

Appendix I

***DIPLOMA
IN
GOVERNMENT ACCOUNTING &
INTERNAL AUDIT***

Syllabus

Paper Code: 101
Modern Manager

Individual Assignment: 10 Marks
Group Assignment: 20 Marks
Presentation: 20 Marks
Examination: 50 Marks
Total Marks: 100 Marks

Unit I

1. Fundamentals of Management:

Management: Its Meaning, Functions, Principles and Styles, Managerial Skills, Management by Objectives, Managerial Decision Making Process

2. Human Resource Management:

Concept, Scope and Functions of Human Resource Management

Unit II

3. Procurement:

Job Analysis, Human Resource Planning, Recruitment, Selection, Separation

Unit III

4. Development:

Career Planning and Development, Employee Training, Executive Development, Internal Mobility and Separation

Unit IV

5. Maintenance and Retention:

Wage and Salary Administration, Performance Appraisal, Motivation, Worker's Participation in Management, Employee Discipline, Employee Grievance

Suggested Reading:

1. Stoner, Freeman and Gilbert: Management, Prentice Hall of India, Delhi, 2007.

2. Harold Koontz & Heinz Weihrich: **Essentials of Management**, Tata McGraw-Hill Publishing Co. Ltd, New Delhi, 2007.
3. John M. Ivancevich: **Human Resource Management**, Tata McGraw Hill Publishing Co. Ltd, New Delhi, 2007.
4. S.S. Khanka: **Human Resource Management**, S. Chand & Co. Ltd, New Delhi, 2008.
5. Stephen P Robbins: **Organizational Behavior**, Prentice Hall of India Pvt Ltd, Delhi, 2008.
6. S.S. Khanka: **Organizational Behavior**, S. Chand & Co. Ltd, New Delhi, 2008.

Paper Code: 102
Accounting for Managers

Individual Assignment: 10 Marks
Group Assignment: 20 Marks
Presentation: 20 Marks
Examination: 50 Marks
Total Marks: 100 Marks

OBJECTIVE

To provide the officers a thorough grounding of Commercial Accounting Concepts and Financial Statements with analysis of Financial Statements.

Unit I

1. **Conceptual Framework of Accounting**
 - ◆ Users of Financial Statements;
 - ◆ Capital of a Firm;
 - ◆ Structure of Business Firms;
 - ◆ Objectives of Corporate Financial Reporting;
 - ◆ Components of Financial Statements;
 - ◆ Accounting Conventions;
 - ◆ Qualitative Characteristics of Financial Statements;
 - ◆ True and Fair View;
 - ◆ Accounting Policy
 - ◆ Accounting Standards; Accounting Standards Disclosure of Accounting Policies (AS 1).

2. **Accounting Records and Systems**
 - ◆ Journal,
 - ◆ Cash Book,
 - ◆ Ledger,
 - ◆ Trial Balance
 - ◆ Bank Reconciliation Statement.

3. **Balance Sheet**
 - ◆ Accounting Equation;
 - ◆ Balance Sheet Structure;
 - ◆ Assets;
 - ⇒ Current Assets;
 - ⇒ Non-Current Assets;
 - ⇒ Classification of Assets;

- ◆ Liabilities;
 - ⇒ Current Liabilities;
 - ⇒ Non-Current Liabilities;
 - ⇒ Secured and Unsecured Liabilities;
 - ⇒ Classification of Liabilities;
- ◆ Accounting Standards Contingencies and Events Occurring after the Balance Sheet Date (AS-4).

Unit II

4. **Structure of Profit and Loss Account**

- ◆ Nature of Profit and Loss Account;
- ◆ Expenditure and Expenses;
- ◆ Income;
- ◆ Accrual Basis of Accounting;
- ◆ Structure of Profit and Loss Account;
- ◆ Extraordinary Items; Prior-Period Items;
- ◆ Accounting Standards on Net Profit or Loss for the period, prior period items and changes in Accounting Policies (AS 5).

