WWW.IJRPR.COM

International Journal of Research Publication and Reviews

Journal Homepage: www.ijrpr.com ISSN 2582-7421

Integrated Compliance Control in Accountancy Practices

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ABSTRACT—

This paper presents a qualitative, practice-based case study of four compliance functions at a small Chartered Accountancy (CA) practice, C. V. Chitale & Co., drawn from a 90-day On-the-Job Training (OJT) placement (19 May–19 August 2026). Working in an assisting role in the firm's Audit and Taxation department, the author took part in concurrent audit, income-tax return (ITR) filing, Goods and Services Tax (GST) reconciliation against GSTR-2B, and Tax Deducted at Source (TDS) compliance, with exposure to general accounting. The paper sets out the process sequence of each function, one anonymised illustration per function showing the issue observed, the check applied and the resulting action, and approximate time-allocation, GST match-rate and TDS-error observations from the author's own working files. Reconciliation against an independent record was where discrepancies surfaced in every illustration, and the four functions were found to depend on one another through shared documentation. The quantitative observations come from one firm and a short period and are indicative only. A calendar-driven client-communication protocol, tool-assisted reconciliation and periodic TDS health checks are offered as recommendations to be tested, not as demonstrated improvements.

Index Terms—Chartered Accountancy practice, On-the-Job Training, concurrent audit, GST reconciliation, input tax credit, TDS, income-tax compliance, internal control, MSME.

I. Introduction

Digitisation of income-tax e-filing, the Annual Information Statement (AIS), Form 26AS, the Goods and Services Tax Network (GSTN) and TRACES has moved small CA practices away from mechanical data entry towards verification, reconciliation and documentation. Small and Medium Practices (SMPs) remain the principal compliance partners of India's micro, small and medium enterprises (MSMEs). Yet most studies examine one regime at a time, whereas in practice a single generalist team handles audit, direct tax, indirect tax and withholding for the same client.

The paper uses, as an organising framework rather than a tested proposition, the idea that a compliance deliverable (a filed return, a reconciliation statement, an audit report) is the product of a chain of controls: documents are received and checked, recorded, reconciled against independent records, exceptions are documented, and a senior reviews the result. A weakness introduced early, such as an incomplete source document, may propagate downstream. The objectives were: (1) to examine the procedures followed for concurrent audit, ITR filing, GST reconciliation and TDS compliance; (2) to analyse the time-allocation, reconciliation and error observations recorded during the placement; and (3) to identify challenges, learnings and practical recommendations for the firm and its clients. All client-identifying information is excluded.

II. Literature Review

Audit and internal control. Audit is shifting from a retrospective, compliance-oriented activity towards risk-based, near-real-time assurance. In a descriptive study of concurrent audit at a CA firm, Chikmath and Rajput report early detection of irregularities, with delayed access to client records and manual processes as recurring challenges. Banking studies point the same way: auditor independence and audit quality improve internal audit effectiveness, implementing internal audit standards strengthens internal control, and stakeholder dependency shapes audit effectiveness.

Income-tax compliance. Das Gupta et al. found that Indian compliance responds to tax structure, assessment intensity and enforcement tools. Recent work on faceless assessment reports reduced physical interface and improved perceived transparency, with usability and communication gaps remaining, and recommends disciplined documentation and reconciliation. A bibliometric review confirms that professional intermediaries reduce inadvertent non-compliance.

GST and input tax credit (ITC). After its introduction, GST's ITC design has been criticised for weak verification safeguards and for restrictions and delayed credit flow that dilute neutrality. Its cost to businesses is documented: ITC blockage lengthens the cash conversion cycle of manufacturing SMEs and pushes them towards costlier informal credit, and export-oriented SMEs report refund delays of 6–18 months.

TDS. TDS serves both revenue-collection and information functions; limited awareness among deductees means errors can compound at the deductor level, which makes PAN verification and payment classification critical.

Gap. The reviewed studies treat each function separately and mostly at macro or survey level. Little first-hand documentation exists of how the functions are executed side by side in one SMP, or of where that practice's effort and errors concentrate. This paper addresses that gap.

