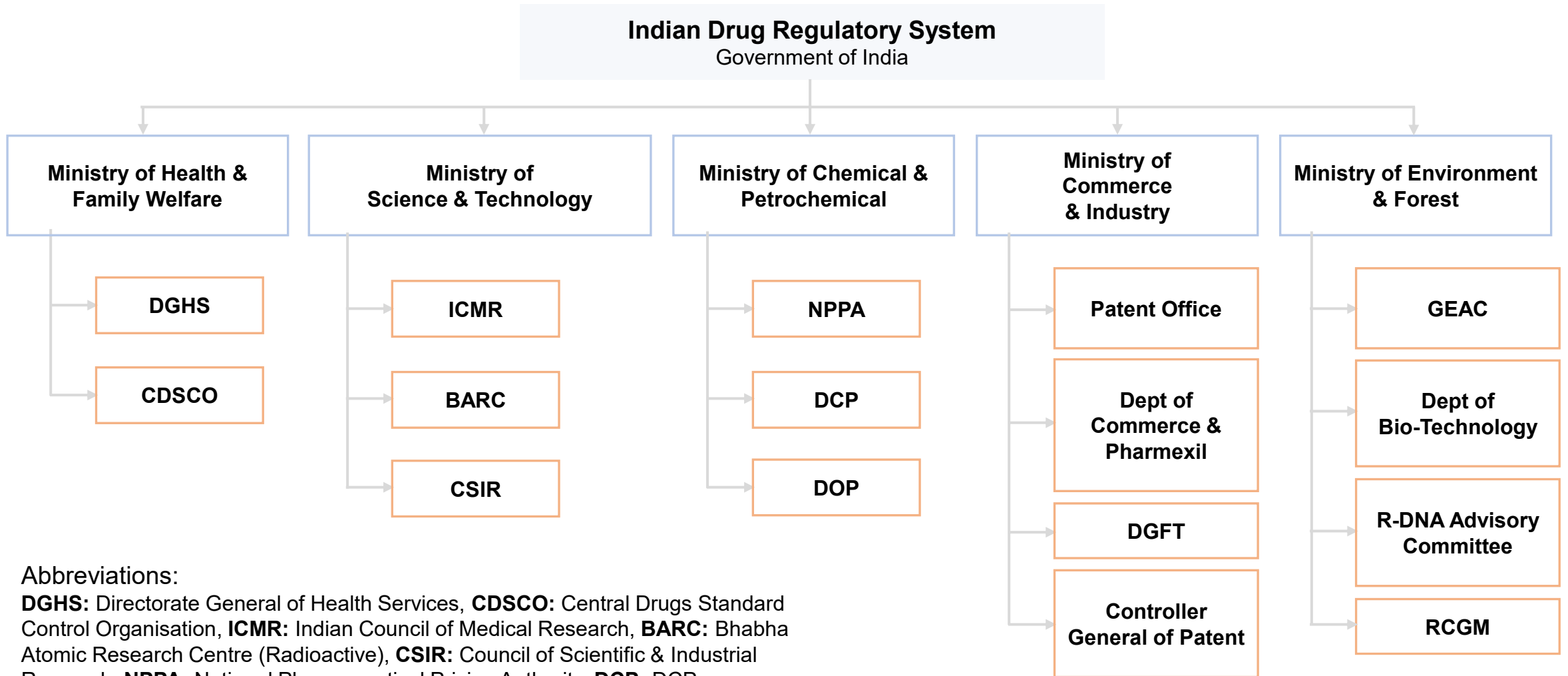
DOMESTIC SUPPLY CHAIN COMPONENTS

There are more than 65,000 stockists & around 550,000 Pharmacists across Indian Domestic market.