5. **Cash Flow Statements**

- ◆ Preparation of Cash Flow Statement;
- ◆ Presentation of Cash Flow Statement: Operating Activities; Investing Activities; Financing Activities;
- ◆ Foreign Currency Cash Flows; and Analysis;
- ◆ Accounting Standard on Cash Flow Statement (AS 3).

Unit III

6. **Inventory Valuation**

- ◆ Definition;
- ◆ General Principles;
- ◆ Inventory Costs;
- ◆ Use of Standard Cost Method and Retail Method; Cost Formulas; and Net Realizable Value (NRV);
- ◆ Accounting Standards; Valuation of Inventories (AS 2).

7. **Revenue Recognition**

- ◆ Introduction;
- ◆ General Principles;
- ◆ Measurement of Revenue;
- ◆ Collectibility of Revenue;
- ◆ Matching Principle;

- ◆ Sale of Goods;
- ◆ Service Revenues;
- ◆ Sales of Real Estate;
- ◆ Interests and Dividends;
- ◆ Constructions Contracts; and
- ◆ Revenue Recognition under Indian GAAP-Accounting Standard on Revenue Recognition (AS 9).

8. **Asset Accounting**

- ◆ Depreciation Accounting;
- ◆ Fixed Assets Accounting (including a brief introduction to Impairment);
- ◆ Accounting Standards on Depreciation Accounting (AS 6);
- ◆ Accounting Standards on Accounting for Fixed Assets (AS 10).

Unit IV

9. **Financial Statements of Limited Companies**

- ◆ Legal Requirement relating to preparation of Financial Statements of Companies (including Schedule VI of the Companies Act);
- ◆ Note to the Accounts and Significant Accounting Policies
- ◆ Financial Reports and the contents of Annual Report.

10. **Analysis of Financial Statements**

- ◆ Introduction
- ◆ Accounting Policy and Quality of Earning;
- ◆ Earnings Management;
- ◆ Potential Red Flags;
- ◆ Common-size Financial Statement;
- ◆ Ratio Analysis; An Introduction;
- ◆ Measurement of Overall Performance of a Firm;
- ◆ Decomposing ROIC and ROCE; Turnover of Assets and Profitability;
- ◆ Decomposing ROE Gross Gearing; Effect of Financial Leverage and Spread;
- ◆ Assessing the Operating Management;
- ◆ Assessing the Solvency and Liquidity;
- ◆ Uses of Ratios for Internal Management; and
- ◆ Capital Market-Based Ratios.

Suggested Reading:

1. Asish Bhattacharya : Financial Accounting for Managers
2. D.S.Rawat : Student Guide to Accounting Standards
3. Robert N. Anthony and James s. Reece: Accounting Principles
4. R.L. Gupta and M. Radhaswamy : Advanced Accountancy
5. S.N. Maheswari : Advanced Accountancy
6. <http://icai.org>
7. <http://icsi.edu>
8. <http://myicwai.com>

Paper Code: 103
Public Financial Administration

Individual Assignment: 10 Marks
Group Assignment: 20 Marks
Presentation: 20 Marks
Examination: 50 Marks
Total Marks: 100 Marks

Objective

Providing the participants a broad understanding of the current theories and practices in Public Financial Administration. Helping the participants to identify contemporary issues in Public Financial Administration in India and to formulate solutions in the light of theories and practices. Helping the participants to understand taxation policy, management of public expenditure, public debt and budgetary techniques and practices. The coverage of the subject will be with special emphasis on Indian experience.

