AUDITING FOR BUSINESS

# ORIGIN OF AUDIT INTRODUCTION

Though the concept of auditing has been existing since for a very long period but the traces of actual audit happening has been found or it would be related only to the middle age period. The present day auditing system came into existence during the 18th century, the auditing system during this period underwent a major change and the basic reason for this change was caused by large scale industrial revolution.

The present day setup though based on 18th century setup has undergone some major changes, the present day auditing system not only helps the auditor to prepare correct statement of affairs but also the system has been devised in such a manner that it prevents any errors and also deducts fraud or cheating. The basic objective of the present day auditing system is to provide a true and correct trial balance. Profit & loss a/c and B/S of an company.

# Definition of the term Auditing.

The term auditing has been derived from the Latin word. “Audire” – means to hear. In olden days the accountants used to read the accounts at the court of the kings. The Noble men heard it therefore the term ‘auditing’ means to hear was derived.

The concept of auditing was for the first time published by Italian Luca Pacialo. He published the concept of auditing through a double entry system of book keeping in 1494. In this book, for the first time the author clearly brought out the duties and responsibilities of an auditor. Since then lot of things have undergone for a major change but the basis or foundation of auditing remains the same.

According to Spicer and Pegler. Who have defined, “an audit as such as examinations of the books, accounts and vouchers of a business as will enable the auditor to satisfy himself that the balance sheet is properly drawn up, so as to give a true and a fair view of the state of the affairs of the business and whatever the profit and loss account give a true and fair view of the profit or loss for the financial period, according to the best of the information and explanation given to him and as shown by the books and if not, in what respect he is not satisfied”.

According to Montgomery, a reading American accountant defines auditing as, “auditing is a systematic examination of the books and records of a business or organization, in order to as

certain or verify and to report upon the facts regarding its financial operations and the results thereof”.

# Difference between Book keeping/ Accountancy and auditing

1. Book keeping is art of recording the business transactions in the books of original entry and the ledger. In this case no basic accounting knowledge or no principles of accountancy knowledge is required. Normally in western counties this work is done by junior clerks.

Accountancy refers to the compiling of accounts in cash a way that one can know the state of affairs of a business. Here the job is done by an accountant, this is done in order to prepare future policies of business.

1. Auditing means verification of books and entries and accounting concepts to get accuracy. It is not book keeping or accounting. The work of an auditor is to show the correct position of the business at the end of the year.

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| ***S.No*** | ***Book keeping*** | ***Accountancy & Auditing*** |
| 1. | Book keeping is an art of recording the business transactions in the books of original entry and in the ledgers. | Accountancy means compiling of the accounts in a proper way in order to find out the state of affairs of the business. Auditing is nothing but verifying or checking the accounting  aspects. |
| 2. | Book keeping is the starting work with regard to accounting procedure. | Auditing is the ending position or final  position with regard to accounting aspect. |
| 3. | Book keeper or an accountant record  the transactions. | Auditor always verifies the recorded  statements. |
| 4. | Book keeper need not prepare Balance sheet, profit and loss a/c or any verification system to check the  accounts. | Auditor has to prepare balance sheet, Profit and loss a/c and any device so that he can check the accounts. |

# AUDITING AND INVESTIGATION

**Introduction**

Though the terms auditing and investigation look like the same aspect, but both are totally different, both bring out different meaning when interrupted or said or used.

Auditing is examination of books, accounts and vouchers of a business, to find out whether balance sheet is drawn up properly and it provides a fair view of the business for a period.

Investigation means a searching enquiry into the profit earning capacity or financial position of a concern or to find out the extent of the fraud of there is suspicion.

# Difference between Auditing and Investigation

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| ***S.No*** | ***Auditing*** | ***Investigation*** |
| 1 | Auditing is done to verify whether balance sheet is properly drawn up and true and fair information is only  published. | Investigation is done to find out whether there is any fraud cheating, with regard to the financial statements published. |
| 2. | Auditing is normally done for only one year. | Investigation is done for more than one year.  e.g., Three years, five year, 10 years & so  on. |
| 3. | Auditing is done by the proprietor to find out the profit and to remove any fraud if any. | It is done on behalf of the outsiders to find out whether the details given by the proprietors and true in extra ordinary cases, owners can also ask for investigation if they suspect any fraud or  cheating by the employees. |

**Qualities of an Auditor – Part D**

1. Auditor should be well-versed in the fundamental principles and in all theories of all all branches of accounting.

e.g., General account, cost account, income tax, economics etc.

