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FINAL MAY 2016 EXAM

Advance Auditing And Professional Ethics

Prelims (Test Code - F M J 6 0 4 6)

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Ans. 1

(a) Meaning of Analytical Procedures :

- Analytical Procedures consist of the comparison of data from different sources to determine, if reported information looks 'odd' or 'wrong'. Analytical Procedures include comparison of financial information with Prior Period Information (such as budgets, forecast etc.).
- Analytical Procedures in case of Payroll cost: Where an entity has a known number of employees at fixed rates of pay throughout the period, it may be possible for the auditor to use this data to estimate the total payroll costs for the period with a high degree of accuracy, thereby providing audit evidence for a significant item in the financial statements and reducing the need to perform tests of details on the payroll..
- Analytical Procedures in case of Room Rental Income of Hotel: Different types of analytical procedures provide different levels of assurance. Analytical procedures involving the prediction of total rental income in case of Hotel taking the room tariff rates, the number of rooms and occupancy rates into consideration, can provide persuasive evidence and may eliminate the need for further verification by means of tests of details, provided the elements are appropriately verified.

(b) The engagement letter to be issued by Mr. Amar should state the following as management's responsibility:

- The accuracy and completeness of the information supplied to us, including maintenance for adequate accounting records and internal controls and selection and application of appropriate accounting policies.
- Preparation and presentation of the financial statements of the entity, in accordance with the applicable laws and regulations, if any.
- Safeguarding the assets of the entity and also establishing appropriate controls designed to prevent and detect fraud and other irregularities.
- Ensuring that the activities of the entity are carried in accordance with applicable laws and regulations and that it institutes appropriate controls to prevent and detect any non-compliance.
- Ensuring complete disclosure of all material and relevant information to the accountant.

(c) Internal Audit programme in connection with fixed Assets i.e. plant and Machinery, tools and dies is as follows:-

1. **Asset Register:** To review the registers and records of plant, machinery etc. showing clearly the date of purchase of assets, cost price, location, depreciation charged etc.
2. **Code Register:** To see that each item of plant and machinery has been given a distinct code number to facilitate identification and verify the maintenance of code register.
3. **Physical Verification:** To see that physical verification has been conducted at frequent intervals
4. **Asset Disposal Register:** To review whether assets have been disposed of after, proper technical and financial advice and sales/disposal/retirement etc. of these assets are governed by authorization sales memos or other appropriate documents.
5. **Cost Report and Journal Register:** To review the reporting costs relating to each plant and machinery, to verify items, which have been capitalised.
6. **Movement Register:** To verify whether (a) movement register for movable equipments and (b) Log Books in case of vehicles etc. are being recorded properly
7. **Spare Parts Register:** To examine the maintenance of a separate Register of tools, spare parts for each plant and machinery.
8. **Review of Maintenance:** To scrutinize the programme for an actual periodical servicing and overhauling of machines. To examine the extent of utilisation of maintenance department services.
9. **Review of Obsolescence:** To scrutinize whether expert's opinion have been obtained from time to time to ensure purchase of technically most useful, efficient and advanced machines after a thorough study.
10. **Review of R&D:** To review Research and Development activity and ascertain the extent of its relevance to the operations of the organisation, maintenance of machinery and prevention of early obsolescence.
11. **Internal Control Aspects:**
    - Maintaining Register of fixed assets and separate register for hired Assets, leased assets and jointly owned assets.
    - Periodic inspection of Assets is done or not.

- Reconciling of fixed Asset Register to physical inspection of fixed asset and to nominal ledger.
- Regular review of adequate security arrangements
- Regular Review of Insurance cover requirements over fixed Assets.

(d) Relevant Factors in evaluation of inherent risk: While developing an overall audit plan, the auditor is required to assess inherent risk at financial statement level and is then required to relate his assessment to material account balances and the class of transactions. To assess inherent risk, the auditor would use professional judgement to evaluate numerous factors, having regard to his experience of the entity from previous audit engagements of the entity, any controls established by management to compensate for a high level of inherent risk, and his knowledge of any significant changes which might have taken place since his last assessment. Normally an auditor evaluates inherent risk by assessing factors such as integrity of the management, experience and knowledge of the management, turnover of key management personnel, circumstances which may motivate the management to misstate the financial statement when its financial performance is not satisfactory, nature of entity's business prone to rapid technological obsolescence dealing with large number of related parties, etc.

