

UNIT – III

VOUCHING

CCM 52

Vouching – Meaning of Vouching- Importance- Objects-Vouching of cash transactions – Verification of Assets and liabilities – Meaning of verification – objectives – distinction between vouching and verification – distinction between valuation and verification.

6.1. INTRODUCTION

After preparing Audit notebook, audit planning, auditing working papers, audit preparations etc., the next step is to proceed with the examination of accounting entries passed in the books of account during the period under review. In this step the auditor has to check the entries with its supporting documents to determine the accuracy and authenticity of the entries passed by verifying the vouchers, bills and other supporting documents. This process of checking the evidence of the entries is called vouching. It may relate to cash as well as trading transactions.

MEANING OF VOUCHING

Vouching is concerned with examining documentary evidence to ascertain the authenticity of entries in books of accounts. In other words, it is an inspection by the auditor of evidence supporting the transaction made in the books. Vouching is a technique used by an auditor to judge the truth of entries appearing in the books of accounts.

Vouching is concerned with examining documentary evidence to ascertain the authenticity of entries in books of accounts.

Success of an audit depends on the **efficiency with which vouching has been used**. Without vouching auditing is incomplete. Vouching is not only examining the documentary evidence but sometimes auditor has to go behind recorded evidence to eliminate any possibility of fraud. Vouching is the very essence of the auditing and the whole success of an audit will depend upon intelligent and thorough vouching of the documentary evidence.

DEFINITION

According to **J.R. Batliboi**, “Vouching means testing the truth of items appearing in the books of original entry”.

According to **Dicksee**, “Vouching is an act of comparing entries in the books of accounts with documentary evidence in support thereof”.

According to **De Paula**, “Vouching does not mean merely the inspection of receipts with the cash book, but includes the examination of the transactions of a business together with documentary and other evidence of sufficient validity to satisfy an auditor that such transactions are in order, have been properly authorized and are correctly recorded in the books”.

According to **Renold A.Irish**, “Vouching is a technical term which refers to the inspection of documentary evidence supporting and substantiating a transaction”.

According to **R.K. Mautz**, “The examination of documentary evidence in support of entries is often referred to as vouching”.

Thus, from the analysis of the above definitions we can conclude that ***vouching is a method of examination with the help of documentary evidence in order to ascertain the accuracy of the transaction recorded in the books of accounts.***

FEATURES OF VOUCHING

By analyzing the above referred definitions it may be concluded that vouching offers the following features:

1. It involves collection of vouchers and related evidences.
2. It involves evaluation of the collected evidences and vouchers.
3. It refers to the examination of vouchers or evidences and vouchers in a manner that the auditor may satisfy himself with regard to the correctness and authenticity of the records of transactions.
4. It implies finding out whether entries have been properly made in the books of account or not.
5. It involves finding out that there is no omission of any records.
6. It also refers to the checking of the entries with a view to find out transactions not related to the concern have not been recorded the books of account.
7. It forms the basis for final conclusion to be drawn by the auditor.

Thus, in vouching, the auditor verifies the authority and authenticity of transaction as recorded in the financial books.

OBJECTIVES OF VOUCHING

The main objects of vouching are as follows:

1. To verify that all transaction recorded in the books of accounts are supported by documentary evidence.

2. To establishing that all transaction which is connected with the business have been recorded in the books of accounts properly.
3. To verify that no fraud or error has been committed while recording the transactions in books of accounts.
4. The vouchers have been processed carefully through various stages of internal check system.
5. Every transaction recorded has been adequately authenticated by a responsible person.
6. While recoding the transaction whether distinction has been made between capital and revenue items.
7. Whether accuracy has been observed while totaling, carrying forward and recording an amount in the account.

6.2. IMPORTANCE OF VOUCHING

Vouching is the first step for auditing. The auditor commences his work with the examination of entries and vouching plays an important role in this respect. The correctness of books of accounts is tested by vouching. If the vouching is carried out with due care and intelligence, the audit work becomes smooth and easier. All subsequent steps of auditing are dependent on vouching. Usually frauds and errors can be detected by vouching. In the words of De Paula, "Vouching is the essence of auditing." The success or failure of Auditing depends on vouching. Audit work is impossible without vouching. It is, therefore, no exaggeration to say that "the vouching is the soul of auditing."

