****

Register Number:

DATE:

**ST. JOSEPH’S COLLEGE (AUTONOMOUS), BANGALORE-27**

**UG – VI SEMESTER**

**SEMESTER EXAMINATION: APRIL 2022**

(Examination conducted in July-August 2022)

**BC IFA DEB 6619: Advanced Audit and Assurance - II**

Time- 2 ½ hrs Max Marks-70

**This paper contains TWO printed pages and four parts**

**Section A**

**I.** Answer ***any five*** of the following (**5 x 2 = 10 marks)**

1. What is meant by Assurance Engagement?
2. What is the difference between Audit and Audit related services?
3. State the objectives of an engagement to review interim financial information.
4. Who is a Group Auditor?
5. What is the need for social and environmental reporting?
6. Give the meaning of due diligence.

**Section B**

**II.** Answer ***any three*** of the following (**3 x 5 = 15 marks)**

1. Briefly explain the stages involved in Money Laundering.
2. List out the points which lead to acceptance of Component Auditor.
3. State the main purpose of due diligence in companies.
4. Write a short note on prospective financial information.

**Section C**

**III.** Answer ***any two*** of the following (**2 x 15 = 30 marks)**

1. Discuss the importance of materiality for group financial statements.
2. Enumerate the role of Joint audit with their benefits and disadvantages.
3. Describe the planning, procedures and problems involved in auditing social and environmental reports.

**Section D**

IV. Answer the following compulsory question **(15marks)**

1. A) Your firm performs the audit of Jarvis Co, a company which installs windows. Jarvis Co uses sales representatives to make direct sales to customers. The sales representatives earn a small salary, and also earn a sales commission of 20% of the sales they generate. Jarvis Co’s sales manager has discovered that one of the sales representatives has been operating a fraud, in which he was submitting false claims for sales commission based on non-existent sales. The sales representative started to work at Jarvis Co six months ago. The forensic investigation department of your firm has been engaged to quantify the amount of the fraud.

**Question:**

Recommend the procedures that should be used in the forensic investigation to quantify the amount of the fraud. **(5 marks)**

B) You have been asked by the management of The Marvellous Manufacturing Company to carry out a forensic audit into a suspected expenses fraud within the marketing department. During a routine annual spend review, management noticed that the expenses budget of $300,000 had been exceeded by nearly $30,000 with no known increase in activity.

**Questions:**

(i) Set out the matters you would consider when planning the forensic audit. **(5 marks)**

(ii) Recommend the procedures that should be performed to determine whether or not an expenses fraud has taken place. **(5 marks)**

\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*