



“Investing in Africa’s future”

COLLEGE OF BUSINESS PEACE LEADERSHIP AND GOVERNANCE

NMAC 208 : AUDIT SKILLS

END OF FIRST SEMESTER EXAMINATIONS

NOVEMBER 2022

LECTURER: T. TEMBO

TIME: 3 HOURS

INSTRUCTIONS

Answer **all** questions from Section A and **any** two from Section B
Marks allotted to each question are shown

Clear and neatly presented work will be awarded marks for presentation

SECTION A –Compulsory (50 Marks)

QUESTION 1

a. Identify and explain any four types of audit engagement 12marks

b. According to **International Standards on Auditing (ISA) 700**, an auditor must give an opinion after auditing a client's financial statement. Explain circumstances which prompt the auditor to give the following audit opinions;

i. *Disclaimer opinion*

ii. *Qualified opinion*

iii. *Unqualified opinion*

iv. *Adverse opinion*

13 marks

c. Explain the appointment, remuneration, duties and responsibilities as well as removal of the following key officers in the company according to the **Companies Act Chapter 24:03**;

i. *Company Secretary*

ii. *Board Chairman*

iii. *Chief Executive Officer or Managing Director*

iv. *Auditor*

v. *Board of Governors*

25 marks

SECTION B (50Marks)

Answer any two questions

QUESTION 2

Every profession is guided by certain rules and regulations to manage the conduct of its member, auditing profession are not an exception. With reference to the **Code of Professional Conduct (CPC)** of auditors;

i. Identify five fundamental principles which guide the audit profession

5 marks

ii. Explain at least one threat to each principle identified above (don't repeat threat) 5 marks

iii. Suggest at least three safeguards to every threat identified above.

15 marks

QUESTION 3

a. According to **International Standard (ISA) 300**, Planning an Audit for Financial Statements, auditors have a number of due diligence exercises before accepting a client and audit.

- i. What should auditors do before accepting a client according to (ISA) *9 marks*
- ii. Under what circumstances can an auditor decline to audit a potential client *4 marks*
- iii. Assuming that the auditor has accepted a client, draw up the audit plan *5 marks*
- iv. Identify and explain stages of the audit process *7 marks*

QUESTION 4

For a company to effectively run, it must have a management board and supervisory board as recommended by the **National Code on Corporate Governance (NCCG)**. With reference to the NCCG;

- 1. Draft a board charter of a company of your choice *10 marks*
- 2. Highlight the composition, qualifications, functions and quorum of the following board committees;
 - i. Nomination committee *5 marks*
 - ii. Finance committee *5 marks*
 - iii. Risk and compliance committee *5 marks*

END OF PAPER