From Principal Director's Desk

Forerunner is newsletter of RTI Nagpur, which is nominated as knowledge centre for Audit of Fraud, Fraud detection Techniques and Forensic Audit and also Revenue Audit (including Transfer Pricing). During the period 2008-09 to 2017-18 the institute had developed and disseminated the material on the subject of Knowledge Resource Centre as well as other topics which is available on the institute's Web-site.

We have upgraded our infrastructure in labs and hostel besides training. During this half yearly period (October 2018 to March 2019) we have conducted courses on Audit of Fraud, Fraud detection Techniques and Forensic Audit and Revenue Audit. Apart from the above mentioned courses and the scheduled courses as per Calendar of Training Programme, we have organized induction course for Direct Recruited AAOs in two batches during September to December 2018. We have also conducted a course for Divisional Accountants in October 2018.

As a path breaking initiative, we have hosted eLearning site on our intranet server. This eLearning platform facilitates our participants to appear for course evaluation tests in online environment. It also hosts course material, exercises, discussion forum etc. which resulted in better interaction with our participants. We have also brought up interesting articles on 'Goods and Service Tax and the Indian Economy, Red Flags indicating possibility of fraud and Online Analytical Processing (OLAP)' in the current Newsletter.

Lastly, through this newsletter, I wish to convey my sincere thanks to all officers who have attended RAC in January 2019 and provided us their valuable inputs towards the cause of strengthening RTI in each sphere. I would look forward to some more suggestions or feedback, if any, for further improvement.

Regards

In this Issue

Our Products

Twentythird Issue of News Letter

The Mandate

Headquarter has declared this Institute as a Knowledge Resource Centre in 'Audit of Fraud, Fraud Detection Techniques & Forensic Audit' in October 2003 and "Central Revenue Audit including Transfer Pricing" in April 2015 with a mandate to act as a repository of information on the subject through developing quality reading material, case studies (National and International), research papers and database of expert faculty and media reports. Significant developments in the matter are also to be reported through a newsletter for information to the user offices and sister Institutes.

DG with participants of All India Course on
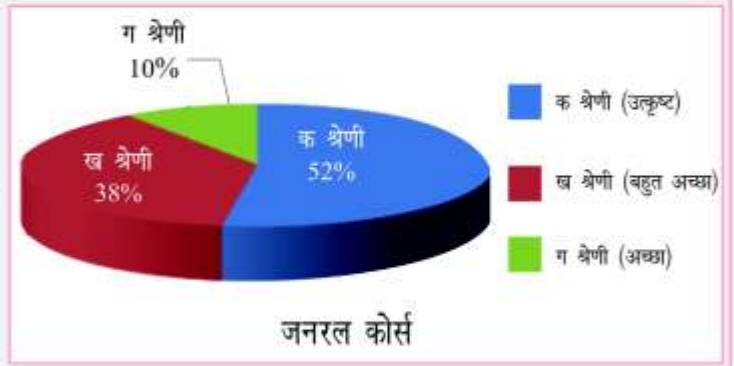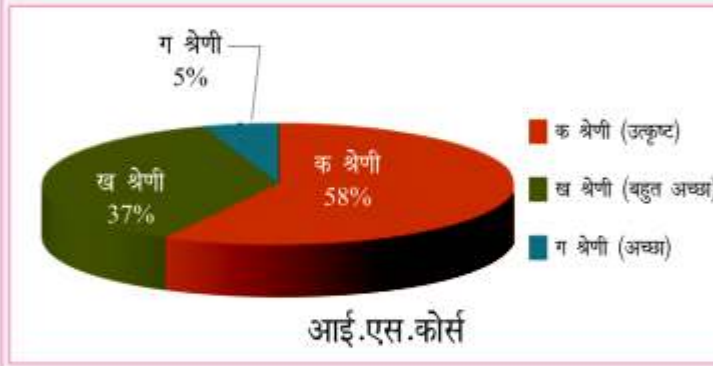Audit of Direct Taxes - January 2019

DG with the members of RAC Meeting -
31 January 2019

DG with participants of Introduction Training for DRAAO's (Batch - I)

प्रतिभागियों की प्रतिक्रिया के आधार पर प्रत्येक प्रशिक्षण कार्यक्रम का मूल्यांकन किया जाता है एवं उस पाठ्यक्रम को ग्रेड दिया जाता है। नीचे दर्शाये गये चार्ट में IS Based एवं General में हुए पाठ्यक्रमों के ग्रेड को दर्शाया गया है।