Current Scenario of the Indian Pharmaceutical Industry

- India enjoys an important position in the global pharmaceuticals industry. India is the **largest provider of generic drugs globally, known for its affordable vaccines and medications.**
- The Indian Pharmaceutical industry is ranked **3rd in pharmaceutical production by volume and 14th by value** after evolving into a thriving industry growing at a CAGR of 9.43% in the past nine years .
- India has the **most pharmaceutical manufacturing facilities** that comply with the US Food and Drug Administration (**USFDA**) and has **500 API** (Active Pharmaceutical Ingredient) producers, making up **around 8% of the worldwide API market.**
- The domestic pharmaceutical industry includes a network of over **3,000 drug companies and over 10,500 manufacturing units.**
- Indian pharmaceutical firms supply over **80% of the antiretroviral drugs used globally to combat AIDS** (Acquired Immune Deficiency Syndrome).
- India is rightfully known as the **"pharmacy of the world"** due to the low cost and high quality of its medicines.

Regulatory Framework



Abbreviations:

DGHS: Directorate General of Health Services, **CDSCO:** Central Drugs Standard Control Organisation, **ICMR:** Indian Council of Medical Research, **BARC:** Bhabha Atomic Research Centre (Radioactive), **CSIR:** Council of Scientific & Industrial Research, **NPPA:** National Pharmaceutical Pricing Authority, **DCP:** DCP, **DOP:** Dept of Pharmaceuticals, **GEAC:** Genetic Engineering Approval Committee, **RCGM:** Review Committee on Genetic Manipulation]

Overview of Legislation

The Drugs and Cosmetics Act, 1940

This act provides the primary legal framework for regulating the import, manufacture, distribution, and sale of drugs and cosmetics in India. It covers licensing, quality control, labelling, and packaging requirements.

Drugs and Cosmetics Rules, 1945

These rules provide detailed guidelines for implementing the Drugs and Cosmetics Act. They specify requirements related to drug manufacturing, importation, clinical trials, licensing, packaging, labelling, and advertisement of drugs.

Schedule M

Schedule M of the Drugs and Cosmetics Rules provides guidelines for pharmaceutical manufacturing units' Good Manufacturing Practices (GMP). It covers premises, equipment, quality control, documentation, and personnel.

Indian Pharmacopoeia

The Indian Pharmacopoeia (IP) is an official compendium of standards for pharmaceutical substances, dosage forms, and pharmaceutical testing procedures. It is published by the Indian Pharmacopoeia Commission (IPC) and serves as a reference for drug quality and testing in India.

Intellectual Property Rights (IPR)

India also has laws and regulations on intellectual property rights, including patents, trademarks, and copyrights. The Patents Act 1970, and the Trademarks Act, 1999 govern the protection and enforcement of intellectual property rights in the pharmaceutical sector.

The Essential Commodities Act, 1955, and Drugs (Price Control) Order, 2013

It lays down rules for regulating the prices of drugs and procedures to fix the cost of medicines, and methods for enforcing the prices that the Government has decided.

