

SUBJECT- AUDITING

SH. ASHOK KUMAR
ASSISTANT PROFESSOR
SUB-DIVISIONAL GOVT.
DEGREE COLLEGE, NAUHATTA,
DEHRI, ROHTAS-821304
MOB:- 8544366310

AUDIT PROGRAMME- FACTORS, ADVANTAGES AND DISADVANTAGES

* FACTORS

while construction an audit programme, the auditor should keep the following points in his mind-

1. To operate within the scope and limitations of the assignment.
2. To determine the evidence reasonably available and identify the best evidence for deriving the necessary satisfaction.
3. To apply only those steps and procedures, which are useful in accomplishing the verification purpose in the specific situation.
4. To consider all possibilities of errors.
5. To co-ordinate the procedures to be applied to related items.

* Advantages of Audit programme

1. It provides the assistant carrying out the audit with total and clear set of instructions of the work generally to be done.
2. It is essential, particularly for mass audits, to provide a total perspective of the work to be performed.

3. Selection of assistants for the job on the basis of compatibility becomes easier when the work is rationally planned, defined and segregated.
4. Without a written and pre-determined programme, work is necessarily to be carried out on the basis of some 'mental' plan. In such a situation there is always a danger of ignoring or overlooking certain books and records. Under a properly framed programme, the danger is significantly less and the audit can proceed systematically.
5. The assistants, by putting their signature on programme, accept the responsibility for the work carried out by them individually and, if necessary, the work done may be traced back to the assistant.
6. The principle can control the progress of the various audits in hand by examination of audit programmes initiated by the assistants deputed to the job for completed work.
7. It serves as a guide for audits to be carried out in the succeeding year.
8. A properly drawn up audit programme serves as evidence in the event of any charge of negligence being brought against the auditor, it may be of considerable value in establishing that he exercised reasonable skill and care that was expected of professional auditor.

* Disadvantages of Audit Programme

1. The work may become mechanical and particular parts of the programme may be carried out without any understanding of the object of such parts in the whole audit scheme.
2. The programme often tends to become rigid and inflexible following set grooves; the business may change in its operation or conduct, but the old programme may still be carried on. Changes in staff or internal control may render precaution necessary at points different from those originally decided upon.
3. Inefficient assistants may take shelter behind the programme, i.e., defend deficiencies in their work on the ground that no instructions in the matter are contained therein.
4. A hard and fast audit programme may kill the initiative of efficient and enterprising assistants.

All these disadvantages may be eliminated by imaginative supervision of the work carried on by the assistants; the auditor must have a receptive attitude as regards the assistants; the assistants should be encouraged to observe matters objectively and bring significant matters to the notice of supervisor/principal.