



AUDIT

BY NEERAJ ARORA

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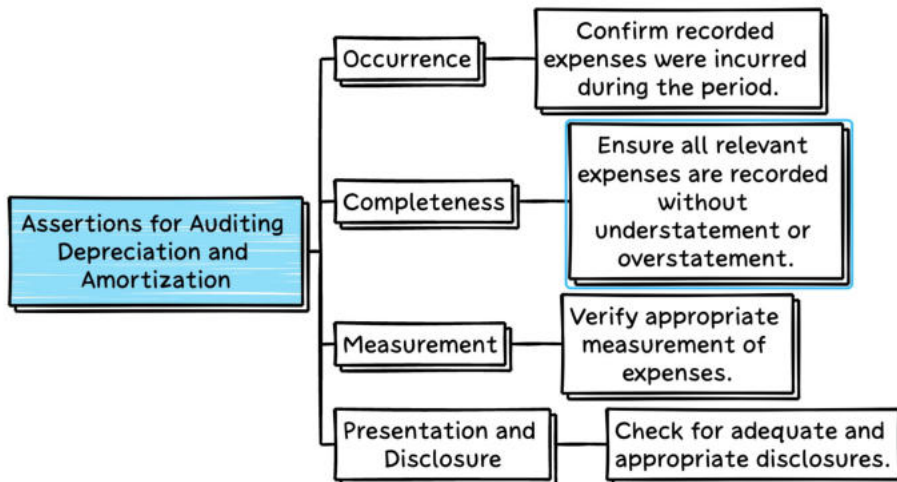
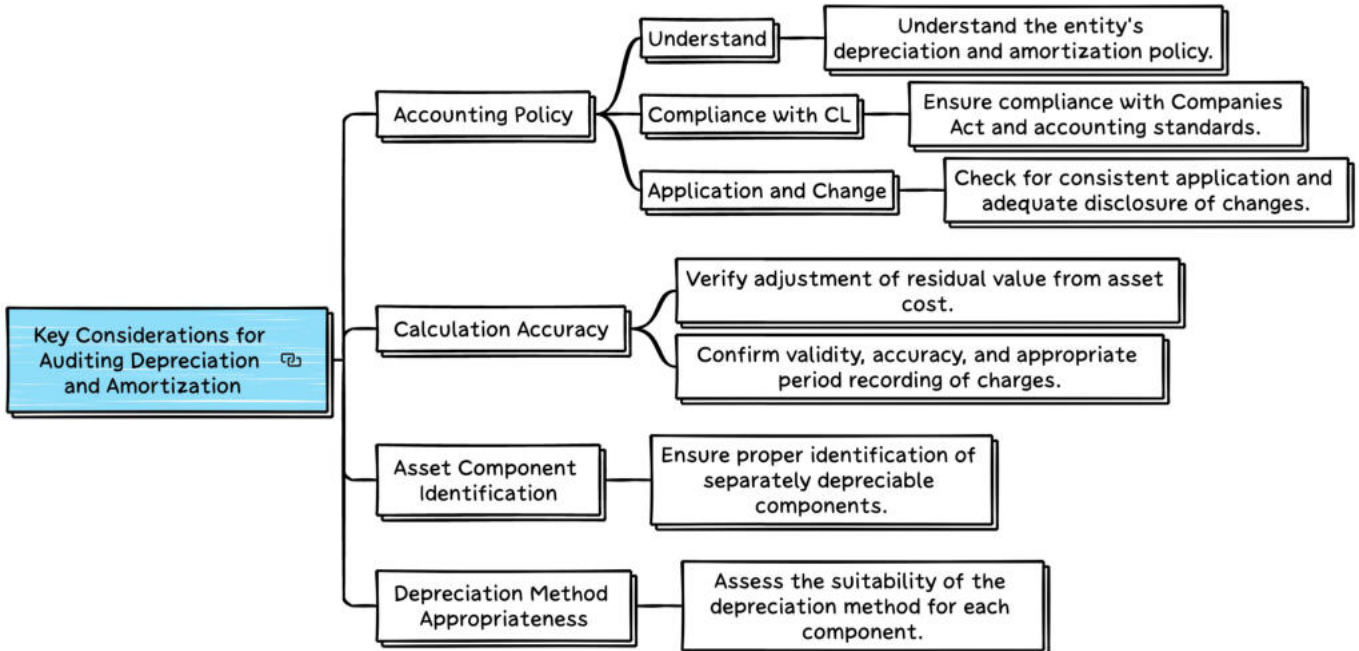
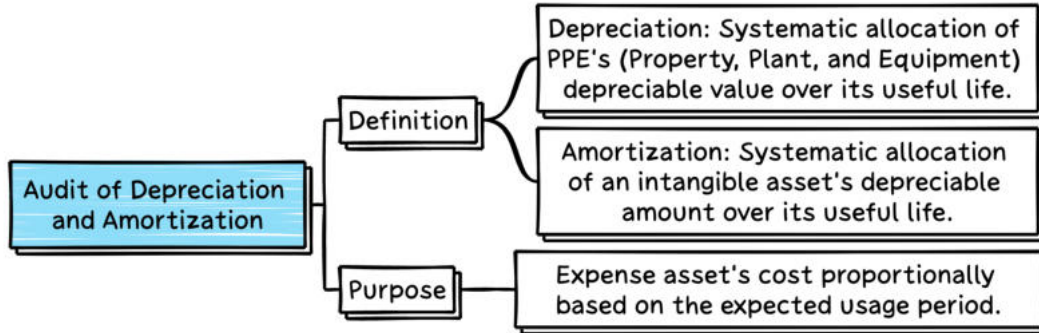
PODCAST FOR AUDITING