III. Methodology

A. Design and Role

This is a descriptive, qualitative, single-organisation case study. C. V. Chitale & Co., established in 2005, serves individuals, proprietorships, partnerships, private limited companies and cooperative institutions, with offices in Pune, Nashik, Jalgaon and Sambhaji Nagar. The author worked in the Audit and Taxation department under an industry mentor (a partner of the firm) in an assisting role; decisions on corrections, client queries and filing rested with seniors.

B. Data Sources

Evidence came from direct observation of and participation in live client engagements, structured discussions with the partner and staff, and the author's anonymised working files: a daily timesheet, an invoice-level GST reconciliation file, and a TDS deduction and correction log. Standardised Excel templates were used, and public portals provided the statutory and filing context.

C. Analysis and Anonymisation

Entries were grouped into five functional categories and, for reconciliation and correction items, by type (timing difference, GSTIN error, ineligible credit, PAN mismatch, short deduction). Time share was computed as a percentage of total hours, and the GST match rate as matched invoices divided by total invoices. Client names, identifiers and exact figures were withheld under a confidentiality undertaking, so the worked examples are illustrative of procedure and are not actual client data. No formal sampling procedure was used: one illustration per function was chosen because it could be described without identifying a client and showed both a check and a follow-up action.

IV. Results and Discussion

A. Task Sequence and Logged Illustrations

Table I gives the typical sequence followed in each function, as observed in the firm's working formats. Table II is the evidence for this study: for each function it records an issue noticed, the checking step applied and the resulting action. Role: all items were performed by the author under supervision, with decisions retained by seniors.

TABLE I

TYPICAL TASK–PROCESS–OUTPUT SEQUENCE

Task	**Core process (typical sequence)**	**Output**
Concurrent audit	Planning → sample selection → verification to vouchers and policy → discussion and reporting → follow-up	Concurrent Audit Report (CAR); compliance tracking register
ITR filing	Document collection → income by head → TDS credit vs. Form 26AS/AIS → old vs. new regime → e-filing → e-verification	Filed ITR; computation sheet
GST reconciliation	Download GSTR-2B → extract purchase register → invoice-level match → classify mismatches → vendor follow-up → finalise return	Reconciliation statement (matched / partial / unmatched)
TDS compliance	Compute on specified payments → verify PAN → deposit by challan → quarterly return → reconcile with 26AS/TRACES	Form 24Q/26Q; Form 16/16A
General accounting	Source check → entry → ledger review → trial balance	Ledger; trial balance; statement extracts

TABLE II

OBSERVED ISSUES, CHECKING STEPS AND ACTIONS (ANONYMISED, ILLUSTRATIVE)

Task	**Issue or discrepancy observed**	**Checking or reconciliation step**	**Resulting action**
R1 Concurrent audit (cooperative client)	A sanctioned loan had been disbursed but the security document was not perfected within the sanctioned timeline	Disbursement voucher verified against sanction letter, supporting documents and policy	Recorded in working paper; discussed with branch staff; reported in CAR as 'Medium'; rectification verified next cycle
R2 ITR filing (salaried client)	Salary with rental and interest income; choice of tax regime and TDS credit needed confirmation	Form 16, Form 26AS and AIS/TIS reconciled; old and new regime computed side by side	New regime judged more beneficial given limited deductions; return filed; computation sheet shared with client
R3 GST / ITC (trading client)	A purchase invoice of ₹70,000 in the books was not uploaded by the vendor and absent from GSTR-2B	Purchase register compared with GSTR-2B line by line	Marked unmatched; related ITC withheld from current claim; vendor asked to upload; results presented to management before filing
R4 TDS (professional fees)	Payment of ₹1,00,000 needed classification (Sec. 194C vs. 194J) and deductee PAN confirmation	Section applied; PAN verified; challan deposit and Form 26AS reconciliation	TDS of ₹10,000 deposited and reported in quarterly return; Form 16A issued

B. Worked Illustrations

Tables III and IV reproduce the two computations that most directly show how mismatches translate into money. Under the old regime for an individual below 60 years, income is taxed at nil up to ₹2,50,000, 5% to ₹5,00,000, 20% to ₹10,00,000 and 30% above.