Ans. 2

(a) Provision

- As per clause 11 of Part-1 of First Schedule of CA Act, 1949, a CA is deemed to be guilty of professional misconduct if he "engages in any business or occupation other than the profession of Chartered Accountant unless permitted by the Council so to engage".
- However, the Council has granted general permission to the members for certain specific occupations. In respect of all other occupations specific permission of the Institute is necessary.

Analysis & Conclusion

- In the given case CA is engaged in the occupation of trading in derivatives which, is not covered under the general permission. Hence specific permission of the Institute has to be obtained otherwise he will be deemed to be guilty of professional misconduct under clause 11 of Part-1 of First Schedule of CA Act, 1949.

(b) Provision

- As per Clause (10) of Part I of Schedule II of the CA Act, 1949 a Chartered Accountant in practice will be deemed to be guilty of professional misconduct if he fails to keep moneys of his client other than the fees or remuneration or money meant to be expended in a separate banking account or to use such money for purposes for which they are intended within a reasonable time.
- The team reasonable time would depend upon the circumstances of the case. Moneys which are intended to be spent within a reasonably short time need not be put in a separate bank A/c.

Analysis & Conclusion

- Thus, Mr. Pratik should have kept the balance money after remitting the first installment of advance tax into a separate bank A/c. Hence he is guilty of professional misconduct.

(c) Provision

Under Companies Act, a person is disqualified from being an auditor if he is indebted to the company for more than ₹5 Lac as per new Co. Act, 2013. This provision for disqualification would apply in case of an auditor appointed under the Companies Act, 2013. The intention of the Companies Act, 2013 is to ensure that the auditor is not under any financial obligation of the company. But there is no such provision under Income Tax Act, 1961, for a person to be disqualified on his becoming indebted to the company.

Analysis & Conclusion

In the instant case, though the entire audit fees are taken in advance, Mr. Ashok would still be able to carry out the audit and he would not be disqualified. However, having regards to the professional ethics in general an auditor must avoid such situations and may consider disclosing the same.

(d) Provision

In terms of Section 27 of the CA Act, 1949 if a CA in practice has more than one office in India, each one of these offices should be in the Separate charge of a member of the Institute. There is however an exemption for the above if the second office is located in the same premises in which the first office is located or 'Second office is located in the same city, in which the first office is located or within a distance, of 50 Kms from the municipal limits of a city, in which the first office is located.

Analysis & Conclusion

In the given case the second office is situated beyond 50 Kms of municipal limits of Mumbai city, therefore Mr. Girish would be liable for committing a professional misconduct.

Ans. 3

(a) Provision

- Public charitable institution is a company, since it is registered under Companies Act, 2013.
- According to sec. 128 of Co. Act, 2013 requires that books of account must be kept on accrual basis and according to the double entry system of accounting. Also, Fundamental Accounting assumption stated in AS-1 also requires that the accounts should be maintained on accrual basis. Auditor while conducting audit is required to examine whether financial statements are prepared on accrual basis. So, where the financial statements are not prepared and presented on accrual basis, auditor should qualify his report. Therefore, the accounting policy to maintain accounts on cash basis is not appropriate.
- Accounting to section 129 of Co. Act, 2013, financial statements of a company shall comply with the AS notified u/s 133. It further provides that, if the FS of a company do not comply with the AS, the company shall disclose in its financial statements the following namely:
  1. The deviation from the AS.
  2. The reasons for such deviation; and
  3. The financial effects, if any, arising out of such deviation.
- Further as per Section 143 (3) (e) of Co. Act, 2013, Auditor has to also report in his audit report whether, in his opinion, the financial statements comply with the Accounting standards.

Conclusion

- Therefore, keeping in view the above provision in given case, auditor should qualify his report and quantify to the extent possible the amount of understatement or over statement in the financial statement in respect of both issues.

(b) Provision

Para 3(ii) of CARO, 2015 auditor to state in his report whether physical verification of inventory has been conducted at reasonable requires the interval by the management and the procedures of physical verification of inventory followed by the management reasonable and adequate in relation to the size of the company and the nature of its business.