The following points will make clear the importance of vouching:

(1) Reliable examination

In vouching, the entries in original books of accounts are verified to ensure that the transactions are genuine; they are authenticated and comply with normally accepted principles of accounting. If a transaction is not authenticated or is not properly recorded, then the final accounts would not show a true and fair view of the profit or loss and state of affairs of business. The entries in the books of original entries are the foundation on which the correctness of entire accounting record is based. Thus, vouching tests the very base of accounting process.

(2) Examination of original evidences

Checking of entries is done by examining the original evidence supporting such entries. Vouchers are thus links between transactions and entries. By vouching the particulars of transactions, such as dates, amounts, the names of parties, etc. are known. Thus details are compared with the final evidence establishing the correctness of entries in books of accounts.

(3) Detection of errors at initial stage

By checking the entries, with original evidence, the errors and frauds can be located at an early stage. The maxim that 'the prevention is better than cure' is achieved as the vouching prevents the errors before they assume serious proportion.

(4) Keeps the auditor alert

Since the starting point of audit is vouching, the auditor can detect errors and frauds in the beginning of audit. If he finds any errors, he becomes more alert and careful and extends his checking to very important transaction. He resorts to auditing in depth' and can thus carry out his work in a more responsible manner.

6.3. VOUCHERS

Vouchers are the documentary or other evidences in support of transactions entered in the books of accounts. Particularly transactions, which involve payment or receipt of money documentary evidence, should be prepared. This documentary evidence is called voucher.

Vouchers are the documentary or other evidences in support of transactions entered in the books of accounts.

They are of two types as below:

1. Primary
 2. Collateral
1. **Primary:** Primary voucher refers to the written evidence in original. Examples of primary voucher are invoice for a purchase bills, contracts etc...
 2. **Collateral:** When the original voucher is not available, copies thereof are produced in support or subsidiary evidence is made available in order to remove suspicions and to satisfy the auditor. Such a voucher is known as Collateral voucher.

The following are some of the examples of vouchers:

i. Cash Receipts

Vouchers regarding cash receipts include- carbon copies of receipts, contracts, minutes, correspondence, counterfoils, etc...

ii. Cash Payments

Voucher in connection with cash payments include- invoice, bills, demand notes, wage sheets, salary register, contracts, correspondence, etc..

iii. Purchase

Invoice, Goods Inward Book, copies of order received, correspondence, etc. can be cited as examples of vouchers for purchases.

iv. Sales

Copies of invoices, Orders Received, Goods Outward Book, Correspondence, etc. are some of the examples of vouchers regarding sales.

POINTS TO BE NOTED WHILE VOUCHING

While vouching the transactions, the auditor should examine the various vouchers keeping the following points in mind:

1. Made in the name of the Employer

The auditor should see whether the voucher is made in the name of the employer of the concern.

2. Printed Form

He should see whether the voucher is on a printed form.

3. Serial Number

He should see whether all vouchers are consecutively numbered and filed in order of the entries in the various books.

4. Date, Name, Amount, etc.

The auditor should check date, name of the party to whom the voucher is issued, the name of the party issuing the voucher, and the amounts, etc.

5. Cancelled By Stamp

The vouchers, which are inspected by the auditor, should be cancelled by a stamp so that it cannot be produced again.

6. Related To The Firm

The Auditor should also see that all the vouchers are related with the business or not and see whether the payments made by the concern relate to the business or not.

7. Special Mark in case of Detailed Checking

In case of vouchers, which require detailed checking, the auditor should put special mark on them. He should check such vouchers carefully.

8. Passing of Vouchers

The auditor should see that a responsible senior officer of the concern passes every voucher correctly and the rubber stamps are affixed. He should also see whether the responsible official signs them.

9. Stamped

If the amount of the voucher exceeds Rs. 500/- it must be stamped. The auditor should note whether the vouchers are stamped so.

10. Not To Take the Help of the Employees

The auditor should not take the help of the employees of the concern while checking the vouchers.

11. Type Of Account

The auditor should see whether the payment is made to a capital account to revenue account.

12. Related to the Year under Audit

The auditor should see that the vouchers are related the year for which the auditing is going on.

13. Amount in Words and Figures

The auditor should also see that the figures and words of the amount in the vouchers are same.

14. Points Regarding Further Verification

If any transaction requires further verification of any other evidence such as, Memorandum of Association, Articles of Association, prospectus, partnership deed, etc. they shall be noted.

