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

SUBJECT- AUDITING

VOUCHING OF PURCHASE BOOKS AND PURCHASE RETURN

* VOUCHING OF PURCHASE BOOKS

1. The main aim of vouching of purchase-book is to see that all purchases invoices are entered in purchase-book and the goods are entered in the purchases book are actually received by the business.

2. Payment is made for only those goods which are delivered by the supplier.

3. Vouching normally depends on the frequency of purchases, size of the organization and the staff employed.

4. If the internal control system for purchases is inadequate, the auditor has to exercise a greater care in vouching the purchase transactions.

* Auditor's Duties while Vouching Credit Purchases

(1) (a) There should be proper record for all the purchase orders. A duplicate copy of order is kept in the office for record.

(b) A copy of purchase-order shall be sent to Accounts Department.

(c) All goods received should be recorded on goods received note; a copy of it should be sent to Accounts Department.

(d) Payment of supplier is made only after verification of receipt of goods and the price quoted in purchase-order.

(2) The auditor should see that only credit purchases of goods are recorded in purchase book.

(3) The purchases book can be verified from purchase invoices, copies of orders placed, goods received note, goods inward book, copies of challans from suppliers.

(4) The quantity mentioned in the invoice must be the same as in shown in the purchase-order.

(5) The price charged by the supplier must be as per quotation/price-list of supplier.

(6) The supplier bill must in the name of the business and for the period under audit.

(7) The goods purchased must not be for the personal use of Directors or officers.

(8) While vouching the purchase vouchers, each voucher should be stamped or initiated after examination, so that it cannot be produced again.

(9) The totaling and casting of purchases book should be verified. It should also be seen that all taxes, octroi and freight

are added to the purchases and trade discounts allowed are deducted.

(10) In certain cases, statement from the suppliers may be obtained to verify his purchases records.

(11) The auditor should be more careful while vouching the purchases made in the first and last month of the accounting period, because sometimes the purchases of the last year may be included in the purchases of first month of the current year or purchases of the last month of the current year may be recorded in the next.

(12) Duplicate invoices must not be entered in the purchases book if original invoices have already been recorded.

II. VOUCHING OF PURCHASE RETURNS

Some-times the purchased goods are returned back to the suppliers for the various reasons. The goods purchased may not correspond to the quality or the specifications ordered. The auditor should see that there exists a proper system to record such returns. In such cases, the purchasers send back the invoice or alternatively a credit note may be obtained from the supplier. The credit note should include the amount which was originally included in the invoice. A separate returns book is maintained to record the returns. If the supplier replaces the goods returned, the information must be sent to both departments.

* AUDITOR'S DUTY

↳ He should see that a Debit note has been sent to the supplie on credit note has been received from the supplier.

→ The quantity returned must correspond with the store-keeper's record, return outward register and godu-keeper's outward register.

→ The amount shown in Credit note should be verified.

→ The auditor should be careful about the recording of purchases return in the current year. Sometimes the prof of current year may be manipulated by recording curren year's purchases returns in the subsequent years.

→ The purchases return of the first month and last-month of the accounting year should be vouched carefully, to detect any manipulation of amounts.