Unit I

1. Public Finance

- Theories & Principles
- Fiscal functions
- Public financial administration in federal set up

2. Budgeting

- Objectives & types of budget
- Budgeting Process – Central & State Governments
- Constitutional provisions for preparation and presentation of Budget
- Finance Act & Appropriation Act
- Accounting and Economic Classification
- Approaches to budgeting – Outcome Budget
- Budgetary Reforms & New Public Management

3. Public Expenditure

- Theory & concept

- Management and control
- Contemporary issues
- Trends in public expenditure

Unit II

4. Revenue

- Taxation – principles and approach to an efficient tax system
- Tax structure – Direct and Indirect Taxes
- Incidence and impact of taxation – Laffer's Curve
- Non-Tax revenue sources, user charges
- Trends in Tax and Non-Tax Receipts

5. Public Debt

- Meaning and types
- Borrowing powers of Union and States
- Role of RBI
- Public Debt Management in India

Unit III

6. Public Investment

- Programming and Management
- Concept and Purpose
- Role of Planning Commission

7. Public Private Partnership Initiative

- Concept and purpose

8. Special Purpose Vehicle

- Concept and Purpose

Unit IV

1. Fiscal Responsibility
2. Finance Commission's Recommendations
3. Finance Commission
4. Parliamentary Financial Committees

Suggested Reading:

1. Richard Musgrave & Peggy Musgrave; Public Finance: Theory and Practice – McGraw Hill
2. H.L. Bhatia: Public Finance
3. S.P. Ganguly: Fundamentals of Government Budgeting: Control over Public Finance and India
4. B.P. Tyagi, Public Finance, Jaiprakash, Meerut
5. K.P.M. Sundaram, Public Finance – Theory and Practice (16th Edition), S. Chand & Co., New Delhi
 - Constitution of India
 - Central Government Budget
 - Economic Survey
 - RBI – Report on Currency and Finance
 - Reports of Finance Commission and Annual report; Govt. of India
 - Report of the Eleventh Finance Commission – Akalank Publications
 - B.P. Mathur (ed): Budgetary Reforms and Expenditure Management in Government – Mudrit
 - Sudipto Mundle (ed): Public Finance: Policy Issues for India – Oxford
 - Parthasarathi Shome (ed): Fiscal Policy & Public Policy & Good Governance (NIPFP, New Delhi)
 - U.S. Pant: Budgeting and Finance Management in India
 - Salvatore Schiavo – Campo and Daniel Tommasi, Managing Government Expenditure, Asian Development Bank Publication

Paper Code: 104

Introduction to Information and Communication Technology

Individual Assignment: 10 Marks

Group Assignment: 20 Marks

Presentation: 20 Marks

Examination: 50 Marks

Total Marks: 100 Marks

Objective

To introduce the beginners with the nuances of Information and Communication Technology and its applications/ utility in today's Smart Offices. The course aims to equip learners with the skills to utilize the best of IT usage in their day to day office work.

Unit I

1. Information and Communication Technology

Introduction to ICT and its brief architecture, Factors affecting processor's speed, Computer Software, Computer Languages, Operating Systems, Storage Media

2. Intelligent Office

Hands on effective Operating System, Management, LAN Management (user policies, rights etc.), Data/ file sharing on Net, S/W installation

Unit II

3. Paperless Office

Advanced features of office tool – MS Word, Word Processor for documentation purposes, introduction to MS-Excel – a spreadsheet, Assignments/ exercises on MS-Word and MS-Excel

4. Effective Presentation

Computerized Presentation with text, graphics, audio, video, animation, hyperlinks, action buttons using the office tool Power Point

Unit III

5. Data and Information Organization

Database approach to data management, database models (hierarchical, relational and network models), entities, attributes, keys, Database management system, data definition language, relational database management system

Appendix: MS-Access

Unit IV

6. Computer Networks, Internet, Intranet and Extranet

Communication System, Mode of Communication, Applications of Networks, Network Types, Network Topologies, Protocols, Internet and its usage, World Wide Web (WWW), Intranets and Extranets

Suggested Reading:

1. MS Office by Que, PHI
2. Computer Fundamentals by P.K. Sinha, BPB Publication
3. Introduction to Computer by Leon and Leon
4. Managing Information System by O'Brien Marakas, Tata McGraw Hill
5. Networks Design on Management, Steven T. Karris, Orchard Publications

Paper Code: 105
Government Audit – Emerging Issues

Individual Assignment: 10 Marks
Group Assignment: 20 Marks
Presentation: 20 Marks
Examination: 50 Marks
Total Marks: 100 Marks

Objective

To provide an in-depth study of the techniques and methods of planning audit assignments in general and in government in particular.

