**QUESTION 1 (6 MARKS)**

Highlight three shortcomings of using standardized audit programs.

**QUESTION 2 (20 MARKS)**

1. Describe four benefits of audit planning.
2. Explain four matters that the auditor should take into consideration while establishing the overall audit strategy in an audit plan.
3. Highlight four risk management responsibilities of an audit manager.

**QUESTION 3 ( 6 MARKS)**

International Standard of Auditing (ISA) 315 - Identifying and Assessing the Risks of Material Misstatement through Understanding the Entity and its Environment, requires the auditor to perform risk assessment procedures which include obtaining an understanding of the entity and its environment, including its internal controls.

**Required:**

Outline THREE sources of audit evidence that the auditor can use as part of risk assessment procedures.

**QUESTION 4 (6 MARKS)**

Discuss three responsibilities of the external auditor in relation to prevention and detection of fraud.

**QUESTION 5 (20 MARKS)**

(a)Examine five possible frauds in the area of purchases that an Internal Control System should be designed to prevent and detect.

(b)Discuss five input validity checks you would expect to find in a computerized financial system.

**QUESTION 6 (12 MARKS)**

Lingo Ltd was recently incorporated. It will be operating in the retail sector. The company has five directors and is currently in the process of setting-up in order to commence business on 1 January 2020. The directors of the company are considering outstanding the internal audit function in the interim period instead of recruiting their own staff.

**Required:**

Analyse six advantages to Lingo Ltd of outsourcing the internal audit function.

**QUESTION 7 (8 MARKS)**

**(b)** (i) Explain the term “reasonable assurance” as used in auditing.

(ii) The internal audit function of an entity should have an internal audit charter approved by the Board to govern its activities:

**Required:**

As an internal auditor of Zed Ltd., discuss six matters contained in an internal audit charter of an entity.

**QUESTION 8 (8 MARKS)**

The directors of XYZ Enterprises Ltd have prepared a cash flow forecast for submission to the bank. They have asked you as the auditor to provide a negative assurance report on this forecast.

**Required:**

(i)Discuss two differences between “positive” and “negative” assurance.

(ii)Explain two advantages to the directors of providing a negative assurance report on their cash flow forecast.

**QUESTION 9 (14 MARKS)**

Your firm, JM and Associates, has just concluded an external audit on Familia Medical Services Ltd. Based on the audit findings, JM and Associates issued an unqualified report to the company.

**Required:**

(i)Explain the term “unqualified opinion”.

(ii)Suggest five matters that could be included in your unqualified report to the company.