Central Government Laws applicable to Pharma Manufacturing unit

Sr. No.	Act Name	Applicability of Act
1	The Drugs and Cosmetics Act, 1940, read with Relevant Rules	This Act applies to every pharm company or entity regulating the import, manufacture, distribution, and sale of drugs and cosmetics.
2	Essential Commodities Act, 1955, read with Drugs (Price Control) Order 2013	This order regulates the drug distribution and the ceiling price of a scheduled formulation of specified strengths and dosages.
3	The Narcotic Drugs and Psychotropic Substances Act, 1985	This Act provides stringent provisions for the control and regulation of operations relating to narcotic drugs and psychotropic substances , to provide for the forfeiture of property derived from or used in the illicit trafficking of narcotic drugs and psychotropic substances, and implement the international convention on Narcotic Drugs and Psychotropic Substances.
4	The Medicinal and Toilet Preparations (Excise Duties) Act, 1955, read with Relevant Rule	This Act levies and collects excise duties on medicinal and toilet preparations containing alcohol.
5	The Petroleum Act read with The Petroleum Rules, 2002	This Act applies to establishments that import, transport, and store petroleum.
6	The Explosives Act read with the Gas Cylinder Rules, 2016	This Act applies to every industry and its various industrial establishment manufacturing, storing, filling, and transporting gas cylinders and valves.
7	The Explosives Act read with The Static and Mobile Pressure Vessels (Unfired) Rules, 2016	This Act applies to all entities involved in the manufacture, possession, use, sale, transport, import, and export of Pressure Vessels and Explosives.
8	The Electricity Act 2003 read with Intimation of Accidents (Form and Time of Service of Notice) Rules, 2004 and Central Electricity Authority (Measures relating to Safety and Electric Supply) Regulations, 2010 and Central Electricity Authority (Installation and Operation of Meters) Regulations, 2006 and National Electrical Code, 2011	This Act applies to Every person/company that generates, transmits, distributes, trades, and uses electricity.
9	Environment Protection Act , 1986 with Environmental Impact Assessment, 2006	This Act applies to every individual, organization, or Industry that setup the Category A and/or Category B types of projects requiring environmental clearance.
10	Apprentices Act, 1961 read with Apprenticeship Rules, 1992	This act applies to every employer who employees one or more other persons to do any work in an establishment for remuneration and includes any person entrusted with the supervision and control of employees in such establishment.

Central Government Laws applicable to a Pharmaceutical Company

Sr. No.	Act Name	Applicability of Act
1	Food Safety and Standards Act, 2006, read with Food Safety and Standards Regulations	This Act applies to the persons involved at any stage in activities related to manufacturing, processing, packaging, storage, transportation, distribution of food , Import and includes food services, catering services, and sale of food or food ingredients.
2	Information Technology Act 2000 (To be read with applicable rules)	This act applies to the whole of India, including any offence committed outside India, if such contravention involves a computer, computer system, or computer network located in India.
3	Copyright Act, 1957, read with Copyright Rules, 2013	This act applies to every person who intends to or has a copyright and intends to use copyrighted material.
4	Trademarks Act, 1999, read with Trademarks Rules, 2017	This Act applies to businesses and services to provide registration, better protection of trademarks for goods and services, and the prevention of the use of fraudulent marks.
5	The Patents Act, 1970, read with The Patents Rules, 2003	This Act applies to Every Corporation, Enterprise, Industry, Organization, or Individual for registration of Patents or protection regarding the same.
6	Uniform Code for Pharmaceuticals Marketing Practices (UCPMP)	Code of marketing practices for the Indian Pharmaceutical Industry.
7	List of Compliances under various Acts which prohibit Advertisements of certain products and services	The List applies to companies that use their platform to advertise products and services of others, being print, broadcasting, e-commerce, websites, etc.

Risk Assessment

2

Conduct comprehensive risk assessment

Identify risks through top-down discussions and bottom-up data signals; assess impact, likelihood, velocity and control maturity.

Output: prioritised risk themes

Pharma Process Flow and Key Risks Summary

Business objective: right product • right quality • right quantity • right time • right cost • patient safety & compliance

1. Demand & PPC	2. Procurement	3. Receipt & IQC	4. Storage & Dispensing	5. Manufacturing	6. QA Release
• Forecast • MRP • Capacity plan	• Vendor qualification • PO / pricing • API / RM sourcing	• GRN / quarantine • Sampling • Incoming QC	• Shelf-life / FEFO • Narcotic control • Line clearance	• Granulation / blend • Compression / filling • Packing	• BMR/BPR review • OOS / deviation • CAPA / release
Risk: forecast bias, stockout, overproduction	Risk: single-source dependency, price leakage, quality failure	Risk: mix-up, failed material, delayed release	Risk: expiry, environment breach, unauthorized issue	Risk: yield loss, contamination, equipment failure	Risk: data integrity, weak investigation, recall exposure