UNIT I

- 1. Auditing**
Nature, Objectives, Scope, Principles, Concepts and Precepts of Auditing. Profession of Auditing and Development of Auditing.
- 2. Various classes of Audit**
Statutory Audit, Internal Audit, Government Audit, Cost Audit; Management Audit; Social Audit, Environment Audit., Differences between Government Audit and Private Sector Audit
- 3. Techniques of Auditing**
Physical Inspection, Observation, Inquiry, Confirmation, Computation and Retracing Book Keeping Procedures, Analytical Procedures, Selection of Audit Techniques.
- 4. Audit Sampling**
Need for Sampling, Sampling Risk, Audit in Depth, Test Checking or Judgmental Sampling, Approach to Statistical Sampling, Determination of Sample Size, Sampling in Various Auditing Situations. Attributes Sampling, Monetary Unit Sampling, Variables Sampling, Stratified Random Sampling.

UNIT II

5. General Principles of Transaction Audit

Vouching, Payments and Receipts

6. Audit Process, Risk Based Auditing and Improving Audit Effectiveness

7. Auditor's Report

8. Internal Audit and Internal Control

Relationship between Internal Audit and External Audit, Internal Control Evaluation

9. Concept of Professional Ethics

UNIT III

10. The Principles and Philosophy of Government Audit

Role of C&AG, Constitutional Provisions governing the institution of the C&AG, CAG's (DPC) Act, 1971.

11. Audit of Expenditure

12. Sanction Audit, Audit against Provision of Funds, Audit against Regularity.

13. Value for Money Audit and 3 Es – Economy, Efficiency and Effectiveness.

UNIT IV

14. Audit of Receipts

Nature of Receipts, Scope of Receipt Audit.

15. Commercial Audit

Audit of Government Companies, Concept of Audit Board, audit of Autonomous Bodies, Grantee Institutions and NGOs Audit of Defence, Railways and Telecom Sectors, Government Auditing

Standards including INTOSAI.

16. Results of Audit and Audit Reports

C&AG Annual Reports to Parliament Follow-up action by the executive and Action Taken Notes.

Paper Code: 201
Research Methodology & Report Writing

Individual Assignment: 05 Marks
Group Assignment: 10 Marks
Presentation: 10 Marks
Examination: 25 Marks
Total Marks: 50 Marks

Objective

This course of research methodology is for imparting the knowledge of different areas of research to the participants. On the basis of this knowledge one can solve any real life problem, which will arise during the service life.

Unit I

1. Problem Definition: Nature and purpose of scientific enquiry, parameters of research, definition of construct and variables, introduction to research, research process, steps in research process

Unit II

2. Research Design: Concepts and Type of research design, design of research on the basis of techniques / methodology – exploratory and descriptive

Descriptive Research – qualitative and quantitative, Quantitative-field studies, field experiments and laboratory experiments

Design of research on the basis of area of research-research in social sciences and physical sciences

3. Sampling and data collection: population and samples, techniques of sampling – random, stratified, systematic and multistage sampling; primary and secondary sources of data, design of questionnaire

Unit III

4. Statistical Hypothesis and Test of significance : Procedure for testing hypothesis, determining levels of significance, type I and II errors, ANOVA : one way, two way, Chi square test and its application, students 't' distribution, non-parametric statistical technique – Chi square test, binomial test, runs test, one sample kolmogorov-smirnov test; Parametric statistical tests – correlation, regression analysis

Unit IV

5. Tabulation and Analysis of Data: Selection of appropriate statistical techniques, interpretation, statistical data analysis, advance techniques in analyzing associative data, report writing.