Analysis & Conclusion

In the given case, procedure of physical verification followed by management is not reasonable and hence the auditor should point out the inadequacies in physical verification procedures.

(c) Characteristics of an Effective Computer Audit Program System: - Computer audit program developed for general purposes shall have to customize according to the needs of the organisation. However an examination of following features is necessary to ensure that it is effective:

- **Simplicity:** The system should be simple to use and eliminate the need for remembering countless details normally required in writing or revising computer programs.
- **Understandability:** The system should be understandable by the members of the audit staff, even those with little computer expertise. The capabilities of the system should be known and it should be easy to use. Coding forms provided should not be difficult to understand.
- **Adaptability:** The system should be capable of writing computer audit programs for the various types of computers used in the company or expected to be acquired. Thus the package will be usable if the equipment is changed in the future.
- **Vendor Technical Support:** In considering the types of package to be acquired, it is important that the vendor provides adequate support. This includes assisting in the initial installation and providing adequate documentation training to the audit staff.
- **Statistical Sampling Capability:** Statistical sampling is an important Application in auditing, the package should be able to perform the various statistical routines this should include the selection of items on a random basis, determination of sample size, and evaluation of results at different confidence levels.
- **Acceptability:** The system should be acceptable to both the auditors and to computer centers. For the auditors the programs should be easily carried to the site and practical to

use. For the computer Centre the programs should be compatible with the system and capable of minimum interference with normal routines.

- **Processing Capabilities:** The package should be able to process many different types of application. For example, it should accept all common file media and process multiple file input. It should have the capability for extended data selection and stratification; it should have powerful, generalized audit commands.
- **Report Writing:** The package should have a strong report writing function. This should include the ability to prepare multiple reports in a single program run and to generate flexible output report formats.

Ans. 4

(a) Verification of advances against goods (Banking Companies):

1. **Sanction:** Examine the sanction letter, letter of hypothecation and note the important terms and conditions of the advances.
2. **Stock statements:** Verify the quantity and value of goods hypothecated based on the stock statements received from the borrower. Test check the Godown Register and examine the valuation of goods to ascertain the reasonableness of the same.
3. **Inspection:** Ascertain as to whether the premises of the borrowers are periodically visited by the bank officials to verify the quantity as per the periodic stock statements.
4. **Stock Audit:** See whether the bank has got a system of obtaining stock and receivables audit report in respect of such advances. If so, review the stock audit report and identify adverse comments, if any.
5. **Hypothecation/Pledge:** Examine the letter of hypothecation and certificate of registration of charge, in respect of goods pledged with the bank.
6. **Insurance:** Examine the insurance policies for their validity, adequacy etc. and see that policies are in favour of the bank.
7. **Documents of title:** Inspect the documents of title to goods like bill of lading, dock warrant, railway receipts etc. to ensure that they are endorsed registered in favour of the bank.
8. **Third party certificate:** Where the hypothecated goods are in possession of third parties, such as clearing and forwarding agents, transporters, bankers, etc. undertaking has been obtained by the bank that they will handover the goods or sale proceeds thereof to the bank only. In such cases, certificate should be obtained by the bank from such third parties regarding quantities on hand, on balance sheet date. The valuation of such goods should be checked by the auditor.

(b) Powers and Duties of Auditors appointed under MSCS Act, 2002 [Section 73]-

1. **Power:** Every auditor of a Multi- State co- operative society shall have a right of access at all times to the books of accounts and vouchers of the Multi-State co-operative society, whether, kept at the head office or elsewhere and shall be entitled to require from the officers or other employees, such informal and explanation as the auditor may think necessary for the performance of his duties as an auditor
2. **Duties:** It is the duty of the auditor to enquire that:
   - **Loan and Advances made by the Society:** Whether, loans and advances made by the Multi-State co- operative society on the basis of security have been properly secured and whether, the terms on which they have been made are not prejudicial to the interests of the society or its member.
   - **Transactions represented by Book Entries:** Whether, transactions which are represented merely by book entries are not prejudicial to the interests of the Multi-State co-operative society.
   - **Charging of Personal Expenses:** Whether personal expenses have been charged to revenue account; and
   - **Allotment of shares for Cash:** Whether, any shares have been allotted for cash, if yes then whether, cash has actually been received in respect of such allotment and if no cash has actually been so received, whether the position as stated in the books of account and the balance sheet are correct, regular and not misleading.

