

AUDITING

1. What is audit?

Audit is a systematic and independent examination of an organization's financial records, accounts, and statements to verify whether they present a true and fair view of its financial position. It involves checking accounting entries, supporting documents, and internal controls to ensure that transactions are recorded accurately and in accordance with applicable laws, accounting standards, and policies. The main purpose of an audit is to enhance the reliability and credibility of financial statements so that stakeholders such as owners, investors, banks, government authorities, and the public can trust the information presented. An audit also helps in identifying errors, frauds, and weaknesses in internal control, thereby improving financial discipline and transparency in the organization.

2. Books of accounts

Books of accounts refer to the systematic records in which a business documents all its financial transactions on a regular basis. These records include books such as the journal, ledger, cash book, purchase book, sales book, and other subsidiary books, where transactions relating to income, expenses, assets, liabilities, and capital are recorded in a chronological and classified manner. Books of accounts provide the basic data required for preparing financial statements like the Profit and Loss Account and Balance Sheet. They also serve as important evidence for audits, tax assessments, and legal compliance, ensuring accuracy, transparency, and accountability in business operations.

a) Primary books (Journal)

The journal is the primary book of accounts in which all business transactions are recorded for the first time in a systematic and chronological order. Each transaction is entered in the journal after analyzing its debit and credit aspects, following the rules of accounting. A journal entry includes the date of the transaction, the accounts involved, the amounts debited and credited, and a brief narration explaining the transaction. Since every transaction is first recorded in the journal, it is also known as the book of original entry. The journal serves as the foundation for posting entries into the ledger and helps in maintaining accuracy, transparency, and a clear audit trail of business transactions.

These include the journal, cash book, purchase book, sales book, purchase returns book, sales returns book, bills receivable book, and bills payable book. Each of these books is maintained to record specific types of transactions in a systematic and chronological manner.

b) Secondary books (Ledger)

The secondary books of accounts, mainly referred to as the ledger, are the books in which transactions recorded in the primary books are classified and summarized account-wise. In the ledger, similar transactions relating to a particular account, such as cash, purchases, sales, debtors, creditors, or expenses, are grouped together at one place. This classification helps in determining individual account balances and forms the basis for preparing a trial balance and final accounts. Secondary books play a crucial role in understanding the financial position of a business and are essential for audit, analysis, and decision-making purposes. The secondary books of accounts include the ledger and its various forms, along with certain important registers that support detailed classification of transactions. These consist of the general ledger, debtors' ledger, and creditors' ledger, which group transactions account-wise. In addition, supporting secondary records such as the inventory (stock) register, fixed asset register, and payroll register are maintained to keep detailed

information related to stock, assets, and employee payments. Together, these secondary books and registers help in summarizing financial data, determining account balances, preparing final accounts, and facilitating effective audit and control.

3. Types of audit

a) Statutory audit

A statutory audit is a mandatory audit required by law for certain entities to ensure that their financial statements present a true and fair view of their financial position and performance and are prepared in accordance with applicable accounting standards and legal requirements. In India, statutory audits are governed by laws such as the Companies Act, 2013, the Banking Regulation Act, and other relevant statutes. All companies, irrespective of their turnover or profit, are compulsorily required to undergo a statutory audit. Similarly, banks, insurance companies, and specified statutory bodies must also mandatorily get their accounts audited due to the public interest involved. However, for proprietorships, partnership firms, and LLPs, a statutory audit is applicable only when prescribed limits under the Income-tax Act, 1961 are exceeded, such as turnover exceeding ₹1 crore in the case of business or ₹50 lakhs in the case of profession, subject to certain conditions. Thus, statutory audit is not mandatory for all businesses and its applicability depends on the type of entity and the limits specified by law, ensuring transparency, reliability, and legal compliance in financial reporting.

b) Internal audit

An internal audit is an independent and systematic evaluation of an organization's internal controls, risk management practices, and operational efficiency, conducted to improve overall governance and performance. Unlike statutory audit, internal audit is primarily meant for management's use and focuses on reviewing the effectiveness of internal processes, compliance with internal policies, and safeguarding of assets. In India, internal audit is mandatory for certain classes of companies as prescribed under the Companies Act, 2013, based on criteria such as turnover, paid-up capital, borrowings, or listing status, while for other organizations it may be voluntary depending on the size and nature of the business. Internal audit may be carried out by an internal auditor, who can be an employee or an external professional such as a Chartered Accountant. The objective of an internal audit is not only to detect errors and frauds but also to suggest improvements in internal control systems, enhance operational efficiency, and support management in achieving organizational objectives.

