CHAPTER I

Introduction

1. The purpose of audit is to ensure that annual accounts give true and fair view. This means that the reader of accounts is given a correct picture. Audit consists of examination of books and records, verification of assets and liabilities, determination of profit or loss and compliance with statutory requirements.

2. The audit procedure is changing rapidly to keep pace with new accounting softwares, frequent and numerous pronouncements of ICAI and continuous statutory amendments. This edition touches upon audit requirement including Corporate Governance, Peer Review, accounting standards and auditing and assurance standards. This edition includes an exhaustive checklist on audit under section 44AB of the Income Tax Act, 1961.

3. The checklists with audit procedures have been founded on basic requirements. The procedures have to be varied based on the size and nature of business of the company effectiveness of internal control, procedure for cross verification, and scope of audit.

4. Each “Checklist” has been conceived as a ‘guide’ and a how-to-do-it kit to help the company auditor in discharge of onerous attestation function. The “Checklist” is not intended to be a text book on auditing; hence, elementary points of routine audits are not dealt with a presupposition that the audit staff and articled trainees are aware of the basics of audit. The “Checklist” have been prepared also with a view to help the auditor to prepare working papers.

5. This edition has been divided into various chapters which have been arranged to assist an auditor to review the audit procedures step by step beginning with acceptance of audit till completion and finalizing audit report including report under CARO.

6. Care has been taken to incorporate all important aspects of corporate audit in checklists. However, it provides only a model and no substitute to tailor made audit planning & execution.

7. To increase the usefulness of the checklists, suggestions are invited.

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