RAMA'S
ANUBHAV

September 2018

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Priya Mishra– Editor, Communicator/ **Nammika Giddi** - Creative & Art work

Dear All,

May Krishna show us the way in our lives as he did to Arjuna in the battle of Mahabharata. **Have a blessed Janmashtami**!!!

Let's ponder our thoughts on this noteworthy matter of how we should follow the commands of lord Krishna on Karma and reach out to our ultimate aim. 'What we sow is what we reap' and that's the Karma. How many of us consciously work on Karma? It is not a fancy word but something that we call a duty, responsibility in a very common parlance.

It is responsibility as a son or daughter to their parents, as a student to their studies and so on. If we assume, understand and discharge our duties proactively, keeping their priority with timeline, friends we can really avoid consequential issues merely shirking out of our responsibility.

Friends, life is full of opportunities and challenges in coming era and I would like to share some of the indicators with you that shows how fast the things around us are changing and building new and better economy for tomorrow.

[A] India Post Payment Bank (IPPB)

Prime Minister Mr. Narendra Modi on 1 September 2018 launched the payments bank of the Department of Posts that will take banking to the doorstep of every citizen through an unmatched network of post offices and almost 3 lakh postmen and 'Grameen Dak Sewaks'.

IPPB services are now available at 650 branches and 3,250 access points and will be quickly scaled to all 1.55 lakh post offices by December 2018. IPPB will be like any other bank but its operations will be on a smaller scale without involving any credit risk.

Surprisingly, the IPPB accounts can be opened instantly through their respective mobile apps just by providing details like Aadhar number with KYC verification. IPPB doesn't charge any fee for withdrawals made from its own ATM or any Punjab National Bank ATM. The IPPB has teamed up with financial services providers like PNB and Bajaj Allianz Life Insurance for third-party products like loans and insurance.

Nobody could ever think of the Post Office being mechanized to work as banking system but today it has turned into reality. This is a best example of how to deploy the available resources when there is a choice to abandon them and leave to deplete it naturally.

[B] Insolvency & Bankruptcy Code (IBC)

In the past two years since the Insolvency and Bankruptcy Code (IBC) came into being, 701 companies have been admitted under the corporate insolvency resolution process (CIRP) and around 87 firms are heading for liquidation.

NPA of about Rs.4,68,000 crores were reported under IBBC out of total expected NPA of Rs.9,50,000 crores up to March 2018. It shows that many of NPA's are restructuring to do away with their past irregularities and start with the plain slate. Statistics of total cases lodged under Insolvency is as under:

After Demonetization and GST, the IBC is one of the major reforms which is changing the economy of our country.

The changes are inevitable in life but one who gets pulse of present situation to anticipate the likely transformations of future and becomes the face of change is the visionary. It is our choice to follow the changes or bring the change. It is said that "Change your Thoughts and you change your World"

My heartiest congratulations to people who have joined CA fraternity in last month and all the best who will be appearing in coming Novmber'18.

	Admitted Cases	Admitted/ Review	Resolution Plan Approved	Liquidation Ordered
Q1 2017	37	1		
Q2 2017	128	8		
Q3 2017	228	13	2	8
Q4 2017	141	33	8	24
Q1 2018	167	12	12	55
Total	701	67	22	87

Source :IBBI

Now a day's accounting frauds are on rise to be reported related to Payroll in which a FRAUDSTER manages to create some employees master file which actually do not exists and manage to take away their all benefits by way of FRAUD.

This is not a new kind of accounting FRAUD but due to the significant use of AUTOMATION processes in businesses, it has become more vulnerable to an every business and become very crucial to find or detect it at early stage and at the same time to implement such safeguards which can actually prevent from these kinds of Accounting FRAUDS.

Automation to process payroll makes it more vulnerable because it is very easy to penetrate WRONG ACTION which easily gets repeated till it's actually detected by the MANAGEMENT of the Company.

How it works?

FRAUDSTER who can be a member of HR, Payroll process team or an approving authority which might create some GHOST (bogus) employees in the system which might get salaries and other benefits for some time and those payments of salaries are deleted even by doing forging in bank statements.

It is very common in an organization where an employee leaves and FRAUDSTER manage to continue such employee account for long and the amount is being withdrawn by the help of even bank employees. There are number of reported cases in the public domain where several GHOST employees were created into the system with the knowledge of some of higher level employees and hence they managed to take away such funds from the entity in the name of such GHOST employees. Satyam was one of recent cases happened in India which shocked the entire industry.

Statistic about the PAYROLL FRAUDS

According to the Association of Certified Fraud Examiners, it's the number one source of accounting fraud and employee theft.