He should be aware of the latest development and the latest techniques in accounting so that he can modify his work according to time.

1. He should not pass any transactions unless he knows that it is correct.
2. He should be able to grasp quickly the technical details of the business whose account he is auditing.
3. He should prepare the accounts in such a way that no doubt arises and by chance if any such doubt arises during the course of work or during any presentation, auditor must seek classification or clarify the doubt without any fear or false pride.
4. Auditor must be will versed in company law, mercantile law, business laws and in auditing concepts.
5. Auditor must be always honest tactful and skillful in his duty.
6. Auditor should not be influenced at any point of time directly or indirectly by any other person which may cause any bad name to the discharge of the duties.
7. Auditor must carry out his duty not only sincerely and faithfully but also he must help the client in a tight position and the helping should be as per the law.
8. Auditor must always ask his client to produce only correct and proper information by chance if the auditor is forced to sign an wrong balance sheet or profit and loss a/c he must be ready to sign immediately.
9. Auditor should not disclose the secrets of his clients at any point of time to third parties (if required by raw, he should be opened).
10. Auditor must be intelligent so that he can ask maximum questions in always to get maximum correct information from the client.
11. Auditor should but see each and every aspect without a doubt or suspicion.
12. Auditor must be always ready to hear the arguments and must be always reasonable.
13. Auditor must be always vigilant, accurate, cautious and methodical.
14. Auditor must gave the ability to write the report correctly, clearly, shortly and forcefully.
15. Auditor must have proper training in the area of business organization and finance.
16. Auditor must have common sense.

# Qualification of an auditor

The auditor must be a charted Account within the meaning of Charter Accountant act 1949. He is required to pass the examination conducted by the institute of Charted Accountants of India (established in 1949). He is also required to secure a certificate from the institutes to take up the public practice of accountancy.

Other than the above mentioned category, people who are holding a certificate under the name “Restricted Auditors certificate”. Part – B states rules 1956, he is also qualify to be appointed as an auditor the government has also permitted people practicing auditing prior to

1949 who are qualifying or any person holding any degree equivalent to the above qualification is also permitted to practice as an auditor.

The central government may by notification in the official gazette may make the rules in order to grant, renew, suspend or cancel any such certificate and the prescribed conditions and restrictions as and when required as per section 226 (2) (b) of the Act.

# Definition with regard to qualities of an auditor.

According to Lord Justice L.G.Lobes, “an auditor is not bound to be a deductive or to approach his work with suspicion, or with forgon of conclusion that there is something wrong. He is a watch-dog, not a blood hood. He is justified in believing the tried servants of the company, and is entitled to relay upon the representation provided he takes reasonable care”.

According to Lord Alver Stone, “an auditor is not bound to assume when he comes to do his duty that he is dealing with fraudulent and dishonest people, if circumstances of suspicion arises, It is his duty to prove them to the bottom”.

According to Lord Justice Lindley, “He is not an insures he does not guarantee that the books do correctly how the true position of the company’s affairs”.

Objects or objectives of an creditor. Introduction

The main objective of an audit and of an auditor is to find out whether the looks of accounts, balance sheet and the profit and loss a/c have been properly drawn out according to the companies Act 1956. He must make sure that it is fair and proper while performing his duty, the auditor has to carefully analyze and examine in order to discover any error to fraud the following are the basic concept, which all also the main objectives of an audit.

* 1. Detection and prevention of errors.
  2. Detection and prevention of frauds.

1. Detection and prevention of errors sometimes while analyzing the statements the auditor may find certain errors. If they are innocent errors or errors committed mistakenly auditor must take steps to prevent such type of errors in the future. But at time some errors may look like innocent ones but they have been wontedly created to do some fraud or creating.

Therefore the auditor must carefully analyze all such errors. The following are the different types of error which normally occur

* 1. Clerical errors.
  2. Errors of principle
  3. Compensating errors.
  4. Errors of duplication

# Clerical errors.

These errors normally arise because of wrong posting totaling or balancing. This could be divided into two categories.

* 1. Error of omission
  2. Error of commission

# Errors of omission

Here, the transaction is not fully recorded or partly recorded or some parts are omitted.

e.g Rent of 12 months received only 11 months recorded. Purchase or sales entry totally omitted.

