A Study on the Challenges and Issues in Auditing System of Books of Accounts of Different Organizations at Bengaluru

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Abstract:
The paper presentation is mainly based on the challenges of auditing which auditors face while auditing their clients' accounts. This shows the challenges and the possible suggestions to overcome the challenges faced. Understanding the auditing challenges gives a broad scope to auditing and effective precautions can be taken to carry on the auditing process smoothly in an organization. Unemployment in the audit industry remains extreme low, and the number of information technology and security auditors is only growing larger. Hence, auditors will have to work harder to differentiate themselves in the market. Auditing is one of the important aspects that need to be carried on efficiently in any organization so that a true value of the company is known. The study includes the graph on opinions and experience of chartered accountants. Sample sizes of 50 respondents were chosen for questionnaires, interviews and Google forms were provided for data.

I. INTRODUCTION

Annual auditing is the statutory requirement of any company as it helps to identify weaknesses in the accounting systems and helps in providing suggestions for improvements. The important objective of auditing is that it reduces the risk of fraud and poor accounting to a great extent. It also facilitates the stipulation of recommendation and suggestions that can have true financial advantages for a business, including how the business is operating, what margins can be projected, and how these can be achieved. Advice can cover anything from the reduction of internal controls, to tax planning or reducing the risk of fraud. An audit will improve the reliability and dependability of the figures being submitted to potential investors. An auditor might be restricted to various conditions. He is engaged to make an opinion on whether a company's financial statements are presented fairly, in all material respects, in accordance with financial reporting structure. Auditors help organizations in detecting frauds and errors and also advise on various financial decisions preparing the company to face the future growth. Studying about the difficulties faced by auditors helps in providing them favorable conditions to auditors thus enabling them to perform their functions more effectively.

II. LITERATURE REVIEW

SIRIYAMA HERATH (1998) studied that the most important attributes of the accounting profession is independence. Auditor independence is considered by how honest an auditor is, in reporting the material misstatements found in the financial statements by managers. The study shows that 'auditors are encouraged to appear independent in the sight of investors, but only to the amount that the audit fees cover the cost of the actual audit. Auditor independence is lost depending on the circumstance and individual, independence can be impaired. Hence it is understood from this paper that auditor independence is dependent on more than one variable.

JIMMY JANG(1992) explores the topic of audit quality. Audit quality focuses on the accuracy of the information reported by the auditors. This research paper states that 'the quality of the audit services is defined to be the market-assessed joint probability that a given auditor will discover a breach in the client's accounting system and report the breach. Audit quality should in terms of audit process quality and the studies on audit process should emphasize examining the different stages of the audit process. Hence audit quality is the probability of detecting audit failure, disciplining auditors and encouraging them to restrain administrative opportunism.

TRESNO EKA JAYA(1998) studied this paper examines the influence of professional skepticism, audit time constraints and the application of professional ethics of accountants on audit quality. One of the most important behaviors in the audit professional is skepticism. This paper clearly tells that the auditor's professional skepticism as an attitude that includes a questioning mind constantly and critically evaluate the audit evidence. In addition to the professional skepticism, timeliness of completion of the audit work is required by the auditor to produce quality audit. However, in practice auditors have some limitations. One of the common limitations experienced by auditors when conducting auditing is time constraint as a result auditors are forced to work quickly which leads to cut down of certain procedures in the process. This results in poor auditing. Hence organizations should emphasize on providing sufficient time for auditors to carry on their work efficiently.

S K ADVANI(1998) studied this to tell about how important is auditing in the public sector. Auditing is very essential to assess from time to time whether the audit function is providing value to stakeholders. Although auditing and providing assurance are important functions, the benefits can indirect. This makes studying the value of audit a complex job. In the public sector, it can be particularly more difficult as some of the benefits of auditing and assurance accrue to the user of the audited

information, but the provider of information also benefits from increased creditability.

CHALLENGES FACED BY AUDITORS

1. Lack of communication

It is very important for the auditor to make the organization understand about their needs or requirement of information in the same way what they mean. Otherwise it can lead to miscommunication which in turn leads to confusions and the purpose of audit program can be at risk. Hence the organization has to understand the purpose and scope of the auditor's audit program effectively. It can be avoided in the following ways:

- **Avoid jargons and acronym**

Be more specific in communicating with the staff of the organization in order to obtain right information. Usage of simple words than technical words helps or eases in collecting right information. Explaining the staff in detail and in a more specific way can help both that is the auditors as well as the staff of the organization.

- Building a good rapport with IT and security staff

The actual assessment begins with the IT and security staff. Hence building a good rapport with them helps in getting the information quickly and also effective information can be sought to carry on the audit program smoothly.

