

## Guidelines for NEP UGCF Syllabus w.e.f. 2022-23

For the Paper Titled

***“Auditing” of B. Com Hons***

***DSE 5.5, Semester V***

Jointly Organised By

Department of Commerce, Delhi School of Economics, University of Delhi,

Shyama Prasad Mukherji College for Women, University of Delhi, and

Shri Ram College of Commerce, University of Delhi

**Date: 12<sup>th</sup> November, 2024**

**Time: 9:30 AM**

**Venue: Online via Google Meet**

### MINUTES OF THE MEETING

*Guidelines Preparation for Auditing [B. Com Hons, DSE 5.5, Semester V (NEP Syllabus)]*

An online meeting to discuss and finalize the guidelines for the paper titled "**Auditing**" [B. Com Hons, DSE 5.5, Semester V (NEP Syllabus)] was held on **12<sup>th</sup> November 2024, at 9:30 am**. The meeting was jointly organized by the **Department of Commerce, Delhi School of Economics, University of Delhi, Shyama Prasad Mukherji College for Women, University of Delhi, and Shri Ram College of Commerce, University of Delhi**.

The meeting was convened by **Dr Priti Rai**, Department of Commerce, Shyama Prasad Mukherji College for Women, and co-convened by **Mr Anuj Vijay Bhatia**, Department of Commerce, Shri Ram College of Commerce, and **Ms. Ritika**, Department of Commerce, Shyama Prasad Mukherji College for Women. **Prof. Sunaina Kanojia** represented the Department of Commerce, Delhi School of Economics, University of Delhi.

The discussion focused on setting teaching guidelines, lecture distribution, and marks allocation for the course under the NEP syllabus.

The following members were present at the meeting:

<b><i>S. No.</i></b>	<b><i>Name of the Faculty</i></b>	<b><i>Department/Affiliated College Name</i></b>
1.	Prof. Sunaina Kanojia (Department Representative)	Department of Commerce, Delhi School of Economics
2.	Dr Priti Rai (Convener)	Shyama Prasad Mukherji College for Women

3.	Mr Anuj Vijay Bhatia (Co-convener)	Shri Ram College of Commerce
4.	Ms. Ritika (Co-convener)	Shyama Prasad Mukherji College for Women
5.	Prof. Aruna Jha	Shri Ram College of Commerce
6.	Amit Kumar Paswan	Hindu College University of Delhi
7.	Dr. Akanksha Jain	PGDAV College
8.	Sandhya Taneja	Satyawati College
10.	Dr. Poonam	Bharati College
11.	Dr. Monika	Moti Lal Nehru College Eve.
12.	Vaishali Narolia	Janki Devi Memorial College
13.	CA. Harjinder Singh	SGND Khalsa College
14.	Dr. Sunita	Daulat Ram College
15.	Prof. Vikas Kumar Joshiya	Sri Aurobindo College Evening
16.	Mr. Tanmoy Sardar	Ramjas College
17.	Prof. Deepak Srivastava	Keshav Mahavidyalaya
18.	Dr. Monika	Moti Lal Nehru College Eve.
19.	Dr. Priyanka Shukla	Dyal Singh College Morning
20.	Roopa Johri	Bharati College
21.	Laxmi	Maitreyi College, DU
22.	Dr. Meenakshi Yadav	PGDAV College Evening
23.	Dr. Manoj Kumar Pandey	Gargi College
24.	Dr. Shivam Agnihotri	Shaheed Bhagat Singh Evening College
25.	Prof. Anita Bajaj	PGDAV College (E)
26.	Dr. Lovleen Gupta	Hindu College
27.	Dr. Harshdeep Kaur	S.G.T.B Khalsa College
28.	Amit Kapoor	Shyam Lal College
29.	Rupal Arora	Gargi college
30.	Surabhi Dhingra	Deshbandhu
31.	Rajni Jagota	PGDAV(D)
32.	Ritu	Swami Shraddhanand college
33.	Dr. Vijay Vrat Arya	Shaheed Bhagat Singh College
34.	Dr. Priyanka Saroha	College of Vocational Studies, Delhi University
35.	Nisha Rana	Deen Dayal Upadhyaya college

The meeting commenced with a welcome note by **Dr Priti Rai**, who extended her greetings to **Prof Sunaina Kanojia** and all participants from various colleges of the University of Delhi.

