

NATIONAL OPEN UNIVERSITY OF NIGERIA
PLOT 91, CADASTRAL ZONE, NNAMDI AZIKIWE EXPRESSWAY, JABI, ABUJA
FACULTY OF MANAGEMENT SCIENCES
JANUARY 2018 EXAMINATION

COURSE CODE: ACC 411

CREDIT UNITS: 3

COURSE TITLE: AUDITING II

TIME ALLOWED: 2 ¹/₂Hrs

INSTRUCTION:

- 1. Indicate your Matriculation Number clearly**
- 2. Attempt question one (1) and any other three (3) questions**
- 3. Question one (1) is compulsory and carries 25 marks, while the other questions carry 15 marks each.**
- 4. Present all your points in coherent and orderly Manner**

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QUESTION 1

- a) Mention the initiatives that are been taken to harmonize the regulation of the auditing profession internationally so as to improve the efficiency of the audit process for multinationals and improve transparency in audit reporting. (10 marks)
- b) Explain the relationship between the International Audit and Assurance Standards Board (IAASB) that issues International Standards on Auditing (ISA) and the Financial Reporting Council of Nigeria that issues the Nigerian Standards on Auditing (NSA). (10 marks)
- c) List 5 actions that must be taken by an auditor when there is non-compliance or suspected noncompliance with the requirements of ISA 250 by a client company. (5 marks)

QUESTION 2

- a) Explain the major provisions of the Public Accounting Reform and Investor Protection Act (Sarbanes-Oxley Act) relating to audit and accounting. **(10 marks)**
- b) Mention 5 prohibited services to be rendered by Public Accounting firms to the same company where they are engaged as external auditors. **(5 marks)**

QUESTION 3

- a) Briefly explain the fundamental ethical principles contained in the International Federation of Accountants' (IFAC) Code of Ethics (10 marks)
- b) To ensure public confidence of the audit report, auditor independence is very basic. Describe auditor independence as provided by the IFAC Code. (5 marks)

QUESTION 4

Users of audit services have expectations regarding the roles, duties and responsibilities of an auditor that far exceeds the current practice in the profession and indeed beyond the bounds defined by the statutes, guidelines and standards. This is referred to as expectation gap.

- a) Briefly explain communication gap and performance gap as dimensions of expectation gap (5 marks)
- b) Discuss any five areas of auditor's duties where different user groups have different expectations (10 marks)

QUESTION 5

- a) Outline the four procedures a nominee auditor should adopt before accepting appointment as an auditor of the company. (6 marks)
- b) Explain the requirements of the profession with regard to advertising and basis for charging a professional job. (9 marks)

QUESTION 6

- a) Give a brief definition of an audit plan (5marks)
- b) Mention 10 items in a typical audit plan (5 marks)
- c) State 5 benefits of audit planning (5 marks)