

Eastern University
Faculty of Commerce and Management
Third Year Second Semester Examination in Bachelor of Commerce/ Bachelor of Commerce
(Specialization in Accounting and Finance) - 2012/2013 (Aug 2015)
Repeat / Re-Repeat

DAF 3062: Advanced Auditing



Answer all questions

01. The Finance Act No. 38 of 1971 contains provisions relating to audit of Public Corporations, Statutory Boards and Authorities
- (a) State the provisions of Finance Act relating to
- i) the auditor of Public Corporation (02 Marks)
 - ii) rights of the Auditor of Public Corporations. (04 Marks)
 - iii) state three (03) areas generally examines in the audit of Public Corporations by the auditor (03 Marks)
- (b) Sri Lanka Accounting and Auditing Standard Act No. 15 of 1995 contains provisions relating to Accounting and Audit of Specified Business Enterprises. State the following.
- i) Four types of specified business enterprises. (02 Marks)
 - ii) Duties of specified business enterprises. (03 Marks)
 - iii) Duties of Auditors of specified business enterprises. (03 Marks)
- (c) i) State briefly the importance of good corporate governance to the companies. (03 Marks)
- ii) Briefly explain provisions of Cadbury report / contents of corporate governance code. (03 Marks)
- (d) i) Briefly discuss three objectives of an internal control system. (06 Marks)
- ii) List components of internal control system. (05 Marks)

iii) State the benefits to an organization having an effective system of internal control.

(06 Marks)

iv) Briefly explain the elements of control environment and control activity.

(06 Marks)

v) What do you understand by the term vouching / expenditure audit and state its objectives.

(04 Marks)

(Total 50 Marks)

02.

(a) Explain the procedures involved in the verification of the following items shown in the statement of financial position.

- i) Land and building
- ii) Plant and machinery
- iii) Debtors
- iv) Inventory

(4 X 5 = 20 Marks)

(b) i) Explain the following types of audit opinion and state situation in which each of these opinion are expressed.

- Unqualified opinion
- Disclaimer opinion

(2 X 5 = 10 Marks)

(c) In what situations an auditors report is considered to be modified.

(d) Write short notes on the following.

(05 Marks)

- i) Committee on Public Accounts COPA
- ii) Accounting and Auditing Standard Monitoring Board
- iii) Fraud risk factors

(3 X 3 = 09 Marks)

(e) Briefly discuss powers and duties of the Auditor General of Sri Lanka as mentioned in the constitution of Sri Lanka.

(06 Marks)

(Total 50 Marks)