c) Environmental audit

An environmental audit is a systematic and independent assessment conducted to evaluate whether an organization's activities and operations comply with environmental laws, regulations, and internal environmental policies. It examines the environmental impact of business activities, including areas such as pollution control, waste management, energy consumption, and use of natural resources. An environmental audit is not compulsory for all organizations; it is mandatory only for certain industries whose operations have a significant impact on the environment, such as manufacturing units, chemical industries, mining, power plants, and other polluting industries, as prescribed under applicable environmental laws in India. For other organizations, environmental audit is generally voluntary and is undertaken as part of corporate social responsibility and sustainability initiatives. The objective of an environmental audit is to ensure legal compliance, environmental protection, and sustainable development, while identifying environmental risks and improving the organization's environmental performance and public image.

d) Management audit

A management audit is a comprehensive and critical evaluation of an organisation's management policies, decision-making processes, and overall efficiency to assess how effectively management is achieving organisational objectives. Unlike statutory or internal audit, a management audit focuses on managerial performance, organisational structure, planning, control systems, and utilisation of resources, rather than only financial records. It is not legally mandatory and is usually conducted voluntarily at the request of management or the Board to improve performance and governance. A management audit may be carried out by external experts or professional consultants with relevant expertise. The main objective of a management audit is to identify weaknesses, suggest improvements, enhance efficiency and effectiveness, and support management in better planning, coordination, and decision-making.

e) Tax audit

A tax audit is an examination of a taxpayer's books of accounts and financial records to ensure compliance with the provisions of the Income-tax Act, 1961. It is conducted to verify the correctness of income, expenses, deductions, and taxes declared by the taxpayer and to ensure that accounting records are properly maintained. In India, a tax audit is mandatory only when prescribed limits are exceeded, such as when the turnover of a business exceeds ₹1 crore or the gross receipts of a profession exceed ₹50 lakhs, subject to conditions specified under the Act. A tax audit must be conducted by a Chartered Accountant, and the auditor is required to submit the tax audit report in the prescribed form to the income tax authorities within the specified time limit. The objective of a tax audit is to ensure accuracy, transparency, and proper reporting of taxable income, thereby facilitating correct tax assessment and reducing disputes with tax authorities.

f) Cost audit

A cost audit is an independent examination of the cost records and cost accounting systems maintained by a company to verify their accuracy and reliability. It is carried out to ensure that the cost of production, cost of sales, and cost of services are correctly recorded and that the cost accounting methods followed are appropriate and consistent. In India, cost audit is mandatory for certain classes of companies as prescribed under the Companies Act, 2013, and rules framed by the Cost Accounting Records Rules. Cost audit is usually applicable to companies engaged in manufacturing or production activities where cost records are required to be maintained. The audit is conducted by a Cost Accountant (a professional member of the Institute of Cost Accountants of India) and the cost audit report is submitted to the Central Government in the prescribed format. The main objective of cost audit is to ensure proper cost control, reduction in wastage, and efficient utilization of resources, which helps in improving profitability and operational efficiency.

g) Compliance audit

A compliance audit is an independent examination conducted to verify whether an organisation is following laws, regulations, policies, and internal procedures applicable to its operations. It checks whether the company is complying with statutory requirements such as labour laws, tax regulations, environmental laws, corporate governance rules, and other industry-specific regulations. Compliance audit is usually conducted voluntarily or as per regulatory requirement, depending on the nature of business and legal obligations. The auditor reviews documents, records, and practices to identify any non-compliance, and then suggests corrective actions to ensure adherence to legal and policy requirements. The objective of a compliance audit is to prevent legal penalties, protect the organisation's reputation, and ensure that the business operates within the legal framework and ethical standards.

h) Forensic audit

A forensic audit is a specialised and detailed examination of an organisation's financial records and transactions, conducted to detect, investigate, and prevent fraud, financial misconduct, or criminal activities. Unlike regular audits, forensic audit focuses on finding evidence that can be used in legal proceedings, such as fraud, embezzlement, money laundering, misappropriation of assets, or financial manipulation. It involves detailed verification, data analysis, tracing of funds, and gathering documentary evidence to support the findings. Forensic audits are usually carried out when there is suspicion of fraud or financial irregularity, or when required by courts, regulators, or management. The objective of a forensic audit is to uncover the truth, determine the extent of fraud, identify the persons involved, and provide evidence for legal action, thereby strengthening accountability and preventing future financial crimes.

