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SUBJECT- AUDITING

TYPES OF AUDIT:

1. COST AUDIT:

Cost Audit is the verification of the correctness of cost accounts and adherence to the cost accounting plans. Cost audit is the detailed checking of costing system, techniques and accounts to verifying correctness and to ensure adherence to the objectives of cost accounting.

2. Secretarial Audit:

Secretarial Audit is concerned with verification compliance by the company of various provisions to companies Act and other relevant laws. Secretarial audit report includes

- whether the books are maintained as per companies act, 2013
- whether necessary approvals as required from central government, Company law board or other authorities were obtained.

3. Independent Audit:

It is conducted by the independent qualified auditor. The purpose of independent audit is to see whether financial statements give true and fair view of financial position and profits. Mainly it is for safeguarding the interest of owners, shareholders and other parties who donot have knowledge of day to day operations of organisation.

4. Tax Audit:

Now-a-days tax audit has become very important to ascertain the accuracy of tax related documents. Tax audit mostly covers income returns, invoices, debit and credit notes and various current and fixed assets. Tax Audit an innovation of 21st century. It has added one more chapter to the practice of auditing. Tax audit covers the validity and credibility of tax related documents.

STATUTORY AUDIT

Statutory Audit is a type of Audit which is mandated by a statute or law to ensure true and fair view of the book of accounts of a Business is presented to the regulators and the public. Unlike internal audit, statutory audits are not optional and must be performed if a business satisfies certain criterias. Statutory audit must be completed by qualified chartered Accountants who are independent of the Business. Further the report prepared by the auditor on his/her findings must be presented in the format prescribed by the Regulator.

Statutory Audits can be mainly classified into two types, Company audits and Tax audits. As per companies Act, 2013, every company, Irrespective of its sales turnover or nature of business or capital must have its books of Accounts audited each financial Year. Thus, the board of directors of a company are required by law to appoint an Auditor within 30 days of incorporation and thereafter conduct an Audit of its Financial Statements each financial Year. The accounts of a limited Liability partnership (LLP) must be audited if it has an annual turnover of Rs 40 Lakhs or more or Rs 25 Lakhs or more capital contribution. Tax audit on the other hand is required for properietorship and partnership Firms that have cross a certain hold of sales.