



# **The Institute of Cost Accountants of India**

**(Statutory body under an Act of Parliament)**

## **Appendix-7**

### **SUGGESTIVE LIST OF DOCUMENTS/CERTIFICATES/ RECORDS REQUIRED FROM THE COMPANY FOR CONDUCT OF COST AUDIT**

1. A letter from the Company alongwith a set of completed cost statements for auditing the same.
2. Approved/ signed copy of Annexures and date of Board Meeting (circular resolution) approving the same.
3. Identification of cost centres/cost objects and cost drivers.
4. Cost Accounting Policy
5. Accounting and allocation and absorption of overheads.
6. Accounting for depreciation/amortization
7. Accounting for by-products/joint-products or services, scraps, wastage etc.
8. Basis for Inventory Valuation
9. Treatment of abnormal and non-recurring costs including classification of other non-cost items
10. Certified copy of returns from branches not visited by the cost auditor
11. A note on budgetary control system.
12. Reasons for decline in profitability and indicative break-even point.
13. Default on the payments due to the banks and institutions and penal interest levied.
14. Note on the steps required to strengthen the business of company under the competitive environment.
15. Export commitments versus actual export for the year – unexecuted export contracts.
16. Pricing Policy of the company for domestic and export sales and their comparative profitability.
17. Invitation to attend audit committee meeting and dates of audit committee meeting held during the year.
18. Profile of the person heading the costing department.
19. List of outside parties undertaking job-work for the Company and basis for fixing rates.
20. Details of foreign collaboration, technical know-how and royalty payments.

21. Details of the “other activities”, separately for manufacturing, services and others.
22. A copy of annual report and a copy of division/ factory wise profit and loss account and balance sheet.
23. Note on conformity with the Cost Auditing Standards, Cost Accounting Standards issued by the Institute of Cost Accountants of India.
24. Description and flow chart of the processes of manufacture for production, utilities and service departments.
25. Basis of calculation of installed capacity of the plant and machinery and working papers.
26. Standards of input materials, product-wise.
27. Standards of power, fuel and utilities.
28. Cost center wise fixed asset register and depreciation.
29. Analysis of Research and Development Expenses.
30. Analysis of Quality Control Expenses.
31. Analysis of Pollution Control Expenses.
32. Abnormal events – details and costs.
33. List of non-moving inventory and write off stock.
34. Basis of inventory valuation – financial and cost records.- Reasons for variations.
35. Note on Cost Accounting Policy of the company.
36. Policy of capitalisation of revenue expenses.
37. Related party transactions details.
38. Reconciliation of Indirect Taxes statement.
39. Reasons for significant variations in key figures.