

SUBJECT- AUDITING

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QUALITIES AND QUALIFICATIONS OF AN AUDITOR

An efficient auditor must possess certain general qualities besides statutory qualification, so that he can carry out his work efficiently and smoothly. The qualities of an auditor are classified below.

1. Professional Qualification i.e., Statutory Qualification.
2. Professional Qualities i.e., Personal Qualification.
3. Personal Qualities i.e., General Qualities.

They are detailed below:

* Professional Qualification or Statutory Qualification of an Auditor

In the case of sole trading concern and partnership the law has not prescribed any qualification for an auditor. However in the case of auditors of Joint Stock Companies, the auditor must be a chartered Accountant within the meaning of chartered Accountant Act, 1949.

He must pass Chartered Accountant (C.A) examination conducted by the (ICAI). To be entitled to practice, a chartered accountant should obtain a certificate of practice from the Council of the

ICAI on payment of a prescribed annual fee.

There are two categories of members of the ICAI such as - Associates, and Fellows.

A person is regarded as an Associate member of the institute when his name is entered in the members Register maintained by the Institute. This entitles him to use the letters A.C.A. after his name.

An associate in continuous practice in India for at least five years under any other associate who has been a member of the institute for five years and possess such qualifications as prescribed by the Council of the institute can be enrolled as a fellow of the institute and is entitled to use the letters F.C.A. after his name.

* Personal Qualification of an Auditor

The professional qualities required for auditors are many and are of varied in nature. They are required for the successful performance of audit work. They are as follows:

1. The auditor must have a complete and thorough knowledge of the principles, theory and practice of accountancy. The auditor must be familiar with the different systems of accounting and their aspects. He must be well versed with the all branches of accounting. He should be aware of the latest developments in the field of accounting.

2. He should have a thorough knowledge in various legislation regulating business such as Companies Act, the Indian Partnership Act, Banking and Insurance Act, Sale of Goods Act, Foreign Exchange Management Act, the Indian Contract Act, etc.
3. The auditor should have a thorough knowledge of the techniques of auditing. He should be fully aware of new changes and developments in the principles and practice of auditing.
4. The auditor must be familiar with the computer accounting and other automatic machine devices used in the office.
5. In addition to the knowledge of commercial laws, an auditor should have a thorough knowledge of the various provisions relating to income-tax, wealth tax, VAT, gift-tax, etc.
6. The auditor should be familiar with the principles of economics and economic laws because a business has to work within some specific economic laws and social environment and its influence is visible into business.
7. The auditor should have knowledge in statistics and mathematics, which will help him to deal with complicated problems.
8. He must study important judgements in audit cases, which will help him to define the duties, responsibilities, and liabilities of an auditor.

9. An auditor should have a good knowledge in business organization and financial administration, and industrial management.
10. The auditor should have knowledge on the technical details of business under audit.

* General Qualities of an Auditor :

Individual qualities are the essential monitors of a successful auditor. The personal qualities that are needed for an auditor are as follows:

1. Honesty:- An auditor must be honest in his work if he has to carry out his duties successfully. He has to maintain a good moral standard.
2. Tactful:- The auditor should be tactful in dealing with the clients staff.
3. Ability to work-HARD:- The auditor must have a painstaking attitude and willingness to work hard.
4. Impartial:- The auditor should not be influenced by any bias in discharging his duties. He should be impartial.
5. Cautious and vigilant: An auditor must be vigilant in his work. He should always proceed with his eyes open and be alert.
6. Methodical: He must perform his duties methodically, and should be thorough, and complete in his work.

7. Ability to Trace out Facts and Figures: Auditor should possess a realistic attitude towards his work. He should be able to trace out facts and figures.
8. Always Inquisitive: The auditor should Not be suspicious. He should always be inquisitive. He should not adopt an attitude of suspicion.
9. Courage: The auditor should be bold enough to discharge his duties. He should not certify which he doubts to be genuine.
10. Ability to Maintain Secrets: The auditor should have the ability to maintain secrets and should not disclose the secrets of his client to anybody.
11. Ability to Communicate: An auditor must have the ability to prepare audit report correctly and forcefully, precisely, concisely and clearly.
12. Common sense: An auditor should possess a good common sense. The auditor should have a full share of the most valuable commodity - common sense. But common sense is normally very much uncommon in man.

Over and above the statutory and professional qualification, the auditor has to observe certain code of conduct and professional ethics. Responsibility and attitude of professional auditor can gain public confidence and trust.

Further, in the digital age, majority of the business transactions are done online. Accounts are maintained on computer. The Electronic Data Processing (EDP) systems are in operation for maintenance of accounts. No primary data are used for recording transaction. Thus, the auditor has to acquire the knowledge of EDP system. He himself must be competent to face the challenges of new digital business world of E-Governance and E-commerce.