PAN AFRICA CHRISTIAN UNIVERSITY

SCHOOL OF LEADERSHIP, BUSINESS & TECHNOLOGY

END OF SEMESTER EXAMINATION FOR DIPLOMA IN

PROCUREMENT AND SUPPLY CHAIN MANAGEMENT

SEPTEMBER-DECEMBER 2019

CAMPUS: ROYSAMBU

DEPARTMENT: BUSINESS STUDIES

COURSE CODE: DSM200

COURSE TITLE: AUDITING PRINCIPLES

EXAM DATE: FRIDAY 6th DECEMBER 2019

DURATION: 2 HOURS

TIME: 9:00AM-11:00AM

INSTRUCTIONS

- Read the instructions and questions carefully before you write the answers.
- Write your **STUDENT NUMBER** in the Answer Booklet given
- *Write clearly and legibly.*
- This exam script consists of **Six (6)** questions.
- Answer question **ONE** and ANY other **three** Questions.
- *ALL PAC University's examination rules and regulations apply*

QUESTION ONE: COMPULSORY (30 Marks)

a) Discuss the importance of an audit for a limited company (5 Marks)
b) Explain the importance of an internal control system to the client (5 Marks)
c) Outline four factors that might affect the nature of audit planning (4 Marks)
d) Describe three roles you would expect the internal audit staff to perform (6 Marks)
e) Discuss two factors that would affect the sufficiency of Audit evidence (4 Marks)
f) An auditor of financial statement is first an accountant but, it is not necessary that an accountant be an auditor. With reference to the above statement explain three distinctions between accounting and auditing. (6 Marks)

QUESTION TWO (10 Marks)

a) You have been asked by the partner in charge of your firm to provide guidance to the audit staff about materiality; he believes that if guidance is provided to the staff it will allow them to carry out the audit more effectively. Explain the concept of materiality (5 Marks)
b) "A professional auditor should maintain confidentiality at all times."

With reference to the above statement, analyze three circumstances where professional auditors might be required to disclose confidential information or when such disclosure might be appropriate. (5 Marks)

QUESTION THREE (10 Marks)

a) Discuss how the auditor of a public company may be appointed under the Companies Act (5 Marks)
b) Outline five matters you would consider in planning the audit, prior to the commencement of audit work. (5 Marks)

QUESTION FOUR (10 Marks)

a) Explain the importance of the concept of professional independence to the auditor (5 Marks)
b) Discuss five important factors of the engagement letter (5 Marks)

QUESTION FIVE (10 Marks)

a) Audit working papers are documents prepared or obtained by the auditors in connection with an audit. In relation to audit working papers, outline three contents of;
    i. Permanent audit file; (3 Marks)
    ii. Current audit file. (3 Marks)
b) Discuss two factors that would influence the auditor to accept third party certificates as audit evidence (4 Marks)

QUESTION SIX (10 Marks)

a) Highlight the criteria you would consider before deciding to rely on the work of the internal audit function. (4 Marks)
b) Discuss three fundamental ethical principles that an Auditor is required to follow.

(6 Marks)