



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 three (3) printed pages including the cover page

QUESTION 1 [25MARKS]

Outline the stages in the audit process.

[25 Marks]

QUESTION 2 [25 MARKS]

You recently completed your internship programme at GSU Chartered Accountants and are competing to be retained as a permanent staff member. The audit partner responsible for recruitment wishes to ensure that the successful candidate is competent in core areas of the audit process. As part of the selection process, all candidates have been requested to submit a memorandum to the audit partner relating to the following:

- i. Audit planning.
- ii. Audit engagement letters.
- iii. Methods of collecting audit evidence.

Required:

Prepare a memorandum to the audit partner which:

- a. Explains the importance of audit planning. **[5 Marks]**
- b. Appraises any five typical items that should be included in an audit engagement letter. **[10 Marks]**
- c. Outlines five methods of collecting audit evidence and provides a brief illustrative example of each. **[10 Marks]**

QUESTION 3 [25 MARKS]

- a. Describe the four audit opinions, detailing the circumstances under which each one is expressed. **[12 Marks]**
- b. Professional audit staff are highly trained and educated, but their experience and training is limited to accountancy and audit matters. In certain situations, it will therefore be necessary to employ an expert.

Required:

Discuss any four matters that the auditor should consider before relying on the work of an expert.

[8 Marks]

- c. Explain the meaning of the following, in respect of internal control controls, and give examples of each:
 - i. Detective controls. **[2 Marks]**
 - ii. Preventive controls. **[3 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]**
Explain any two classes of controls that an auditor examines during the conduct of an audit engagement. **[5 Marks]**

END OF EXAMINATION PAPER