(c) Provision

Disallowance u/s 40A(3) is attracted, if the assesse incurs any expenses in respect of which aggregate of payments made to a person in a day, otherwise than by an account payee cheque drawn on bank or account payee draft exceeds ₹20,000/-. However, the exemption is provided in respect of certain expenditure in Rule 6DD. In such a case, disallowances u/s section 40A (3) would not be attracted. Under the clause 21 (d) of Form 3CD, the amount inadmissible u/s 40A(3), read with Rule 6DD, have to be reported.

Analysis

In a given case, the invoice for expenses has been booked in an earlier year. However, since the payment for the same is made during the current year by cash exceeding ₹20,000, the reporting thereof would be necessary in clause 21(d) of Form 3CD.

Conclusion

The entire amount paid as above, to be disallowed u/s 40A(3) of the Income Tax Act, 1961.

Ans. 5

(a) Aspects to be considered by the External Auditor in the Evaluation of Internal Audit Function: General evaluation of internal audit function will assist the external auditor in determining the extent to which he can place reliance upon the work of the internal auditor. As per SA 610, the important aspects to be considered in this context are discussed below:

- **Organizational Status:** whether the internal audit is done internally or by an external agency. Any restrictions placed upon his work by the management should be carefully evaluated. In particular, the internal auditor should be free to communicate fully with the external auditor.
- **Scope of Work:** What is the nature and depth of the coverage of the assignment, which the internal auditor discharges for management?
- **Technical competence:** Whether the internal auditor is technically competent to do the work i.e. having adequate technical training and proficiency.
- **Due Professional Care:** Whether his work and reports appear to be properly planned, supervised reviewed and documented.
- **Audit Evidence:** Adequate audit evidence has been obtained to enable the internal auditors to draw reasonable conclusion.
- **Conclusion:** Conclusion reached is appropriate in the circumstances and any reports prepared by the internal auditors are consistent with the results of the work performed.
- **Response to Unusual Matters:** Any exceptions or unusual matters disclosed by the internal auditors are properly resolved.

If the above factors are not satisfactory, the statutory auditor will have to modify his audit program and increase the verification to be carried out.

(b) Peer Review is a regulatory mechanism for monitoring the performances of professionals for maintaining quality of service expected of them. It was established by ICAI in March, 2002. Under peer review one CA will examine the other CA to judge the quality of attestation work performed by them. The objective of peer review is to ensure adherence to various statutory and other regulatory requirements & to enhance the reliance placed by the users of financial statements for economic decision making.

In the instant case Mayank, a practicing CA should review following controls in respect of assessment of independence of the practicing unit:

- Does the practice unit have a policy to ensure independence, objectivity and integrity, on the part of partners and staff? Who is responsible for this policy?
- Does the practice unit communicate these policies and the expected standards of professional behavior to all staff?
- Does the practice unit monitor compliance with policies and procedures relating to independence?
- Does the practice unit periodically review the practice unit's association with clients to ensure objectivity and independence?

(c) Provision

- The council of the ICAI has in a communication to members stated that if a public company, in which a CA in practice is a director, issues a prospectus or gives any announcement that gives descriptions about the Chartered Accountants' expertise, specialization and Knowledge in any particular field, it shall constitute a violation of clauses 6 and 7 of Part I of the first schedule to the CA Act, 1949.
- The council has further stated that in such cases the members concerned has to take necessary steps to ensure that such prospectus or public announcements or public communications do not advertise his professional attainments and also do not directly or indirectly amount to solicitation of clients for professional work by the members.

Conclusion

- Thus in the instant case Mr. Dharmesh would be held to be guilty of professional mis-conduct and liable for disciplinary action.

Ans. 6

(a) A company recording higher sales value but declining net profits for the last five years is an anomalous situation, which may be attributed to various reasons listed as under :-

1. **Sales Mix:** Although the total volume of sales is increasing, but it is possible that the sales are increasing in respect to unprofitable items, whereas decreasing in respect to the profitable items. This will result in reduction of the profits, in spite of an increase in sales.

