



ELIZADE UNIVERSITY, ILARA-MOKIN, ONDO STATE

FACULTY: SOCIAL & MANAGEMENT SCIENCES
DEPARTMENT: ACCOUNTING & FINANCE
SECOND SEMESTER EXAMINATIONS- 2018/2019 ACADEMIC SESSION

COURSE CODE: ACC 408
COURSE TITLE: ADVANCED AUDITING AND FORENSIC ACCOUNTING
DURATION: 2 HOURS

INSTRUCTION: Answer Question 1 and any other three

Question 1

(a). An auditor is approached by a prospective audit client who wants to engage him to perform an audit for the current year. In prior years, this prospective client was audited by another auditor. Identify and discuss briefly the specific procedures that the audit should follow in deciding whether to accept this client. **(12 Marks)**

(b). An auditor has been asked to audit the financial statements of a publicly held company for the first time. All preliminary discussions have been completed between the auditor, the company, the predecessor auditor, and all other necessary parties. The auditor is now preparing an engagement letter. List and discuss the items that should be included in the engagement letter. **(8 Marks)**

(Total 20 Marks)

Question 2

(a). State the five phases specified in the auditor's operational standard for the whole of audit exercise **(5 Marks)**

(b). stages involved in a statutory audit include the following:

i. That auditors should discover the background and operation of the client company theoretically

ii. That auditors should ascertain the strength and weakness in the internal control of the client.

State the required actions involved to achieve the goal in i and ii. **(15 Marks)**

(Total 20 Marks)

Question 3.

- a. Distinguish between the term fraud and error. What is the auditor's responsibility for finding each? **(10 Marks)**
 - b. Distinguish between fraudulent financial reporting and misappropriation of asset. Discuss the likely difference between these two types of fraud on the fair presentation of financial statements. **(10 Marks)**
- (Total 20 Marks)**

Question 4.

- (a). What is meant by "contributory negligence"? Under what condition will this likely be a successful defense? **(7marks)**
 - (b). What are the purposes of letter of representation and an engagement letter? **(8marks)**
 - (c). Is the auditor's liability affected if the third party was unknown rather than known? **(5marks)**
- (Total 20 Marks)**

Question 5.

- (a). Define opinion shopping in relation to auditing **(2 Marks)**
 - (b). Opinion shopping is not without hazards to the agreeable accountant or auditor. State the likely or possible damages the act may cause. **(8 Marks)**
 - (c). Discuss five possible remedies to stem opinion shopping **(10 Marks)**
- (Total 20 Marks)**