# Error of commission

In this category, the transactions are wrongly entered.

Eg: Purchase invoice of Rs. 1250 entered in the purchase book as Rs. 1520.

# Error of Principles.

These errors arise whenever the entries are not recorded according to the fundamentals principles of accountancy.

e.g:- Wrong allocation of expenditure between capital and revenue, ignoring outstanding assets and liabilities, valuation of assets against the principles of book keeping.

These errors are done wontedly or unknowingly wantedly means to cheat or fraud.

# Compensating errors or off setting errors.

In this category where one error is counter balanced by any other error or errors. E.g Mr. A’s account was to be debited for Rs. 100, but debited for Rs. 10. Mr. B’s account was to be debited for Rs. 10, but it is debited for Rs. 100. both accounts have been counter balanced because the total sum tarries exactly Rs. 110.

Again an overcastting of an account may be counter balanced by under casting of another account to the same extent. These are dangerous and difficult to guard. These errors don’t affect trail balance or profit and Loss a/c, therefore detection or finding out of such errors is difficult.

# Error of duplication

Such errors arise whenever an entry in a book of original entry has been made twice and has also been posted twice.

# Location of errors or identifying the errors.

1. Check the totals of the trial balance.
2. Compare the names of the accounts in the ledger with the names of accounts recorded in the trial balance.
3. Total the list of debtors and the list of creditors which has to be compared with the trial balance.
4. If the books are maintained according to the self balancing system, we must make sure that the totals of different accounts agree with the totals of the ledger, trial balance etc.
5. Compare the items of the trial balance with the items of the trial balance of the previous year because omissions might have taken place in the previous year itself.
6. Whenever the difference in the trial balance is half of its value we must check whether there is any item of this value. This is done to find out the correct balances.
7. We must check the totals of the subsidiary books. eg., cash book, sales book, purchase book and so on.

# DETECTION AND PREVENTION OF FRAUD INTRODUCTION

Fraud means false representation or entry which has been made wantedly or intentionally in order to defraud or chat some people. Detection of fraud is concerned to be one of the

important function of an auditor. The organizations can setup an internal check system which aims to prevent fraud, even after this if the auditor is not satisfied with the system and also doubts any from of cheating then auditor must go in for a thorough checking of accounts. Auditor must bring out any new device or a new system in order to prevent such cheating in future.

The following are the common ways by which fraud can take place.

* 1. Embezzlement of cash.
  2. Misappropriation of goods.
  3. Fraudulent manipulation of accounts.

# Embezzlement of cash.

Cash can be taken away or misappropriated by the employees by using any one of the following methods.

* 1. omitting to inter any cash which has been received.
  2. Entering less amount than the actual amount which has been received Eg., Rs. 1000 received but only Rs. 800 recorded.
  3. Making imaginary entries or ficitious entries on the payment side.
  4. Entering more amount of payment on cash book than actually what is paid e.g., Rs. 1000 paid but entry shows Rs. 1500 as paid.

# Misappropriation of goods.

This commonly takes place whenever the organization maintains a huge stock or whenever it is quite difficult to correctly assess the total value of the goods: then in these cases. The employees of the organization take advantage which read to misappropriation of goods. Misappropriation can be prevented by the organization only if they maintain a proper accounting system to the satisfaction of auditor internal check system should be strong to prevent misappropriation.

1. Fraudulent of fraud is of a complex nature. This is normally done by people at the top level like the directors or superior officers, such type of fraud is done in order to show,
   1. More profit to the company when it is actually very low or nil.
   2. In order to maintain the share value of the company in the market
   3. In order to get more financial assistance from banks or financial institution.
   4. To attract more subscribers to subscribe for the shares or to purchase debentures.
   5. To maintain goodwill among the public

The above are the found out in any organization when the company is making less profit.

In certain cases when a company is making very good profit, the company may show less income, according to law this is also treated as fraud, this is done in order to

1. Purchaser the shares of the company in the market at a lower price.
2. In order to reduce the income tax payment.
3. In order to provide a wrong information to the competeting companies whenever competetion is high.

**Note**:- For errors

Inspite of the above steps, still the error could not be detected or found out, then we can state that the error may be because if the following reasons.

