



## A Study on Concurrent Audit Procedure with Special Reference to CA Firm

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### Abstract

This research provides an in-depth, qualitative analysis of the procedures, challenges, and effectiveness of concurrent auditing in the banking and financial sector, with special reference to a Chartered Accountancy (CA) firm. The study is contextualized through a focused case study of a well-established CA firm recognized for its extensive experience in conducting concurrent audits for a range of banking clients. The methodology employs a descriptive approach, carefully documenting the firm's audit processes and controls, combined with qualitative research techniques such as direct observation, informal discussions with audit professionals, and review of working papers. A purposive sampling method was used to select this specific firm because of its active engagement with multiple financial institutions, which provided rich, firsthand insights. The findings highlight how concurrent audits ensure real-time examination of transactions, strengthen internal controls, and help detect irregularities early, while also identifying challenges such as tight timelines, evolving regulatory requirements, and the need for advanced audit tools. The paper identifies key challenges faced by banks and financial institutions during concurrent audits, including the need for continuous real-time monitoring of transactions, strict adherence to constantly changing regulatory guidelines, and the timely detection of irregularities in areas such as cash management, loan disbursement, and compliance reporting. A significant finding is that tight audit schedules and the rapid adoption of technology-based systems create pressure on auditors to maintain accuracy while meeting deadlines. The study concludes that professional Chartered Accountancy (CA) firms play a crucial role as independent reviewers and advisors, bridging the gap between complex regulatory requirements and the day-to-day operations of financial institutions. They provide essential oversight, ensure immediate corrective action when discrepancies arise, and strengthen internal controls and governance. By delivering these services, CA firms help banks reduce risk, safeguard assets, and maintain public confidence in the financial system.

**Keywords:** Concurrent Audit, Chartered Accountancy Firm, Banking Sector, Internal Control, Risk Management, Regulatory Compliance, Financial Institutions, Real-Time Monitoring, Audit Procedures.

## INTRODUCTION

Accounting firms come under **Professional Service Industry**. The professional service industry is comprised of various business that provides specialised service clients across different sectors. These services require a high level of expertise, knowledge, and training. Key areas within industry include legal services, consulting, engineering, information technology, and accounting.

### a) Primary Service:

- **Audit and Assurance:** One of the core services offered by accounting firm is audit and assurance. These services involved a detailed examination of financial statements to ensure their accuracy and compliance with regulatory requirements. The audit process helps to build trust among stakeholders by confirming that a company's financial position is presented fairly and transparently.
- **Tax Service:** Tax related services form another vital component of a CA Firm's offerings. These include the preparation and filing of tax returns, providing guidance on tax saving opportunities, and consulting on complex tax regulations. Such services help individuals and businesses stay compliant while minimizing tax liabilities through efficient planning.
- **Advisory Services:** Accounting firms also extend advisory services to help client make informed financial decisions. This includes advice on investment strategies, risk management practices, and guidance during mergers, acquisition, or business restructuring. This expertise ensures strategic growth and financial stability for the client.
- **Consulting:** Apart from financial services, many CA firms will provide consulting solutions in specialized areas such as technology, human resources, operational efficiency. By offering industry specific knowledge, they help businesses optimize performance and stay competitive in a dynamic market.

### b) Clients:

- **Government:** It offers engage accounting firms to audit public sector undertakings, conduct forensic audits, or verify the proper utilization of funds. These services help ensure accountability and transparency in public financial management.
- **Corporations:** large corporations depend heavily on accounting firms for statutory audits, financial restructuring, due diligence, other compliance related services. Their expertise enables smooth operations and helps in strategic financial planning.
- **Small and Medium Enterprise:** SME's typically lack in house financial expertise and thus to accounting firms for support with bookkeeping, tax preparation, and business planning.
- **Individuals:** Accounting firms also cater to individuals by offering personal tax planning, filing income tax returns, and managing wealth portfolios. These services are especially useful for high-net-worth individual seeking long term financial security.

### C) Key Characteristics:

- **Expertise:** Accounting firms are made up of highly qualified professionals—like Chartered Accountants and Certified Public Accountants—who bring both strong technical knowledge and hands-on experience. Because of this expertise, they're able to provide accurate, trustworthy, and high-quality financial services that clients can rely on with confidence.