2. **Higher Interest cost:** Where the company does not have sufficient funds (equity) of its own and have to borrow debt fund to a greater extent and at higher cost, to meet the fund requirement. In that case, interest commitment will be higher and would result in lower profit.

3. **High Administrative and Selling Overhead:** Administrative and selling costs are generally period costs, which are fixed in nature. Their increase is generally not proportional to the sales increase. However, a reduction in profit could also be due to the increase in administrative and selling overheads at a rate higher than the rate of increase in sales.

4. **Cost-Price Relationship:** If, the increase in cost of raw materials and labour has not been compensated by the corresponding increase in sales prices, it would lead to higher sales value and declining profits.

5. **Competitive Price:** Profit will be in declining trend in the short-run, if higher sales have been affected at cut-throat prices in order to eliminate the competition from the market.

6. **Heavy Addition of Fixed Assets:** Heavy addition of fixed assets may lead to high depreciation charges being made in the initial years of additions. Consequently, there may be a reduction in the profits, in spite of the increased sales.

7. **Procedure for Investigation:** The procedure to be followed by an investigator is largely dependent upon known or suspected circumstances. The following steps are suggested:
   - **I.** Comparing the cost of sales of different periods and analyse their trend.
   - **II.** See the composition of sales figures to aggregate items other than sales, such as excise duty, etc.
   - **III.** Compare the cost to the sales ratio of the different products, to determine whether the low profit is due to an adverse sales mix.
   - **IV.** Compare the financing cost and analyse their trend with the trend of borrowing.
   - **V.** Examine the composition and trend of administrative and selling expenses, to ascertain the reasons for any abnormal increase.
   - **VI.** Ascertain whether the substantial sales have been made to associated concerns at prices lower than the cost price or arm-length price.
   - **VII.** Examine the accounting policies in relation to the valuation of stock, the classification of revenue and capital expenditure, etc.

(b)

1. whether loans and advances made by the company on the basis of security have been properly secured and whether the terms on which they have been made are prejudicial to the interests of the company or its members;
2. whether transactions of the company which are represented merely by book entries are prejudicial to the interests of the company; Again, considering the propriety element, rationalizing the proper disclosure of loans and advance given by company is made;
3. where the company not being an investment company or a banking company, whether so much of the assets of the company as consist of shares, debentures and other securities have been sold at a price less than that at which they were purchased by the company;
4. whether loans and advances made by the company have been shown as deposits;
5. whether personal expenses have been charged to revenue account;
6. Where it is stated in the books and documents of the company that any shares have been allotted for cash, whether cash has actually been received in respect of such allotment, and if no cash has actually been so received, whether the position as stated in the account books and the balance sheet is correct, regular and not misleading.

A control has been set up to verify the receipt of cash in case of allotment of shares for cash. Further, if cash is not received, the books of accounts and statement of affairs shows the true picture.

(c) Provision

- Consolidation of Financial Statement: AS 21 "Consolidated Financial Statements", states that a subsidiary should be excluded from consolidation when:
  1. Control is intended to be temporary because the shares are acquired and held exclusively with a view to its subsequent disposal in the near future or
  2. Subsidiary operates under severe long term restrictions which significantly impair its ability to transfer funds to the parent.
- Where an enterprise owns majority of voting power by virtue of ownership of the shares of another enterprise and all the shares held as 'stock-in-trade' are acquired and held exclusively with a view to their subsequent disposal in the near future, the control by the first mentioned enterprise would be considered temporary and the investments in such subsidiaries should be accounted for in accordance with AS 13 "Accounting for Investments".
- However, as per Section 129(3) of the Companies Act, 2013 read with rule 6 of the Companies (Accounts) Rules, 2014, where a company having subsidiary, which is not required to prepare CFS under the Accounting standards, it shall be sufficient if the company complies with the provisions on CFS provided in Schedule III to the Act.

Analysis & Conclusion

In this case, Shanghavi Ltd's intention is to dispose of the shares in the near future as shares are being held as stock-in-trade and it is quite clear that the control is temporary, however for the compliance of provisions related to CFS given u/s 129 (3) of the Co Act, 2013 read with Companies (Accounts) Rules, 2014, Shanghavi Ltd is required to consolidate the financial statements as per the provisions on CFS provided in Schedule III to the Act.