4. Accounting Voucher

An accounting voucher is a written document that serves as proof of a financial transaction and contains important details such as the date, amount, accounts involved (debit and credit), narration, and supporting evidence like bills, invoices, receipts, or payment vouchers. It forms the basis for recording transactions in the books of accounts and ensures that every entry is properly authorized and traceable. Vouching is the auditing process of examining and verifying these accounting vouchers and supporting documents to ensure that the transactions recorded in the books are genuine, accurate, and complete. During vouching, the auditor checks the authenticity, correctness, and completeness of transactions, verifies amounts, dates, and parties involved, and ensures that transactions are recorded in the proper accounting period. This procedure helps in detecting errors, fraud, and irregularities, thereby providing assurance that the financial statements are reliable and free from material misstatement.

5. How to vouch for sales invoices

a) Invoice number & Date

While vouching sales invoices, the auditor must carefully check the invoice number and date to ensure the accuracy and authenticity of sales recorded in the books. The invoice number should be unique, sequential, and properly authorized, indicating that the invoice has been issued in a systematic manner and is not duplicated or manipulated. Any missing or irregular sequence in invoice numbers may suggest unrecorded sales, fictitious sales, or tampering. The invoice date is equally important as it helps verify that the sale has been recorded in the correct accounting period. The auditor checks whether the invoice date falls within the relevant financial year and is consistent with the delivery date, sales register, and other supporting documents. Proper checking of invoice number and date helps prevent errors such as overstatement or understatement of sales, and strengthens the reliability of the financial statements.

b) Customer name & Address

The auditor must verify the customer's name and address to ensure that the sale is genuine and correctly recorded. The customer details on the invoice should match the sales register, customer ledger, delivery challan, and payment records, confirming that the goods or services were supplied to a real and existing customer. Checking the customer's address also helps the auditor confirm the place of supply, which is important for GST compliance and correct tax treatment. Any mismatch in customer details may indicate fictitious sales, incorrect posting, or possible fraud, and needs to be investigated further. Thus, verifying customer name and address helps in ensuring the authenticity of sales and strengthens the reliability of the financial statements.

c) Total amount

The auditor checks that the total amount is correctly calculated by adding the value of goods or services, applicable discounts, and taxes (such as GST). This total should match the sales register, customer ledger, and accounting entries in the books of accounts. Any difference or mismatch in the total amount may indicate calculation errors, incorrect tax treatment, or manipulation of sales figures. Therefore, verifying the total amount helps in ensuring that sales are recorded correctly, and it prevents overstatement or understatement of revenue in the financial statements.

d) Taxes & GST

The auditor checks whether the GST rate applied is correct for the goods or services sold and whether the tax amount is accurately calculated. It is also important to confirm whether the invoice shows the correct type of GST (CGST, SGST, IGST) depending on the place of supply and whether the transaction is intra-state or inter-state. The auditor further verifies that the GST charged is properly recorded in the GST register and matches the entries in the sales book and accounting system. Any errors or discrepancies in GST can lead to incorrect tax liability, penalty, or misstatement of revenue. Hence, checking taxes and GST ensures correct compliance and accurate financial reporting.

e) Authorization

While vouching sales invoices, the auditor must verify the authorization of the invoice to ensure that the sale has been approved by the responsible authority within the organization. Authorization confirms that the transaction is genuine, legitimate, and in accordance with the company's sales policy. The auditor checks whether the invoice is signed or approved by an authorized person, such as the sales manager or authorized signatory, and whether the approval is in line with the company's delegation of authority. This helps in preventing unauthorized sales, fictitious transactions, or manipulation of revenue. Proper authorization also strengthens internal control and ensures that sales are recorded only after necessary checks and approvals.

f) Supporting documents

Supporting documents may include the delivery challan, sales order, purchase order, goods dispatch records, packing list, and customer acceptance or acknowledgment. The auditor checks whether these documents are consistent with the invoice details such as quantity, description of goods, price, and date of sale. In the case of credit sales, the auditor also verifies the customer's acknowledgement of receipt and checks if the goods were actually delivered. Supporting documents provide evidence that the sale has occurred and help in preventing fictitious sales or incorrect recording. Thus, verifying supporting documents is essential to ensure that sales are genuine, properly authorized, and accurately recorded in the financial statements.

g) Sales return

While vouching sales invoices, the auditor must also verify the sales return transactions to ensure that the sales figure is not overstated. Sales returns occur when customers return goods due to defects, incorrect delivery, or other reasons. The auditor checks the sales return register, credit notes, and supporting documents such as the goods return note or delivery receipt to confirm the authenticity of returns. It is important to verify whether the returns have been recorded in the correct accounting period and whether the amount is correctly adjusted against the sales. The auditor also checks that the goods returned are properly accounted for in the inventory records. Proper verification of sales returns ensures that the net sales figure is accurate and prevents misstatement of revenue in the financial statements.