15. Not To Accept Invoice As Voucher

The invoice should not be accepted as voucher because there is lot of chances of double payment. i.e, once in the form of credit purchase and second time in the form of cash purchase.

16. Not to Accept the Mutilated Vouchers as such

In case if any is mutilated are the amount there in is cut then the auditor should not accept such voucher as such.

17. Time of Payment

The voucher for insurances, rates, taxes, etc. should be checked by the auditor with reference to the period for which the payment has been made.

After the examination is over, each voucher should be either impressed with a rubber stamp or initialed so that it may not be presented again in support of another entry.

The duty of the auditor is not only to vouch the expenses and incomes, but also to verify and check the valuation of the assets and liabilities of business. He has to satisfy himself that the assets and liabilities do in fact exist, and they are properly valued.

Verification of Assets and Liabilities

The act of examining the existence and valuation of Assets and Liabilities may be referred to as Verification. While verifying the assets and liabilities of an entity, an auditor is required to have knowledge of applicable Accounting Standards, for e.g., AS 6 on Depreciation, AS 10 on Fixed Assets, AS 26 on Intangible Assets, etc. The auditor is further required to check the presentation of various items in the Balance Sheet and Statement of Profit and Loss, for e.g., as per Schedule III to the Companies Act, 2013 in the case of a company.

10.2 MEANING AND DEFINITION OF VERIFICATION

Verification means verifying the truth of the existence, values and ownership of the assets. Before signing his report, auditor has to satisfy himself that the assets shown in the balance sheet really exist, they are in the name of his clients and the values shown are proper. The process of satisfying himself regarding all these points is 'verification'.

According to **Spicer and Pegler** "The verification of assets implies an inquiry into the value, ownership and title, existence and possession, the presence of any charge on the assets."

According to **Joseph Lancaster** "Verification of assets is a process by which the auditor substantiates the accuracy of the right-hand side of the Balance Sheet, and must be considered as having three distinct objects :

- (a) the verification of the existence of assets
- (b) the valuation of assets and
- (c) the authority of their acquisition".

From the definitions it can be inferred that verification involves the following:

- (1) That assets actually exist.
- (2) That the assets are acquired for the business.
- (3) That the assets are properly valued.
- (4) Whether the assets are clean or there is a charge on the assets.
- (5) That its balance tallies with that shown in the balance sheet and is clearly and correctly shown in the balance sheet.

10.3. OBJECTIVES OF VERIFICATION

Following are the objectives of Verification –

- Confirmation about the existence of assets through physical verification.
- Legal and official documents relating to assets are checked to confirm the ownership of assets.

6.8 Vouching

- It is confirmed that assets are free from any charge of lien.
- Proof regarding proper valuation of assets.
- To confirm that assets are properly accounted for in the books of accounts.

10.4. VOUCHING AND VERIFICATION

Vouching relates to confirmation of the correctness and authenticity of accounting entries as appeared in the books of accounts whereas verification confirms the existence, ownership and valuation of assets as appears in the balance sheet.

VOUCHING	VERIFICATION
Vouching examines the entries relating to transactions recorded in books of accounts	Verification examines the assets and liabilities appearing in the Balance Sheet
Vouching is done throughout the year	It takes place at the end of the year.
Vouching is based on documentary examination	Verification is based on personal as well as documentary examination.
It does not include verification	It includes valuation.
Vouching is normally done by audit assistant	It is done by the auditor himself.

10.5. CAPITAL AND REVENUE EXPENDITURE

Capital Expenditure

A capital expenditure is that which is incurred for the under mentioned purposes-

- (a) Acquiring fixed assets, i.e., assets of a permanent or a semi-permanent nature, which are held not for resale but for use with a view to earning profits.
- (b) Making additions to the existing fixed assets.
- (c) Increasing earning capacity of the business.
- (d) Reducing the cost of production.
- (e) Acquiring a benefit of enduring nature of a valuable right.
- (f) The different forms that capital expenditure takes are: (i) land; (ii) building; (iii) plant and machinery; (iv) electric installations; (v) premium paid for the lease of a building; (vi) development expenditure on land; and (vii) goodwill; etc.