REVISION VIDEOS FOR AUDIT



CA INTER AUDIT CLASSES





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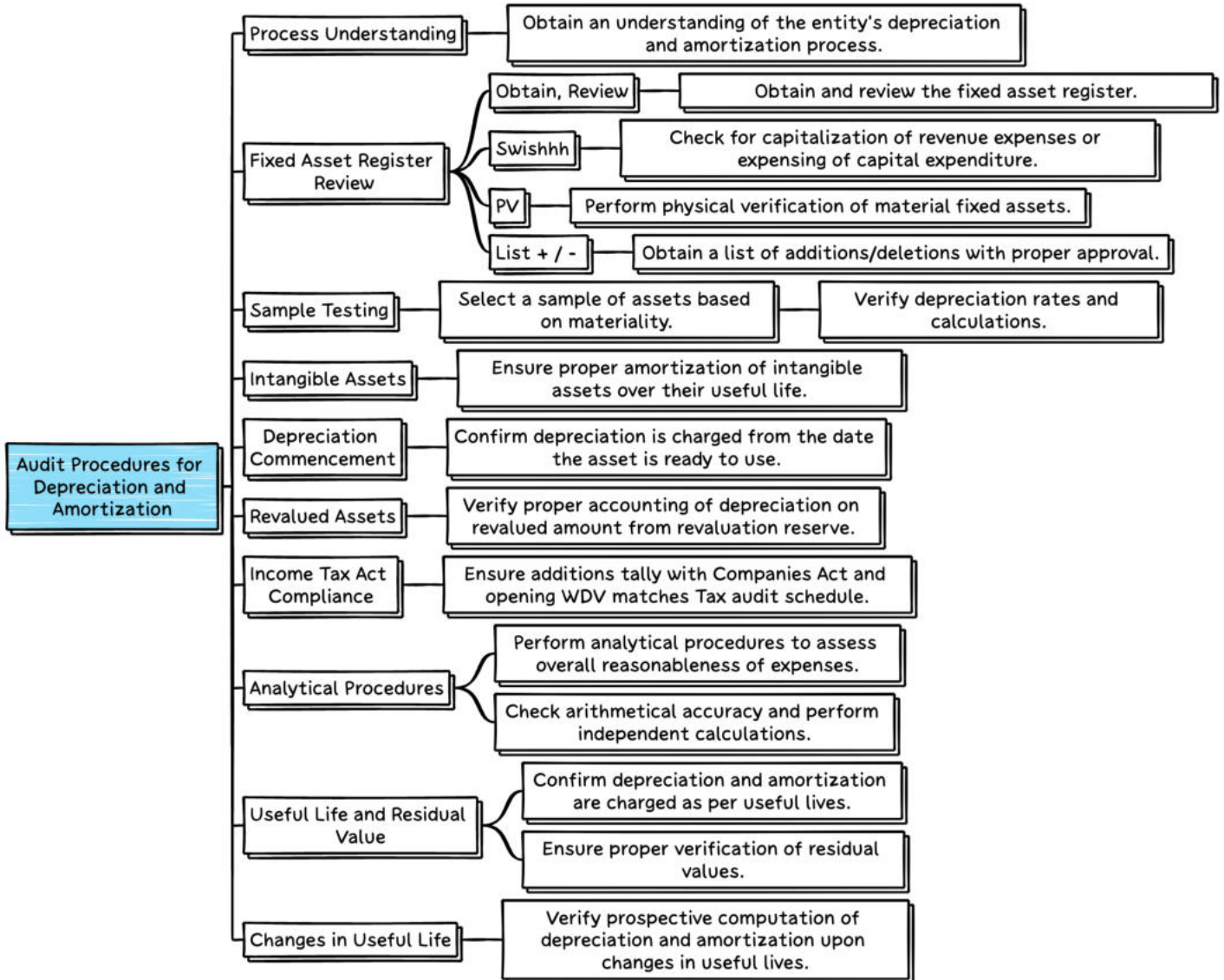
