



AUDIT PROGRAMME

Sr No	Particulars
1	Verification of opening balances of
	<ul style="list-style-type: none">• Ledgers
	<ul style="list-style-type: none">• Cash books
	<ul style="list-style-type: none">• Petty cash books
	<ul style="list-style-type: none">• Bank books
	<ul style="list-style-type: none">• Stock registers/excise records
2	Cash Book & Petty Cash Books
	<ul style="list-style-type: none">• Vouching of receipts
	<ul style="list-style-type: none">• Vouching of payments
	<ul style="list-style-type: none">• Vouching of contra entries
	<ul style="list-style-type: none">• Verification of cash payment in excess of rs.20,000/-
	<ul style="list-style-type: none">• Was cash balance negative any time
	<ul style="list-style-type: none">• Are all vouchers entered under correct accounting heads
	<ul style="list-style-type: none">• Are cash vouchers for expenses/income related to the year under audit
	<ul style="list-style-type: none">• Are cash vouchers related to the concern being audited
	<ul style="list-style-type: none">• Internal control on cash handling, accounting & management
	<ul style="list-style-type: none">• Does cash book includes expenses of personal nature
3	Bank book
	<ul style="list-style-type: none">• Vouching of receipts
	<ul style="list-style-type: none">• Vouching of payments
	<ul style="list-style-type: none">• Vouching of contra entries
	<ul style="list-style-type: none">• Are expenses/income received through bank related to the year under audit
	<ul style="list-style-type: none">• Are expenses/income received through bank related to the concern being audited
	<ul style="list-style-type: none">• Are all vouchers entered correct accounting heads
	<ul style="list-style-type: none">• Verification of bank reconciliation statements
	<ul style="list-style-type: none">• Are there any cheques pending clearance for more than 3 months in the bank reconciliation statement
	<ul style="list-style-type: none">• Are there any entries in the bank reconciliation statement being entered by bank but not by the concern
	<ul style="list-style-type: none">• Internal controls on accounting & management of bank transaction



	<ul style="list-style-type: none"> Does bank book include expenses of personal nature
4	Purchases
	<ul style="list-style-type: none"> Vouching with purchase invoices
	<ul style="list-style-type: none"> Verification of few bills in depth
	<ul style="list-style-type: none"> Are purchases made by the concern any way relates to business of the firm & if not ask reason for it
	<ul style="list-style-type: none"> Whether cenvat &/or vat/gst on purchases are properly accounted
	<ul style="list-style-type: none"> Are purchases related to the year under audit
	<ul style="list-style-type: none"> Are purchases related to the concern being audited
	<ul style="list-style-type: none"> Are purchase returns related to the purchases made during the year under audit
	<ul style="list-style-type: none"> Are purchases entered under appropriate head i.e. raw material, consumable, stores etc.
	<ul style="list-style-type: none"> Are purchases tallying with returns filled with vat/sales tax department
	<ul style="list-style-type: none"> Internal control on procurement, accounting & payment for purchases
	<ul style="list-style-type: none"> In case of imports verify customs documents, exchange accounting
5	Sales/revenue
	<ul style="list-style-type: none"> Vouching with sales invoices
	<ul style="list-style-type: none"> Verification of few bills in depth
	<ul style="list-style-type: none"> Whether cenvat & /or vat on sales are properly accounted
	<ul style="list-style-type: none"> Are sales related to the year under audit
	<ul style="list-style-type: none"> Are sales related to the concern being audited
	<ul style="list-style-type: none"> Are sales returns related to the sales made during the year under audit
	<ul style="list-style-type: none"> Are sales tallying with tax returns submitted with sales tax/vat authorities
	<ul style="list-style-type: none"> Are other revenues tallying with returns submitted with their regulating authority
	<ul style="list-style-type: none"> Are all sales bills in serial number, is original copy of cancelled bills with the concern
	<ul style="list-style-type: none"> Verifying sales with excise records
	<ul style="list-style-type: none"> Checking the quantity
	<ul style="list-style-type: none"> Tracing the cash memo/daily cash receipts in cash book/bank book
	<ul style="list-style-type: none"> In case of exports verify bill of entry, exchange accounting
	<ul style="list-style-type: none"> Third party confirmation letter from debtors
6	Journal
	<ul style="list-style-type: none"> Ensure proper distinction between revenue & capital nature items