After discussion, the following guidelines were unanimously agreed upon:

### **Marks Allocation**

The total number of theory lectures and tutorials assigned for this paper, as per the NEP syllabus, are 3 lectures and 1 tutorial per week over a 15-week period in Semester V.

A unit-wise breakup of marks allocated for each unit is placed below:

<i>Unit</i>	<i>Marks Allocation</i>
<b>Unit 1: Introduction (7 hours)</b> Meaning and objectives of auditing; nature and scope of auditing; basic principles and techniques of auditing; Classification of audit; Audit in computerised environment.	18
<b>Unit 2: Internal Control and Audit Procedures (9 hours)</b> Audit planning and documentation; audit evidence; audit sampling, internal check, internal control, and internal audit.	18
<b>Unit 3: Vouching and Verification (11 hours)</b> Vouching – Meaning and objectives; Procedure of Vouching; Vouching of Cash and Bank, Purchase and Sales; Verification of Assets and Liabilities; Inventory Valuation.	12
<b>Unit 4: Company Auditors (11 hours)</b> Qualifications and disqualifications; appointment and rotation, removal, remuneration, rights, duties and liabilities of Auditors.	24
<b>Unit 5: Audit Report and Special Audit (7 hours)</b> Contents and types of audit report, Qualified and Unqualified report; National Financial Reporting Authority. Special Audit: Banking and Insurance company; Forensic Audit.	18
<b>Total</b>	<b>90</b>

### **Examination-Related Guidelines**

1. The paper-setting board must design the “Question Paper and Marking Scheme” to ensure objective and consistent evaluation throughout the assessment process.
2. The question paper must adhere strictly to the prescribed guidelines.
3. The paper should consist of 5 questions, numbered sequentially from 1 to 5, each carrying 18 marks with internal choice.

## Teaching-Related Guidelines

Detailed scope and suggested cases/activities are as follows:

<b>Unit 1: Introduction (7 hours)</b>		
<b>Syllabus of the Unit</b>	<b>Scope of the Unit</b>	<b>Suggested Cases/Activities</b>
Meaning and objectives of auditing	<ul style="list-style-type: none"> <li>● Definition of Auditing as per ICAI</li> <li>● Objectives and Inherent Limitations of Auditing as per SA 200</li> <li>● <b>Indicative Cases:</b></li> <li>● Kingston Cotton Mills Co. [1986]</li> <li>● Westminster Road Construction and Engineering Co. Ltd [1932]</li> <li>● Caparo vs. Dickman</li> <li>● Role of auditor in cases of fraud and error (SA 240)</li> </ul>	Learning outcomes as per syllabus mentions acquainting students with latest developments in the area of auditing. This requires to acquaint students with relevant parts of Standards of Auditing (SAs).
Nature and scope of auditing	<ul style="list-style-type: none"> <li>● Nature of Auditing</li> <li>● Interdisciplinary nature of auditing</li> <li>● Inclusions and exclusions from the scope of auditing as per ICAI</li> </ul>	
Basic principles and techniques of auditing	<ul style="list-style-type: none"> <li>● Principles of Auditing</li> <li>● Techniques of Auditing as per SA 500 – Audit Evidence</li> </ul>	<ul style="list-style-type: none"> <li>● Relevant examples should be used to teach techniques of audit evidence.</li> </ul>
Classification of audit	<ul style="list-style-type: none"> <li>● Private Audit; Statutory Audit; Government Audit; Financial Audit; Internal Audit; Cost Audit (Applicability, Conduct); Management Audit; Tax Audit (Components); Secretarial Audit; Forensic Audit (Concept); Continuous Audit; Annual</li> </ul>	