- (g) Expenses which are essentially of a revenue nature, if incurred for creating an asset or adding to its value for achieving higher productivity, are also regarded as expenditure of a capital nature. Examples of capital expenditure are-
 - (i) Material and wages- capital expenditure when expended on the construction of a building or erection of machinery.
 - (ii) Legal expenses- capital expenditure when incurred in connection with the purchase of land or building.
 - (iii) Freight- capital expenditure when incurred in respect of purchase of plant and machinery.
 - (iv) Repair- Major repairs of a fixed asset that increases its productivity.
 - (v) Wages- Wages paid on installation costs incurred in Plant & machinery.
 - (vi) Interest- Interest paid for the qualification period as per AS-16 i.e. before the asset is constructed.

Whenever, therefore, a part of the expenditure, ostensibly of a revenue nature, is capitalised it is the duty of the auditor not only to examine the precise particulars of the expenditure but also the considerations on which it has been capitalised.

Revenue Expenditure

An expenditure, the benefits of which is immediately say within one year expended or exhausted in the process of earning revenue, for example on purchase of goods for sale, on their movement from one place to another, on maintaining assets, on keeping a business organization going, etc. Examples of revenue expenditure are-

- (i) Cost of raw material and stores consumed in the process of manufacture.
- (ii) Salaries and wages of employees engaged directly or in-directly in production.
- (iii) Repairs and renewals of fixed assets.
- (iv) Advertisements.
- (v) Postage.
- (vi) Printing and Stationery.
- (vii) Rent, rates and taxes.
- (viii) Insurance.
- (ix) Interest on borrowings

VERIFICATION

Meaning and Definition

Verification means the procedures normally carried out at the year end, to confirm the ownership, valuation and existence of items at the balance sheet date. In simple words verification means, ‘proving the truth or conformation.’

—The verification of assets implies an enquiry into the value, ownership and title, existence and possession, and the presence of any charge on the assets. || - **Spicer and Pegler**

VALUATION

Meaning and Definition

Valuation means to set the exact value of an asset on the basis of its utility. Valuation forms an important part of the everyday audit. It is because the accuracy of balance sheet depends much upon how correctly the estimation of the value of various assets and liabilities has been made. Both over valuation and under- valuation of assets and liabilities would exhibit wrong picture of the financial affairs of a concern. The auditor has to see that the assets and liabilities appearing in balance sheet have been exhibiting their proper value i.e. neither they have been over-valued nor under- valued.

METHODS OF VALUATION:

- ☐ **Cost price:** The price which is paid for the acquisition of an asset is known as cost price, of course the expenses incurred in the purchase of an asset and its installation in its cost price.
- ☐ **Market value:** A value which an asset can fetch in the market when sold is known or termed as Market value.
- ☐ **Replacement Value:** It is a price at which a particular asset can be replaced. The assets such as commission, freight etc. is included in such a value.
- ☐ **Book Value:** A value at which an asset appears in the books of accounts is known as its book value. It is usually the cost less depreciation written off so far.
- ☐ **Going Concern value or Conventional value or token value or Historical value:** It is equivalent to the cost less reasonable amount of depreciation written off. No notice is taken of

any fluctuation in the price of the assets. Reason for this is that these assets are acquired for use in the business and not for sale.

- **Residual Value:** A value which will be realized in the market and received from the sale of an asset it is known as its realizable Value.
- **Scrap Value:** A value which is obtained from the asset if it is sold as scrap.

Verification and Valuation of Different assets

For the purpose of convenience we may divide the assets in the following categories

1. Intangible Assets. Viz., goodwill, patents, trademarks, copyrights etc.
2. Fixed Assets viz., land and building, plant and machinery, furniture and fixtures etc.
3. Floating assets viz., cash in hand and at bank, BR, stock in trade, sundry letters etc.

Intangible assets:

1. Goodwill:

Verification: Where goodwill has been purchased along with a running business, the same should be verified from the agreement with the vendor showing the price paid

for it. But when the amount is not specially fixed, the goodwill is the amount for the purchase of the business over the net assets taken over.

It should be verified that the goodwill has been recorded in the books of accounts only when some consideration in money or its equal has been paid for. In case of partnership the auditor should verify the changes made in the goodwill account from time to time on the basis of provisions made in the partnership deed. **Valuation:** Goodwill should be valued at a cost less amounts written off.

2. Patents:

Verification: The Auditor should examine the patents with the help of certificate which have granted such patent rights. The auditor should also ensure that the patents are registered in the name of client

Valuation: patents must be valued at cost less depreciation. The patents should be written off in a period of sixteen years after which the right automatically lapses unless the term is extended.

