

Eastern University, Sri Lanka
Faculty of Commerce and Management

**Third Year/Second Semester Examination in BCom/BCom (Specialization in
Accounting and Finance) - 2016/2017 (July/August 2019)**

Proper/Repeat
DAF 3062 Advanced Auditing

Answer All Questions.

Time: 2 Hours

1. National Audit Act, No.19 of 2018 provide for the powers, duties and functions of the Audit Service Commission, the establishment of the office of the National Audit Office and the Sri Lanka State Audit Service and to specify the role of the Auditor General over Public Finance.
- (a) List five powers of the Auditor General of Sri Lanka as specified in the National Audit Act.
(05 X 02 =10 Marks)
- (b) In terms of Section 41(2) of the National Audit Act, state audit of five types of the Public Sector audit entities carried out by the Auditor General.
(05 Marks)
- (c) List five types of audit entities for imposition of surcharge by the Audit Service Commission.
(05 Marks)
- (d) List five types of reasonable grounds for imposition of surcharge involved in the transactions to the Chief Accounting Officer of the Audit entities.
(05 Marks)
- (Total 25 Marks)**
- Q2.
- (a) State briefly the importance of good corporate governance to the companies?
(05 Marks)
- (b) List types of mandatory and voluntary corporate governance requirements applicable to the companies?
(05 Marks)
- (c) State role and functions of the Audit Committees.
(05 Marks)

(d) Briefly explain key Audit matters to be included in the revised audit standards.

(05

(e) Sri Lanka Accounting and Auditing standards Act, No. 15 of 1995 provisions relating to Audit and Audit of the specified Business Enterprises the following:

- (I) Three types of specified business enterprises
- (II) Duties of specified business enterprises
- (III) Duties of auditor of specified business enterprises

(03 X 03 = 09

(f) Write short note on the following:

- (I) Committee on Public Accounts (COPA)
- (II) Accounting and Auditing Standards Monitoring Board

(03 X 02 = 06

(Total 35

Q3.

(a) The Company Act, No. 7 of 2007 contains provisions relating to audit of liability companies. State the following provisions of the Companies Act.

- (I) The appointment of the first auditor
- (II) Disqualification of being an auditor
- (III) Replacement of an auditor
- (IV) Information accessibility
- (V) Right of the auditor of the company

(05 X 04 = 20

(b) In order to comply with statutory requirements of the Company Act, No. 7 what are the matters the auditor should be included in the audit report.

(05

(Total 20

(a) The Finance Act, No. 38 of 1971 contains provisions relating to audit of Public corporations, statutory boards and authorities. State the provisions of Finance Act relating to:

(I) The auditor of Public Corporations.

(II) Rights of the Auditor of Public Corporations.

(III) State two (02) areas generally examine in the Audit of Public Corporation by the Auditor.

(03 X 02 = 06 Marks)

(b) (I) State components of audit risk.

(03 Marks)

(II) The risk that the Financial Statements are materiality misstated prior to audit. Explain the risk of material misstatements which may exists at two levels.

(04 Marks)

(III) State two factors affecting inherent risk at Financial Statement level.

(02 Marks)

(Total 15 Marks)