



"Investing in Africa's Future"

COLLEGE OF BUSINESS AND MANAGEMENT SCIENCES

NMAC209: AUDIT PROCESS

SECOND SEMESTER EXAMINATIONS

APRIL 2026

LECTURER: DR 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)

- a) Explain the overall objectives of an independent auditor as set out in International Standard on Auditing (ISA) 200. 5 marks
- b) Discuss how these objectives underpin the concepts of reasonable assurance, professional scepticism, and audit risk, and evaluate why an audit cannot provide absolute assurance. 20 marks

QUESTION TWO (25 possible marks)

With reference to ISAs, explain the purpose, content, and importance of:

- a) the overall audit strategy and 12 marks
- b) the audit plan 13 marks

in the conduct of an audit of financial statements.

QUESTION THREE (25 possible marks)

An information technology and communications company, Zed Ltd, has experienced rapid growth during the year. Management has introduced new sales incentives linked to revenue targets. During the audit, you note a significant increase in year-end sales and a large volume of credit notes issued after the reporting date.

Required:

- a) Discuss the relevant financial statement assertions relating to revenue 15 marks
- b) Explain the audit procedures you would perform to address the risks identified. 10 marks

QUESTION FOUR (25 possible marks)

ABC Ltd publishes an ESG report including carbon emissions, employee diversity, and community initiatives. Management requests limited assurance over the report.

Required: Explain how an auditor would plan and perform an ESG assurance engagement, referencing ISAE 3000. (20 marks)

During the audit of ABC Ltd, the audit team uses AI tools to analyze 1 million transactions to detect unusual revenue patterns.

Required: Discuss the advantages, limitations, and reporting implications of using AI in substantive audit procedures. (20 marks)

END OF EXAMINATION