

**NATIONAL OPEN UNIVERSITY OF NIGERIA**

**Plot 91 Cadastral Zone Nnamdi Azikiwe Express Way, Jabi-Abuja**

**FACULTY OF MANAGEMENT SCIENCES**

**DEPARTMENT OF FINANCIAL STUDIES**

**NOVEMBER 2018 \_2 EXAMINATIONS**

**COURSE CODE: ACC411 CREDIT UNIT: 3**

**COURSE TITLE: AUDITING II**

**TIME ALLOWED: 21/2 HOURS**

**INSTRUCTIONS:**

**1. Attempt Question 1 and any other three (3) Questions.**

**2. Question 1 is compulsory and carries 25 marks while the other 3 Questions carry 15 marks each.**

**3. Present all your points in a coherent and orderly manner.**

**QUESTION 1**

1. Discuss the legal, ethical and professional means through which audit and assurance services are regulated in Nigeria.
2. Mention 5 circumstances in which professional accountants may disclose confidential information
3. Mention the potential threats that could affect auditors’ independence and objectivity

**(25 marks)**

**QUESTION 2**

Different groups have different expectations with regard to an auditor’s duties. Explain in details the common areas of expectation gaps. **(15 marks)**

**QUESTION 3**

The Directors are responsible for the preparation of the Financial Statements that give a true and fair view of the state of affairs of the Company at the end of each financial year and of the profit or loss for that year and comply with the requirements of the Companies and Allied Matters Act.

1. In carrying out this responsibility, mention 8 things that the Directors/management should ensure.
2. In preparing these financial statements, what provisions, standards and regulation should Directors ensure that the financial statement complies with? **(15 marks)**

**QUESTION 4**

1. A firm should establish a system of quality control designed to provide it with reasonable assurance that the firm and its personnel comply with professional standards and regulatory and legal requirements, and that reports issued by the firm or engagement partners are appropriate in the circumstances. List the elements of the quality control system of a professional accounting firm.
2. Assessing and evaluating risk is the core of every audit. To assess audit risk, the auditor performs **four** tasks. Mention these tasks. **(15 marks)**

**QUESTION 5**

1. What are the task auditors use computers for while carrying out their audit assignments?
2. Audit software is computer programs used by the auditor to extract information from a client’s computer-based information system, for use in the audit. Mention the main types of audit software. **(15 marks)**

**QUESTION 6**

The main objective of the management letter is to assist those charged with governance in improving the accounting system, the control environment and to highlight any matters that may be relevant to future audit.

1. Mention 5 advantages of management letter
2. State 5 content of management letter
3. List the major areas the report should highlight **(15 marks)**