6. Application of Statistical software in research using SPSS

Suggested Reading:

1. Kothari, C.R., "Research Methodology", New Age International, Wishwa Publications, Delhi.
2. Sabine, Landau, Brian S. Everitt, "A handbook of statistical analysis using SPSS", by Chapman & Hall/CRC Press LLC

Paper Code: 201(A)
Government Accounting - Contemporary Issues

Individual Assignment: 05 Marks
Group Assignment: 10 Marks
Presentation: 10 Marks
Examination: 25 Marks
Total Marks: 50 Marks

Objective:

To provide theoretical and practical knowledge about Government Accounting contemporary issues:

Unit I

1. Features of Govt. Accounting - Introduction
2. Accounting in Govt. – Origin, development & departmentalization of accounts
3. Structure and form of Government Accounts, Consolidated fund, Contingency fund and Public Accounts

Unit II

4. Classification in Govt. Accounts (LMMH), including practicals.
5. Payment Systems:
Function of DDOs & Controlling Officers, preparation of bills; Pre-check of bills and payment in the PAO, methods of payment, Banking arrangements, focal point banking system; Personal Account: concept and accounting procedure; PAO 2000; Electronic Payment System

Unit III

6. Central Govt. (Receipt and Payment Rules)

7. Transfer Entries Adjournalment

8. Rectification of Errors - with Practicals

Unit IV

9. Appropriation Accounts :

Purpose

Use

Compilation

Consolidation

10. Finance Accounts:

Purpose

Use

Compilation

Consolidation

11. Combined Finance and Revenue Account

Suggested Reading:

01.	<i>Civil Accounts Manuals</i>	<i>Govt. Publication</i>
02.	<i>List of Major & Minor Heads</i>	<i>-do-</i>
03.	<i>Central Government (Receipt & Manuals)</i>	<i>-do-</i>
04.	<i>Government Accounting Rules</i>	<i>-do-</i>
05.	<i>Constitution of India</i>	<i>-do-</i>
06.	<i>Government Accounts Principles & Practices</i>	<i>Sh.R. Ramanathan</i>
07.	<i>Payment & Accounting System in Govt. of India</i>	<i>Sh. U.S. Pant</i>

Paper Code: 202
Quantitative Analysis for Managerial Applications

Individual Assignment: 10 Marks
Group Assignment: 20 Marks
Presentation: 20 Marks
Examination: 50 Marks
Total Marks: 100 Marks

Objective

The primary objective of this course is to provide the basic concepts and applications of mathematics suited to the needs of students appearing in the management programmes. Upon completion of this course, participants should be able to define the different ways in which interest money can be calculated and explain the meaning of simple interest, equivalent rates of interest, promissory and demand notes, annuities, perpetuities, capitalized cost, depletion allowance, stocks and bonds.

Unit I

1. Functions and their applications

Introduction, The concept of a Function, Types of Functions, Zeros (or roots) of a Function, Some useful functions in business and economics, equilibrium of an economic system, Break-even Analysis

2. Differentiation: Basic Concepts

Introduction, Concept of Slope and rate of change, Concept of derivatives, some standard derivatives, General rules for differentiation, derivative of composite function, derivative of exponential functions, derivative logarithmic functions, derivative of inverse functions, derivatives of a function defined parametrically, derivative of an implicit function, successive (or repeated differentiation, the nth derivative : standard results

3. Applications of derivative

Introduction, average and marginal cost, relationship among total cost, average cost and marginal cost curves, total revenue, marginal revenue

and average revenue, growth and decay, point elasticity of a function, marginal revenue and elasticity of demand, market model, national income, consumption and savings model

Unit II

4. Maxima and Minima

The sign and magnitude of the derivative, maximum and minimum values, concavity, convexity and point of inflexion, Application of maxima and minima, areas and volumes, revenue functions, profit function and inventory control, effect of taxation and subsidy on monopoly

5. Partial differentiation

Introduction, Continuity of two variables function, partial derivatives of higher order, total differential, total derivative of a composite function, homogeneous function, applications in business and economics, maxima, minima and saddle points of function of two variables

