



**ELIZADE UNIVERSITY, ILARA-MOKIN, ONDO STATE.**  
**FACULTY: HUMANITIES, SOCIAL & MANAGEMENT SCIENCES**  
**DEPARTMENT: ACCOUNTING & FINANCE**  
**FIRST SEMESTER EXAMINATIONS: 2020/2021 ACADEMIC SESSION**  
**COURSE CODE: ACF 305**  
**COURSE TITLE: AUDITING, ASSURANCE & INVESTIGATION 1**  
**DURATION: 2 HOURS**  
**INSTRUCTION: Attempt any Four (4) Questions**

### **QUESTION 1**

Before an auditor proceeds on the examination of the accounting records and other evidence that form the basis of the financial statements, he assesses the adequacy of the internal control system of the organization.

#### **Required:**

- i. Define "Internal Control" as stated in the International Standards on Auditing (5 marks)
  - ii. State FIVE inherent limitations of internal control (5 marks)
  - iii. With the aid of a diagram discuss "Substantive Procedures" (5 marks)
- (Total: 15 marks)**

### **QUESTION 2**

Every public limited liability company is expected to set up an Audit Committee in line with the provision of Companies and Allied Matters Act 2020:

#### **Required:**

- i. Identify FIVE statutory functions of the committee (5 marks)
  - ii. Discuss the key features of an audit (6 marks)
  - iii. The concept of Audit and the concept of independence are twin sides of the same coin. Mention **FOUR** points to buttress this opinion (4 marks)
- (Total: 15 marks)**

### **QUESTION 3**

Assurance engagement is an assignment in which a practitioner expresses a conclusion designed to enhance the degree of confidence of the intended user, other than the responsible party, about the outcome of the evaluation or measurement of a subject matter against criteria.

**Required:**

- i. Mention and discuss the **TWO** types of assurance services that can be provided by an auditor (6 marks)
  - ii. Explain the **TWO** levels of assurance services (4 marks)
  - iii. Identify and explain the **FIVE** elements of an assurance engagement performed by an auditor. (5marks)
- (Total: 15 marks)**

**QUESTION 4**

The objective of the auditor per ISA 300 *Planning an audit of financial statements* is to plan the audit work so that the audit will be performed **in an effective and efficient manner**.

**Required:**

- a. Explain **THREE** objectives of audit planning which takes place before the detailed audit work begins (6 marks)
  - b. Mention **THREE** contents of an Audit Plan (3 marks)
  - c. Discuss **THREE** benefits due to the auditor by using Audit Plan (3 marks)
  - d. Explain the term 'Professional Scepticism' (3 marks)
- (Total: 15 marks)**

**QUESTION 5**

ISA 230 requires the Auditor to prepare documentation on a timely basis, sufficient to enable an experienced auditor, with no previous connection with the audit to understand significant matters arising during the audit and the conclusions reached thereon.

**Required:**

- i. Explain **THREE** reasons for preparing audit working papers (3 marks)
  - ii. State **FIVE** other purposes of audit documentation (5 marks)
  - iii. List **FIVE** items of information that might be included in the Permanent Audit File (5 marks)
  - iv. Explain what differentiates the Permanent Audit File from the Current File (2 marks)
- (Total: 15marks)**

**QUESTION 6**

ISA 700 requires the auditor to give an unmodified opinion when he concludes that the financial statements have been prepared, in all material respects, in accordance with the applicable financial reporting framework.

**Required:**

- i. Explain the concept of "true and fair, or present fairly" as it relates to the audit report (4 marks)
  - ii. State and explain **SIX** core elements of the audit report (6 marks)
  - iii. State and discuss **FIVE** purposes of an audit (5 marks)
- (Total: 15 marks)**