

SUBJECT- AUDITING

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VOUCHING- MEANING & OBJECTIVES

MEANING:

Voucher is known as the evidence for the support of a transaction in the books of account. It may be bill, receipts, requisition form, agreement, decision, bank paying slip etc.

The act of examining documentary evidence in order to ascertain the accuracy of entries in the account books is called "Vouching".

Vouching is a technical term which refers to the inspection by the auditor of documentary evidence supporting and substantiating a transaction. Simply stated, vouching means a careful examination of all original evidence i.e. invoices, statements, receipts, correspondence, minutes and contracts etc. with a view to ascertain the accuracy of the entries in the books of accounts and also to find out, as far as possible, that no entries have been omitted in the books of accounts. Therefore, vouching is the act of testing the truth of entries appearing in the primary books of accounts. It is initial for auditing.

Voucher:

A voucher is a documentary evidence in support of a transaction in the books of account.

* Objectives:

main objective of vouching is to find out the regularity or irregularity of transactions, frauds and errors. Regularity means maintaining record and performing the work compliance with the rules, regulation and laws. Some of the major objectives of vouching are given below:

1. To Detect Errors and Frauds

All transactions are to be supported by evidence. Each document should be proved by authorized authority. with the help of vouching we can detect errors and frauds by verifying each transaction. Planned fraud can be detected through vouching.

2. To Know the Truth of Account

Each and every transaction is checked and ratified on the basis of support document. So, we can easily know the truth of account.

3. To Find the Unrecorded Transactions

Each and every transaction is checked and ratified on the basis of document. Vouching helps to find out the unrecorded or missing transactions. if any voucher is found unrecorded, auditor can suggest to record such transactions.

4. To know That All the Transactions are authorized:

If the transactions are made on the consent of concerned authority, such transactions are known as authorized transactions. If transactions are not authorized, such transactions can be fictitious transactions. So, such fictitious transactions can be found with the help of vouching.

5. To know That Only The Business Transactions are Recorded

Some times, transactions are performed for individual purpose but payment is made out of business. Such transactions should not be recorded in account of business. If such transactions are recorded, we can find it with the help of vouching. To know the real profit or loss of business, such transactions are to be separated.