TABLE III

ILLUSTRATIVE TAX COMPUTATION (OLD REGIME)

Particulars	**Amount (₹)**
Gross salary	9,00,000
Less: standard deduction	(50,000)
House property (let out, net)	1,20,000
Other sources (interest)	30,000
Gross total income	**10,00,000**
Less: Sec. 80C	(1,50,000)
Less: Sec. 80D	(25,000)
Net taxable income	**8,25,000**
5% on ₹2,50,000	12,500
20% on ₹3,25,000	65,000
Tax before cess	**77,500**

The slab-wise working gives ₹77,500. An earlier draft of the working showed ₹72,500; the discrepancy was found on cross-checking, which itself illustrates the value of a second-pass review.

TABLE IV

ILLUSTRATIVE GST RECONCILIATION (₹)

Particulars	**Books**	**GSTR-2B**	**Diff.**
Taxable value of purchases	24,50,000	23,80,000	70,000
ITC	4,41,000	4,28,400	12,600
Ineligible ITC (Sec. 17(5))	8,000	–	8,000
Book ITC after blocked credit	4,33,000	4,28,400	4,600
ITC claimable (lower)		**4,28,400**	

ITC divided by taxable value equals 18% in both columns. Because ITC may be availed only to the extent reflected in GSTR-2B (Sec. 16(2)(aa) of the CGST Act [16]), the lower figure of ₹4,28,400 is claimed and the ₹4,600 balance is held back until the vendor reports the missing invoices. For TDS, ₹1,00,000 of professional fees exceeds the ₹30,000 threshold under Sec. 194J and attracts TDS at 10%: ₹10,000 is deducted and ₹90,000 is paid to the payee.

C. Time Allocation, Match Rate and Error Pattern

Fig. 1 shows the approximate share of OJT time by function, from the author's timesheet. ITR filing (24%) and concurrent audit (22%) took the largest shares and TDS compliance (16%) the smallest. These are shares of one intern's time, not firm-wide figures.

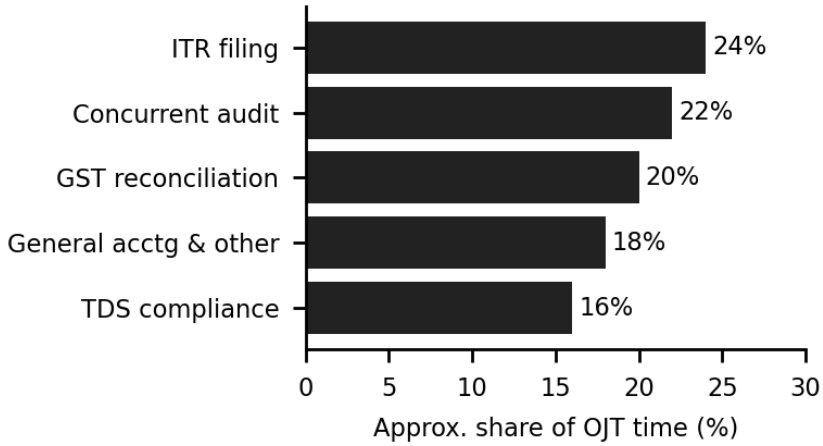


Fig. 1. Time allocation across functional areas.

Over the three-month tracking period, the share of invoices matching cleanly on first reconciliation rose from about 78% to about 85%. Only the start and end values were recorded, and the change coincided with proactive vendor follow-up introduced during the placement, so no causal claim is made. Incorrect or mismatched deductee PAN was the largest category requiring a TDS correction statement, followed by challan mismatches and short deduction from wrong rate application; category shares are reported as a ranking only.

D. Observations

The statements below are observations from the illustrations and logs, not measured results, and no comparison with another practice or period was made.

1) Reconciliation as the point of detection: in all four illustrations the difference surfaced when a record was compared with an independent record (sanction terms, Form 26AS/AIS, GSTR-2B, PAN and challan data) rather than at data entry. This is consistent with reconciliation acting as a detective control. Errors found at other stages were not counted.

2) Interlinked functions: TDS verified during tax audit affects allowability of expenses under Sec. 40(a)(ia), and hence income computed for the ITR; GST turnover must be cross-checked with income reported for direct tax; and documentation discipline seen in concurrent audit determines the quality of the books on which both depend (Fig. 2).

