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**PRESIDENCY UNIVERSITY
BENGALURU**

SET A

**SCHOOL OF LAW
END TERM EXAMINATION - JAN 2024**

Semester : Semester III - 2022
Course Code : BCL2002
Course Name : Auditing
Program : B.Com LLB Honors

Date : 03-JAN-2024
Time : 1:00 PM - 4:00 PM
Max Marks : 100
Weightage : 50%

Instructions:

- (i) Read all questions carefully and answer accordingly.
- (ii) Question paper consists of 3 parts.
- (iii) Scientific and non-programmable calculator are permitted.
- (iv) Do not write any information on the question paper other than Roll Number.

ANSWER ALL THE QUESTIONS

10 X 10M = 100M

1. In recent years, auditing practices have undergone significant transformations driven by technological advancements, evolving regulatory landscapes, and changing stakeholder expectations. Staying informed and adaptable remain crucial for auditors to navigate this evolving landscape successfully. In this context write a note on the recent trends in auditing. Also throw light on the new trends followed by the big five auditing firms.
(CO1) [Comprehension]
2. The audit program holds significant importance in the overall audit process, serving as a structured plan that guides auditors through the various stages of an audit engagement. Outline the key components and objectives of an audit program, emphasizing its role in guiding the systematic execution of the audit.
(CO1) [Comprehension]
3. While the terms "internal control system" and "internal check system" are related and often used interchangeably, they have distinct meanings and serve different purposes within an organization's management and governance structure. Differentiate internal control system from internal check system.
(CO2) [Comprehension]
4. An effective internal check system relies on fundamental principles that contribute to the accuracy, reliability, and integrity of financial transactions within an organization. These principles serve as the foundation for designing and implementing internal controls. Expound upon the fundamental principles that underpin an effective internal check system.
(CO2) [Comprehension]
5. Vouchers are essential documents used in accounting to record and authorize financial transactions. They provide evidence of the transaction, supporting the accuracy and legitimacy of entries in financial records. Explicate the various types of vouchers in detail.
(CO3) [Comprehension]

6. Vouching of payments is a critical audit procedure that involves the systematic examination and verification of supporting documents to ensure the legitimacy, accuracy, and compliance of recorded payment transactions. Outline the key objectives and procedures involved in vouching payments. Discuss how you, as the lead auditor, would navigate challenges such as identifying potential fraudulent activities, verifying the authenticity of invoices, and ensuring compliance with internal controls.

(CO3) [Application]

7. The verification process of assets and liabilities is an important component of financial management, ensuring the accuracy of an organization's financial statements and supporting informed decision-making.

Outline the strategic objectives that guide the verification process of assets and Liabilities in the dynamic environment of a technology company. Also elaborate on how the verification objectives contribute to not only financial accuracy but also risk management and strategic decision-making within the technology company.

(CO4) [Application]

8. As the lead auditor for a multinational corporation undergoing a comprehensive financial audit, where the company has diverse assets and liabilities, including tangible assets, intangible assets, trade creditors, and contingent liabilities, Outline the key challenges faced by you in the verification and valuation process of diverse assets in a multinational corporation.

(CO4) [Application]

9. The auditor's role is an independent and vigilant guardian rather than an investigator seeking to unearth every potential issue. In this context, Justify the statement "An auditor is a watch dog and not a blood hound".

(CO5) [Application]

10. "You are the lead auditor for a mid-sized manufacturing company, and you have just discovered evidence suggesting a potential conflict of interest involving one of your team members. The team member in question has a close personal relationship with the CFO of the audited company."

In light of the identified conflict of interest, outline the steps you would take to address and mitigate the ethical concerns within your audit team. what actions would you take to maintain the integrity of the audit report? Consider both immediate actions and long-term strategies to uphold ethical standards in this situation.

(CO5) [Application]