6. Verification

Verification is the process of examining whether the assets and liabilities shown in the balance sheet actually exist on the date of the balance sheet and are stated at their correct values. It is concerned with confirming the existence, ownership, valuation, and proper disclosure of assets and liabilities. Through verification, the auditor ensures that the items are genuine, belong to the business, are free from undisclosed charges, and are recorded in accordance with accounting principles. Verification also helps in detecting overstatement, understatement, fraud, and errors in financial statements, thereby ensuring that the balance sheet presents a true and fair view of the financial position of the business.

7. Verification of P&M

a) Existence

The auditor must ensure that the plant and machinery shown in the balance sheet actually exist on the date of verification. This is verified by physical inspection of the machinery at the factory or business premises. The auditor may also rely on the fixed asset register, asset identification numbers, and location records to confirm existence. In case the machinery is not physically verifiable (such as machinery given on hire or located at another site), the auditor obtains appropriate confirmations and supporting documents. This process helps in detecting fictitious assets and ensures that only existing plant and machinery are recorded in the books of accounts.

b) Ownership

The auditor must verify that the plant and machinery recorded in the books are legally owned by the business. Ownership is confirmed by examining purchase invoices, supplier agreements, delivery challans, and payment records. If the machinery is acquired on hire purchase or lease, the auditor checks the relevant contract to ensure correct ownership treatment and disclosure. In case the machinery is hypothecated or mortgaged against a loan, the auditor verifies loan agreements and ensures proper disclosure of the charge in the balance sheet. This verification ensures that only assets belonging to the business are shown as plant and machinery.

c) Valuation

The auditor must ensure that plant and machinery are shown in the balance sheet at their correct value. This is verified by checking whether the assets are recorded at cost less accumulated depreciation, in accordance with applicable accounting standards and the company's accounting policy. The auditor examines purchase invoices, installation charges, freight, and other directly attributable costs to confirm the original cost. Further, the auditor checks whether depreciation has been consistently charged using the appropriate method and rate. If there is any indication of impairment or obsolescence, the auditor ensures that necessary adjustments are made. Proper valuation ensures that plant and machinery are neither overstated nor understated in the financial statements.

d) Disclosure

The auditor must ensure that plant and machinery are properly disclosed in the financial statements in accordance with the applicable accounting standards and statutory requirements. The assets should be shown under the appropriate head in the balance sheet, along with details such as gross block, accumulated depreciation, and net block. Any additions, disposals, impairment losses, or revaluations during the year must be clearly disclosed. If the plant and machinery are pledged, hypothecated, or subject to any charge, the nature of such charge should be properly disclosed by way of notes to accounts. Proper disclosure ensures transparency and helps users of financial statements understand the true position of plant and machinery.

e) Additional checks

While verifying plant and machinery, the auditor should also perform certain additional checks to ensure overall accuracy and reliability. The auditor verifies whether the machinery is properly insured against risks such as fire and theft. Maintenance and repair records are examined to identify any major expenses that should be capitalized instead of treated as revenue. The auditor also checks whether idle, obsolete, or discarded machinery has been appropriately provided for or written off. In case of major repairs, replacements, or improvements, the auditor ensures correct accounting treatment and disclosure. These additional checks help the auditor form a complete and reliable opinion on plant and machinery.

8. Qualifications of an auditor

An auditor is a qualified professional appointed to examine the books of accounts and report on the true and fair view of the financial statements. As per the Companies Act, 2013, only a Chartered Accountant within the meaning of the Chartered Accountants Act, 1949, holding a valid Certificate of Practice, is qualified to be appointed as an auditor of a company. A firm of Chartered Accountants is also eligible for appointment, provided that all partners practicing in India are Chartered Accountants, and the audit report is signed by a practicing CA partner. These qualifications are prescribed to ensure that the auditor possesses adequate professional knowledge, competence, and independence to conduct the audit effectively and express an unbiased opinion on the financial statements.