Refer the **statistics** as given by, Payroll Fraud happens in 27 percent of all businesses,

Payroll fraud occurs nearly twice as often (14.2 percent) in small organizations with less than 100 employees than in large ones (7.6 percent).

The average instance of payroll fraud lasts about 36 months. That's three years of paying ghost employees or overpaying existing ones. In Delaware, a School District Finance Director paid himself an extra $150,000 over eight years. He also underpaid

several school administrators a combined $50,000 in one school year.

Some real time incidences on PAYROLL FRAUDS

Satyam paid 13,000 ghost employees (2009)

Facts:
THE disgraced former chairman of Satyam Computer Services, B. Ramalinga Raju, used salary payments to 13,000 fictitious employees to siphon millions of dollars from the Indian outsourcer for land purchases, prosecutors said.

Prosecutors in the southern Indian city of Hyderabad, where the technology outsourcing firm is based, told a criminal court that Satyam has only about 40,000 employees instead of the 53,000 it claims.

Upper Macungie Company loses $54,000 to possible payroll fraud (2013)

Facts:

Upper Macungie Township Police said a township trucking firm found fraudulent payroll deductions Friday totaling $54,000.

Billing Trucking, at 5316 Oakview Dr., told police that three people who do not work for the company were given the money. The disbursement went through the company's regular payroll system which is run by an outside firm. Upper Macungie police did not identify the three people who received the money.

How to prevent:

The below is indicative lists only and there are several other areas/ way to prevent such FRAUDS in payroll:

1. Maker – checker of employee payroll should be rotated at non-fixed interval basis.
2. Physical verification of employees should be done on an ongoing basis.
3. Complete background check should be done for each employee before it is hired and document the substantiation accordingly.
4. Automation process control should be re-evaluate periodically and change report should be sought from IT department on non-fixed intervals.
5. Compare a employee payroll cost each time with the averages of past periods and any changes/ variation should be investigated and documented.
6. Employee ID should be issued by separate unit of department which does not has any control by HR or finance, if the process is outsourced then it is periodically to be reviewed or consider for change.
7. Bank reconciliation should not be allowed to be postponed and all non-reconciled items should be investigated and properly documented.
8. Bank statement received directly from BANK should be used and avoid getting the bank statement by personal visits.
9. Always logon to online banking and periodic checking of debits should be done.
10. Employee leaving and joining the organization should be announced at bigger platform to avoid adding any GHOST employee.

Types of GST Review:

1. Complete Health check reviews:

GST health check reviews can be conducted on the periodical basis covering all functions having GST impact. This could include sales, procurements, inventory, finance etc. Such reviews would be also helpful for GST mandatory statutory audit and more importantly it provides management with the comfort on level of compliance in the organization. This exercise is also value addictive where various benefits available in the law are also identified on timely basis. Broadly, this would cover the following:

Review of GST outward supplies, tax rates applied, concessions, and exemptions claimed, fulfilment of related conditions, export benefits claimed etc.

Review of GST input tax credits claimed to assess eligibility, ineligibility, completeness, documentation for credits, transitional credits carry forward etc.

Review of procedural compliances including GST registrations obtained, payment of taxes, filing of returns, disclosure of ITC & outward supplies in returns, movement of goods for job work, carry forward of credits etc.

Review of reverse charge compliance by reviewing the expense ledgers on sampling basis, payments made, availment of re-credit after payment, eligibility of such credits, rate and abatements if any claimed including documentation.

2. Area specific reviews:

Management can decide to conduct area specific reviews as per the need and requirement of the organization. Various areas that can be reviewed on specific basis from GST point of view can be sales, procurements, IT, ERP/ systems, exports & refunds, **ITC credits**, reverse charge, compliance and documentation, agreements/ contracts, disputes & litigation management etc

3. Inter-branch transactions review:

With the advent of 'distinct persons', transactions which would have gone untaxed are not only brought to tax but are required to be reported as inward-outward supply, respectively. And these transactions cancel each other in the consolidated financials at the entity-level. As such, identifying what are inter-branch transactions, reviewing the accounting entries and reporting them for GST purposes during each tax period requires close attention.

4. Review of invisible-supplies:

Transactions that are not for 'monetary consideration' are also liable to GST. As such, even without an accounting entry, the said transaction will need to be reported for GST purposes and reconciled in the Annual Returns. For example, exchange of goods will not involve any monetary consideration and as such no accounting entries are warranted, even impermissible. There are many other instances where even without an accounting entry, there would be a transaction liable to be reported for GST purposes.

This review attends to take advantage of the understanding of the business domain and identify the manner – timing and valuation – of such transactions which could be referred as 'invisible' transactions.