- **Regulatory Compliance:** Ensuring that customers follow to relevant laws, tax regulations, and financial reporting standards is one of the core responsibilities of accounting companies. Their advice helps in avoiding financial penalties and legal issues.
- **Confidentiality:** To every CA firm, protecting the privacy of client information is a fundamental principle. They implement strong data protection procedures to preserve private and sensitive financial data, promoting long-term client relationships and trust.

Accounting and Auditing services encompass a board spectrum of financial and accounting services provided by professional accountants, audit firms, or financial experts to individuals businesses, or organizations. These services include tax preparation, counselling, and monitoring spending and earning.

The India Accounting and Auditing Professional Service Market is expected to grow is a CAGR of over 5% during the forecast period.

### **REVIEW OF LITERATURE:**

1. Menon and Rao, 2021 In their Paper the importance of concurrent audit processes performed by CA companies is examined in the journal of Accounting and Auditing Research's work, Role of Concurrent Audits in Strengthening Finance Governance: A Study of CA companies Engaged in Banking Sector Audits. Concurrent audits, according to the authors, serve as an early warning system that guarantees real-time monitoring of high-risk financial activity.
2. Kulkarni & Sharma, 2020 In their Paper the increasing reliance on CA firms to perform concurrent audits in financial institutions is examined in the paper Concurrent Audit as a Risk Mitigation Tool: A Professional Perspective, which was published in the Indian journal of Auditing and Assurance. According to the report, concurrent audits are especially useful for monitoring high transaction volumes, guaranteeing policy compliance, and preventing operational errors.
3. Iyer & Patel, 2022 In their article the South Asian Journal of Accounting and Finance published an article titled "Evaluating the Effectiveness of Concurrent Audit in India Banks: Insights from Audit," which examines the ways in which CA firms enhance audit quality through concurrent audit engagements.
4. Rao and Desai, 2021 In their Paper They explore how concurrent audit has developed into a crucial element of the Indian financial audit environment in their work, Concurrent Auditing Practices in India: Scope and Evolution, which was published in the International Journal of Business Auditing. The authors point out that because of their domain experience, banks and other financial institutions are increasingly hiring CA firms to conduct concurrent audits.
5. Mehta & Khatri, 2021 The Journal of Financial Compliance and Control published a paper titled "Effectiveness of Concurrent Audit in Risk Management: A Field Study of CA Firms," which looks at how CA companies help manage risk by promptly identifying financial and operational irregularities. The study comes to the conclusion that companies with a structured concurrent audit procedure have lower rates of internal fraud and higher compliance with RBI rules and regulations.
6. Sinha and Agarwal, 2023 They analyse the advantages of concurrent auditing for internal control in large businesses in their paper Concurrent Audit: An Instrument of Internal Control, which was published in the Chartered Accountant Journal. Particularly in areas like KYC verification, cash transaction review, and NPA monitoring, the authors contend that CA firms assist organizations in aligning with internal and statutory rules when they participate in ongoing audit processes.
7. Nair, 2022 In their article, Real Time Auditing in Financial Institutions: The Role of CA Firms, featured in the Asian Review of Accounting Practices, emphasises the relevance of real time auditing in minimizing

systematic risks. The study explains how CA Firms, with their independence and structured methodology, provide value added insights through concurrent audits.

## **RESEARCH METHODOLOGY**

The methodology for this study is grounded in a descriptive and qualitative research approach. The primary goal was to provide a detailed, firsthand account of the concurrent audit procedures followed by banks and financial institutions, with a specific focus on the practices of a professional Chartered Accountancy (CA) firm. The descriptive component of the study allowed for a thorough documentation of audit processes, internal control measures, and compliance requirements observed within the selected firm.

A non-probability purposive sampling technique was employed. The CA firm was chosen not randomly, but specifically because of its extensive experience and active involvement in conducting concurrent audits for a wide range of banking clients. This deliberate selection enabled the collection of rich, experience-based data that would not have been possible through a broader random sample.

Primary data was collected through direct observation of the firm's audit activities, informal discussions with audit staff and banking personnel, and a structured questionnaire administered through Google Forms to capture insights on audit practices and challenges. Secondary data was gathered from authoritative sources, including guidelines issued by the Reserve Bank of India (RBI), professional standards from the Institute of Chartered Accountants of India (ICAI), published research articles, journals, and relevant audit reports. This qualitative approach provided an in-depth understanding of the practical challenges, regulatory requirements, and the overall significance of concurrent audits in strengthening financial governance.