1. An error can arise when Rs.1 or Rs. 10 or Rs. 100 is rounded off (very frequently) this may automatically lead to a wrong total. If by chance the different is in rupees or in paise, error may be because of wrong postings.
2. An error can also take place where a number is divisible by numbers like

Eg: Instead of writing 54, we could written as 52. this could be misplacement errors.

# Methods or resorting to the false accounts or methods of frauding.

1. By not providing any depreciation or providing less depreciation or providing more depreciation.
2. By under valuation or overvaluation of assets and liabilities.
3. by showing fictitious (imaginary) sales or purchase or returns in order to show more or less profit-this method is very rarely used.
4. By using the secret reserves during the period when there is no profits or whenever there is less profit, the reserve is utilized in such a way without disclosing the truth to the shareholders.
5. By sharing revenue expenditure to capital account or sharing the capital expenditure to revenue account.
6. By crediting revenue a/c with the income which will be received only in next year or in future.

# Advantages of an audit.

The following concepts are considered to be some of the important advantages of an audit. Following are some of it.

1. Errors and frauds are located at an carry date, so in future such mistakes could be avoided. Audit helps quick and easy discovery of mistake or error.
2. Whenever auditing is done regularly and properly, it makes the accountant, clerk etc. to be regular and vigilant in their work because they have to submit an upto date information to the auditor.
3. Money can be easily borrowed from banks or financial institution only if the company maintains a proper audited statement of accounts.
4. Whenever a company want to claim or want to make any insurance claim, the insurance company will required audited statement from the company for the purpose of settlement of the insurance claim.
5. If by chance the business has to be sold out, it is very much difficult to be sold without a proper auditing statement, whenever the purchaser or the seller wants to know the correct value of assets and liabilities company has to submit proper audited statement.
6. For the purpose of paying tax or for submission of any statement like profit and loss a/c or balance sheet, it must be audited by an qualified auditor for tax submission
7. Auditor also provides technical advices to the management if the management requests it, the auditor can also provide advice for developmental purposes, though it is not a duty of an auditor.
8. The sales tax authorities accept only the audited statements for the purpose of setling sales tax.
9. A properly audited statement of accounts is very much useful for the company to compare the details of the previous years with the details of the current year and if there is any mistake that could also be checked in by referring old statement and thereby rectifying the error.
10. Incase of a partnership business, audited statement of accounts play a vital role in settling the accounts of a deceased partner.
11. whenever the company goes to the courts of law (applicable all over the world) to solve any problem, the court will accept only a properly audited statements for the purpose of settlement of a case.

# Disadvantages of an audit

1. Conceptual restriction.
2. Post mortem of prepared accounts
3. Dependents on inside information
4. Inadequate or faulty external evidence.
5. Application of faulty techniques.
6. Formation of faulty judgement

# Conceptual restriction

Auditor has to follow the laid out rules and regulations whenever he prepares accounting statements, he is not permitted to violate or go against the laid out rules.

e.g., the rules like principles of accountancy, economics, business management rules

Though it can act as a guideline for the auditor but in preparation certain modifications may be required but the law does not permit such modification. So he is forced to accept the concept as it is which may not be suitable at that point.

1. Post mortem of prepared accounts auditing can be compared to a post mortem because the auditor prepares the statement of affairs only on the spent out amount or on the expenditure only. Therefore, even if any expenditure is illegal or unacceptable the organization cannot recover because it has been spent out. Therefore, auditing is like examining the dead expenses or used money.
2. Dependents on inside information whenever auditor has to prepare any statement or needs any information or explanation or classification the auditor has to totals depend only on the organization or on the members of the organization, this makes auditor dependent on his staff members of the client.
3. Inadequate or faulty external evidence.

The major problem faced by any auditor is that whenever any information is provided or given to him at times can be in adequate or wrong: it can be done voluntarily by the members of the company or at times without the knowledge any wrong information can be passed on to the auditor, this may lead to preparation of wrong statements.

e.g Forged hotel bells, forged expense voucher or bills etc.

