



# MANICALAND STATE UNIVERSITY OF APPLIED SCIENCES

**FACULTY OF AGRIBUSINESS MANAGEMENT AND APPLIED SOCIAL SCIENCES**

**DEPARTMENT: APPLIED ACCOUNTING SCIENCES**

**MODULE TITLE: AUDIT SKILLS**

**MODULE CODE: ACCT 213**

**SESSIONAL EXAMINATIONS**

**APRIL 2024**

**DURATION: 3 HOURS**

**EXAMINER: MS C.RANGANAYI**

## **INSTRUCTIONS**

1. *Answer **All** questions*
2. *There are 5 questions*
3. *Each question carries 20 marks*
4. *Start each question on a new page*

*ADDITIONAL MATERIAL: Non-programmable calculators*

**Question 1 [20 Marks]**

(a) You were invited to a breakfast meeting of small businesses in a small town. One of the presenters failed to attend and you were asked to define the following terms and phrases in relation to auditing which the presenter had been requested to deal with:

(i) assurance (2marks)

(ii) corporate governance. (2 marks)

(iii) internal controls. (2 marks)

(iv) shareholder (2 marks)

(v) segregation of duties (2 marks)

(b) Explain any *five* differences between an internal auditor and external auditor. (10 marks)

**Question 2 [20 Marks]**

(a) Explain the meaning of the term engagement letter. (2 marks)

(b) Describe any *five* contents of the engagement letter with reference to ISA 210 (*Agreeing the terms of audit engagement*). (10 marks)

(c) In order to plan and perform their audit up to the required standard, auditors have to be invited to client meetings.

Explain any other *four* statutory rights auditors should exercise in order to carry out their audit effectively. (8 marks)

**Question 3 [20 Marks]**

a) Give any three well explained reasons why it is important to understand the entity and its environment: (three reasons for each item)

(i) before, and (6 marks)

(ii) after, accepting an audit engagement contract. (6 marks)

(b) Explain *four* matters that should be known by the external auditor about the client company in order to understand the client and its environment with reference to ISA 315 (*Understanding the entity and its environment including the entity's internal controls*).

(8 marks)

**Question 4 [20 Marks]**

(a) Explain the *five* ethics fundamental principles governing the auditing professionals in carrying out their responsibilities. (5 marks)

(b) An auditor's objectivity must be beyond question. Explain with appropriate examples the *five* circumstances that may pose threat to objectivity and independence of an auditor. (15 marks)

**Question 5 [20 Marks]**

Describe in detail the *five* components of the internal control system promulgated by the Committee of Sponsoring Organisations (COSO), giving at least *two* examples for each component. (20 marks)

**END OF EXAMINATION**