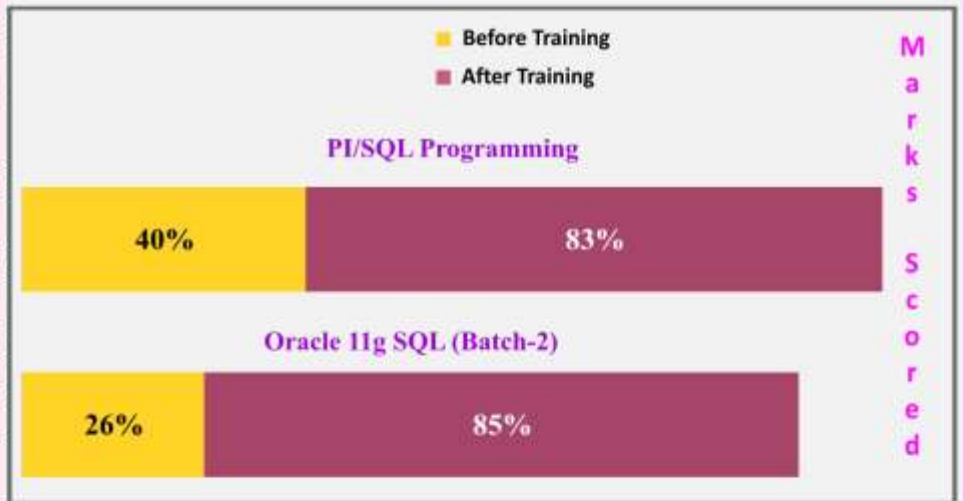## अक्तूबर 2018 से मार्च 2019 के दौरान आयोजित पाठ्यक्रमों की रेटिंग

आई.एस.कोर्स

- ग श्रेणी 5%
- ख श्रेणी 37%
- क श्रेणी 58%
- क श्रेणी (उत्कृष्ट)
- ख श्रेणी (बहुत अच्छा)
- ग श्रेणी (अच्छा)

जनरल कोर्स

- ग श्रेणी 10%
- ख श्रेणी 38%
- क श्रेणी 52%
- क श्रेणी (उत्कृष्ट)
- ख श्रेणी (बहुत अच्छा)
- ग श्रेणी (अच्छा)

प्रशिक्षण का प्रभाव (Impact of Training)

प्रशिक्षण का प्रभाव

IS-Based Courses conducted from Oct. '18 to Mar. '19

एंट्री व्यवहार परीक्षण (Entry Behavior Test - EBT), संबंधित विषयों में प्रतिभागियों के ज्ञान एवं कौशल के स्तर के मूल्यांकन हेतु IS-Based पाठ्यक्रमों की शुरूआत में आयोजित की जाती हैं। उसी पाठ्यक्रमों के आधार पर कोर्स समाप्ति टेस्ट End Course Test (ECT) का भी आयोजन किया जाता है। प्रत्येक प्रतिभागी के लिए उनके (EBT) एवं (ECT) के परिणामों की तुलना की जाती है जिससे उनपर 'प्रशिक्षण के प्रभाव' की गणना की जा सके। अक्तूबर 2018 से मार्च 2019 के बीच आयोजित पाठ्यक्रमों की संबंध में 'प्रशिक्षण के प्रभाव' को दर्शनेवाला चार्ट साथ में दिया जा रहा है।

Impact of Training IS-Based Courses from Oct.'18 to Mar. '19

- Before Training
- After Training

Marks Scored

PI/SQL Programming

40% — 83%

Oracle 11g SQL (Batch-2)

26% — 85%

हमारे अव्वल प्रशिक्षणार्थी (OUR TOPPERS)

इस संस्थान में प्रत्येक प्रशिक्षण के अंत में एक मूल्यांकन परीक्षा आयोजित की जाती है। परीक्षा में प्रथम एवं द्वितीय स्थान प्राप्त करनेवाले परीक्षणार्थियों की सूची नीचे दर्शायी गयी है। परीक्षणार्थियों की रुची एवं प्रेरणा स्तर को बनाए रखने के लिए उन्हें टोकन स्मृति चिन्ह और योग्यता प्रमाण पत्र के साथ सम्मानित किया गया। उन के कार्यालयों को भी इसके बारे में सूचित किया गया।