## **STATEMENT OF PROBLEM:**

One of the main issues auditors encounter when conducting concurrent audits is the lack of prompt access to financial data and documents. Clients frequently employ antiquated systems that are incompatible with the auditor's tools or fail to share records on time. This undermines the primary goal of concurrent audits, which is real-time error identification and reporting, by making it more difficult to validate transactions as they occur. The inability of different departments within the client's company to communicate and coordinate, particularly amongst the finance, operations, and compliance teams, is another frequent issue.

## **OBJECTIVES OF STUDY:**

- a) To study concurrent audit procedure of CA Firm.
- b) To analyse concurrent audit procedure across multiple business sectors of CA Firm.
- c) To provide a comprehensive assessment of both the financial statements and the effectiveness of internal control over financial reporting.

## **SCOPE OF STUDY:**

Real-time audit practice exposure offers students a hands-on understanding of how audits are carried out in a real-world business setting. It involves taking part in continuing audits, following regular audit procedures, and confirming financial records, confirming compliance to legal requirements, and communicating with client

staff.

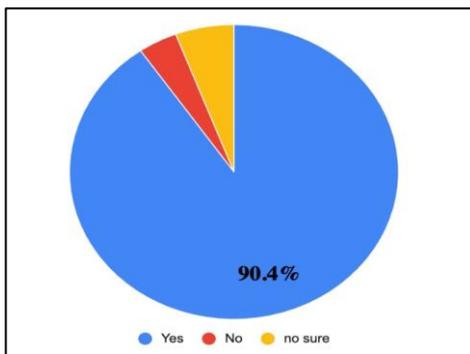
In small-scale manufacturing, we use product checking and inventory counting, whereas in large-scale manufacturing, inventory audits included comprehensive inspection and valuation of raw materials, work-in-progress, and finished goods.

### LIMITATIONS OF STUDY:

While the auditor is supposed to monitor transactions as they occur, not every topic may be thoroughly discussed: The auditor is supposed to confirm transactions in real time or shortly after they happen in a concurrent audit. However, it is frequently not feasible to go into great depth about every single area or transaction because of practical limitations like manpower, time, or workload. Restrictions or delays in data availability may lower the quality of the audit: For a concurrent audit to be successful, timely access to correct and comprehensive data is essential. The capacity of auditors to conduct thorough inspections may be hampered if they experience delays in document receipt or meet limitations on their access to specific records or systems. Client-provided software or ERP systems are used for many concurrent audits. This gives auditors the opportunity to operate within the organization's operating framework, but it also comes with difficulties. The auditor becomes reliant on the client's system's access, controls, and data integrity, which might restrict independent verification and, in the event that internal controls are inadequate, raise questions about data authenticity or manipulation.

### DATA ANALYSIS AND INTERPRETATION:

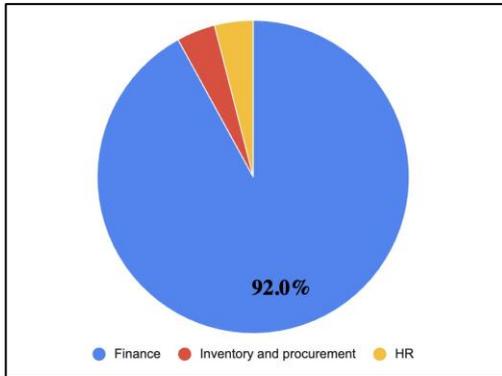
The research focused on understanding the concurrent auditing procedures, monthly closure procedures, and bank reconciliation through 52 respondents. The findings reveals that the sample guarantees that the data represents people with relevant expertise thanks to the independent assessments of experts in accounting and finance.