6. Integral Calculus

Introduction, indefinite integral, fundamental formulae of integration, rules of integration, integration by substitution, integration by parts, integration by partial fractions, definite integral, applications of indefinite integration, applications of definite integration, relation between profit, marginal cost and revenue, consumer's surplus, producer's risk, the learning curve, present value of stream of cash flows

Unit III

7. Matrix and Determinant

Introduction, Definition and Notations, types of matrices, algebra of matrices, multiplication of matrices, transpose of a matrix, determinants, ad-joint of a square matrix, inverse of a square matrix, methods of computing the inverse of a matrix, solution of simultaneous linear equations, methods of solving non-homogenous linear equations, solutions of homogeneous simultaneous linear equations

8. Mathematics for Finance and Investment

Introduction, types of interest, nominal and effective rates of interest, continuous compounding, equation of value of money, simple, compound and continuous discounting, depreciation, present value of an annuity, amount of annuity, amortization and sinking funds, continuous compounding, leasing, capital expenditure, bonds

Unit IV

9. Input-Output Analysis

Introductions closed and open input-output models, Coefficient matrix, Hawkins-Simon condition for the viability of the system, technology matrix in value terms and determination of equilibrium prices

10. Linear Programming

Introduction, structure of linear programming model, advantages of using linear programming, limitations of linear programming, general mathematical model of linear programming problem, guidelines on linear programming model formulation, graphical solution methods of LP problems, special cases in linear programming, standard form of an LP problems, simplex algorithm (maximization case), simplex algorithm (minimization case), some complications and their resolution, types of linear programming solutions

Suggested Reading:L

Business Mathematics: Theory & Applications by J.K. Sharma

Paper Code: 203
Information System for Managers

Individual Assignment: 10 Marks
Group Assignment: 20 Marks
Presentation: 20 Marks
Examination: 50 Marks
Total Marks: 100 Marks

OBJECTIVE

To introduce the learners with effective and systematic ways of data management in a networking environment, insight into the application of IT in Financial Management. To ensure skill development to understand the e-data for business intelligence and its security thereof.

Unit I

1. **IT in Financial Management:** Basic accounting concepts, Conventional Accounting versus Computerized Accounting, Accounting Concepts & Book Keeping in e-environment, Case study on Double Entry System of Accounting, Budgeting, Computerized Final Accounts, Analysis of Financial Statements, Inventory Management etc.

Appendix: Hands on Financial Accounting Tool – Tally; Case studies using Excel

Unit II

2. **Online Broadcasting & Conferencing:** e-chat, White Boarding, File Transfer, Interactive Online Meetings, Planning Activities, Appointment Appendix: Video Conferencing

Unit III

3. **Information System Security:** Need, Security Attacks (Active, Passive), Interruption, Interception, Modification, Fabrication, Active Attack (Masquerade, Replay, Modification of Message Contents, Denial-of- service (DoS) etc.), Passive Attack (Release of Message Contents, Traffic Analysis etc.), Network and Internet Vulnerabilities etc.

Appendix: Hands on security tools-Wireshark (Ethreal), ipscan (Angry IP Scanner), Retina/ Tenable Nessus (Network Vulnerability Scanner)

- 4. Cryptography & Public Key Infrastructure:** Introduction to cryptography, Conventional and Modern Encryption Methods, Encryption Algorithms (RSA, MD5 etc.), Hashing, Cryptographic Algorithms-Symmetric Algorithms/ Public Key Cryptography, Asymmetric Algorithms/ Public-Private Key Pairs, Digital Certificate, Types of Certificate, Public Key Substitution Risk, Public Key Infrastructure (PKI), Third Party Assurance-Certificate Authority, IT Regulatory Environment.