9. Duties of a company auditor

A company auditor is an independent professional appointed to examine the books of accounts of a company and to report whether the financial statements present a true and fair view of its financial position and performance. The company auditor acts as a watchdog of shareholders' interests by ensuring that the accounts are prepared in accordance with the provisions of the Companies Act, 2013, accounting standards, and applicable laws. He examines accounting records, verifies assets and liabilities, checks compliance with statutory requirements, and detects material errors or frauds, if any. By expressing an independent audit opinion, the company auditor enhances the credibility and reliability of the company's financial statements for shareholders, creditors, and other stakeholders.

a) Examining financial records

One of the primary duties of a company auditor is examining financial records. The auditor carefully examines the books of accounts, vouchers, invoices, bills, and other supporting documents to ensure that all transactions are properly recorded, authentic, and accurate. He verifies whether the accounting records are maintained in accordance with the Companies Act, 2013 and applicable accounting standards. Through this examination, the auditor ensures that the financial statements are free from material misstatements and reflect a true and fair view of the company's financial position and performance.

b) Reporting to shareholders

Another important duty of a company auditor is reporting to shareholders. The auditor is required to submit an audit report to the shareholders of the company, stating whether the financial statements present a true and fair view of the company's financial position, financial performance, and cash flows. This report is prepared after an independent examination of the books of accounts and is presented at the Annual General Meeting (AGM). By reporting to shareholders, the auditor provides assurance regarding the reliability of financial statements and helps shareholders make informed decisions.

c) Compliance verification

Compliance means the auditor must ensure that the company follows all applicable laws, rules, and regulations such as the Companies Act, Income Tax Act, GST laws, and accounting standards. This includes checking whether the company has maintained proper books of accounts, filed statutory returns, followed corporate governance norms, and adhered to internal policies. Verification, on the other hand, involves confirming the authenticity and accuracy of the company's assets and liabilities. The auditor verifies records like bank balances, inventory, fixed assets, investments, and receivables to ensure they exist, are properly valued, and belong to the company. Through compliance and verification, the auditor provides assurance that financial statements are reliable and the company is legally and financially sound.

d) Assessing internal controls

It helps in determining the reliability of the company's financial reporting system. Internal controls are the policies and procedures established by the management to ensure proper authorization, accurate recording, safeguarding of assets, and prevention of errors or fraud. The auditor evaluates whether these controls are designed effectively and are operating efficiently. This includes checking processes like approval of transactions, segregation of duties, physical verification of assets, proper documentation, and monitoring systems. By assessing internal controls, the auditor identifies weaknesses or gaps and decides the nature, timing, and extent of audit procedures required. A strong internal control system reduces audit risk, improves accuracy of financial statements, and provides confidence to stakeholders about the company's financial integrity.

e) Detection of frauds & errors

Detection of frauds and errors is an important duty of a company auditor, although the auditor is not responsible for preventing them. The auditor must conduct the audit with professional skepticism and perform audit procedures that help in identifying any material misstatements due to fraud or error. Errors may occur unintentionally due to mistakes in calculation, omission, or incorrect accounting treatment, while fraud involves deliberate manipulation or misrepresentation by employees or management. During the audit, the auditor reviews records, verifies transactions, checks authorizations, and examines supporting documents to identify any unusual or suspicious activities. If the auditor detects any fraud or significant error, they must report it to the management or board and reflect it in the audit report, ensuring that stakeholders are informed about the true financial position of the company.

f) Communication with board

Communication with the Board of Directors is a crucial duty of a company auditor, as it ensures transparency and accountability in the company's financial reporting. The auditor must regularly share important findings, audit observations, and any significant issues discovered during the audit with the Board or the Audit Committee. This includes reporting weaknesses in internal controls, instances of non-compliance with laws, material misstatements, and any fraud or irregularities detected. The auditor also discusses audit plans, scope, and significant risks with the Board before starting the audit. Such communication helps the Board take timely corrective actions, strengthens corporate governance, and ensures that the management is held responsible for maintaining accurate and fair financial records. Effective communication also supports the auditor's independence and builds trust between the auditor and the company's leadership.

