



FACULTY OF BUSINESS SCIENCES AND MANAGEMENT

DEPARTMENT OF ACCOUNTING

BACHELOR OF COMMERCE HONOURS DEGREE IN ACCOUNTING

PART II SECOND SEMESTER EXAMINATION

AUDIT PROCESS [BAC2203]

APRIL 2024

DURATION: 3 HOURS

INSTRUCTIONS

1. Answer **ALL** QUESTIONS
2. Begin your answer to each question on a new page.
3. Please indicate the study format (Conventional/Block) on the cover of your answer script.

INFORMATION

1. Marks per question are as indicated.
2. Questions may be attempted in any order.

This paper consists of two (2) printed pages including the cover page

QUESTION 1 [25 MARKS]

- a. Outlines six methods of collecting audit evidence and provide a brief illustrative example of each. **[12 Marks]**
- b. Explain the importance of audit planning. **[5 Marks]**
- c. Briefly explain any two uses of audit working papers **[4 Marks]**
- d. Explain any two issues to consider in the preliminary audit planning stage. **[4 Marks]**

QUESTION 2 [25 MARKS]

- a. Define sufficiency and appropriateness as they relate to audit evidence. **[4 Marks]**
- b. It has generally been noticed that the implementation of internal controls in small organisations is not as effective as expected. Explain any five possible reasons for such implementation weaknesses. **[10 Marks]**
- c. With reference to performance audits, explain any three of the 7E's. **[6 Marks]**
- d. Define internal controls and state the elements of internal controls. **[5 Marks]**

QUESTION 3 [25 MARKS]

- a. Explain any three audit procedures you would undertake on non-current assets in respect of each of the following assertions:
 - i. Existence **[6 Marks]**
 - ii. Valuation (excluding depreciation) **[6 Marks]**
 - iii. Completeness **[6 Marks]**
- b. Describe how you would assess the appropriateness of the depreciation rates. **[3 Marks]**
- c. Differentiate between an audit plan and an audit strategy. **[4 Marks]**

QUESTION 4 [25 MARKS]

- a. Explain any five attributes of an audit finding. **[10 Marks]**
- b. Explain any five elements of an auditor's report. **[10 Marks]**
- c. Explain any two classes of controls that an auditor examines during the conduct of an audit engagement. **[5 Marks]**

END OF EXAMINATION PAPER