2. Cost, Time and Money

Once the audit starts, it's easy for discussions to get diverted off the scope and creep into the conclusions of doing a extra work that consumes more time, work, and cost. Hence defining the scope effectively and sticking onto it is very important in order to make the audit program work as planned. Software like Sarbanes-Oxley Act, PCI, HIPAA, GDPR, etc. can be used to set internal controls of the organization as their compass.

3. Avoid reprimands and encourage remediation

It might be easy and tempting to write audit assessment in an accusatory tone thinking that management will get motivated to remediate things but the IT and security staff will get criticized by it and their team morale takes a hit which leads to unfavorable situations. Hence instead of filling report with negative points, remediating the problems leads to good favorable situations and hence smooth functioning of audit takes place.

4. Advances in technology

Massive growth for available information has created a new environment for financial reporting. Auditors have to update themselves with providing services in a competitive way so that they retain their clients.

5. Unchanged audit process

Even though audit delivery has changed, the audit process is being carried on in the same old system, the systematic inefficiencies have to be removed by the way of adopting new audit systems that will be able to better utilize the resources and give out the best results.

6. Quality

The focus on quality and purpose inspires good auditors. But, unfortunately, the traditional response to audit troubles or problems is a peer assessment application. Trouble is, that includes an inspection after the work is already achieved. Quality efforts must be more proactive than reactive. Developing a quality mindset by everyone in the team helps to achieve continuous quality.

Objectives of the study

- To acknowledge the difficulties faced by auditors while conducting auditing.
- To understand how effectively auditors carry on auditing in order to satisfy their clients.
- To understand what are the major steps they take to carry on auditing smoothly and how do they face the challenges that arise.
- To understand the steps taken by them to overcome such difficulties.
- To plan the research in such a way that main objective of the study is fulfilled.

SCOPE OF THE STUDY

Scope of the study is restricted only to organizations in Bengaluru. This study will help to know about the difficulties faced by auditors in performing their functions at different organizations in Bengaluru. Auditors help organizations in detecting frauds and errors and prepare the business for future growth. This research aims to study and analyze the problems faced by auditors while conducting auditing and evaluate the solutions for their problems.

LIMITATION OF THE STUDY

• An underlying assumption for the entire project is that the details and the feedback received from the population are true.
• Sample of only 50 respondents is selected from the population
• Time constraint- This project had to be taken in specific time duration which does not permit extensive research report.

RESEARCH METHODOLOGY

- Descriptive Research is used for the study as it helps fact finding through surveys and enquiries. The data is collected through the primary source, which include questionnaires personal interview and telephonic interview.
- Secondary data has been collected from internet web page, magazines, books, journals newspapers etc.

DATA ANALYSIS AND INTERPRETATION
Table.1. Respondents of the Survey

| UNAVAILABILITY OF IMPROPER INFORMATION	LACK IF SUFFICIENT TIME	TOTAL
30	20	50

Table showing the responses of auditors across Bengaluru about the most common challenges they face while auditing.
Interpretation:
The above table depicts about 30 of the responses who face the challenge of not getting access to proper information about the company accounts and other important information which they require while auditing and 20 of the respondents face the challenge of not being able to meet deadline in time, the time they receive from the company to audit is insufficient.