	<ul style="list-style-type: none"> • Are entries made under proper head of account
7	Salary & wages
	<ul style="list-style-type: none"> • Verifying amount due with appointment letter & salary & wages register
	<ul style="list-style-type: none"> • Verify the PF/ESI & other retirement benefits paid/payable with the challans. Verify whether the same are deposited with the concerned authorities within the time limit prescribed
	<ul style="list-style-type: none"> • Verify whether bonus is paid in lieu of share of profit in the concern. Obtain bonus paid certificate & trace the entry in cash or bank account as the case may be
	<ul style="list-style-type: none"> • Checking contracts & resolutions for payments to directors, executives etc. With vouchers
8	Stock registers
	<ul style="list-style-type: none"> • Verification of inwards
	<ul style="list-style-type: none"> • Verification of outwards
	<ul style="list-style-type: none"> • Balancing (is any stock negative on any day)
	<ul style="list-style-type: none"> • Verification of stocks from excise records
	<ul style="list-style-type: none"> • Verification of closing stock with excise registers (RG-1, RG-23 & PLA) if any
	<ul style="list-style-type: none"> • Are sales return duly entered
	<ul style="list-style-type: none"> • Is there proper record for material sent & received for processing/rectification
	<ul style="list-style-type: none"> • Are stock s tallying with stock statements submitted to Banks, FIs etc.
	<ul style="list-style-type: none"> • Is there any dead/slow moving stock lying
	<ul style="list-style-type: none"> • Checking of closing stock with inventory details & its valuation
9	Statutory dues
	<ul style="list-style-type: none"> • Check latest income tax orders
	<ul style="list-style-type: none"> • Check latest sales tax/vat orders & orders passed during the year
	<ul style="list-style-type: none"> • Check excise & customs records & audit conducted by the department
	<ul style="list-style-type: none"> • Are there any defaults in paying ESI dues
	<ul style="list-style-type: none"> • Are there any defaults in paying PF dues
	<ul style="list-style-type: none"> • Is service tax paid in time & its return filed in time
	<ul style="list-style-type: none"> • Is TDS deposited in time & Quarterly statements filed in time also check TDS challans
	<ul style="list-style-type: none"> • Are TDS certificates issued in time
	<ul style="list-style-type: none"> • Are TDS certificates deducted by others for the concern being audited tallying with relevant income for the year, verify TDS with AS-26 of CBDT



	<ul style="list-style-type: none"> • Are ROC returns & documents filed in time, is filing fees accounted for in books
	<ul style="list-style-type: none"> • Is wealth tax applicable? If yes necessary provisions, payments & returns are made
	<ul style="list-style-type: none"> • Is the amount of advance tax & self assessment tax tallying with the challans
	<ul style="list-style-type: none"> • Obtain details of statutory dues as per annexure
10	Share capital & reserves
	<ul style="list-style-type: none"> • Is distinction made for shares subscribed in cash or for consideration other than cash
	<ul style="list-style-type: none"> • Is distinction made for revenue reserves & capital reserve
	<ul style="list-style-type: none"> • Is there a default by any director in payment of call or allotment money
	<ul style="list-style-type: none"> • Whether proper return of allotment has been filled with roc
	<ul style="list-style-type: none"> • Check minute book to see the relevant decision affecting share capital & reserves & surplus
	<ul style="list-style-type: none"> • Is proper disclosure made in notes as per schedule vi
11	Fixed assets
	<ul style="list-style-type: none"> • Verification of bills for addition during the year
	<ul style="list-style-type: none"> • Verification of depreciation charged
	<ul style="list-style-type: none"> • If in any other currency, translate into rupees & handle the difference in foreign currency translation
	<ul style="list-style-type: none"> • Verify the mortgage deed, title deed for legal, equitable mortgage etc.
	<ul style="list-style-type: none"> • Verify that depreciation is not claimed on portion of CENVAT credit or vat credit taken
	<ul style="list-style-type: none"> • Verify minute book, resolution etc to check whether there is proper authorization for purchase or sale of fixed asset
	<ul style="list-style-type: none"> • Ensure that intangible assets are to be disclosed separately
	<ul style="list-style-type: none"> • Ensure that assets held for sale should not be shown as fixed assets but as other current assets
	<ul style="list-style-type: none"> • Ensure that capital advances are not shown as capital WIP but as noncurrent loans & advances
12	Verifying provisions
	<ul style="list-style-type: none"> • Power & electricity for the last month of the financial year
	<ul style="list-style-type: none"> • Cellular & telephone for the last month of the financial year
	<ul style="list-style-type: none"> • Salary & wages or other payment due to the employees for the last month of the financial year



