



PPT BY- RAMAN KUMAR  
ROLL NO.-181256

# AUDITING

The Word Audit is derived from the Latin word “Audire” which means to hear.

In Olden days, some experienced people ordinarily judges the accounts of business people for the purpose of the correctness of accounts.

# MEANING AND DEFINITION

- ▶ The general meaning of an audit is a planned and documented activity performed by qualified personnel to determine by investigation, examination, or evaluation of objective evidence, the adequacy and compliance with established procedures, or applicable documents, and the effectiveness of implementation.
- ▶ Definition- “Audit is an examination of accounts & records which is carried out by vouching the evidences, supporting various transactions; by such an examination it is ascertained that the Balance Sheet gives a true & fair view of the state of affairs of business & the Profit & Loss Account gives a true & fair view of the profit or loss of business.

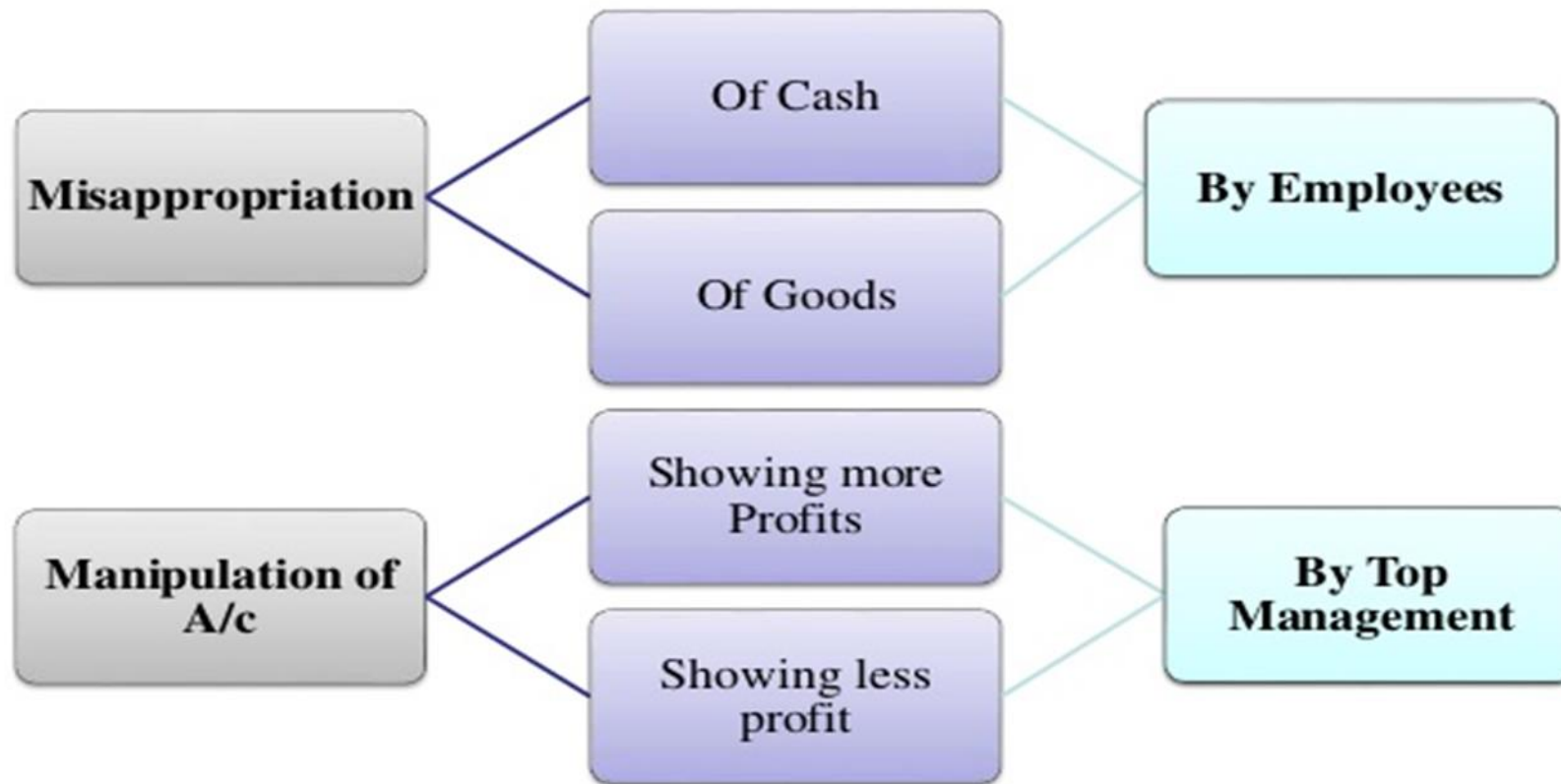
# CHARACTERISTICS OF AUDITING

- ▶ 1. Systematic & Scientific Procedure
- ▶ 2. Essential Documents are integral part
- ▶ 3. It is done with the help of vouchers, documents, information and explanations received from the authorities.
- ▶ 4. Undertaken by an Independent person or Body
- ▶ 5. Analytical approach

# PRINCIPLES OF AUDITING

- ▶ Integrity, Objectivity and Independence
- ▶ Confidentiality
- ▶ Skill & Competence
- ▶ Responsibility of work performed by others
- ▶ Documentation
- ▶ Planning
- ▶ Audit Evidence
- ▶ Accounting system & Internal Control
- ▶ Audit Conclusions
- ▶ Audit Report

# Detection & Prevention of Frauds



# ADVANTAGES OF AUDITING

- ▶ 1. Detection of errors and frauds
- ▶ 2 . Loan from banks
- ▶ 3. Proper valuation of investments
- ▶ 4 . Proper valuation of assets
- ▶ 5. Government acceptance
- ▶ 6. Suggestions for improvement
- ▶ 7. Better Reputation
- ▶ 8. Uniformity in accounts

# AUDIT PROCEDURES





# VARIOUS TECHNIQUES OF AUDIT

- Routine checking
- Test Checking
- Vouching
- Valuation
- Physical examination
- Confirmation
- Inquiry
- Confirmation
- Examination of subsidiary Books
- Analysis of Financial Statements

# QUALITIES OF AN AUDITOR

- Independence
- Integrity
- Objectivity
- Ability for expression and communication
- Tactfulness
- Awareness