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Principles and Practice of Auditing

Principles and Practice of Auditing



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Principles and Practice of Auditing

As per the New Syllabus of B.Com. Vth Semester of Karnataka
State Akkamahadevi Women's University, Vijayapura
B.Com. VI th Semester of Bangalore University
B.Com. VI th Semester of Mysore University
B.Com. VI th Semester of Mumbai University

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Principles and Practice of Auditing (As per the New Syllabus of B.Com. Vth Semester of Karnataka State Akkamahadevi Women's University, Vijayapura, B.Com. VI th Semester of Bangalore University, B.Com. VI th Semester of Mysore University, B.Com. VI th Semester of Mumbai University) *Written by : Dr. Rajeshwari M. Shettar and Dr. Manjuswami Muttinapendimath* *Published by : Siddaling B. Konek, Sri Siddalingeshwara Prakashana, Saraswathi Godam, Kalaburgi - 585101, Mobile : 94481 24431, 9880020808, 9731828999*
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PREFACE

It is a matter of immense pleasure to place in the hands of the students and teaching fraternity of Commerce, the first edition of the text book of "Principles and Practice of Auditing" for B.Com. V Semester students. The book is thoroughly written in the framework of new syllabus prescribed by the Karnataka State Akkamahadevi Women's University, Vijayapura in particular and other Indian Universities in general. This textbook is presented in precise and simple language, so as to enable the students to understand the concepts very easily.

Audit has become indispensable for a business concern. It is through audit that, one can see the soundness of financial and non financial concerns. The success, prosperity and even the failure of a business concern depends upon the efficiency of audit system. It is an important tool of management control.

The development of modern accounting and the growth of auditing profession in India and indeed in the world as a whole must be seen in the context of the enormous expansion of industry, trade and commerce which has taken place in the last decade. The auditing profession is now going beyond the duties prescribed by the Companies Act. It is initiating its own accounting standards and auditing regulations and guidelines. At present, the auditing has a greater scope in the corporate world. In recent years, several significant developments have taken place in the field of auditing because of the Liberalization, Privatization and Globalization (LPG). The Institute of Chartered Accountants of India (ICAI) has been issuing new Accounting Standards (ASs) and Standard Auditing Practices (SAPs). Lot of change has taken place in the parameters of accounting and auditing in banks and non banking financial institutions. Therefore, the role of the auditors in relation to all these changes and developments has also changed accordingly. Simultaneously, the rapid pace of computerization of business has emphasized the need for more effective techniques of Computerized Information System (CIS) of auditing.

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This subject "Principles and Practice of Auditing" has become very important from the point of view of the business management in our country. While writing this book, we have referred several books of eminent authors. We have made a conscious effort to present the subject matter in a way that is easily comprehensible.

We have made an attempt to arrange the various topics on the subject systematically. For the convenience of the students, different types of model questions have been given at the end of every unit.

We are thankful to our family members who helped us in all respect in bringing out this book. We feel confident that this book would be liked by teachers and students.

We are grateful to our Management/Trust members, Principal and Staff of Shri Hurakadli Ajja Shikhsana Samiti's, Smt. K. S. Jigalur Arts and Dr. (Smt.) S. M. Sheshgiri Commerce College for Women, Dharwad and Sankalpa First Grade Arts and Commerce College for Women, Gangavati.

We are very much grateful to Mr. Siddaling B. Konek, Proprietor Siddalingeshwar Prakashan, Kalaburgi for undertaking the publication of this book.

We are extremely thankful to all the members of Board of Studies, Department of Commerce and Management of Karnataka State Akkamahadevi Women's University, Vijayapura.

We place on record our deep sense of gratitude to the teachers, friends and well wishers who encouraged us in writing and bringing out this book. Any suggestions for further improvement of the book shall be highly appreciated.

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Principles and Practice of Auditing

KARNATAKA STATE AKKAMAHADEVI WOMEN'S
UNIVERSITY, VIJAYAPURA

SYLLABUS of B.COM FIFTH SEMESTER

5.3: PRINCIPLES AND PRACTICE OF AUDITING

Objectives: To introduce to the students, the basic concepts of auditing acquaint them with the auditing procedure.

Pedagogy: Classroom lectures, seminars, and discussions through presentation (both group and individual).

Unit - 1: AUDITING :

Meaning, Definitions, Objectives, Types of audit, Qualities and Qualifications of an auditor. Advantages and Limitations of an Audit, Differences between Audit and Investigation.

Recent Trends in Auditing - Cyber and Data Security, Artificial intelligence and Robotic Process Automation, Data Analytics.

Unit - 2: AUDIT PROGRAMME:

Meaning, Objectives, Division of work, Audit note book, Working papers, Routine checking and test checking, Surprise Checking.

Unit - 3: INTERNAL CHECK AND VOUCHING:

Meaning and definitions, Objectives and advantages, Difference Between Internal check and Internal Audit, Internal check regarding Wages, Purchases, Cash receipts.

Vouching: Meaning, Importance, Objectives, Vouching of Cash book, Purchase book, and Sales book.

Unit - 4: AUDITING IN COMPUTERIZED INFORMATION SYSTEM (CIS) ENVIRONMENT:

Meaning and characteristics of CIS, difference between manual accounting audit and computerized accounting audit, computer frauds.

Unit - 5: AUDITOR'S REPORT:

Meaning, Importance, distinction between reports and certificates, contents of audit reports. Types of audit reports and their specimen

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