Appendix: Hands on PKI tool – Wondercrypt

Unit IV

- 5. Information System Audit:** Introduction to IT Audit, Objectives, Conventional Auditing versus IS Audit, Responsibilities of IS Auditor, Information System Audit and Control Association,, Framework of IS Audit, Information Systems Control Objectives, CobiT, ISACA, Indian Standards in IS Auditing, Steps in IS Audit

Appendix: Hands on IS Audit/ Business Intelligence Tool - IDEA

Suggested Reading:

1. Network Security Essentials by William Stallings, Pearson Education.
2. Tally 9 by Namrata Agrawal and Sanjay Kumar, Wiley Dreamtech Publications.
3. Information Security by Rajat Khare, BPB Publications.
4. Computer Security, First Edition, 1999, by Gollmann, Dieter Wiley & Sons Ltd.
5. Computer Security Basics by Debby Russell, T. Gangemi, Sr, O' Reilly Publications.
6. Information Systems and Control Audit by Ron Weber, Pearson Education.

Paper Code: 204
Financial Management

Individual Assignment: 10 Marks
Group Assignment: 20 Marks
Presentation: 20 Marks
Examination: 50 Marks
Total Marks: 100 Marks

UNIT I

1. **Nature of Financial Management:**
Introduction; Finance and Related Disciplines; Scope of Financial Management; Objectives of Financial Management; and Organization of Finance Function.

2. **Basic Financial Concepts:**
Introduction; Time Value of Money; Valuation of Long-Term Securities; and Risk and Return.

3. **Capital Budgeting: Principles and Techniques:**
Introduction; Nature of Capital Budgeting; Data Requirement: Identifying Relevant Cash Flows; Evaluation Techniques; and Risk Considerations in Capital Budgeting.

UNIT II

4. **Working Capital Management:**
Introduction; Nature of Working Capital; Trade-off Between Profitability and Risk; and Determining Financing Mix.

5. **Planning of Working Capital**
Introduction; Need for Working Capital; Determinants of Working Capital; and Computation of Working Capital.

6. **Management of Cash and Marketable Securities:**
Introduction; Motives for holding Cash; Objectives of Cash

Management; Factors Determining Cash Needs; Determining Cash Need; Cash Management: Basic Strategies; Cash Management Techniques/Processes; and Marketable Securities.

7. **Receivable Management:**
Introduction; Objectives; Credit Policies; Credit Terms; and collection Policies.

8. **Inventory Management:**
Introduction; Objectives; and Techniques.

UNIT III

9. **Concept and Measurement of Cost of Capital:**
Introduction; Importance and Concept; Measurement of Specific Costs; and Computation of Overall Cost of Capital.

10. **Operating, Financial and Combined Leverage:**
Introduction; Operating Leverage; Financial Leverage; and Combined Leverage.

11. **Capital Structure:**
Introduction; Capital Structure Theories; Net Income Approach; Net Operating Income (NOI) Approach; Modigliani-Miller(MM) Approach; and Traditional Approach.

12. **Designing Capital Structure:**
Introduction; Profitability Aspect; Liquidity Aspect; Control; Leverage Ratios For Other Firms in the Industry; Nature of Industry; Consultation with Investment Bankers and Lenders; Maintaining Maneuverability For Commercial Strategy; Timing of Issue; Characteristics of the Company; and Tax Planning.

UNIT IV

13. **Dividend and Valuation:**
Introduction; Irrelevance of Dividends; Modigliani and Miller (MM) Hypothesis; and Relevance of Dividends.

14. **Determinants of Dividend Policy:**
Introduction; Factors; Bonus Shares (Stock Dividend) and Stock (Share) Splits; and Legal, Procedural and Tax Aspects.

15. **Options:**
Introduction, Option Valuation; and Its use in Financial Decision Making.

Suggested Reading:

1. Khan, M.Y & Jain, P.K.: **Basic Financial Management**; Tata McGraw Hill, New Delhi, 2008.
2. Khan, M.Y & Jain, P.K.: **Financial Management**; Tata McGraw Hill, New Delhi, 2008.
3. Pandey, I. M.: **Financial Management**; Vikas Publishing House, New Delhi, 2005.
4. Chandra, Prasana: **Financial Management**; Tata McGraw Hill, New Delhi, 2008.
5. Brealey and Meyers: **Principles of Corporate Finance**; Tata McGraw Hill, New Delhi, 2008.
6. Keown, Martin, Petty and Scott (Jr): **Financial Management; Principles and Applications**; Prentice Hall of India, New Delhi, 2002.
7. Gitman, L.J: **Principles of Managerial Finance**; Addison Wasley, 2009.
8. Vanhorne, James C: **Financial Management and Policy**; Prentice Hall of India, New Delhi, 2002.
9. Kishore Ravi, M: **Financial Management**; Taxman, 2006.