5. Systems and processes reviews:

The review helps management in incorporating various preventive, detect and corrective controls at various levels of a business process and it helps in streamlining and strengthening the entire business process cycle from its inception to the end which eventually cuts down the chances of mistakes, errors and frauds thereby improving the overall compliance matrix. Examples of such reviews may be:

Maintenance and data-flow in 'control accounts' where some factor such as credit reversal for delay in payment to suppliers, tax payment for delay in return of inputs sent to job-worker, tax payment on disposal of fully depreciated assets in books (but less than 5 years old) and such other post-procurement conditions prescribed by GST law;

Ongoing review of payment of tax by suppliers which may not always be through monitoring GSTR-2A but additional checks by admission of timely tax remittance (invoice-wise) by the supplier;

6. IT/ ERP systems review:

GST as we have seen is IT dependent. The GSTN has been the focal point of compliance. Many tax payers have automated their processes and even the return filing is performed electronically with utilities provided by the GSTN as well as independent software vendors. The need for keeping the data confidential is the key objective when sharing data. Even in management decision making reliance is placed on the output of the IT systems and the ERP. Any error in the initial configuration/ set up, data entry, data transfer, software coding of utilities could have substantial impact on businesses. Therefore businesses would need get the audit of the IT/ ERP systems and software validated.

Business would also need to get an IT/ERP audit done not just from the compliance side, but to assess what are the Technology features that an organisation is missing out. Today most of the reports are prepared in Microsoft Excel, without that application Finance & Taxation team could not perform their duties. However it brings the limitation of possibilities of Data Processing beyond Excel

New feature Introduced by Microsoft For Upgradation of AX2012 Environment to Dynamics 365 using Upgrade Analyser tool.

For new or existing customers that are not yet go live, moving to Dynamics 365 for Operations is a great opportunity for a future upgrade to dramatic technology. For existing Dynamics AX2012-R3 customers Microsoft is starting a preview program for an upgrade experience that will move existing systems to the cloud. The upgrade consists of two components: the code upgrade and the data upgrade. The newest addition is the data upgrade where Microsoft will allow customers to compress down the data sizes as much as possible simplifying the migration process.
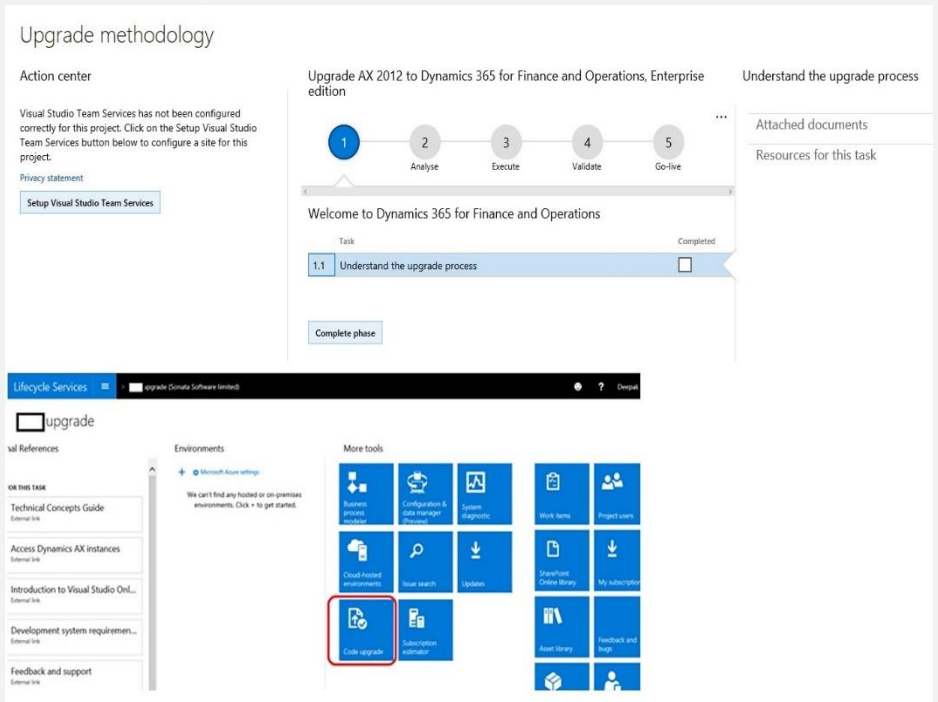
Note:

Upgrade is currently supported from either Dynamics AX 2012 R2 or AX 2012 R3 only.

Overview:

The following Image shows the end-to-end upgrade process, and the activities that we consider part of each phase.

