

**Title: Introduction to Auditing**  
**Credit Hours: 3**

**Code: ACC 386**  
**Year /Semester: IV/VIII**

**48 Hours**

**Course Objectives:**

The objective of this course is to provide the student with basic knowledge and skills of auditing and develop the capabilities of performing and reporting on audit of financial statements.

**Unit 1 Introduction to Auditing**

**6 Hours**

Nature and Scope of auditing; Principles Governing an Audit; Objective of auditing; Errors and Frauds; Evolution of auditing in Nepal; Accounting, Auditing and Investigation; Nepal Standards on Auditing Issued by ICAN

**Unit 2 Preparation for an Audit and Internal Control**

**12 Hours**

Audit Planning; Audit Program; Audit Working Papers; Audit Evidence-Method of Obtaining Evidence, Sources and Reliability; Audit Sampling-Meaning, Types; Test Checking; Internal Control-Meaning, Inherent Limitation, Tools to Review Internal Control System; Audit Materiality and Audit Risks; Continuous Audit; Interim Audit; Statutory Audit; Internal Audit; Tax Audit

**Unit 3 Vouching and Verification**

**8 Hours**

Meaning of Vouching; Audit of Sales, Purchase, Receipt, Payment, Cash Transaction; Vouching of Impersonal Ledger; Meaning of Verification; Vouching vs. Verification; Verification of Assets and Liabilities

**Unit 4 Auditor's Report and Professional Ethics**

**8 Hours**

Meaning of audit report; Contents of audit report; Management Letter; Signing on Audit Report; Types of audit Opinion; Professional Code of Conducts

**Unit 5 Special Types of Audit**

**8 Hours**

Cost Audit; Audit of Companies; Audit of NGOs; Audit of School, Audit of Co-operatives; EDP Audit; Features and basic principles of Government audit; Role of Auditor General in Government Audit

**Unit 6 Investigations**

**6 Hours**

Concept of Investigation; Investigation & Audit; Steps in Investigations; study of Financial Statement; Types of Investigation

**Reference Books:**

1. Gupta, Kamal: *Contemporary Auditing*, Tata Mc-Graw-Hill Publishing Company Ltd. , New Delhi
2. Tondon, B.N. ,Sudharsanam S. And Sudharababu S.: *A Handbook of Practical Auditing* , S. Chand & Company Ltd., New Delhi
3. Sharma,T.R.: *Auditing*, Sahitya Bhavan, Agra
4. *Auditing Act, 2048*
5. *Nepal Standard on Auditing*: The Institute of Chartered Accountant of Nepal, Kathmandu
6. *NGOs Audit Directives*: The Institute of Chartered Accountant of Nepal, Kathmandu
7. *Schools Audit Directives*: The Institute of Chartered Accountant of Nepal, Kathmandu
8. *Co-operatives Audit Directives*: The Institute of Chartered Accountant of Nepal, Kathmandu
9. *Nepal Company Act, 2063*, Ministry of Law & Parliamentary Affairs, Nepal
10. *Directives issued by Office of Auditor General of Nepal*