

Order of Study:

- 1) Chapter 7 – Company Audit – I*
- 2) Chapter 8 – Company Audit – II*
- 3) Chapter 9 – Special Audit*
- 4) Chapter 1 – Nature of Auditing*
- 5) Chapter 2 – Basic Concepts of Auditing*
- 6) Chapter 3 – Preparation for an audit*
- 7) Chapter 5 – Vouching* *(Remember main important common points)*
- 8) Chapter 6 – Verification* *(Remember main important common points)*
- 9) Chapter 4 – Internal Control*

Approximate time required to complete – 20-25 days. (3-4hrs a day)

Approximate time required to revise – 4-7 days. (3-4 hrs a day)

Important Questions:

1. NATURE OF AUDITING

- *Basic Principles governing an audit*
- *Auditors responsibility to consider fraud and error.*
- *Inherent limitations of an audit.*
- *Adv of an independent audit.*
- *Qualities of a good auditor.*
- *Diff. Between auditing, accounting & Investigation.*
- *Dist between audit principles and audit techniques.*
- *General purpose financial statements*
- *Events which increase the risk of fraud or error leading to material misstatement.*
- *What do you understand by auditing? Explain objectives, merits, demerits.*
- *Types of errors and frauds and responsibility of auditor.*
- *Work performed by others.*
- *Limitation of Scope.*

2. BASIC CONCEPTS OF AUDITING

- *Reliability of audit evidence.*
- *Methods of obtaining audit evidence.*
- *Concept of materiality.*
- *Disclosure of accounting policies.*
- *Fundamental accounting assumptions.*
- *Surprise checks.*
- *Extra Ordinary items*
- *Independence of auditor.*
- *True & Fair view Financial Statement*
- *Continuous audit. Adv & Dis adv.*
- *B/s Audit.*
- *Interim audit v/s Continuous audit.*
- *Going concern.*
- *Compliance Procedure, Substantive procedure, Comp v/s Subst procedure.*

3. PREPARATION FOR AN AUDIT

- *Auditors engagement.*
- *Audit working papers.*
- *Stratified random sampling. Adv of statistical sampling*
- *Audit risk – Components of Audit risk.*
- *Relationship between components of audit: Inherent Risk, Control Risk & Detection Risk.*
- *Relationship between materiality and audit risk.*
- *Quality control from audit work.*
- *Certificates from management.*
- *Tolerable Error, Expected Error (Sampling)*
- *Audit Note Book.*
- *Test Check (Necessary Care)*
- *Risks involved in statistical sampling.*
- *Auditors lien.*
- *Secret Reserve.*
- *Audit programme.*
- *Test check v/s Routine Checking.*
- *Method of Selecting Sample.*
- *Permanent audit file.*

4. INTERNAL CONTROL

- *Internal Control*
- *Review and Testing of Internal Control.*
- *Internal Control Questionnaire, Flow Chart.*
- *Examination /Auditing in depth.*
- *Computer Assisted audit techniques and how it improves efficiency of procedures.*
- *General CIS controls and CIS Application controls.*
- *Features of EDP environment.*
- *Internal check v/s internal audit.*
- *Audit trail*
- *Inherent limitations of internal control.*
- *Factors determining size of sample.*
- *Audit risk. Components.*
- *CIS – Benefits and problems.*

5. VOUCHING & 6. VERIFICATION

Very important chapters.

Go through compilation and remember important common points in all questions.

7. COMPANY AUDIT – I (MOST IMPORTANT CHAPTER)

- Disqualifications under section 226
- Ceiling of audit.
- Filling up of a casual vacancy.
- Appointment of auditor by special resolution.
- Re-appointment of auditors.
- Auditors remuneration.
- Removal of auditor.
- Inquiry u/s 227 (1A)
- Branch Audit (Exemptions)
- Special Audit u/s 233A
- CARO – Applicability & Exemptions. Condition for exemption for Pvt Ltd Co.
- Qualified Opinion, Adverse Opinion, Disclaimer of Opinion.
- Central govt. Power to appoint auditors.
- Rights of Auditor.
- Powers of a co. Auditor.
- Cost Audit
- Statutory Report u/s 165 (a)
- Rights, Duties & Liabilities of auditor.
- Bonus Share.
- Auditors Report and different types.
- Appointment of auditor – Special Resolution.
- Who will appoint auditor if company fails to pass special resolution.

8. COMPANY AUDIT – II

- *Shares issued for consideration other than cash*
- *Sweat Equity shares*
- *Option in share capital*
- *Audit of debentures.*
- *Buy Back*
- *Items for which proper books of accounts should be maintained. Where these books should be maintained?*
- *Special provisions when company has a branch.*
- *Circumstance when proper books are not deemed to be kept.*
- *Reduction of share capital.*
- *Schedule Reqmnt Disclosure –(Share Capital, Fixed Assets,Cont. Liab, Misc Exp.etc.)*

9. SPECIAL AUDIT

- *Duties of C & AG.*
- *Propriety audit.*
- *Performance audit.*
- *Audit of Government Cos. – Powers of C & AG.*
- *Audit of NGO, Audit of receipts and payments.*
- *Special steps in audit of Partnership firm.*
- *Audit of Charitable institutions*
- *Audit of Educational institutions.*
- *Audit of Hospital*
- *Audit of club.*
- *Audit of Hotel*
- *Independence of C & AG*
- *Under Govt. Audit –*
 - *Audit against rules and order*
 - *Audit of sanctions*
 - *Audit against sanction of funds.*