	<ul style="list-style-type: none"> • Insurance & AMC prepaid
	<ul style="list-style-type: none"> • Provisions for gratuity leave encashment etc. as per actuarial valuation
	<ul style="list-style-type: none"> • Other provisions such as staff welfare, vat/sales tax payable, service tax payable, income tax payable, wealth tax payable etc.
13	Final closing balances
	<ul style="list-style-type: none"> • Checking of final balances of ledgers, cash book, bank book etc. With balance sheet, profit & loss account
	<ul style="list-style-type: none"> • Comparing account head balances with previous year & having answers for major variations
14	Ratio analysis
	Checking of ratios & comparing with previous years ratios regarding
	<ul style="list-style-type: none"> • G. P. Ratio
	<ul style="list-style-type: none"> • N. P. Ratio
	<ul style="list-style-type: none"> • Material consumed ratio
	<ul style="list-style-type: none"> • Stock in trade ratio
	<ul style="list-style-type: none"> • Debt equity ratio
	<ul style="list-style-type: none"> • Current ratio
15	Internal control system
	<ul style="list-style-type: none"> • Is the system in place to prevent or detect fraud
	<ul style="list-style-type: none"> • Whether there are particularly identified subsidiaries or business locations, transactions, account balances etc. Where possibility of errors is high or risk of fraud is greater
	<ul style="list-style-type: none"> • Whether internal control system has identified any serious weakness in the system of internal control
	<ul style="list-style-type: none"> • Nature, frequency & extent of management's assessment of such risks. Tests of controls by knowing who actually performs the function rather than who should perform
	<ul style="list-style-type: none"> • Whether fraud risk factors exist.
16	Scrutiny of
	<ul style="list-style-type: none"> • General ledger
	<ul style="list-style-type: none"> • Party ledgers
	<ul style="list-style-type: none"> • Inventory quantities & values



17	Reliance on the work of other auditors or experts
	<ul style="list-style-type: none"> • Review of work done by an outside expert/service provider
	<ul style="list-style-type: none"> • Internal audit reports if any
	<ul style="list-style-type: none"> • Reports of other auditors if any
18	Expenses verification
	<ul style="list-style-type: none"> • Verify expenses head wise via ledger scrutiny
	<ul style="list-style-type: none"> • Verify expenses in comparison to previous year
19	Accounting standard verification
	<ul style="list-style-type: none"> • Verify applicability of accounting standards in preparation & presentation of books of account & financial statements
	<ul style="list-style-type: none"> • Whether proper disclosures have been made in the financial statements as required by company accounting standards rules 2006
20	External confirmations
	<ul style="list-style-type: none"> • Whether the evidence or confirmation of ledger balances has been obtained from outside parties for bank balances, loans, debtors creditors etc
21	Miscellaneous
	<ul style="list-style-type: none"> • Review events after the balance sheet date
	<ul style="list-style-type: none"> • Review the terms of debenture & loan agreement & determine whether any have been breached
	<ul style="list-style-type: none"> • Review the minutes of the meetings of board, shareholders & others if any
	<ul style="list-style-type: none"> • Disclosures of non recurring or unusual items of income & expenditure
	<ul style="list-style-type: none"> • Proper disclosure of matters required by law or international accounting standards
	<ul style="list-style-type: none"> • Whether accounting estimate is reasonable & appropriately disclosed in the financial statement
	<ul style="list-style-type: none"> • Whether any evidence is contradictory with the representation of the management
	<ul style="list-style-type: none"> • Whether any transaction is prejudicial to the interest of the company
	<ul style="list-style-type: none"> • Is disclosure regarding MSMED Act 2006 made
	<ul style="list-style-type: none"> • Whether deduction under chapter vi of income tax act taken correctly
22	Going Concern
	<ul style="list-style-type: none"> • Is there any apprehension that the concern is not going concern?
	<ul style="list-style-type: none"> • Is the net worth or the working capital of the concern negative?