Critical residual risks
• Product quality / patient-safety exposure • Regulatory non-compliance or inspection observation • Supply continuity and vendor dependency • Expiry, returns and working-capital blockage • Lab-system access, audit trail and data integrity • BCP, utilities, validation and third-party accountability

RBIA approach
• Start from product and batch-level objective • Map risk to BMR/BPR, OOS, CAPA, expiry and returns evidence • Use analytics: forecast vs actual, yield, deviation trend, CAPA ageing • Conclude on residual exposure and accountable action

Audit evidence	Forecast / MRP	Vendor file	QC logs	BMR / BPR	OOS / CAPA	Expiry / returns
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Risks in respective business areas in the pharmaceutical industry

Sr. No	Audit areas	Risk Categories	Risks
1	Statutory Compliance	Compliance and Regulations	Drug Quality Issues
			Product recall issues
			Medical/ Clinical Validity Challenges
			Quality concerns
			Trademark Infringement issues
			Drug Price Control Order (DPCO)
2	Production Planning & Control (PPC)	Manufacturing	Quality, Timely Delivery, RM, Cost
			Material Management
			Production inefficiencies, low yield
3	Procure To Pay (P2P)	Supply chains, outsourcing, and service provider	Third Party Risk
4	Order To Cash (O2C)	Climate change and Environmental Sustainability	Expired Drugs Disposal
		Communications and Reputation	Spurious Drugs
5	Hire To Retire (H2R)	Culture, Behaviour & Soft Controls	In Clinic Effectiveness / Behaviour
			Employee's PCPM Performance
			Reimbursement and Daily Reporting
		Staff Well-being and Talent Management	Trainings
			POSH non-compliance/ Sexual Harassment

Risks in respective business areas in the pharmaceutical industry

Sr. No	Audit areas	Risk Categories	Risks
6	Plant Audits	Climate change and environmental sustainability	Waste Disposal
			Pollution issues
			Fire Hazard
		Staff Well-being and talent Management	Labour unrest/ Work Stoppage
			Workforce illness spread
7	IT General Controls	Cybersecurity and data security	Privacy Issues, Access Control
		IT Infrastructure	Disaster Recovery, Backups
8	Enterprise Risk Management Framework	Communications and Reputation	Stock price fall / Market Capitalization
			Rumours
			Partnership break-off
		Compliance and Regulations	Unauthorized/ ill-equipped health camp tests
			Adverse Drug Reactions Complaints

Build Audit Universe

3

Build Audit Universe

Convert risks into auditable units:
processes, entities, locations, systems, third parties, compliance areas and projects.

Output: auditable universe

Life Sciences Risk Universe

Strategic	Operations		Compliance	Financial
Innovation/research & development focus • Pipeline • Portfolio management Planning and resource allocation • Strategic planning • Organizational structure • Human capital strategy • Restructuring • Budgeting and forecasting/macro-economic factors, population, demographic and lifestyle trend • Business development • Outsourcing • Special purpose entities Mergers, acquisitions and divestitures • Valuation and pricing • Due diligence • Execution and integration Market dynamics • Competition • Loss of exclusivity • Payor/government developments • Socio-political Communication/investor relations • Internal/external communications • Crisis communications	Product development • Discovery • Production to scale • Clinical research • Life cycle management • PMSP (post market surveillance programs) Commercial • Market access • Promotion • Sales • Market research analysis and reporting • CRM (customer relationship management) Supply chain • Master planning and forecasting • Procurement and inventory • Production • Distribution • Quality operations • Product integrity • Reverse logistics • Transportation and logistics People • Culture • Recruiting and retention • Development and performance • Succession planning • Compensation and benefits • Labor relations	Information technology • IT management • IT security/access/IT vulnerabilities • IT availability/continuity • IT integrity • IT infrastructure Hazards • Natural events • Terrorism and malicious acts • Business continuity planning Physical assets • Real estate • Property, plant, and equipment Robotics Process Automation • Policy and governance • Access management • Detection and monitoring • Change management • Data and processing integrity • Threat and vulnerability management	Corporate governance • Board performance • Tone at the top and middle • Corporate monitoring • Corporate social responsibility • Written standards • Records management/document retention Legal • Contract • Product liability and other legal exposure • Intellectual property and patents • Anti-corruption/fraud Regulatory • Interaction with healthcare professionals • Product communications • Government pricing • Health authority regulations • Customs • Trade • Labor • Securities • Environment • Data protection and privacy • International operations • Health and safety • Competitive practices/anti-trade	Market • Interest rate • Foreign currency • Commodity • Derivatives Liquidity and credit • Cash management • Funding • Hedging • Credit and collectibles • Insurance Accounting & reporting • Accounting, reporting, and disclosure • Valuation and impairment • Internal control/SOX 404/302 Tax • Tax strategy and planning • Tax optimization • Indirect taxes • IP mitigation/management • Transfer pricing • Global tax compliance and exam management Capital structure • Debt • Equity • Pension funds • Stock options