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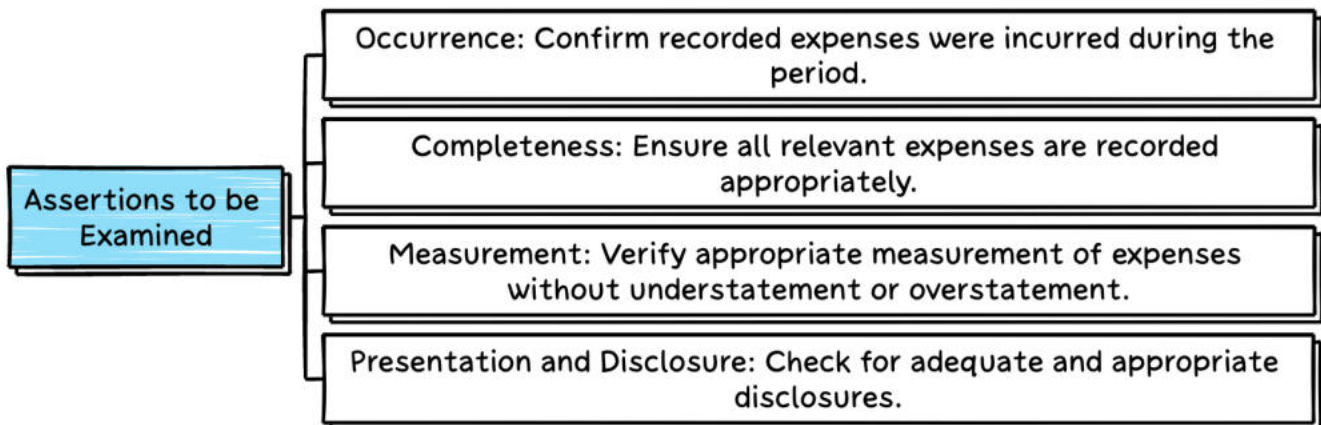
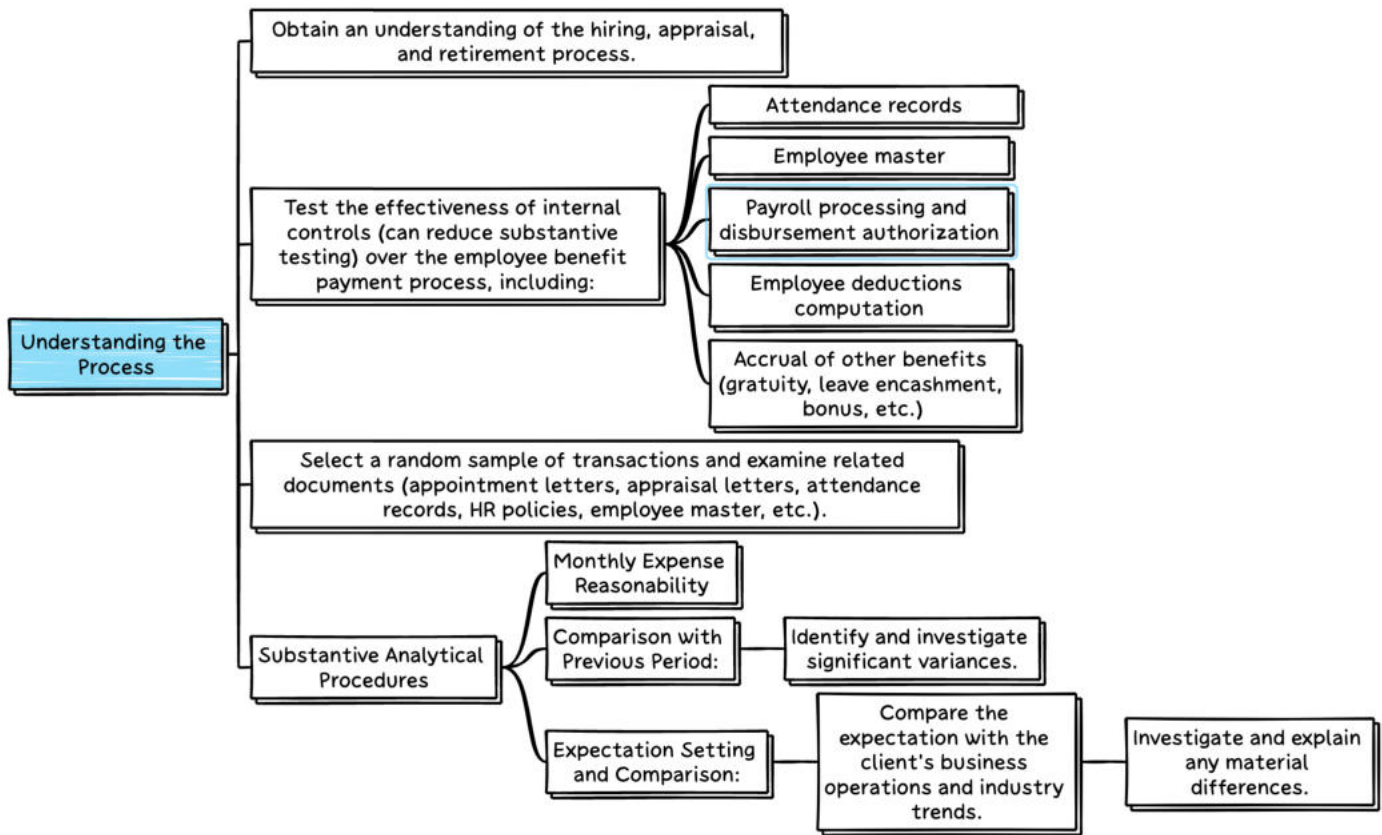