	<ul style="list-style-type: none"> • Does the concern use long term borrowings to fund their short term requirements
	<ul style="list-style-type: none"> • Whether any change in govt. policy has affected / likely to affect the concern
	<ul style="list-style-type: none"> • Whether suffered substantial operating / cash losses in PY
	<ul style="list-style-type: none"> • Is there steady decline in profitability
	<ul style="list-style-type: none"> • Is there substantial negative cash flow
	<ul style="list-style-type: none"> • Whether key financial ratios of the concern are adverse
	<ul style="list-style-type: none"> • Is the concern regular in payment of its creditors on due dates
	<ul style="list-style-type: none"> • Is the concern regular in payment of interest & principal of loan on due dates
	<ul style="list-style-type: none"> • Whether suffered major loss of major market/ franchise/license etc
	<ul style="list-style-type: none"> • Whether suffered substantial loss of plant & machinery
	<ul style="list-style-type: none"> • Whether management has any plans to <ul style="list-style-type: none"> ○ Liquidate assets ○ Borrow money or restructure any debt ○ Delay any expenditure ○ To increase its capital
	<ul style="list-style-type: none"> • Is there any litigation or order which if results against the company would result in huge outflow impacting the going concern basis
	<ul style="list-style-type: none"> • If there are indicators of going concern problem, review business plan and projected future cash flows by understating the assumption, reasonableness of assumptions and assess possibility of turnaround based on which accept going concern assumption r Balance sheet drawing up
23	Final financial statements
	<ul style="list-style-type: none"> • Are financial statements in compliance with Schedule III to the Companies Act, 2013
	<ul style="list-style-type: none"> • Are all liabilities properly bifurcated
	<ul style="list-style-type: none"> • Are all assets properly bifurcated
	<ul style="list-style-type: none"> • Whether all the events up to the date of auditor's report that may require adjustments of or disclosure in the financial statement have being identified.
	<ul style="list-style-type: none"> • Are all accounting policies compliant to accounting standards & are disclosed properly & followed accordingly
	<ul style="list-style-type: none"> • Are all accounting standards complied with & relevant disclosures made
	<ul style="list-style-type: none"> • Verifying confirmations, letters & certificates
	<ul style="list-style-type: none"> • Verifying reconciliation of inter-branch transactions & transactions with group/sister concerns
	<ul style="list-style-type: none"> • Verification of final trial balance with financial statements
	<ul style="list-style-type: none"> • Are fundamental accounting assumptions followed in preparing financial



	statements viz. Consistency, going concern & accrual
	<ul style="list-style-type: none">• Verifying notes to the accounts-necessary disclosures as per schedule vi & accounting standards
	<ul style="list-style-type: none">• Comparing figures of the current year with the figures of previous year
	<ul style="list-style-type: none">• Checking items of statement of p & I, balance sheet supporting statements
	<ul style="list-style-type: none">• Verifying computation of taxable income & necessary provisions for tax in financial statement
	<ul style="list-style-type: none">• Drafting of auditor's report
24	Discussion of Important Matters
	<ul style="list-style-type: none">• Important matters discussed with management & those charged with governance
23	Conclusion
	<ul style="list-style-type: none">• Queries raised on verification of cash books, petty cash books, bank books, purchases, sales & revenues. Journal, salary & wages inventory & excises records etc during audit were settled & audit report & notes to accounts finalized