	Audit; Interim Audit; Balance sheet audit.	
Audit in computerised environment	<ul style="list-style-type: none"> <li>• Distinguish between manual auditing and computerised auditing</li> <li>• Auditing around the computer vs. Auditing through the computer</li> <li>• Computer Assisted Audit Techniques (CAATs)</li> <li>• Audit trail in a computerised environment</li> <li>• Limitations of computerised audit and ways to overcome them</li> </ul>	
<b>Unit 2: Internal Control and Audit Procedures (9 hours)</b>		
<b>Syllabus of the Unit</b>	<b>Scope of the Unit</b>	<b>Suggested Cases/Activities</b>
Audit planning and documentation	<ul style="list-style-type: none"> <li>• Considerations before commencing an audit and Terms of Audit Engagement as per SA 210</li> <li>• Audit Programme</li> <li>• Audit Notebook and Audit Documentation as per SA 230 – Filing of Working Papers, Permanent and Current audit file, Custody and Ownership of Working Papers</li> </ul> <p><b>Indicative Cases</b></p> <ul style="list-style-type: none"> <li>• Sockockinky v. Bright Graham and Co.</li> <li>• Chantrey Martin and Co. v. Martin</li> </ul>	

Audit evidence	<ul style="list-style-type: none"> <li>● Sufficiency and appropriateness of audit evidence</li> <li>● Procedures to obtain audit evidence – Compliance and Substantive procedures</li> <li>● Reliability of audit evidence</li> </ul>	
Audit sampling	<ul style="list-style-type: none"> <li>● Concept of test checking and Audit Sampling</li> <li>● Statistical and Non-Statistical Sampling</li> <li>● Considerations in audit sampling and sample size</li> <li>● Methods of sample selection as per SA 530</li> </ul>	
Internal check, Internal control, and internal audit.	<ul style="list-style-type: none"> <li>● Internal Control and its inherent limitations as per SA 315</li> <li>● Internal check – objectives, advantages, limitations, role of auditor</li> <li>● Internal Audit as per SA 610, Provisions of Section 138 of The Companies Act, 2013 w.r.t. Internal Audit</li> <li>● Internal check w.r.t to certain transactions like sales, inventory, wages and salaries, cash receipts and payments</li> </ul>	<ul style="list-style-type: none"> <li>● Activities of Designing internal control and internal check system for various business procedures like purchases, credit sales, inventories, wages and salaries, payment to creditors, cash receipts from debtors.</li> <li>● Case study of any nearby organisation – studying the internal control and check system.</li> <li>● Prepare internal control questionnaire and internal control checklist for audit of an organisation/business firm (as per the syllabus)</li> </ul>
<b>Unit 3: Vouching and Verification (11 hours)</b>		
<b><i>Syllabus of the Unit</i></b>	<b><i>Scope of the Unit</i></b>	<b><i>Suggested Cases/Activities</i></b>

<p>Vouching – Meaning and objectives</p>	<ul style="list-style-type: none"> <li>• Understanding the foundations of vouching</li> </ul> <p><b><i>Indicative Case</i></b></p> <ul style="list-style-type: none"> <li>• Armitage v. Brewer and Knott [1932]</li> </ul>	<ul style="list-style-type: none"> <li>• Collect different types of vouchers – GeM Vouchers, vetting them and quotations (can be collected from college admin.)</li> <li>• Identify and verify any five-documentary evidence in connection with sales, purchases of goods/machines, payment of expenses and liabilities (mentioned in the syllabus)</li> </ul>
<p>Procedure of Vouching;</p>	<ul style="list-style-type: none"> <li>• Process of vouching, routine checking and vouching</li> </ul>	
<p>Vouching of Cash and Bank, Purchase and Sales</p>	<ul style="list-style-type: none"> <li>• Vouching procedures for sales, purchase, cash book and bank account</li> </ul>	
<p>Verification of Assets and Liabilities</p>	<ul style="list-style-type: none"> <li>• Meaning and Objectives of verification, vouching vs. verification, verification vs. valuation,</li> <li>• Auditors’ duty w.r.t valuation of assets</li> <li>• Verification of Assets: Freehold Land, Building, Plant and Machinery, Investments, Debtors, Cash and Bank</li> <li>• Verification of Liabilities: Loans and Borrowings, Trade Creditors</li> </ul> <p><b><i>Indicative Cases</i></b></p> <ul style="list-style-type: none"> <li>• Kingston Cotton Mills [1986]</li> </ul>	