1. Application of faulty techniques Because of restricted rules and regulations, the auditor may be forced to adopt certain principles which may not be required at that point of time or may no be necessary at all. In such a situation, the statement prepared also might become incorrect or improper. Thus, bringing up wrong statement.
2. Formation of faulty judgement whenever any wrong information is provided to the auditor and he also without knowing the mistake utilizes it in the preparation of accounts and submits a statement, that statement will be wrong and the judgement or solution is also wrong. **Difference between the audit of a joint stock company and a partnership.**

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| **S.No** | **JOINT STOCK COMPANY** | **PARTNERSHIP** |
| 1 | Audit is compulsory in case of joint stock  company as per the companies Act 1956. | In case of partnership, audit is not  compulsory. |
| 2 | The Companies Act which makes auditing compulsory clearly defines the powers, the duties and the rights of an auditor. | The partnership act does not speak anything about auditing therefore in this category the agreement whichis entered between the partners and  auditor will be the basis of working. |
| 3. | In case of a joint stock company, the companies Act clearly specifies that the auditor or must be a qualified person according to section 26 of the Companies  Act. | In case of partnership Act 1932, does not specify any qualification for the auditor. |

# Difference between government and commercial audit.

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| ***S.No*** | ***Government Audit*** | ***Commercial Audit*** |
| 1. | A Government audit is a transaction done in and outside India through the Audit and Accounts department of the government. It is an independent & autonomous body  submitted to the legislature or parliament. | A Commercial audit is done by a qualified auditor and it is submitted to the shareholders or to the tax department. |
| 2. | In government audit, the concerned audit officer will not have any idea about the work done, goods supplied, quality or quantity of work. Therefore expenses is  more in govt. audit. | In commercial audit the expenses are very less because the internal auditor help the external auditor with the prepared statement or help in preparing  statements quickly. |
| 3. | In government audit, the treasury officer who clears the bills, is not aware of the expenses or the work done because the treasury officer is not the member of the  auditing department. | In commercial organizations though the payment is done by the cashier, the bills are at first cleared by the accounts department. |
| 4. | A government audit is a continuous audit because it involves large number of transactions and also it is concerned with the personal claims of the government officers and others so it is a continuing  process. | Commercial audit is a periodical audit. It is not a continuous one. |

**Different classes of audit and their advantages.**

* 1. Sole trader or proprietor ship and firm
  2. Audit of a firm or partnership.
  3. Joint stock companies.
  4. Trusts.

# Sole proprietorship – advantages

* 1. Accounts are properly maintained.
  2. Properly audited books of accounts help to pay the estate duty of the dead person properly.
  3. Agents are appointed means, by the sole proprietorship to check their account it is difficult for one person to carryout. So, if an auditor is appointed he can verify the accounts and in case of doubt he can clarify it directly from the agent.
  4. Wealth tax can be easily calculated.

# Disadvantages.

1. it is a costly affair for a small business concern
2. In case of sole proprietor transactions may be very less which means no need of auditor. If auditor is appointed means the concern has to keep different sets of book which is a waste.
3. In case of sole proprietor, law does not speaks about qualified auditor to audit his account. Therefore, remuneration paid to qualified auditor is an extra burden.

# Partnership firm or audit of a firm- advantages.

1. Fraud and misappropriation of accounts can be avoided by following the audit procedure in the firm.
2. Partners cannot hide or misappropriate the accounts without the knowledge of other partners.

c.Accounts are properly maintained by the concerned clerks. d.Payment of tax becomes very easy.

# Disadvantages

1. Very costly affair for a small partnership business.
2. Law does not requires a qualified auditor, the partnership Act is also silent about the auditor’s qualification. Therefore, if a qualified auditor is appointed remuneration paid eats away the profit.
3. for small partnership concerns. Unnecessary bookkeeping has to be done.
4. **Joint stock company –** As per the companies Act 1956,an qualified auditor has to be appointed by every joint stock company in order to audit the financial accounts of the company every year section 226of (2) (b) of the companies Act clearly says that a qualified auditor is a person who has passed the institute of chartered Accounts Examination or with any equivalent qualification.

# Advantages

(a)Share holders are benefited. (b)It acts as a check upon the

(c)Accounts are properly and clearly maintained. (d)Payment of tax becomes quick and easy.

1. It helps in drawing up future policies and old data is used for comparing the present position of the company.

It acts as a silent ambassador in attracting future shareholders creditors and third parties towards the company.

# Disadvantages

* 1. Falsification of accounts is possible.
  2. Black income or secret reserve can be created by the directors
  3. Errors and mistakes if not found out are carried on in the future years also because auditors report once accepted becomes a qualified statement of truth.