REVISION VIDEOS FOR AUDIT



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Audit of Employee Benefits Expenses





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Audit Procedures

- Attendance Process: Understand the entity's employee attendance capturing process.
- Fictitious Employees: Address the risk by meeting employees in person (sample basis) and requesting bank details/identity proofs from the payroll department.
- Employee List: Obtain a period-end employee list with monthly movement (new hires, leavers, continuing employees).
- New Hires: Select a random sample, obtain appointment letters, and verify salary processing for the first and subsequent months.
- Resigned Employees: Select a random sample, obtain full and final computation, verify dues payment (including post-retirement benefits), and check employee acknowledgement.
- Salary Registers: Obtain monthly salary registers for all 12 months.
- Average Salary Analysis: Calculate average salary per employee per month, compare with previous year and preceding month, and analyze variances.
- Accruals and Provisions: Verify accrual/provision for all employee benefits and obligations.
- PF and ESI: Compile reasonability by applying the rate to basic wages, compare with recorded amounts, analyze variances, and obtain monthly deposit challans.
- Analytical Procedures: Perform analytical procedures to assess overall reasonableness of expenses.
- Units Produced per Employee: Analyze units produced per employee, compare with previous years and industry trends, and inquire about significant variations.

Required Disclosures

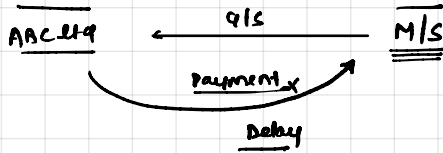
Ensure appropriate classification of employee benefit expenses:

Salaries and wages

Contribution to provident and other funds

Expense on Employee Stock Option Scheme (ESOP) and Employee Stock Purchase Plan (ESPP)

Staff welfare expenses



43B

MSMED Act, 2006

Disclosure

1. Principal Amount + Interest } Due → Shown Separately

Unpaid
at the end of Accounting year

	As At 31 st 12/XX	As At 31/3/XX-1 (Previous year)
Principal	xxx	xxx
Interest	xxx	xxx

2. Amount of Interest paid 3X, Compounded Interest - Months
In terms of Section 16 of MSMED act, 2006

Amount of payment made to
supplier beyond the appointed
day during each accounting
year

☐ WA_{3X} → on the expiry of 1st Day

☐ WA → Max - 45 Days