



Answer All Questions

Time: 02 Hours

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1. (a) What are the objectives of the quality control policies to be adopted by an audit firm?
(05 Marks)
- (b) What are the quality control procedures that should be implemented to the individual audit?
(05 Marks)
- (c) What are the skills and competence an auditor should have in a computer information system environment (CIS)?
(05 Marks)
- (d) Briefly explain the nature of risk and internal control characteristics in computer information system (CIS) environment.
(06 Marks)
- (e) Explain what is meant by computer assisted audit techniques (CAATs)
(04 Marks)
- (Total 25 Marks)

2. (a) "Internal auditing is an appraisal activity established within an entity as a service to the management" State five advantages of an efficient internal audit system to the management.

(05 Marks)

(b) Briefly discuss distinction between internal and external audit

(04 Marks)

(c) What are the important criteria for understanding and preliminary assessment of internal audit functions?

(04 Marks)

(d) What are the inherent limitations of internal controls?

(04 Marks)

(e) Write short notes on the following:

(i) Investigating unusual items

(ii) Audit sampling

(iii) General CIS controls

(iv) Internal control Questionnaires (ICQs)

(04x02=08 Marks)

(Total 25 Marks)

3. (a) State legal provision relating to Sri Lanka Auditing Standards.

(05 Marks)

(b) Under the Sri Lanka Accounting and Auditing Standards Act No. 15 of 1995, state

(i) Duties of specified business enterprises

(ii) Duties of directors, managers, secretaries and other officers of specified business enterprises.

(iii) Duties of Auditors.

(06 Marks)

(c) Discuss the advantages of Auditing Standards to auditors.

(04 Marks)

(d) Describe briefly "internal control system" and its objectives.

(06 Marks)

(e) What are the factors that contributed in the control environment?

(04 Marks)

(Total 25 Marks)

4. (a) (i) What do you understand by Analytical procedure?

(ii) State the purpose of Analytical procedure?

(06 Marks)

(b) What are the aspects to be considered by the auditor when designing an audit sample?

(06 Marks)

(c) What are the factors to be considered by an auditor in developing an overall audit plan for Audit?

(06 Marks)

(d) State audit procedures in relation to in query regarding litigation and claim as mentioned in the SLAUS – 14 – Audit evidence additional consideration for specific items.

(07 Marks)

(Total 25 Marks)