

TOPIC: QUALITY OF AN AUDITOR

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MEANING OF AUDIT

The word Audit takes its origin from the Latin word 'Áudire', which means 'to hear'. In olden days, whenever a trader suspected fraud in his mind about the books of accounts, he appointed a person to hear the accounts from the accountant and give his opinion about its correctness. Auditing at that time was carried out to locate frauds and errors.

To make the word 'auditing' clear, it can be compared with human body. When a physician examines a patient, he checks and examines all the parts of his body and gives his report. He is to specify in his medical report the diseases with which his patient is suffering and also prescribes medicines for its cure. In the same way, an auditor examines the accounting records.



QUALITIES OF AN AUDITOR

An Auditor being a high level officer has to perform complex functions. Therefore, he must have all the qualities of head and heart as is required by the nature of his job. He must be a man of character and good behavior. He must also a hard task maker so as to do the work himself and get the work done through his assistants. The qualities of an auditor are as follows:

I. **Knowledge of Book-Keeping, Accountancy and Auditing:** An auditor must have thorough and up-to-date knowledge of accounting and auditing principles, practices, techniques and procedures. As accounting is a changing techniques, he should be fully aware of the new changes and developments in the field of accounting.

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2. Knowledge about the working of Business: The auditor should know the technical details about the working of the business or the industry or trade carried on by his client, only then he would be able to judge whether the profit of the business and its financial position are truly reflected in the financial statements.

3. Knowledge of Language: An auditor should possess good knowledge of various languages like Hindi, English, or regional languages which are used for maintaining books of accounts and practiced as a medium of conversation, in the areas where the auditor has to perform his work.



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4. Knowledge of Economics: He should also be familiar with the principles of economics and the various economic laws. It is necessary because a business has to work within some specific social and economic environment which have definite effect on the business.

5. Knowledge of Business Laws: An auditor should be proficient in various business acts and laws, such as, Contract Act; Sale of Goods act; Insolvency Act; Income tax Act; Factory Act; Partnership Act; Company Act; etc. to discharge his duties properly.

6. Knowledge of Audit Case Laws: He should have good knowledge of the audit case laws and important decisions, both past and present, which have gone a long way in defining the duties and liabilities of an auditor under various circumstances.



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7. Technical knowledge: He must have thorough knowledge of the technical and other details of the business so that he can elicit necessary information from the employees of his client.

8. Knowledge of other subjects: The work of auditing requires the knowledge of various other inter-related disciplines such as industrial management, financial management, statistics tax laws, cost accountancy, material management, etc.

9. Efficient: An auditor should be efficient to perform the complex work of auditing even in adverse situations.



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10. Honesty: An auditor must be an honest person. He should not certify any transactions as correct unless he himself is sure that it is true.

11. Speak Truth: An auditor should be habituated to speak truth. Only then he can avoid verifying false facts.

12. Tactful: An auditor must be tactful so as to effectively deal with the client and get necessary explanations for his audit work.

13. Common Sense: He must possess good common sense to deal with the employees who might be more experienced and clever than him.



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14. Not to be suspicious: An auditor should not be suspicious or prejudiced. He should not start his work with the suspicion of things or people being wrong.

15. Ability to write Report: An auditor should be able to write the audit report to the shareholder clearly, correctly, concisely and forcefully. It is art which is possible through honest effort and practice.

We can say –*An Auditor is an a watch dog not a blood hounded dog.*”

