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| Course | Auditing -II (Semester II; Level 4.5) | Credits | 02 |
| Type | Major: Mandatory | No of Teaching hours | 30 |
| Evaluation/ Assessment | 50 marks - 30 marks semester end evaluation and 20 marks continuous evaluation | | |

Aims and Objectives

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| CO1 | To examine the internal controls, internal checks basics of a continual improvement process and determine the audit technique, assess the ledger and interpret the transaction. |
| CO2 | To learn how to vouch the transactions (income and expenses) and to use the technique of verification for ascertainment of the value of assets and liabilities. |

Learning Outcomes

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| LO1 | Learners will be able to assess internal Control, Internal Check and determine the audit technique. Apply the logic of Journal & Ledger postings for Reading of Ledger accounts. |
| LO2 | Learners will be able to find out true and fair financial position of the company by vouching the income and expenses and by verification of the assets and liabilities. |

MODULES AT GLANCE

| Module No | Unit | Content | No of Hours |
|------------------|-------------|---------------------------|--------------------|
| 1 | I | Auditing Techniques | 15 |
| | II | Reading of Ledger Account | 05 |
| 2 | III | Vouching | 05 |
| | IV | Verification | 05 |
| | | | 30 |

| Module No | Content | No of Hours |
|-----------|--|-------------|
| 1 | <u>Unit I: Auditing Techniques</u> <ul style="list-style-type: none"> • Test Check- Test Checking Vs Routing Checking, Test Check Meaning, Features, Factors to be considered, When Test Checks can be used, Advantages, Disadvantages and Precautions. • Audit Sampling- Audit Sampling, Meaning, Purpose, Factors in Determining Sample Size - Sampling Risk, Tolerable Error and Expected Error, Methods of Selecting Sample Items Evaluation of Sample Results, Auditors Liability in conducting Audit based on Sample. • Internal Control- Meaning and Purpose, Review of Internal Control, Advantages, Auditors Duties, Review of Internal Control, Inherent Limitations of Internal Control, Internal Control Samples for Sales and Debtors, Purchases and Creditors, Wages and Salaries, Internal Checks Vs Internal Control, Internal Checks Vs Test Checks. | 15 |
| | <u>Unit II: Reading of Ledger Account</u> <ul style="list-style-type: none"> • Reading of Ledger like Purchase, Sales, Assets, Liabilities. • B/R, B/P, Cash Book [Practical Questions should be Asked on Reading of Ledger Accounts] | 05 |
| 2. | <u>Unit III: Vouching</u> <ul style="list-style-type: none"> • Audit of Income- Revenue from Sales and Services, Rental Income, Interest & Dividends Income, Royalties Income, Recovery of Bad debts written off, Commission Received. • Audit of Expenditure- Purchases, Salaries & Wages, Rent, Insurance Premium, Telephone expense, Petty cash payment, Advertisement, Travelling Salesmen's Commission, Freight, Carriage and Custom Duties. | 05 |
| | <u>Unit IV: Verification</u> <ul style="list-style-type: none"> • Audit of assets: Plant & Machinery, Furniture, and fixtures, Accounts Receivable, Investments, Inventory, Goodwill, Patent Rights. • Audit of Liabilities: Outstanding Expenses, Accounts Payable, Secured loans, Unsecured Loans, Contingent Liabilities, Public Deposits. | 05 |

Reference Books

1. Contemporary Auditing by Kamal Gupta, Tata Mc-Graw Hill, New Delhi
2. A Handbook of Practical Auditing by B.N. Tandon, S. Chand and Company, New Delhi
3. Fundamentals of Auditing by Kamal Gupta and Ashok Arora, Tata McGraw Hill, New Delhi
4. Auditing: Principles and Practice by Ravinder Kumar, Virender Sharma, PHI Learning Pvt. Ltd., New Delhi
5. Auditing and Assurance for CA IPCC by Sanjib Kumar Basu, Pearson Education, New Delhi
6. Contemporary Auditing by Kamal Gupta, McGraw Hill Education Pvt. Ltd., New Delhi
7. Fundamentals of Auditing by Kamal Arora and Ashok Gupta, Tata McGraw Hill, New Delhi
8. Jha & Shah, (2018) Advance Auditing, Himalayan Publication, Mumbai.

Format of Question Paper: for the final examination

Attempt any 2 out of 3 questions.

| Question No | Questions | Marks |
|-------------|-------------------|-----------|
| Q1 | Practical/ Theory | 15 |
| Q2 | Practical/ Theory | 15 |
| Q3 | Practical/ Theory | 15 |
| | TOTAL | 30 |

Note

1. Equal Weightage is to be given to all the modules.
2. 15 marks question may be subdivided into 8 marks + 7 marks, 10 marks + 5 marks and 5 marks + 5 marks + 5 marks. Internal options may be given however it is not mandatory.
3. Use of simple calculator is allowed in the examination.
4. Wherever possible more importance is to be given to the practical problems.

Continuous Evaluation through:

| | Assessment/ Evaluation | Marks |
|----|--|-----------|
| 1. | Class Test during the lectures. (Physical/ Online mode). (Short notes/ MCQ's/ Match the Pairs/ Answer in one sentence/ puzzles) | 10 |
| 2. | Participation in Workshop/ Conference/Seminar/ Case Study/Field Visit/ Certificate Course. (Physical/Online mode) | 10 |
| | TOTAL | 20 |