

Eastern University, Sri Lanka
Faculty of Commerce and Management
Second Year/First Semester Examination in BBA/BCom - 2017/2018
(July/August 2019)
Proper
COM 2053 Auditing and Assurance

Answer All Questions.

Time: 03 Hours

Q1.

- (a) Briefly explain the major elements of assurance services. (03 Marks)
- (b) State three (03) benefits of assurance engagement? (03 Marks)
- (c) Explain ethical requirements or fundamental principles of professional ethics relevant to the auditor when conduct an audit of financial statements. (06 Marks)
- (d) State objectives of the internal audit function. (04 Marks)
- (e) (i) State three (03) main differences between internal and external audit. (06 Marks)
- (ii) What are the matters that external auditor consider in using of specific work done by the internal auditors. (03 Marks)
- (Total 25 Marks)**

Q2.

- (a) SLAuS 230 (Audit documentation) state that "Audit document that meets the requirements of the SLAuS and special documentation requirements for other relevant SLAuS purposes." Explain the meaning and purposes of documentation. (05 Marks)
- (b) What are the factors determine the form and content of audit documentation. (04 Marks)
- (c) State four (04) types of information and documents generally includes in the working papers. (04 Marks)

(d) SLAuS 210 (Agreeing the terms of engagement) state that “The Auditor and client should agree the terms of engagement”.

(i) State purpose of engagement letter.

(03 Mar)

(ii) What are the principle contents of an Audit Engagement letter?

(04 Mar)

(e) (i) What is meant by Audit planning?

(02 Mar)

(ii) Enumerate the items to be taken into consideration in developing an overall audit plan.

(03 Mar)

(Total 25 Mar)

Q3.

(a) (i) What do you understand by audit risk.

(ii) State component of audit risk.

(05 Mar)

(b) State three (03) examples to the following:

(i) Misstatements resulting from fraudulent financial reporting.

(ii) Misstatements resulting from misappropriation of assets.

(06 Mar)

(c) Discuss the Auditor General’s responsibilities in prevention and detention of frauds.

(04 Mar)

(d) List four (04) types of audit evidence generally used by auditors.

(04 Mar)

(e) Explain the difference methods involved in obtaining audit evidence.

(06 Mar)

(Total 25 Ma)

Q4.

(a) State basic elements of audit report as mentioned in SLAuS 700.

(06 Marks)

(b) In what situations an auditor's report is considered to be modified.

(04 Marks)

(c) Write short notes on the following:

(i) Substantive procedure

(ii) Analytical procedure

(iii) Internal control

(iv) Fraud risk factors

(v) Disclaimer opinion

(10 Marks)

(d) Briefly explain key audit matter to be included in the revised audit reporting standards.

(05 Marks)

(Total 25 Marks)