### Interpretation:

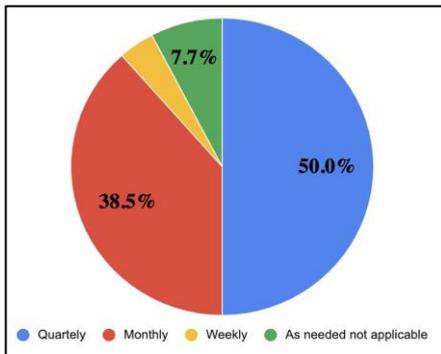
The table clearly shows that 90.4% of respondents, or the vast majority, agreed that audits are carried out on a frequent basis, demonstrating a strong commitment to upholding accuracy, accountability, and compliance inside firms. This large percentage shows that the majority of organizations understand how crucial audits are to maintaining openness, identifying anomalies, and boosting operational effectiveness. Only a small percentage of participants said "NO," which may be because of things like a smaller firm, less financial

transactions, no regulatory pressure, or insufficient resources for auditing.



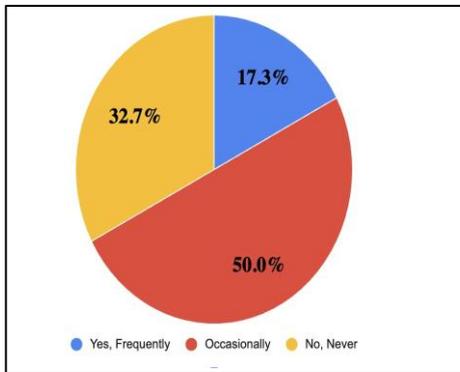
**Interpretation:**

The chart clearly shows with 92% of the total responses, the finance department obviously dominates the target area, as the graphic makes evident. This suggests that financial operations are the focus of the majority of audit or monitoring activities, perhaps as a result of their crucial role in preserving accuracy, compliance, and organizational stability. Only a little portion is made up of inventory and procurement, with HR coming in second. The lack of attention paid to these other areas may imply that they are thought to be less risky or prone to anomalies, or it may point to a coverage vacuum that organizations may need to fill. The information shows that although other operational areas receive relatively less attention, finance is given a lot of focus.



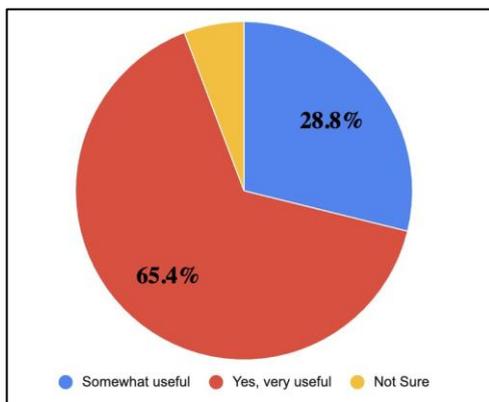
**Interpretation:**

According to the figure, 50% of respondents chose quarterly reviews as their preferred frequency. This suggests that, in order to balance timeliness and efficiency, half of the participants think a three-month gap is adequate for monitoring or evaluating the topic at hand. With 38.5% of respondents, monthly reviews rank as the second most popular option, reflecting a sizable percentage of people who would rather receive updates more frequently in order to be fully informed. Only a small portion, however, as it takes a lot of time for the majority. 7.7% of respondents said "as needed" or "not applicable," indicating that the review procedure is flexible or irrelevant to their circumstances for some people. With quarterly and monthly frequencies predominating, the results show a strong preference for periodic but not too frequent review schedules.



**Interpretation:**

The survey makes it evident how frequently respondents participate in the particular activity. The greatest percentage, 50%, shows that half of the participant only participates in the activity occasionally, indicating that although they are aware of it or participate in it, they do not do it regularly. A lower percentage of respondents (17.3%) said they participated in the activity regularly, indicating a group that is comparatively dedicated and consistently participates. There is a noticeable lack of awareness and participation, as seen by the significant 32.7% of respondents who said they never take part in the activity. The bulk of people in this distribution fall into the occasionally or non-participating category, indicating that while many people are familiar with the activity, regular adoption is restricted.



**Interpretation:**

The charts demonstrates that the majority of respondents 65.4% think the topic or effort is "VERY USEFUL." This large majority shows that the program, tool, or content in question is meeting or surpassing the expectations of the majority of participants, providing significant value and significance. Another 28.8% of respondents gave it the rating of "SOMEWHAT USEFUL," indicating that although they recognize its advantages, they might also see room for improvement or have run into some restrictions when using it. However, only a tiny percentage, roughly 5.8%, indicated uncertainty, suggesting either a lack of knowledge

or inadequate exposure to the topic to make an informed decision. The research shows a very positive view, with the vast majority acknowledging obvious usefulness and only a small percentage still being unsure.