Audit Risk Universe

Compliance Risks	Operational Risks	Financial Risks	Strategic Risks	Emerging Risks
1. Increased regulatory scrutiny and compliance requirements 2. Risks due to legal matters, Non compliances and regulatory notices 3. Manufacturing - GMP compliance 4. Risk of improper disposal of expired drugs 5. Environmental Compliances 6. Waste disposal at manufacturing units	1. Quality control issue 2. Adverse drug reactions complaints (ADR) 3. Supply chain disruptions, including shortages of key raw materials, APIs and finished goods	1. High cost and long gestation period of R&D with low success rate 2. Higher leverage and High interest costs on borrowings 3. Revenue loss due to IP infringement	1. M&A, JV - Risk	1. Fake or Spurious drugs 2. Digital Resilience 3. AI & Automation in Manufacturing/R&D (Opportunity) 4. Keeping up with technology - Transformation 5. Cybersecurity threats and data breaches 6. IT Infrastructure Risks

Risk Based Audit Plan

4

Develop Internal Audit Plan

Prioritise high residual risks; define scope, timing, resources, specialists, data needs and stakeholder expectations.

Output: risk-based IA plan

Audit Plan FY 2025-26

Audit areas	Risk Categories	H1	H2
Regulatory Risks	Manufacturing -GMP compliance	•	
	Regulatory Intelligence & Change Management		
	Integrated Enterprise-Wide Compliance Framework		
	ESG & Environmental Risk		
Operational Risks	Quality control issue (Included as part of GMP Compliance)	•	
	Supply chain disruptions, including shortages of key Raw Materials, Packing Material and Finished Goods		
Emerging Risks	Fake or Spurious drugs		

Risk Assessment and Audit Plan FY 2025-26

Audit areas	Risk Categories	H1	H2
Operational Risks	Business Continuity & Disaster Risk		•
Financial Risks	Credit Risk (Customers)		•
	Working Capital Stress		
	Pricing & Competitive Pressure		
	Tax & Regulatory Financial Risk		
Technological Risks	Keeping up with technology - Transformation		•
	Cybersecurity threats and data breaches		
	IT Infrastructure Risks		
Emerging Risks	Artificial Intelligence in Pharma		•

Update Risk Universe

5

Update audit universe periodically

Refresh for new regulations, incidents, ERP changes, acquisitions, market shifts, analytics and management concerns.

Output: living plan

Update Risk Universe - global and Indian risk lens

Areas	Events / Indicators
API / KSM supply concentration	Supplier dependence, Import restrictions, Supply Chain disruption – lead-time and production continuity become audit priorities.
GMP and quality scrutiny	Drug quality, product recall, adverse drug reactions, spurious drugs, environmental compliance, BCP, cyber and workforce risks may change the risk universe and priorities.
Regulatory change and data privacy	Licence, DPCO, pharmacovigilance, DPDPA/data governance and market-specific compliance must enter the audit universe.

