

STELLA MARIS COLLEGE (AUTONOMOUS) CHENNAI – 86
(For candidates admitted from the academic year 2023 – 2024)

B. COM. DEGREE EXAMINATION - NOVEMBER 2024
HONOURS
THIRD SEMESTER

COURSE : MAJOR CORE
PAPER : AUDITING AND ASSURANCE
COURSE CODE : 23BH/MC/AA34
TIME : 3 HOURS

MAX. MARKS: 100

SECTION A				
Q.No.	Answer all questions:	(5 x 2 = 10)	CO	KL
1	What is audit governance?		1	1
2	How is internal audit different from external audit?		1	1
3	List the benefits of establishing an audit committee.		1	1
4	Write a short note on Vouching.		1	1
5	State any two differences between error and fraud.		1	1
SECTION B				
Q. No.	Answer any four questions:	(4 x 5 = 20)	CO	KL
6	List the advantages and disadvantages of narrative notes and internal control questionnaires.		2	2
7	Explain the various types of audit Report.		2	2
8	What are the different kinds of vouchers?		2	2
9	Briefly explain the reasons for removal of an auditor.		2	2
10	What is internal audit? List out the features.		2	2
11	Write a short note on CAAT.		2	2
SECTION C				
Q. No.	Answer the following questions:	(4 x 10 = 40)	CO	KL
12 a.	Explain the automated tools and techniques of Audit.		3	3
(or)				
12 b.	Distinguish between the audit of suppliers ledger and debtors ledger.		3	3
13 a.	What is Corporate Governance? In relation to Corporate governance explain the following: i. The principles and objectives of Corporate Governance (5 marks) ii. The necessity for having a good corporate governance framework in place. (5 marks)		3	3
(or)				
13 b.	In relation to auditor's responsibilities, explain the following: i. Prevention and detection of fraud or error (5 marks) ii. Compliance with laws and regulations (5 marks)		3	3
14 a.	Explain the concept of risk management.		4	4
(or)				
14 b.	Explain the types of corporate fraud and list the preventive measures.		4	4
15 a.	Define audit evidence. What are the modes in which the auditor obtains evidence? Explain in detail.		4	4
(or)				
15 b.	Analyse the auditing procedure followed for Banks.		4	4

SECTION D				
Q. No.	Answer any one question:	(1 x 15 = 15)	CO	KL
16	Discuss the methods of reporting and types of reports.		5	5
17	Elucidate the Audit procedure for non-profit organisations.		5	5
SECTION E				
Q. No.	Compulsory Case Study:	(1 x 15 = 15)	CO	KL
18	<p>Pear International Co (Pear) is a manufacturer of electrical equipment. It has factories across the country and its customer base includes retailers as well as individuals, to whom direct sales are made through their website. The company's yearend is 30 September 2012. You are an audit supervisor of Apple & Co and are currently reviewing documentation of Pear's internal control in preparation for the interim audit.</p> <p>Pear's website allows individuals to order goods directly, and full payment is taken in advance. Currently the website is not integrated into the inventory system and inventory levels are not checked at the time when orders are placed.</p> <p>Goods are despatched via local couriers; however, they do not always record customer signatures as proof that the customer has received the goods. Over the past 12 months there have been customer complaints about the delay between sales orders and receipt of goods. Pear has investigated these and found that, in each case, the sales order had been entered into the sales system correctly but was not forwarded to the despatch department for fulfilling.</p> <p>Pear's retail customers undergo credit checks prior to being accepted and credit limits are set accordingly by sales ledger clerks. These customers place their orders through one of the sales team, who decides on sales discount levels.</p> <p>Raw materials used in the manufacturing process are purchased from a wide range of suppliers. As a result of staff changes in the purchase ledger department, supplier statement reconciliations are no longer performed. Additionally, changes to supplier details in the purchase ledger master file can be undertaken by purchase ledger clerks as well as supervisors.</p> <p>In the past six months Pear has changed part of its manufacturing process and as a result some new equipment has been purchased, however, there are considerable levels of plant and equipment which are now surplus to requirement. Purchase requisitions for all new equipment have been authorised by production supervisors and little has been done to reduce the surplus of old equipment.</p>		5	6
	<p>Required:</p> <p>In respect of the internal control of Pear International Co:</p> <p>a. Identify and explain FIVE deficiencies (5 marks)</p> <p>b. Recommend a control to address each of these deficiencies (5 marks)</p> <p>c. Describe a test of control Apple & Co would perform to assess if each of these controls is operating effectively. (5 marks)</p>			