



"Investing in Africa's Future"

COLLEGE OF BUSINESS AND MANAGEMENT SCIENCES

NMAC208: AUDIT SKILLS

END OF FIRST SEMESTER EXAMINATIONS

NOVEMBER 2025

LECTURER: N. E CHIRIMA

TIME: 3 HOURS

INSTRUCTIONS

ANSWER ***ALL*** QUESTIONS on the Africa University answer booklet provided

MARKS ALLOTTED TO EACH QUESTION ARE SHOWN

CLEAR AND NEATLY PRESENTED WORK WILL BE AWARDED MARKS FOR
PRESENTATION

QUESTION ONE (25 possible marks)

Juma City Council is holding a training workshop for newly appointed councilors who are mandated to make decisions for and on behalf of the city's citizens. Being politically appointed based on citizens' votes, all the councilors do not have a business or financial background. You have been invited to present on 'the importance of external auditing'.

Prepare a paper detailing your presentation to the councilors. Your paper should include: 25 marks

- ✓ Definition of an audit
- ✓ The need for the audit function
- ✓ The purpose of an audit
- ✓ The importance of an audit
- ✓ The different types of audits
- ✓ The difference between accounting and auditing
- ✓ The difference between external and internal auditing
- ✓ An explanation of the contents of an audit report
- ✓ The different audit opinions and their meanings

QUESTION TWO (25 possible marks)

- a. Outline the events that led to the collapse of Arthur Andersen audit firm in 2001. 7 marks
- b. Discuss at least two threats faced by Arthur Andersen in the Enron audit. 8 marks
- c. Referring to the Arthur Andersen case, explain the implications of an auditor failing to uphold their independence. 10 marks

QUESTION THREE (25 possible marks)

- a. Explain how the requirements of each of the following help to safeguard the auditor's independence:
 - i. The Companies and other Business Entities' Act (in other countries referred to as the Companies Act) 5 marks

- ii. King Reports 5 marks
- iii. Generally Accepted Audit Standards 5 marks
- iv. International Standard on Quality Management 1 5 marks
- v. International Standard on Quality Management 2 5 marks

QUESTION FOUR (25 possible marks)

Illustrate the audit process. 25 marks

END OF PAPER