

Vouching: “Vouching means testing the truth of items appearing in the books of original entry with documentary evidence”

Importance of vouching:

Armitage V. brewer and Knot (1932), Fraud committed by the clients clerks were undetected, the auditors held liable for careless vouching.

The success of audit depends on vouching, vouching is the backbone of auditing.

Vouching and Routine checking:

Routine checking involves checking of cash, carry forward, posting to ledger and transfer of balance.

Different ticks are used.

Vouching is broader and includes routine checking, Routine checking is mechanical and vouching is intelligent checking.

Types of Voucher:

- 1.Primary Vouchers: written evidence in original eg, cash memo, purchase invoice
- 2.Collateral Vouchers; Carbon copies, counterfoils etc

Objects of Vouching:

1. All transactions are recorded properly.
2. All transactions are supported with documentary evidence
3. All entries are legally valid
4. To verify that no fraud or error occurs
5. Vouchers are processed carefully through various stages of internal audit
6. Every transaction is authenticated by authorized personnel
7. Distinction between capital and revenue items
8. Mathematical accuracy

Vouching:

Vouching of the Cash Book:

Dr Side	Cr Side
1. Opening Balance	1. Wages
2. Cash Sales	2. Purchase of Goods
3. Receipts from Debtors	3. Capital Expenditure
4. Interest	4. Loans
5. Dividend	5. Salaries
6. Royalties	6. Commission
7. Rental Income	7. Travelling Expenses
8. Loans	8. Insurance Premium
9. Bill Receivable	9. Bill Payable
10. Commission	10. Freight & Carriage
11. Sale of Investments	11. Discounted Bills Dishonored
12. Subscriptions	12 Petty Cash
13. Insurance Claims	13 Payment of Taxes
14. Sale of Fixed Assets	14 Customs. Excise
15. Misc Receipts	15 Repairs & Renewals
	16 Advertising exp
	17. Dividends
	18. Directors Fee