

Auditing

B.Com (Annual) Part-II Paper-III Maximum Marks: 100 (Pass Marks: 40) Duration of Examination: 3 hrs

Course Objectives:

1. To equip the students with the latest knowledge of auditing.
2. To develop awareness of International Auditing Standards.
3. To equip the students with latest tools and techniques in internal & external auditing.

Course Contents:

Topic	Source	Sections
<u>The Nature, Purpose, Scope and Theory of Auditing</u> The purpose of an audit. The nature of an audit. The scope of external audit. The chronology of an audit. The postulates of auditing. How to approach auditing examination. Agency theory.	Ch 1, book 1	A
<u>The True and Fair View and Communication: ISA 120 & 320</u> ISA 120 framework of international Standards on auditing. The auditor's report as a means of communication. True and fair view, Materiality ISA 320.	Ch 2, book 1	A
<u>The Regulatory Framework of Auditing</u> The structure of the accounting, and auditing profession and the IFAC. Regulation, monitoring and supervision. International Standards on Auditing. International Accounting Standard Board.	Ch 3, book 1	A
<u>Appointment, Removal, Duties, and Rights of Auditors.</u> Appointment of auditors. Resignation and removal of auditors. Duties and rights of auditors. Other legal considerations, Code of corporate governance.	Ch 4, book 1	A
<u>The Audit Appointment Process</u> Appointment Procedure. Client Screening. The Engagement Letter: ISA 210.	Ch 8, book 1	B
<u>Audit Planning</u> Aims of planning ISA 300. Knowledge of the business ISA 310. Audit risk ISA 400. Materiality 320. Analytical procedures. Related party transactions ISA 550. Using the work of another auditor ISA 600. Using the work of an expert ISA 620. The overall audit plan 300. The audit program ISA 300.	Ch 9, book 1	B
<u>Accounting Systems and Internal Controls:</u> Features of accounting and control systems. Assessment of accounting and control systems ISA 400. Recording of accounting and control systems.	Ch 10, book 1	B
<u>Audit Evidence and Documentation</u> Audit Evidence ISA 500 & 501. Recording of audit work ISA 230. Quality Control ISA 220.	Ch 11, book 1	B

<u>Audit Sampling ISA 530.</u> Audit sampling ISA 530. Sampling procedure.	Ch 12, book 1	C
<u>Tests of Controls: Income Cycles</u> The sales system. The purchases and expenses systems. The wages system.	Ch 13, book 1	C
<u>Tests of Controls: Asset Cycles</u> The cash system. The inventory system. Long term assets, investments and general procedures. Revenue and capital expenditure.	Ch 14, book 1	C
<u>Auditors' Reports</u> Distinction between reports and certificates. Contents of audit report. Modified report. Qualifications in auditor's report. Audit reports of companies. Signing of audit report. Audit reports in the case of banks and insurance companies. Statutory Report. Reports in company prospectus. Audit reports and certificates for special purposes. Report on review of accounts. Certificate on corporate governance.	Ch 11, book 2	C

Recommended Texts:

1. Auditing, CA Exam Study Text (latest edition), *Professional Business Publications, Lahore.*
2. Gupta, Kamal (latest editions), *Contemporary Auditing*, Tata McGraw Hill, Dehli.