	<ul style="list-style-type: none"> <li>● State Street Trust Co. v. Ernest</li> <li>● City Equitable Fire Insurance Co. Ltd (1924)</li> <li>● Westminster Road Construction and Engineering Co. Ltd [1932]</li> </ul>	
Inventory Valuation.	<ul style="list-style-type: none"> <li>● Auditors' duty w.r.t verification of inventories, audit procedure</li> <li>● Refer relevant part of SA 501</li> </ul> <p><b>Indicative Cases</b></p> <ul style="list-style-type: none"> <li>● Kingston Cotton Mills [1986]</li> <li>● Westminster Road Construction and Engineering Co. Ltd [1932]</li> <li>● McKesson and Robbins [1939]</li> </ul>	
<b>Unit 4: Company Auditors (11 hours)</b>		
<b>Syllabus of the Unit</b>	<b>Scope of the Unit</b>	<b>Suggested Cases/Activities</b>
Qualifications and disqualifications	<ul style="list-style-type: none"> <li>● Qualifications and disqualifications as per The Companies Act, 2013</li> </ul>	Learning outcomes in the syllabus mentions - Analysing the provisions of The Companies Act, 2013 relating to auditor and auditing.
Appointment and rotation	<ul style="list-style-type: none"> <li>● First auditor, subsequent auditors, appointment in case of casual vacancy as per The Companies Act, 2013</li> <li>● Mandatory rotation of auditor as per Companies (Audit and Auditors) Rules, 2014</li> </ul>	



	<ul style="list-style-type: none"> <li>● Appointment of auditor in case of government companies</li> <li>● Compulsory reappointment and ceiling on number of audits</li> </ul>	
Removal	<ul style="list-style-type: none"> <li>● Removal before expiry of term, appointment in place of retiring auditor, resignation of auditor, removal by tribunal</li> </ul>	
Remuneration	<ul style="list-style-type: none"> <li>● Section 142 of The Companies Act, 2013</li> </ul>	
Rights	<ul style="list-style-type: none"> <li>● Rights/Power of auditors as per The Companies Act, 2013</li> </ul>	
Duties and liabilities of Auditors	<ul style="list-style-type: none"> <li>● Duties of Auditor as per The Companies Act, 2013</li> <li>● Civil Liability of Auditor under Common Law</li> <li>● Liabilities under The Companies Act, 2013</li> </ul> <p><b><i>Indicative Cases:</i></b></p> <ul style="list-style-type: none"> <li>● Leeds Estate Building and Investment Company vs. Shephard (1887)</li> <li>● London Oil Storage Co. Ltd vs. Seear, Hasluck &amp; Co. (1904)</li> <li>● A.E. Green &amp; Co. vs. The Central Advance and Discount Corporation Ltd. (1920)</li> <li>● Candler vs. Crane Christmas &amp; Co. (1951)</li> <li>● Hedley Byrne Case</li> </ul>	