Update Risk Universe - 2026 triggers that can change audit priorities

Step 5 in RBIA: refresh the universe when regulation, technology, supply chain or market assumptions change.

Latest development / trigger	What should change in the audit universe
Revised Schedule M + global inspection scrutiny	GMP upgrades, validation, data integrity, documentation, OOS / CAPA effectiveness and manufacturing readiness become higher-priority assurance areas.
API / KSM dependence and localisation push	Supplier concentration, alternate-source validation, safety stock, lead times, import restrictions and BCP need refreshed assessment.
UCPMP 2024: mandatory marketing governance	Field-force practices, HCP interactions, samples, sponsorships, third-party marketing and disclosure controls should enter / re-enter the plan.
DPDP Rules, digitalisation and AI adoption	Patient, HCP, employee and distributor data; consent, access, retention, vendor processors, breaches, CRM / PV systems and AI governance become assurance areas.

PROFESSIONAL DISCIPLINE

Standards on Internal Audit

Linking practical RBIA to discipline, credibility
and professional judgement.

Evolution of Internal Audit

This evolution has increased expectations from internal auditors in terms of **INSIGHT, QUALITY, CONSISTENCY** and **PROFESSIONALISM**.



DEFINITION OF INTERNAL AUDIT

Internal audit is an **independent, objective assurance and advisory function** that evaluates the effectiveness of **governance, risk management, compliance and control processes** using a **systematic and disciplined approach** to **add value and improve** operations.

