

AUDITING

B.Com. Honours Part-1, Paper-2

Topic – Audit Programme (Part-2)

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TYPES

Audit Programme may be divided into two classes:

1. Fixed Audit Programme —

This audit programme is also known as predetermined or standardised audit programme. This type of audit programme is prepared according to the general principles of auditing and there is no need ~~of~~ to make different programme for every audit.

2. Flexible Audit Programme —

This programme is also known as progressive or special audit programme. This type of audit programme is prepared on the basis of special nature and special accounting system of the business. This programme is more flexible.

ADVANTAGES

Following are the main advantages of Audit Programme —

1. It divides the work on the basis of ability and efficiency of the staff.

2. It provides the knowledge of the progress of work by his staff.
3. It increases in the efficiency of his staff.
4. It minimises the possibility of errors and negligence.
5. It makes certain of responsibility for negligence of audit work.
6. It presents as an evidence against charges of negligence in the court of laws.
7. It divides the working area of auditing and accountancy.
8. It provides a base for the future audit plan.
9. It assures the whole test and examination of the books of accounts.
10. It helps in the preparation of audit report.

DISADVANTAGES

The disadvantages of audit programme are as below —

1. Auditor's staff feel that the work is mechanical in nature like clerical work.

2. Under this programme, there is no scope of creativity on the part of the auditor's staff.
3. Auditor's staff suffer from lack of uniformity in various audit.
4. It is very difficult to detect fraud.
5. Auditor's staff cannot make any decision regarding audit work due to lack of freedom in decision making.

PRECAUTIONS

The following precautions or remedies may be suggested to avoid the disadvantages of audit programme —

1. The junior assistants should be consulted while preparing the audit programme.
2. Audit programme should be provided freedom and opportunities to auditor's staff for developing their intelligency, ability and efficiency.
3. It should be separate programme for every business audit.

4. Audit programme should be flexible.
 5. Audit programme should be useful according to the nature of work and organisation of the business.
 6. It should be revised in accordance with the internal control system to be reviewed from time to time and from firm to firm.
 7. A rigid and stereotype audit programme should be avoided.
 8. Suggestions and advice of auditor's staff may be valuable.
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