	<ul style="list-style-type: none"> <li>● JEB Fasteners Ltd. Vs. Marks Bloom &amp; Co. [1981]</li> <li>● Caparo Industries Plc vs. Dickman</li> <li>● Re. The London and General Bank Ltd. [1895]</li> <li>● Kingston Cotton Mills Co.</li> <li>● Westminster Road Construction and Engineering Co. Ltd</li> <li>● Irish Woollen Co. Ltd.</li> <li>● Guru Gobind Basu vs. Sankari Prasad [1963]</li> </ul>	
<b>Unit 5: Audit Report and Special Audit (7 hours)</b>		
<b><i>Syllabus of the Unit</i></b>	<b><i>Scope of the Unit</i></b>	<b><i>Suggested Cases/Activities</i></b>
Contents and types of audit report - Qualified and Unqualified report	<ul style="list-style-type: none"> <li>● Relevant parts of SA 700/705/706/701</li> <li>● Forming an opinion and reporting on financial statements SA 700</li> <li>● Key Audit Matters as per SA 701</li> <li>● Audit Report, Duty of auditor to report, duty to enquire and report by exception, duty to report on additional matters, duty to report on fraud</li> <li>● Types of audit reports/opinion</li> <li>● Difference between types of reports/opinions</li> </ul>	<ul style="list-style-type: none"> <li>● Audit Reports of HUL, Infosys, Dabur, Adani, Reliance Industries etc.</li> <li>● Interpret the contents of audit report</li> </ul> <p><i>(These are indicative for classroom discussion/tutorials)</i></p>
National Financial Reporting Authority	<ul style="list-style-type: none"> <li>● Need for NFRA</li> <li>● Role of Independent Audit Oversight</li> <li>● Power/Functions/Duties of NFRA</li> <li>● Composition of NFRA</li> </ul>	(Discussion on development of PCAOB in the US and NFRA on similar lines in India after corporate scams like Enron, Satyam, PNB Heist.; Some recent news

	<ul style="list-style-type: none"> <li>• Jurisdiction of NFRA</li> <li>• NFRA and ICAI as regulators of auditing professions</li> </ul>	<p>articles on legal fights between NFRA and ICAI; NFRA's issuance of new AS; NFRA's investigation in cases like IL&amp;FS, DHFL etc.; A look at NFRA's annual report).</p> <p><i>These are indicative for classroom discussion/tutorials till final judgements are given by regulatory authorities/ courts.</i></p>
Special Audit: Banking and Insurance company	<ul style="list-style-type: none"> <li>• Types of Bank Audit; Regulation relating to auditors of banks, audit of loans and advances, deposits, interest income and interest expense.</li> <li>• Regulation relating to auditors of insurance companies; auditing of insurance premium, claims, commission paid to agents, investments</li> </ul>	<ul style="list-style-type: none"> <li>• Audit reports of various banks and insurance companies.</li> <li>• Yes Bank Scam and Role of Auditor</li> </ul> <p><i>(These are indicative for classroom discussion/tutorials)</i></p>
Forensic Audit	<ul style="list-style-type: none"> <li>• Meaning and nature of forensic audit; forensic vs. financial audit; relevance of forensic audit; fraud triangle; brief overview of relevant laws and standards; drawbacks of forensic audit</li> </ul>	<ul style="list-style-type: none"> <li>• Some <i>Indicative Cases</i> – PMC Bank Scam, Bhushan Steel, Religare Enterprises Fraud; Kingfisher Airlines; PNB Heist; Yes Bank; DHFL Fraud Case; Satyam Scam etc.</li> <li>• <i>These are indicative for classroom discussion/tutorials till final judgements are given by regulatory authorities/ courts.</i></li> <li>• Examine the P/L Account and Balance Sheet of</li> </ul>

		listed companies and identify gaps for forensic audit (given in the syllabus)
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### Internal Assessment and Continuous Assessment Related Guidelines

- (i) *Internal Assessment – 30 Marks (as per University Rules/Guidelines)*
  - a. 12 Marks for Class Test
  - b. 12 Marks for Assignment
  - c. 6 Marks for Attendance
- (ii) *Continuous Assessment – 40 Marks (as per University Rules/Guidelines)*
  - a. 35 Marks for Continuous Assessment
  - b. 5 Marks for Attendance

The faculty members actively participated in the discussions and expressed their appreciation for the initiative taken by **Prof. Ajay Kumar Singh**, Head and Dean, Department of Commerce, Delhi School of Economics, University of Delhi. A heartfelt thanks was also conveyed to **Prof. Sunaina Kanojia**, Department of Commerce, Delhi School of Economics, for her valuable contributions and unwavering support throughout the deliberations.

The meeting concluded with a vote of thanks to **Prof. Sunaina Kanojia**, the organizing team, and all the faculty members who contributed to the discussions.

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