1. Copyrights:

2. Verification: In verifying the copyrights, auditor should inspect the agreement between the auditor and the publisher.

Valuation: Generally the value of the copyright is not stable because copy rights lose their value by passage of time. In the balance sheet copyright must be shown at cost less amounts written off from time to time.

Trademarks:

Verification: Trademarks can be verified by examining the assignment deed duly endorsed by the office of the registrar of trademarks. In case they have been purchased from others, the auditor should vouch the expenditures incurred in connection with their acquisition e.g. registration fees, payments made to designers etc.

Valuation: The valuation method is the most suitable method valuation of trademarks. It should be seen that trademarks are properly valued and shown in balance sheet.

Fixed Asset:

1. Freehold land and building:

Verification: The auditor should examine the title deeds to ensure that they are in the name of the client. Any addition or sale during the year should be carefully examined.

Valuation: Freehold land being a non-depreciable asset is generally shown at cost which includes the purchase price, broker's commission, registration fees, legal charges

etc. Any payments made to Municipality Corporation or improvement trust as developmental charges should be included in the cost. If market realizable value is taken

as basis for valuation of freehold land the same should be disclosed clearly in the balance sheet

Valuation of buildings: Buildings should always be valued at cost less

depreciation at a reasonable rate. Actually, the market or realized value of the buildings

keeps on fluctuating. Therefore, it should be taken into account while valuing the buildings.

2. Leasehold property:

Verification: The auditor should inspect the lease agreement to find out the value and duration. The auditor should see that lease agreement is registered with the registrar and certificate testing to the validity of the same.

Valuation: Leasehold land and buildings are to be valued at cost less depreciation which should be sufficient writes it off completely during the period of lease

3. Plant and machinery:

Verification: Auditor should commence the process of verification by obtaining a schedule of plant and machinery certified by responsible officer of the concern.

Valuation: For valuing the plant and machinery, the auditor should prepare a list of each machine from the plant register and should get the list certified by the works manager. The auditor should see the plant and machinery account is shown in the

balance sheet at cost less depreciation after making proper adjustments regarding new purchases of machinery and sale of older machinery during the year.

Floating Assets:

1. Cash in hand:

Verification: The auditor should verify the cash in hand by actually counting it on the date of balance sheet.

2. Cash at Bank:

Verification: The auditor should verify cash at bank by comparing the balance shown in cash book and pass book. In verifying the bank balance the auditor should also

prepare bank reconciliation statement to ascertain the correct position.

3. Stock in trade:

Verification: It is practically impossible for auditor to physically verify each item

of the stock in hand because of various reasons i.e. limited time and the lack of technical

knowledge. Therefore the auditor has to rely upon test checks to ascertain the accuracy

of stock in trade

Valuation: The stock in trade being a floating asset should be valued at cost price or market price whichever is less.

The cost price can be calculated from any of the following methods

- a. Unit cost method
- b. Average cost method
- c. First in first out method (FIFO)
- d. Last in first out method (LIFO)
- e. Highest In first out (HIFO)
- f. Base stock method
- g. Adjusted selling price method
- h. Standard cost method.

4. Investments:

VERIFICATION: The auditor should verify the details of the schedule of investment by applying tests e.g. financial journals and newspapers should be consulted

for checking the market rates. The securities themselves may be consulted or the broker's notes may be examined for checking the cost etc.

The auditor should verify the amount of interest or dividends that have already been declared before the date of the balance sheet, should be taken into account as outstanding ones.

Valuation:

If investments are to be held as a fixed asset for the purpose of earning interest/dividend; these are to be valued at cost which includes brokerage and stamp duty paid in regard thereto. But if the investments are held as current assets, these assets should be valued at cost or market price whichever is less. The auditor may

come across the situations where the market Value is much below the cost of acquisition of investments. Ordinarily he should ignore a temporarily fall in the market value, but where the fall in value seems to be of a permanent nature, he should see that adequate depreciation is provided by passing the required entries

Verification of Liabilities:

Capital:

In case of firm, the auditor should verify the liability on account of the capital with the help of partnership deed; pass book and the cash book. In case of a company auditor should examine the memorandum of association to verify the information as to the maximum capital the company is authorized to raise. He should also ascertain the amount of called up in respect of each class of shares and also ascertain how many shares of each class are allotted as fully paid. Auditor should also specify the sources from which the bonus shares are issued i.e. capitalization of profits are reserves for share premium accounts. He should also ensure that capital profit, if any on issue of forfeited shares, has been transported to capital reserve.