# Trust s – advantages

1. Whether benefits received from public are properly used.
2. To avoid misappropriation of accounts
3. To find out whether account are properly maintained as per the law.
4. To find out whether the beneficious received the benefits totally and properly.

# Disadvantages

1. It is a costly affair, money received from public which originally has to go to the poor are diverted for the payment of auditors fees.
2. Unnecessary book maintenance has to be done which is wastage of funds.

# Limitations of Auditing

Though auditing plays a vital role in helping the businessmen and the organization to prepare proper statement of account, Profit and Loss statement and balansheet still the same auditing has its own deficiencies. Though auditing is termed as an instrument in controlling the financial activities the limitations are,

1. An audit statement cannot be 100% guarantee that everything in the accounts are true and correct.
2. An auditing statement through prepared and certified by an auditor, secret reserves are hidden factors could not be discovered through the auditing procedure.
3. The auditor is only a overall supervisor who just check the books of accounts an the vouchers whether they are right or wrong, basically within a short period of time the work has to completed. Therefore, unexpected mistakes or if errors can take place.
4. Any full-fledged auditing normally involves huge cost therefore many people prefer to cut down the expenses which may add to wrong statements or accounts.
5. Basically an auditing is a post mortem affair because the auditor checks only all the finished accounting concepts, therefore he cannot control or change but he can only report so that mistake is not repeated in the future.

An audit report cannot be accepted as a complete statement of the business concern because every year auditing takes place and at the end of each year. New report is given, in many **Limitations of Auditing**

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5. Basically an auditing is a post-mortem affair because the auditor or checks only all the finished accounting concepts, therefore he cannot control or change but he can only report so that mistake is not repeated in the future.
6. An audit report cannot be accepted as a complete statement of the business concern because every year auditing takes place and at the end of each year, new report is given, in many cases old report and new report differ a lot.

# Audit Program:

After a division of work between the clerks, the auditor will draw out the program how to carry out the work between him and his clerks, they also decide the time by which the work has to be completed. This is laid out in audit program.

# Definition:

According to Walter.B.Megis, “an audit program is a detailed plan of the auditing work to be performed specifying the procedures to be followed in verification of each item in the financial statements and giving the estimated time required.

An audit program consist of the procedures undertaken or the particular work done by an accountant in carrying on an audit.

It is a description, memorandum or an outline of the work to be done, prepared by an auditor, for the guidance and control of the assistance. It provides a guide in arranging and distributing the work and in checking against the possibility of omission”.

# Advantages of Audit programme:

It ensures that all necessary work, has been done and nothing has been omitted.

The auditor is in a position to know about the progress of the work done by his assistants.

A uniformity of the work can be attained as the same type of the programme will be followed at subsequent audits (relating to that company).

Work of the audit can be divided among the different junior clerks who will be responsible for the work.

It simplifies the allocation of the work to various grades of articled and audit clerks.

In case of charge of negligence against the auditor for not having done some work, the auditor can protect himself that the work had been done by his assistance or by him and who have signed the audit programme properly.

An audit programme acts as a guidance to the audit clerk for the work which he has to perform. In case of any fraud or error, which has not been deducted, the responsibility for negligence can be fixed on the clerk who had performed that work because the audit programme would have been signed by that clerk.

It helps to make a final go through before the report is signed by the auditor.

An audit programme can serve as a guide for new audit clerks to find out duties to be performed. It is a useful method in order to plan the programme for subsequent years.

# Disadvantages of Audit programme:

Though there are many such advantages through the audit programme, it also has its own disadvantages. They are,

An efficient clerk will loose interest in his work because he has to follow a fixed timetable or a fixed audit programme method. In such cases, the clerk cannot suggest any opinion even though it may simplify the working procedure.

An audit programme though it is an will planned programme, still it may not cover all the concepts which may come during the auditing work.

The audit programme may be followed mechanically year after year though some changes in the routine or internal check may be introduced by the clerk or by the client or by the auditor, the audit programme will not be able to match the new requirements.

Audit programme is normally a preplanned programme. The problems which arise in business differ from business to business and from time to time within same business, therefore such pre-planned programme cannot be effected or utilized easily.

In case of a small business concern, an audit programme is unnecessary. Audit programme normally suits only for large level companies.

The audit clerk may consider the work given to him, according to the programme as maximum work, which has to be done by him.