10. Audit Report

An audit report is the final document prepared by the auditor after completing the audit of a company's financial statements. It contains the auditor's opinion on whether the financial statements present a true and fair view of the company's financial position and performance. The report also states whether the audit has been conducted in accordance with the Standards on Auditing and applicable laws. It highlights any significant issues such as non-compliance, material misstatements, or fraud, and mentions if there are any limitations in the audit process. The audit report is signed by the auditor and is presented to the shareholders at the Annual General Meeting (AGM), helping stakeholders make informed decisions about the company.

a) Qualified opinion

A qualified opinion is issued by the auditor when the financial statements are generally correct, but there is a specific issue or limitation that prevents the auditor from giving a completely clean report. This means the auditor is mostly satisfied, but there is one or more material misstatements or restrictions that are not pervasive (not affecting the entire financial statements). The auditor explains the reason for qualification in the audit report and clearly states that except for this particular issue, the financial statements are true and fair. A qualified opinion does not mean the company's accounts are wrong overall; it indicates a specific problem that needs correction or disclosure.

b) Unqualified opinion

An unqualified opinion is the cleanest and best type of audit report that an auditor can give. It means that the auditor is fully satisfied with the company's financial statements and believes they are true, fair, and free from material misstatements. The audit has been conducted properly according to the Standards on Auditing, and the financial statements comply with all relevant laws and accounting standards. In simple words, an unqualified opinion indicates that the financial statements present a true and fair view of the company's financial position and performance without any major issues or restrictions.

11. Software in audit

In modern auditing, the use of software has become essential as it helps auditors perform their work more efficiently and accurately. Audit software assists in analyzing large volumes of data, identifying errors, detecting fraud, and testing transactions quickly. Tools like data analytics software, CAATs (Computer Assisted Audit Techniques), and ERP audit tools help auditors verify financial records, reconcile accounts, and evaluate internal controls. These software programs also allow auditors to generate audit reports, maintain working papers, and store evidence securely. By using audit software, auditors can improve accuracy, save time, and provide more reliable audit opinions, making the audit process more effective and transparent.

a) Microsoft Excel

Microsoft Excel is one of the most commonly used software tools in auditing because it helps auditors organize, analyze, and verify financial data efficiently. Auditors use Excel to prepare working papers, perform calculations, reconcile accounts, and analyze trends. Features like pivot tables, filters, formulas, conditional formatting, and charts help auditors quickly identify errors, unusual transactions, or discrepancies in large data sets. Excel also helps in creating audit schedules, trial balances, and financial statements. By using Excel, auditors can improve accuracy, save time, and maintain proper documentation of audit procedures, making the audit process more systematic and reliable.

b) SAP / Oracle / Microsoft Dynamics

SAP, Oracle, and Microsoft Dynamics are major ERP (Enterprise Resource Planning) software systems used by companies to manage their business operations, including finance, sales, inventory, and HR. Auditors use these ERP systems during audits to access and verify financial data directly from the company's source system. These systems store all transactions in a centralized database, which helps auditors check the accuracy of records, trace transactions from source to financial statements, and evaluate internal controls. Audit tools in these ERP systems also allow auditors to perform data extraction, generate audit trails, and test large volumes of transactions quickly. By auditing through ERP systems like SAP, Oracle, or Microsoft Dynamics, auditors can improve efficiency, reduce manual errors, and ensure that financial statements are reliable and transparent.

c) Tally Prime

Tally Prime is a widely used accounting software in India that helps companies maintain their financial records, such as sales, purchases, payments, receipts, and inventory. Auditors use Tally Prime during audits to verify the accuracy and completeness of accounting data. By accessing the company's Tally data, auditors can review vouchers, ledger balances, trial balance, GST reports, and bank reconciliation statements. Tally Prime also provides features like audit trail, audit log, and data export, which make it easier for auditors to trace transactions and detect errors or irregularities. Using Tally Prime in audit helps auditors perform quick checks, reduce manual work, and ensure that financial statements are correct and compliant with accounting standards.

d) Quick Books / Zoho Books

QuickBooks and Zoho Books are popular cloud-based accounting software used by many small and medium-sized businesses. Auditors use these tools to access financial records, verify transactions, and test the accuracy of accounts. These software programs maintain organized records of sales, purchases, expenses, bank transactions, and GST reports, which helps auditors easily trace transactions and verify balances. Features like real-time data access, automated reports, audit trail, and easy data export make auditing faster and more reliable. By using QuickBooks and Zoho Books, auditors can perform efficient data analysis, identify discrepancies quickly, and ensure that financial statements are accurate and compliant with accounting standards.