आई.एस. कोर्स (IS Courses)	माह एवं वर्ष	प्रथम स्थान	द्वितीय स्थान
ओरॅकल 11g एसक्यूएल (बैच -2)	दिसंबर-2018	श्री आयुष दाधीच, लेखापाल, महालेखाकार (ले व ह)-II, महाराष्ट्र, नागपुर	मिस. वर्षा, लेखापरीक्षक निदेशक, डाक व दुरसंचार लेखापरीक्ष, नागपुर
पीएल/एसक्यूएल प्रोग्रामिंग	जनवरी-2019	श्री धर्मरक्षकसिंह, सहायक लेखा अधिकारी प्रधानमहालेखाकार (ले व ह), मध्यप्रदेश ग्वालियर	श्री सौरभ कुमार सचान, सहायक लेखा अधिकारी प्रधानमहालेखाकार (ले व ह), मध्यप्रदेश ग्वालियर मिस. वर्षा, लेखापरीक्षक निदेशक, डाक व दुरसंचार लेखापरीक्ष, नागपुर
जनरल कोर्स (General Courses)	माह एवं वर्ष	प्रथम स्थान	द्वितीय स्थान
NIL			

Continuing Professional Education (CPE)

(अक्तूबर 2018 और मार्च 2019 के बीच संस्थान के संकाय द्वारा प्राप्त प्रशिक्षण)

नाम	विषय	प्रशिक्षण का स्थान
श्री जी.के. ओमी, स.ले.प.अ./संकाय	Cyber Security	OP Jindal Global University, Sonepat, Haryana

Goods and Service Tax and the Indian Economy

Amidst economic crisis across the globe, India has posed a encouragement of hope with ambitious growth targets, supported by a bunch of strategic undertakings such as the Make in India and Digital India campaigns. The Goods and Services Tax (GST) is another such undertaking that is expected to provide the much needed stimulant for economic growth in India by transforming the existing base of indirect taxation towards the free flow of goods and services. GST is also expected to eliminate the cascading effect of taxes. India is projected to play an important role in the world economy in the years to come. The expectation of GST being introduced is high not only within the country, but also within neighbouring countries and developed economies of the world.

Benefits of GST to the Indian Economy

- Removal of bundled indirect taxes such as VAT, CST, Service tax, CAD, SAD, and Excise.
- Less tax compliance and a simplified tax policy compared to current tax structure.
- Removal of cascading effect of taxes i.e. removes tax on tax.
- Reduction of manufacturing costs due to lower burden of taxes on the manufacturing sector. Hence prices of consumer goods will be likely to come down.
- Lower the burden on the common man i.e. public will have to shed less money to buy the same products that were costly earlier.
- Increased demand and consumption of goods.
- Increased demand will lead to increase supply. Hence, this will ultimately lead to rise in the production of goods.
- Control of black money circulation as the system normally followed by traders and shopkeepers will be put to a mandatory check.
- Boost to the Indian economy in the long run.

These are possible only if the actual benefit of GST is passed on to the final consumer. There are other factors, such as the seller's profit margin, that determines the final price of goods. GST alone does not determine the final price of goods.

How will GST impact the Indian Economy?

- Reduces tax burden on producers and fosters growth through more production. The current taxation structure, pumped with myriad tax clauses, prevents manufacturers from producing to their optimum capacity and retards growth. GST will take care of this problem by providing tax credit to the manufacturers.
- Different tax barriers, such as check posts and toll plazas, lead to wastage of unpreserved items being transported. This penalty transforms into major costs due to higher needs of buffer stock and warehousing costs. A single taxation system will eliminate this roadblock.
- There will be more transparency in the system as the customers will know exactly how much taxes they are being charged and on what base.
- GST will add to the government revenues by extending the tax base.
- GST will provide credit for the taxes paid by producers in the goods or services chain. This is expected to encourage producers to buy raw material from different registered dealers and is hoped to bring in more vendors and suppliers under the purview of taxation.
- GST will remove the custom duties applicable on exports. The nation's competitiveness in foreign markets will increase on account of lower costs of transaction.