Paper Code: 205

Internal Audit Activity – Its role in Governance, Risk and Compliance

Individual Assignment: 10 Marks

Group Assignment: 20 Marks

Presentation: 20 Marks

Examination: 50 Marks

Total Marks: 100 Marks

UNIT I

1. Corporate Governance and the Relevance of Managing Risk for Internal Auditor:

A. Corporate Governance

Introduction; The Agency Concept; Corporate Ethics and Accountability; International Scandals and their Impact; Models of Corporate Governance; Putting Governance into Practice; The External Audit; The Audit Committee; Internal Audit; The Link to Risk Management and Internal Control; Reporting on Internal Controls; and Clause 49.

B. Managing Risk:

Managing Risk; The Risk Challenge; Risk Management and Residual Risk; Mitigation through Controls; Risk Registers and Appetites; The Risk Policy; Enterprise-Wide Risk Management; Control Self-Assessment; Embedded Risk Management; and The Role of Internal Audit in Risk Management.

2. Internal Control: Their Relevance for Internal Auditor:

Internal Controls; Control Framework – COSO; Control Framework – CoCo; Other Control Models; Links to Risk Management; Control Mechanisms; Importance of Procedures; Integrating Controls; The Fallacy of Perfection; and Internal Control Awareness Training.

UNIT II

3. The Internal Audit Role:

Auditing; Defining Internal Audit; The Development of Internal Auditing; The Audit Charter; Audit Services; Independence; Audit Ethics; Police Officer versus Consultant; Audit Competencies; and Training and Development.

4. Professionalism:

Introduction; Audit Professionalism; Internal Auditing Standards; Due Professional Care; Professional Consulting Services; The Quality Concept; Defining the client; Internal Review and External Review; Marketing the Audit Role; Audit Feedback Questionnaire; and Continuous Improvement.

5. The Audit Approach:

Introduction; The Systems Approach; Control Risk Self-Assessment (CRSA); Facilitation Skills; Integrating Self-Assessment and Audit; Fraud Investigations; Information Systems Auditing; The Consulting Approach; Compliance; Value for Money; and The 'Right' Structure.

UNIT III

6. Setting an Audit Strategy:

Introduction: Risk-Based Strategic Planning; Resourcing the Strategy; Managing Performance; Dealing with Typical Problems; The Audit Manual; Delegating Audit Work; Audit Information systems; Establishing a New Internal Audit Shop; The Outsourcing Approach; and The Audit Planning Process.

7. Audit Field Work:

Introduction; Planning the Audit; Interviewing Skills; Ascertaining the System; Evaluation; Testing Strategies; Evidence and Working Papers; Statistical Sampling; Reporting Results of the Audit; Audit Committee Reporting; and A Risk-Based Audit Approach (RaCE).

8. Meeting the Challenge:

Introduction; The New Dimensions of Internal Auditing; Globalization; The Changing Auditor; Meeting the Challenge; and Ten Little Maxims.

UNIT IV

9. Standards on Internal Audit:

Preface to the Standards on Internal Audit; Framework for Standards on Internal Audit; Planning an Internal Audit (SIA 1); Basic Principles Governing Internal Audit (SAI 2); Documentation (SAI 3); Reporting (SAI 4); Sampling (SAI 5); Analytical Procedures (SAI 6); Quality Assurance in Internal Audit (SAI 7); and Terms of Internal Audit Engagement (SAI 8).

10. Internal Audit in Government:

Case Studies followed by Presentation of Draft Internal Audit Reports (of Selected organizations) – exercise to be done in groups