## **FINDINGS:**

A dominant finding is that regular audit practices are widely followed among the firm's client's, with 94% of respondents confirmed that their organizations conduct audits either quarterly or monthly, indicating that regular audit practices are generally followed among the firm's clients. The most popular frequency was found to be quarterly audits, which were closely followed by monthly evaluations. This preference implies that the organization balances efficiency and resource allocation while acknowledging the necessity of regular, systematic monitoring. The low adoption rate of weekly audits suggests that this frequency is typically seen as resource-intensive and only relevant in high-risk industries.

Most people think highly of the concurrent audit process itself, describing it as "VERY USEFUL." According to the respondents, it is a useful instrument for preserving financial reporting accuracy, spotting irregularities early, and guaranteeing adherence to legal obligations. This favourable opinion emphasizes how concurrent audits help firms address problems before they become serious ones by acting as a proactive rather than only corrective strategy.

DELAYED ACCESS TO RECORDS AND BANK STATEMENTS is one of the biggest problems, especially when there are several bank accounts or branches involved. Such delays result in bottlenecks that affect the speed and completeness of the audit report because concurrent audits depend on real-time or almost real-time transaction verification.

Another recurring challenge is the CONTINUED RELIANCE ON MANUAL OR SEMI-AUTOMATED PROCESSES in certain aspects of the audit. Although most clients use accounting software, specific tasks such as voucher entry, cheque status updates, and journal postings still involve human intervention. These manual inputs increase the likelihood of errors, which can then result in mismatches during reconciliation and necessitate additional time for investigation and correction.

## **RECOMMEDATIONS:**

First and foremost, I would advise the company to SUPPORT THE ADOPTION OF

ADVANCED ACCOUNTING AND AUDIT MANAGEMENT SOFTWARE that incorporates data analytics, audit trails, and automation. Faster reconciliation, fewer errors, and less dependence on human procedures would all be made possible by such technology. Additionally, automation can send out real-time anomaly notifications, enabling clients and auditors to deal with problems as they arise rather than after the fact. Secondly, STRENGTHENING INTER-DEPARTMENTAL COMMUNICATION within client organization is essential. The firm can advise clients to implement formal reporting structures and scheduled cross-departmental meetings to ensure that all relevant financial and operational information is promptly shared with the finance team. This would reduce mismatches and delays in recording transactions and ensure smoother audit execution.

EXPANDING THE AUDIT SCOPE BEYOND FINANCE-RELATED ACTIVITIES is another crucial step. Including operational domains like inventory management, human resources, and procurement would enhance risk detection and offer a more thorough evaluation of organizational health. In a competitive market, this border

coverage would be in line with the rising demand for integrated audit services.

Programs for staff training and awareness should be prioritized. For clients' employees, the business can host training and knowledge-sharing sessions on subjects like audit readiness, compliance awareness, and effective documentation procedures. Knowledgeable employees are more likely to deliver timely and accurate information, which enhances audit quality and cuts down on processing time.

Efficiency would be greatly increased by using SECURE DIGITAL PLATFORMS FOR DOCUMENT SHARING. No matter where they are in the world, clients may promptly deliver the required records to auditors by utilizing cloud-based solutions with strong security features. Organizations with several branches or decentralized operations would find this especially helpful.

### **CONCLUSION:**

In specific reference to CA Firm, the study on current audit procedure offers a thorough grasp of how organized, punctual, and well-executed audit processes support improved organizational efficiency, compliance, and financial management. It is clear from the examination of survey data and real-world observations that the company's concurrent audit system is essential for identifying irregularities early on, guaranteeing the correctness of financial statements, and assisting with well-informed decision-making. According to the research, the majority of client organizations use frequent audit frequency, especially quarterly and monthly, which enable a balanced approach between operational viability and prompt inspections. Concurrent audits are generally seen by stakeholders as being very advantageous for preserving regulatory compliance as well as acting as a deterrent to financial irregularities.

### **Declaration of Conflicting Interests**

The authors declare no potential conflicts of interest with respect to the research, authorship and publication of this article.

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