3) Vendor dependence of GST: unmatched credit is withheld until the supplier reports the invoice, so match rates depend on factors outside the firm's control, consistent with the ITC frictions in the literature.

4) Upfront verification in TDS: the dominance of PAN errors is consistent with the emphasis on awareness and verification in.

5) Source documents: delayed or incomplete client documents compressed time available in ITR and audit work, echoing the delayed-record challenge in. The effect on turnaround was not measured.

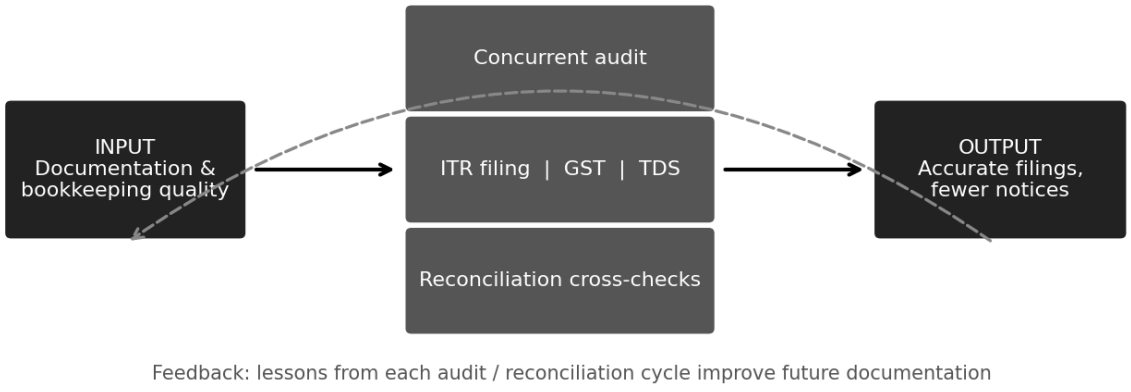


Fig. 2. Conceptual model: documentation quality (input) flows through the four compliance functions (process) to compliance outcomes (output)

V. Challenges, Limitations and Recommendations

Challenges. In audit, documentation volume against tight reporting timelines and slow clarification from branch staff; in ITR filing, late documents and AIS/TIS entries not pertaining to the client; in GST, line-by-line matching for large supplier bases and judgement on blocked credit under Sec. 17(5); in TDS, classification of borderline payments and obtaining PAN and lower-deduction certificates. Responses included advance reminders with escalation, prioritising high-value invoices, first-pass matching with Excel lookup formulas, documenting rationale for escalated judgements, and a personal due-date tracker.

Limitations. The study covers one firm and about 90 days, in an assisting role with limited exposure to complex or sensitive engagements. Examples are anonymised and illustrative, so the paper shows kinds of discrepancy and response, not their frequency. The match-rate observation has two data points and the TDS pattern is a ranking. No client-satisfaction survey was done. Section references follow the Income-tax Act, 1961 numbering used in the firm's working formats; because the Income-tax Act, 2025 has come into operation for later periods, rates, thresholds and section numbers should be re-verified against current law before reuse.

Recommendations (untested). First, adopt a calendar-driven client communication protocol, with a standard due-date template and automated reminders. Second, pilot one GST reconciliation tool on a small subset of clients before firm-wide rollout. Third, introduce a quarterly TDS classification review for higher-volume corporate clients instead of a year-end check. For clients: adopt digital invoicing, submit documents early, and review GST and TDS status periodically. Future work could measure turnaround time and error rates before and after adoption and compare several small practices to separate firm-specific from general patterns.

VI. Conclusion

This OJT-based case study suggests that, in the setting observed, compliance quality depends on timely source documents, reconciliation against independent records, clear documentation and senior review working together as a control chain. Reconciliation recurred across audit, income-tax, GST and TDS work, and the four functions were linked through shared records. Tool-assisted matching, structured client communication and periodic health checks are proposed as low-cost interventions worth testing. The paper contributes a process-level account of integrated small-practice compliance work to a literature that mostly examines single regimes in isolation.

Acknowledgment

The author thanks CA Yash Parakh, Partner, and the staff of C. V. Chitale & Co. for the training opportunity, Dr. Sarita Agrawal for guidance, and the School of Business, Indira University, for institutional support.

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