A Brighter Economy

The introduction of the Goods and Services Tax will be a very noteworthy step in the field of indirect tax reforms in India. By merging a large number of Central and State taxes into a single tax, GST is expected to significantly ease double taxation and make taxation overall easy for the industries. For the end customer, the most beneficial will be in terms of reduction in the overall tax burden on goods and services. Introduction of GST will also make Indian products competitive in the domestic and international markets. Last but not least, the GST, because of its transparent character, will be easier to administer. Once implemented, the proposed taxation system holds great promise in terms of sustaining growth for the Indian economy.

Impact of GST on Manufacturers, Distributor, and Retailers

GST is a boost to competitiveness and performance in India's manufacturing sector. Declining exports and high infrastructure spending are just some of the concerns of this sector. Multiple indirect taxes

had also increased the administrative costs for manufacturers and distributors and with GST in place, the compliance burden has eased and this sector will grow more strongly.

But due to GST, business which was not under the tax bracket previously will now have to register. This will lead to lesser tax evasion.

Impact of GST on Service Providers

As of March 2014, there were 12, 76,861 service tax assessees in the country out of which only the top 50 paid more than 50% of the tax collected nationwide. Most of the tax burden is borne by domains such as IT services, telecommunication services, the Insurance industry, business support services, Banking and Financial services, etc. These Pan-India businesses already work in a unified market and will see compliance burden becoming lesser. But they will have to separately register every place of business in each state.

Sector-wise Impact Analysis

Logistics

In a vast country like India, the logistics sector forms the backbone of the economy. We can fairly assume that a well organized and mature logistics industry has the potential to leapfrog the "Make in India" initiative of the Government of India to its desired position.

E-commerce

The e-commerce sector in India has been growing by leaps and bounds. In many ways, GST will help the e-com sector's continued growth but the long-term effects will be particularly interesting because the GST law specifically proposes a Tax Collection at Source (TCS) mechanism, which e-com companies are not too happy with. The current rate of TCS is at 1%.

Pharma

On the whole, GST is benefitting the pharma and healthcare industries. It will create a level playing field for generic drug makers, boost medical tourism and simplify the tax structure. If there is any concern whatsoever, then it relates to the pricing structure (as per latest news). The pharma sector is hoping for a tax respite as it will make affordable healthcare easier to access by all.

Telecommunications

In the telecom sector, prices will come down after GST. Manufacturers will save on costs through efficient management of inventory and by consolidating their warehouses. Handset manufacturers will find it easier to sell their equipment as GST has negated the need to set up state-specific entities, and transfer stocks. The will also save up on logistics costs

Textile

The Indian textile industry provides employment to a large number of skilled and unskilled workers in the country. It contributes about 10 *per cent* of the total annual export, and this value is likely to increase under GST. GST would affect the cotton value chain of the textile industry which is chosen by smallest, medium enterprises as it previously attracted zero central excise duty (under optional route).

Real Estate

The real estate sector is one of the most pivotal sectors of the Indian economy, playing an important role in employment generation in India. The impact of GST on the real estate sector cannot be fully assessed as it largely depends on the tax rates. However, the sector will see substantial benefits from GST implementation, as it has brought to the industry much-required transparency and accountability.

Agriculture

The agricultural sector is the largest contributing sector the overall Indian GDP. It covers around 16% of Indian GDP. One of the major issues faced by the agricultural sector is the transportation of agri-products across state lines all over India. GST will resolve the issue of transportation.

Automobiles

The automobile industry in India is a vast business producing a large number of cars annually, fueled mostly by the huge population of the country. Under the previous tax system, there were several taxes applicable to this sector like excise, VAT, sales tax, road tax, motor vehicle tax, registration duty which will be subsumed by GST.

Start-ups

With increased limits for registration, a DIY compliance model, tax credit on purchases, and a free flow of goods and services, the GST regime truly augurs well for the Indian start-up scene. Previously, many Indian states had different VAT laws which were confusing for companies that have a Pan-India presence, especially the e-com sector. All of this has changed under GST.

संकाय स्तंभ (FACULTY COLUMN)

Red flags indicating possibility of fraud

A red flag is a set of circumstances that are unusual in nature or vary from the normal activity. It is a signal that something is out of the ordinary and may need to be investigated further. Red flags do not indicate guilt or innocence but merely provide possible warning signs of fraud.