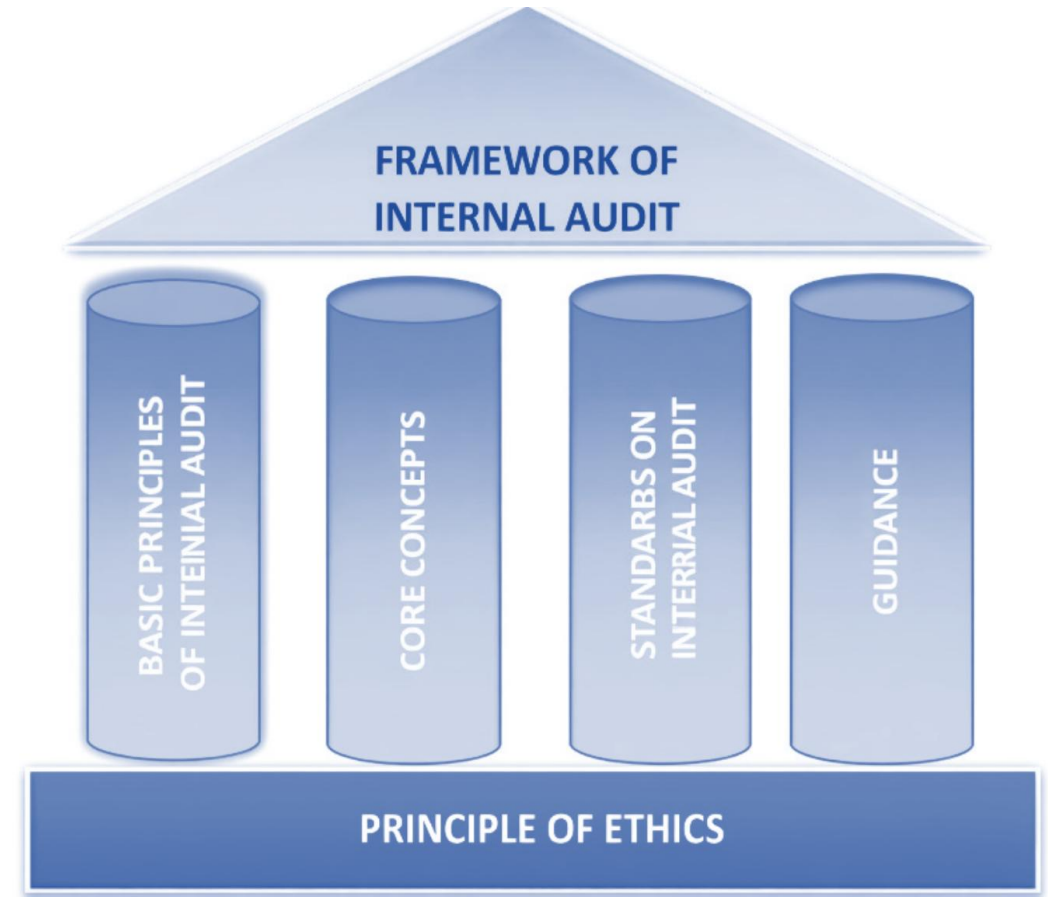
Framework Governing Internal Audits

The Framework Governing Internal Audit consists of the following components:

- a Basic Principles of Internal Audit**
- b Core Concepts**
- c Standards on Internal Audit and**
- d Guidance**

Supported by ethics

Adherence to principles of ethics prescribed by the profession provides credence to the internal audit function.



Structure of SIA framework

QSIA	Quality Standards on Internal Audit
100 Series	Core Concepts and Principles
200 Series	Audit Execution
300 Series	Internal Audit Reporting

Standards on Internal Audit (Summary)

- **Quality Standards on Internal Audit**
- **QSIA 1:** Internal Audit Quality Aspects
- **QSIA 2:** Peer Review and Third-Party Assessment
- **Core Concepts and Principles (100 Series)**
- **SIA 110:** Basic Principles of Internal Audit
- **SIA 120:** Terms of Internal Audit Engagement
- **SIA 130:** Managing the Internal Audit Function
- **SIA 140:** Internal Controls
- **SIA 150:** Risk Management
- **SIA 160:** Compliance with Laws and Regulations
- **Execution (200 Series)**
- **SIA 210:** Knowledge of the Entity & its Environment
- **SIA 220:** Internal Audit Planning
- **SIA 230:** Internal Audit Evidence
- **SIA 240:** Use of Tools
- **SIA 250:** Internal Audit Documentation
- **SIA 260:** Review and Supervision of Audit Assignments
- **SIA 270:** Experts and Third-Party Engagement
- **SIA 280:** Irregularities and Fraud
- **SIA 290:** Communication with Management & Those Charged with Governance
- **Internal Audit Reporting (300 Series)**
- **SIA 310:** Presentation and Communication of Internal Audit Report
- **SIA 320:** Issuing Assurance Reports
- **SIA 330:** Special Purpose Reports

Mandatory Nature and Current Position

- The Council has decided that the **Standards will be made mandatory in a phased manner.**
- Till such date, the **Standards remain recommendatory.**
- Even in recommendatory form, they **represent a benchmark of professional excellence and ethical responsibility.**

The 12 basic principles

01 Independence

02 Integrity and
Objectivity

03 Due
Professional
Care

04 Confidentiality

05 Skills and
Competence

06 Ethical
Behaviour

07 Systems and
Process Focus

08 Risk-Based
Audit

09 Providing
Insights in
Decision Making

10 Sensitive to
Stakeholder
Interests

11 Quality and
Continuous
Improvement

12 Deploying
Technology
and Tools

Understanding the principles in 3 clusters

CREDIBILITY

- Independence
- Integrity and Objectivity
- Confidentiality
- Ethical Behaviour

CAPABILITY

- Due Professional Care
- Skills and Competence
- Quality and Continuous Improvement
- Deploying Technology and Tools

VALUE DELIVERY

- Systems and Process Focus
- Risk-Based Audit
- Providing Insights in Decision Making
- Sensitive to Stakeholder Interests

Thank you!

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