



**LIONS ARAVIND INSTITUTE OF
COMMUNITY OPHTHALMOLOGY , MADURAI**

AUDITING



AUDITING

- What is audit
- Verification of Accounting Records
- More of arithmetic
- Accounting principles-
 - Capital
 - revenue



ADVANTAGES

- CONFIRMS THE CORRECTNESS
- PREVENT FRAUDS
- PREVENT DISPUTES
- DETECT ERRORS
 - OMMISSION
 - DUPLICATION
 - COMPENSATORY



Advantages-contd

- Helping shareholders/Investors
- Planning for the future
- Fix prices/ charges
- Statutory requirements
- Tax authorities



TYPES OF AUDIT

- Internal audit
 - a. By employee
 - b. By external auditor

- External audit
 - Statutory audits
 - Internal audits
 - Special audits
 - Gov. audits



CONTINUOUS AUDIT

- Business volume
- Accuracy in Reports
- Alternative to Internal Audit
- Preventing frauds
- Detecting errors quickly



ASSISTANCE OF AUDIT

- Tallying Trial Balance
- Preparing final Reports
- Preparing Depreciation statements
- Preparing and filing Tax Returns
- Representing to Tax authorities



INTERNAL CONTROL

- Numbering & Custody of Receipt books
- Authorizing payments
- Cash-physical verification
- Double key system
- Daily bank deposit
- Daily cash flow statement



INTERNAL CHECK SYSTEM

- Checking material receipt at various points-Security-Purchase-store
- Checking Bills at various points
- Checking of cheque drawn
- Checking of Receipts drawn
- Preparing, Checking, authorizing & payment of vouchers.



MANIPULATION OF ACCOUNTS

- Over/under valuing of stocks
- Keeping secret reserves
- Window dressing to Investors
- Over/under charging Depreciation



AUDITORS RESPONSIBILITIES

- Method of accounting
- Changes in capacity
- Change in prices/charges
- Fund flow & Utilization
- Abnormality in revenue/expense
- Insurance cover
- Bad debts
- Stock valuation
- Complying statutory Requirements



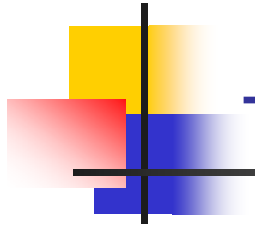
Accounting Vs. Auditing

- **Accounting**

- It is the maintenance of documents, Day books, & Ledgers.
- It is the Spade work of the Accountant
- It is recording of transactions in the books of account

- **Auditing**

- Starts where the accounting work completes
- It is the checking of the accuracy of the accounts maintained
- It is the certification for the correctness of the accounts



THANKS