As the auditors are required to specifically assess the risk of material misstatement due to fraud, the red flags provide operational guidance on considering fraud to auditors while conducting audit. The main concern of SAI is after the fraud has been committed. The scrutiny of SAI is for a limited period of time and so the employee red flags are not very relevant to SAI. However, the employee red flags are good indicators for the managers/ high officers who are watching the employees for extended period of time. The employee red flags include the following:

- May indulge in intoxicants too much.
- May start taking drugs.
- Become irritable easily.
- Won't be able to relax.
- Gets abnormally argumentative or become defensive.
- Can't look people in the eye.
- May start perspiring excessively.
- Go to confessions (e.g. priest, psychiatrist).
- Find excuses and scapegoats for mistakes.
- Work standing up.
- Work alone, work late.

During audit the SAI may encounter some oddities which might be hints of the cover-up.

These generally appear in the accounting records. The key is to notice exceptions and oddities, such as transactions that are at odd times of the day, month, season; too many or too few; in the wrong branch location; in amounts too high, too low, too consistent, too different. Exceptions and oddities like these can appear:

- Unusual number of missing documents.
- Reluctance to provide information to auditors.
- Management decisions dominated by an individual or small group.
- Weak internal control environment.
- Sudden activity in a dormant bank accounts.
- Bank accounts that are not reconciled on a timely basis.
- Excessive number of year end transactions.
- Cash shortages and overages.
- Excessive voids and credit memos.
- User/ applicants complaints.
- Common names or addresses for wage payments/ refunds.
- Adjustments to receivables and payables.
- General ledger does not balance.
- Increased past due receivables.
- Inventory shortages.
- Increased scrap.
- Alterations on documents.
- Duplicate payments.
- Missing (Ghost) Employees.
- Second endorsements on checks.
- Payment on photocopied/ missing documents.

OLAP

Definition of OLAP

OLAP (online analytical processing) is a computing method that enables users to easily and selectively extract and query data in order to analyse it from different points of view. OLAP business intelligence queries often aid in trends analysis, financial reporting, sales forecasting, budgeting and other planning purposes. For example, a user can request that data be analysed to display a spreadsheet showing all of a company's beach ball products sold in Florida in the month of July, compare revenue figures with those for the same products in September and then see a comparison of other product sales in Florida in the same time period.

How OLAP systems work

To facilitate this kind of analysis, data is collected from multiple data sources and stored in data warehouses then cleansed and organized into data cubes. Each OLAP cube contains data categorized by dimensions (such as customers, geographic sales region and time period) derived by dimensional tables in the data warehouses. Dimensions are then populated by members (such as customer names, countries and months) that are organized hierarchically. OLAP cubes are often pre-summarized across dimensions to drastically improve query time over relational databases.

Analysts can then perform five types of OLAP analytical operations against these multidimensional databases:

- **Roll-up.** Also known as consolidation, or drill-up, this operation summarizes the data along the dimension.
- **Drill-down.** This allows analysts to navigate deeper among the dimensions of data, for example drilling down from "time period" to "years" and "months" to chart sales growth for a product.
- **Slice.** This enables an analyst to take one level of information for display, such as "sales in 2017."
- **Dice.** This allows an analyst to select data from multiple dimensions to analyse, such as "sales of blue beach balls in Iowa in 2017."
- **Pivot.** Analysts can gain a new view of data by rotating the data axes of the cube.

OLAP software then locates the intersection of dimensions, such as all products sold in the Eastern region above a certain price during a certain time period, and displays them. The result is the "measure"; each OLAP cube has at least one to perhaps hundreds of measures, which are derived from information stored in fact tables in the data warehouse.

OLAP begins with data accumulated from multiple sources and stored in a data warehouse. The data is then cleansed and stored in OLAP cubes, which users run queries against.

Types of OLAP systems

OLAP (online analytical processing) systems typically fall into one of three types:
Multidimensional OLAP (MOLAP) is OLAP that indexes directly into a multidimensional database.

Relational OLAP (ROLAP) is OLAP that performs dynamic multidimensional analysis of data stored in a relational database.

Hybrid OLAP (HOLAP) is a combination of ROLAP and MOLAP. HOLAP was developed to combine the greater data capacity of ROLAP with the superior processing capability of MOLAP.

Uses of OLAP

OLAP can be used for data mining or the discovery of previously undiscerned relationships between data items. An OLAP database does not need to be as large as a data warehouse, since not all transactional data is needed for trend analysis. Using Open Database Connectivity (ODBC), data can be imported from existing relational databases to create a multidimensional database for OLAP.

(Source: techtarget.com)