



# **TRINITY COLLEGE FOR WOMEN NAMAKKAL**

**Department of Commerce**

**AUDITING**

**19UCM13/19UCC10 - ODD Semester**

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# VOUCHING

## Introduction

Auditing as a whole consists of mainly two functions of which are closely connected with evidence. The first is evidence –gathering, the second is evaluation. Of the many kinds of evidence gathered, documentary evidence & explanations are the most important.

Vouchers (documentary evidence) are examined with a view to find out the correctness, genuineness, and acceptability, accuracy of various transactions entered in the books of account.

# MEANING

Vouching is the very essence of auditing .it is considered as a backbone of auditing. vouching means & include the examination of every business transaction with its supporting documentary evidence, the checking of which enables the auditor to satisfy himself that the transaction is in order.

## DEFINITION

According to ***R.K.Mautz***," The examination of documentary evidence in support of entries is often referred to as vouching".

According to ***Ronald A. Irish***, "Vouching is a technical term which refers to the inspection of documentary evidence supporting & substantiating a transaction".

## OBJECTIVES OF VOUCHING

- Vouching involves the collection of vouchers & related evidence.
- Vouching involves evaluating the collected evidence and vouchers.
- Vouching involves finding out that there is no omission of any record.
- Vouching involves the examination of books of accounts with the help of vouchers.
- To ensure that no receipts & payments of cash is unrecorded in the cashbook.
- One of the principal objects of vouching is to ascertain only that money has been actually paid away by the business in respect of a business transaction.
- It is to ensure that no fraudulent payments have been made.
- It forms the basis for final conclusion to be drawn by the auditor.

- Vouching also refers to checking the entries with a view to find that transactions which are not related to the business concern have not been recorded in the books of accounts.
- To examine the business transactions recorded in the books of account with documentary evidence in support thereof.
- To examine the accuracy, adequacy & credibility of such documentary evidence
- To examine the authority of transactions recorded.
- To verify the cash in hand as well as in the bank.

# VOUCHER

Vouching is done with the help of vouchers. a voucher may be defined as a written document to be used in support of entry made in the books of accounts.

## DEFINITION

According to arthur w.holmes,"a voucher is any documentary evidence in support of a transaction."

According to ronald a. irish, "a voucher may be receipt, an invoice, an agreement, a written requisition slip or in short, any suitable written evidence which confirms a written transaction."

# TYPES OF VOUCHER

All vouchers can be classified into two broad categories from the point of view of their nature.

1.Primary voucher

2.Collateral voucher

# FEATURES OF VOUCHING

- ✓ The voucher must be written in the name of the client or the business.
- ✓ All vouchers should be properly filed.
- ✓ The date mentioned on voucher must agree with the date of entry of transaction.
- ✓ It must be duly authorized.
- ✓ It should bear the sign of payee.
- ✓ The amount stated in voucher & books of accounts should tally.
- ✓ Voucher should be free from error.
- ✓ Voucher over rs.20/- should bear revenue stamp.
- ✓ Any change made in it must bear a signature of responsible officer.
- ✓ A voucher previously used must not be unused.



# POINTS TO BE CONSIDERED WHILE EXAMINING VOUCHERS

- ✓ **In the name of employees**
- ✓ **Printed**
- ✓ **Serial number**
- ✓ **Date**
- ✓ **Stamped**
- ✓ **Related with the firm**
- ✓ **Special mark**
- ✓ **Signature of responsible officer**
- ✓ **Revenue stamp**
- ✓ **No of the employees**
- ✓ **Related with business**
- ✓ **Payment for the concern**
- ✓ **Capital or revenue account**
- ✓ **Related to same year**
- ✓ **Amount in words & figure**
- ✓ **Important points to be noted**
- ✓ **Invoice**
- ✓ **Mutilated voucher**
- ✓ **Pad paper**
- ✓ **Time of payment**

# IMPORTANCE OF VOUCHING

## “Vouching is the Backbone of Auditing”

Vouching is considered to be the essence of auditing or backbone of auditing due to the following reasons:

### 1. Primary step in auditing

Vouching is the preliminary step in the audit of accounts. If an auditor completes this work carefully, he can proceed further in his task easily.

### 2. Accuracy of books of accounts

The main aim of audit is to check the books of accounts to ascertain their accuracy. Vouching since it establishes the accuracy and authenticity of transactions fulfills this object of audit.

### **3. Basis for the verification on assets and liabilities:**

Vouching is the basis of verification of assets and liabilities, which are the next, step in auditing. The auditor has to certify the correctness of assets and liabilities appearing in the balance sheet, for which vouching is helpful to him.

### **4. Detection of errors and frauds**

During the course of vouching, the auditor is able to detect errors and frauds, which is the subsidiary object of audit. This possibility of detection automatically prevents the commission of errors and frauds.

### **5. Certification of state of affairs of a business**

The auditor has to certify that the Profit and Loss account and the Balance Sheet exhibit a true and correct view of the state of affairs of a business. In order to certify like this or otherwise, the vouching is of much use to an auditor since it reveals the correctness of accounts and forms the basis of verification.

# THANK YOU

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