Sign in to http://lcs.dynamics.com/

Select the **Shared asset library** tile.

In the **Shared asset** library, under **Select asset type**, select **Software deployable package**.

In the list of deployable package files, find the data upgrade package that corresponds to your upgrade. For example, if you're upgrading from AX 2012, the package name starts with AX2012DataUpgrade. Select the package that corresponds to the release you are upgrading to. For example: AX2012DataUpgrade-July2017.

Run the upgrade tools:

The upgrade analyser tool runs against your AX 2012 environment and identifies tasks that you should do to prepare the AX 2012 environment, to help make the upgrade experience smoother and less expensive:

Data clean-up – This process helps you identify data that you can remove without causing loss of functionality. The tool identifies various types of data that you can reduce by running a clean-up process. For each type of data, an explanation is given about the impact of the clean-up. You then decide whether to run the clean-up process. Part of the cost of your Finance and Operations subscription is based on database size. Therefore, by reducing the size, you reduce
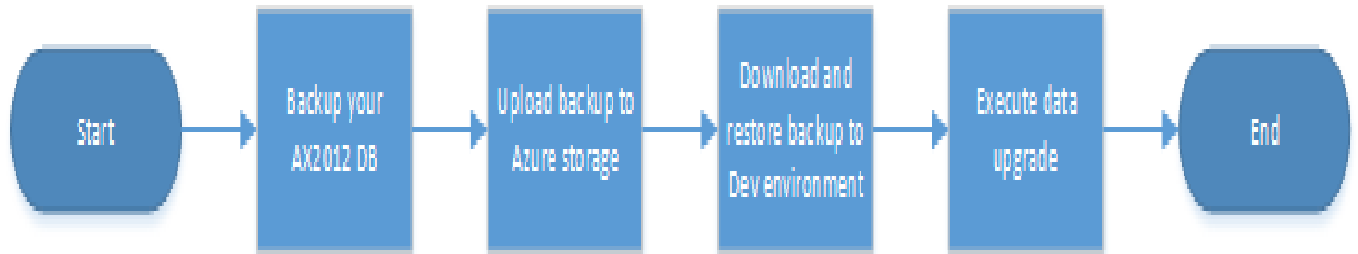
that component of the subscription cost and also help reduce the time that is required for the upgrade go-live process. A smaller database helps guarantee a faster upgrade.

SQL configuration – This process reviews the SQL configuration and recommends optimizations. By making sure that SQL performs optimally, this process helps reduce the time that is required for the upgrade go-live process.

if upgrading from AX 2012 R3, install KB 4035163

if upgrading from AX 2012 R2, install KB 4048614.

This step takes your code from AX 2012, converts it to the new format, and provides feedback about conflicts that a developer must resolve later. This step forms the basis for the estimate of the cost of your code upgrade.

To complete this step, you must export your code from AX 2012 as a model store export and upload it to the LCS Code

upgrade tool. The Code upgrade tool will produce an upgraded version of your code and a report about the remaining conflicts that must be resolved. Your developer can then review both the upgraded code and the report to determine the effort that will be required in order to upgrade your code base.

The output of this step represents the workstream in the upgrade project plan for your Microsoft Dynamics AX developers.

End-to-end data upgrade process

The following Picture shows the process. Just back up the AX 2012 database, upload it to Azure, restore it to the Dynamics365 environment, and then run the data upgrade.

It's all very well to have courage and skill
And it's fine to be counted a star,
But the single deed with its touch of thrill
Doesn't tell the man you are;
For there's no lone hand in the game we play,
We must work to a bigger scheme,
And the thing that counts in the world to-day
Is, how do you pull with the team?

They may sound your praise and call you great
They may single you out for fame,
But you must work with your running mate
Or you'll never win the game;
Oh, never the work of life is done
By the man with a selfish dream,
For the battle is lost or the battle is won
By the spirit of the team.

You may think it fine to be praised for skill,
But a greater thing to do
Is to set your mind and set your will
On the goal that's just in view;
It's helping your fellowman to score
When his chances hopeless seem;
Its forgetting self-till the game is over
And fighting for the team

IA & BILL PASSING

SESSIONS FOR NEW JOINEES

Moments to Celebrate 🙂

Ms. Shivani Masalia– 2nd Sept

Mr. Vijay Sharma- 2nd Sept

Mr. Sunil Kevat- 10th Sept

Ms. Vasundhara Gupta- 25th Sept

WELCOME

New Employees

Mr. Vikash Vasani

Mr. Rohit Jain

Mr. Dishank Shah

Mr. Mayur Chandak

Mr. Callistus Dabre

Thank You

and

Goodbye

Until Next Time

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