Charts showing various opinions of auditors on challenges faced.
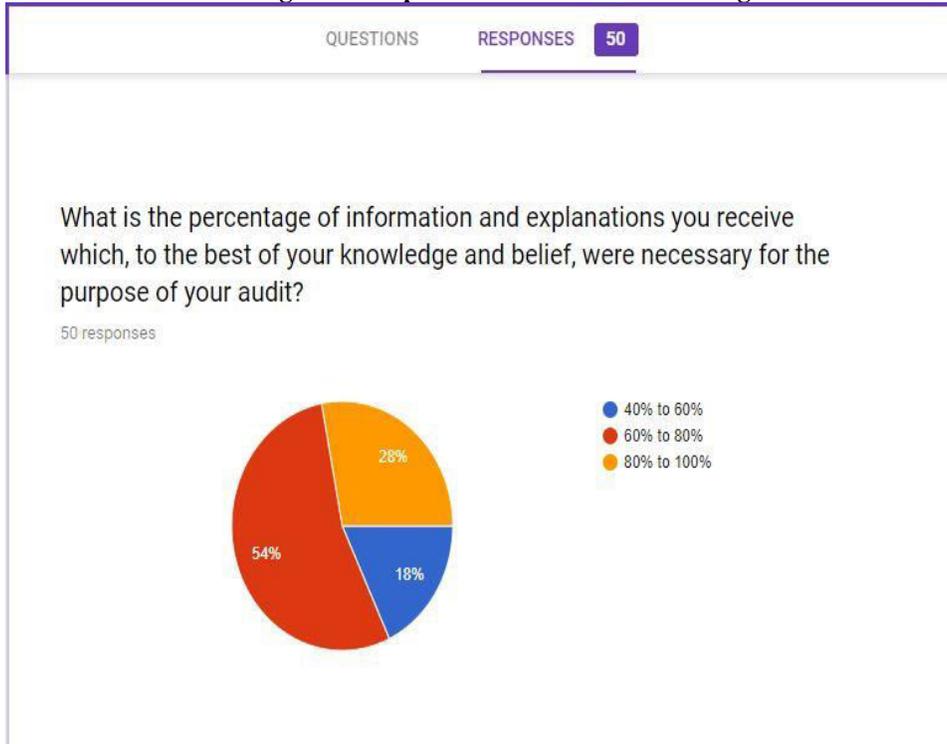
Interpretation: More than half of the respondents that is 54% of respondents, feel 60% to 80% that to the best of their knowledge the information and explanations they receive from the company are necessary for the purpose of auditing. Where as 28% of respondents feel 80% to 100% the information received are necessary and 18% of respondents feel only 40% to 60% the information they receive is necessary for their audit.
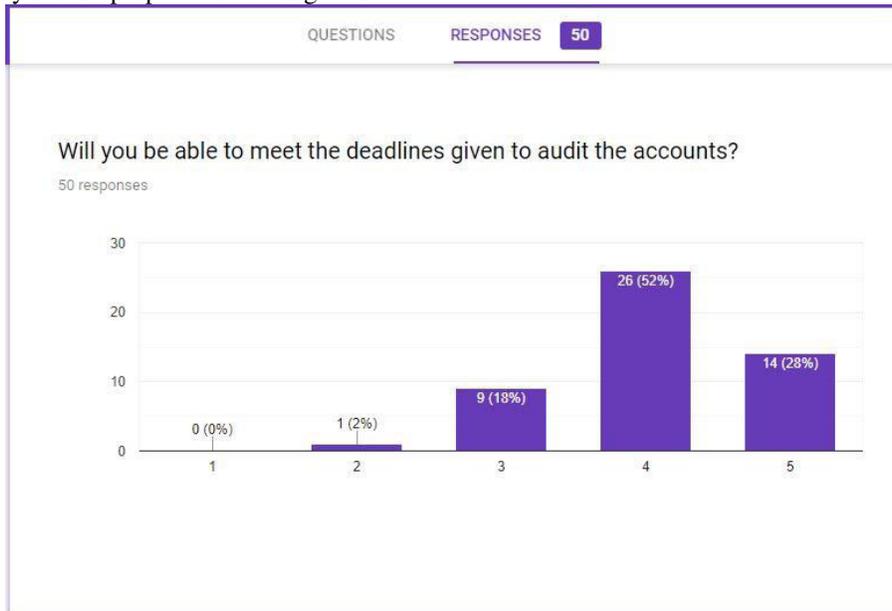
Interpretation: 26 respondents rated 4 on a scale of 5 for being able to meet the deadlines given by the company whereas 14 respondents rated 5 and only 9 respondents rated 3 for being able to meet the deadline.

Findings
1.   From the above study it is clear that more than 60% of respondents face the challenge of not finding proper information about the company as the most common difficulty.
2.   40% of the respondents feel time constraint being the most common difficulty.

3.   Auditors also face the difficulty of non cooperation from the management in giving the required information for the purpose of auditing.

4.   It was found that the cost will not be sufficient as the auditors tend to diverge from the area of scope defined.

Suggestions
1.   One of the major suggestion can be setting up of a strong mechanism plan with a separate team for acquiring the information only.

2. Building a good rapport with the management so that the auditors get the required cooperation from the management.
3. Establishing an efficient auditing plan with major ideas of being able to meet the deadline given by the management.
4. Auditors must try to be within the area of scope defined in performing auditing so that the their cost doesn't increase and they will be able to do their audit work within the agreed amount.

III.CONCLUSION

Auditing is a tedious process and there'll be a number of ups n downs in the process of auditing. Overcoming the challenges is a major task for auditors. By having an efficient auditing plan, auditors can try to face the challenges positively. Therefore it will be of a great advantage to them if they in the beginning itself have a good auditing plan and also its implementation is as important as creating a good audit plan, hence efficient implementation of the plan can lead to carrying on the auditing process smoothly with minimal challenges.

IV. REFERENCES

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