Debenture:

The auditor should note the following points while verifying the depreciation:

- a.** Debenture trust deed should be inspected and with its help, the debenture account in the ledger should be examined.
- b.** If necessary, the auditor can obtain a certificate from the debenture holders.
- c.** Since the debentures are supposed to be redeemed, the auditor should see the arrangements for their redemption.
- d.** The debenture may be issued at par or at premium.
- e.** The auditor should see the details as given in the Register of Mortgages and charges.

Trade creditors:

- a.** The First task the auditor is to ask for schedule of creditors.
- b.** The purchase ledger should be checked with the books of original entry, invoices and credit notes etc.
- c.** Discount on creditors should be checked with reference to creditor's account.
- d.** If any debt is found unpaid for a longer period of time any enquiry should be made since it is possible that instead of paying to the creditor the amount might have been

misappropriated Loans:

The auditor should examine the loan agreement in order to ascertain the terms of loan, amount of loan and period and the nature of the loan. In case the loans are overdrafts have been taken from a bank an agreement with the bank and a certificate to that effect should be obtained and examined.

Outstanding liabilities for expenses:

The auditor should obtain a certificate from responsible officer of the company stating that all outstanding liabilities for expenses incurred have been brought into account. The auditor can verify those items of expenses which usually constitute outstanding liabilities.

E.g. salaries payable, legal expenses, rent, wages, audit fees etc.

Reserves and Funds:

The auditor should examine and verify that whether the decision to create reserve or fund is dictated by needs and circumstances of business and relevant legal provisions and check therelevant entries in books of accounts and check the entries passed for the purpose in the profit and loss appropriation account.

Income Received in Advance

The auditor should examine the schedules of income received in advance and ensure that these are fully disclosed in the balance sheet The auditor duty is to examine whether interest,rent, installments etc, received in advance should be classified as liability and shown as such in the balance sheet.

DIFFERENCE BETWEEN VOUCHING AND VERIFICATION

It has been stated earlier that both vouching and verification are very important aspects to auditing. However, verification is a much wider term than vouching. The points of difference between the two may be stated as follows:

(1) Vouching means substantiating an entry in the books of account with the supporting vouchers like receipts, invoices, correspondence, contracts etc.

Verification means examining with regard to the assets shown in the balance sheet that they exist, are in the name of the company, are properly valued and are free from any charge.

(2) The object of vouching is to check that the entries made in the books of accounts are

correct. Whereas the object of verification is to check the existence, valuation, ownership and possession of the assets.

(3) Vouching is carried out with the help of vouchers. Verification includes in addition to vouching, the checking of physical existence, valuation and ownership of the assets.

(4) Vouching is done at any time during the year. Verification is done only after accounts are completed and balances are drawn.

(5) Vouching of assets is undertaken once during the life time of the asset.

Verification of assets shown in the balance sheet is done every year.

(6) Vouching does not include valuation of assets and liabilities. Verification includes valuation of assets and liabilities.

(7) Vouching is the first step taken before verification. It involves examining the transactions when they take place. Verification is the next step after vouching is completed. It includes checking many aspects of assets and liabilities.

1. Meaning

Verification means checking whether the assets shown in the balance sheet are in the name of business, whether they exist or not, whether there is any charge on it etc.

Valuation means determining the proper values of assets and liabilities shown in the balance sheet

2. Purpose

The purpose of verification is to check existence, ownership and possession of assets.

The purpose of valuation is to determine the proper values of assets as per generally accepted principles.

3. Basis

The basis of verification is the type of assets, and liabilities. There is not fixed method of verification.

The basis of valuation of assets is the types of assets are valued on different basis.

4. Certificate

The auditor is not able to get certificate of verification of assets and liabilities.

The auditor is entitled to get certificate of valuation of assets from responsible officer of the business unit.

5. Vouching

Verification includes vouching.

Valuation does not include
vouching.

6. Scope

The scope of verification is wide. It includes checking of many things like existence, ownership, possession etc.

The scope of valuation is limited. Here only values of assets and liabilities are determined and checked.