Ans. 7

(a) Content of Management Discussion and Analysis: Management Discussion and Analysis report should form part of the Annual Report to the shareholders. This Management Discussion & Analysis report should include discussion on the following matters:

- Industry structure and developments.
- Opportunities and Threats.
- Segment-wise or product-wise performance.
- Outlook.
- Risks and concerns.
- Internal control systems and their adequacy.
- Discussion on financial performance with respect to operational performance.
- Material developments in Human Resources/industrial Relations front, including number of people employed.

The management should also make disclosures to the board on all material financial and commercial transactions, where they have personal interest and may have a conflict with interests of the company as a whole.

(b) To Management:

- Reliability of data for price fixing, control and decision making.
- Continuous check on all wastages through a proper system of reporting.
- Highlighting of Inefficiencies in operation in order to take corrective action.
- Detection and prevention of error and fraud.
- Proper valuation of closing stock and WIP.
- Introduction of a system of Budgetary Control and Standard Costing.

(c) Provision

AS-10 "Accounting for Fixed Assets", requires that the items of fixed assets that have been retired from active use and are held for disposal be stated at the lower of their net book value and net realizable value and are shown separately in the financial statements. As per AS-2 "Valuation of Inventories", "inventories" are assets "held for sale in the ordinary course of business, in the process of production for such sale; or in the form of materials or supplies to be consumed in the production process or in the rendering of services.", whereas, the sale of fixed assets cannot be treated as sale arising from the ordinary course of business.

Analysis & Conclusion

Thus, Full Ltd.'s inclusion of fixed assets not in active use and held for disposal, as inventory item in the schedule of inventory is not in line with the requirements of AS-10 and AS-2. Such fixed assets should be stated at lower of net book value and net realizable value and are shown separately in financial statements.

(d) Provision

No Risk Assumption without Premium: No risk can be assumed by the insurer unless the premium is received. According to section 64VB of the Insurance Act, 1938, no insurer should assume any risk in India in respect of any insurance business on which premium is ordinarily payable in India, if

- the premium payable is not received; or
- the premium payable is not guaranteed to be paid by such person in such manner and within such time, as may be prescribed; or
- the premium payable is not deposited in advance in the prescribed manner
- The premium receipt of insurance companies carrying on general insurance business normally arise out of three sources, viz., premium received from direct business, premium received from reinsurance business and the share of co-insurance premium.

Conclusion

In view of the above, the insurance company is not liable to pay the claim and hence no provision for claim is required.

(e) Management refuse to provide WR : If management does not provide one or more of the requested representation, the auditor shall:

- Discuss the matter with management,
- Re-evaluate the Integrity of the management and evaluate the effect that this may have on the reliability of representations (oral or written) and audit evidence in general and
- Take appropriate actions, including determining the possible effect on the opinion in the auditor's report.

Conclusion:

The auditor should disclaim an opinion on the financial statements if management does not provide written representation.

MARKS ALLOCATION SHEET

Que. No.	Sub point No.(if any)	Name of Chapter	Description of Concept	Mark Allocation	Total Marks
1	(a)	SA-520	Meaning	1	
1	(a)	SA-520	Analysis procedure in case of payroll cost	2	
1	(a)	SA-520	Analytical procedure in case of room rental income hotel	2	5
1	(b)	SRS-4410	Any 5 responsibility each has 1 mark	5	5
1	(c)	Audit strategy planning & programming	Any 5 point each has 1 mark	5	5
1	(d)	Risk assessment and internal control	Relevant Factors in evaluation of inherent risk	5	5
2	(a)	Professional ethics	Provision	1.5	
2	(a)	Professional ethics	Analysis & conclusion	2.5	4
2	(b)	Professional ethics	Provision	2.5	
2	(b)	Professional ethics	Analysis & conclusion	1.5	4
2	(c)	Professional ethics	Provision	2.5	
2	(c)	Professional ethics	Analysis & conclusion	1.5	4
2	(d)	Professional ethics	Provision	2.5	
2	(d)	Professional ethics	Analysis & conclusion	1.5	4
3	(a)	Company audit	Provision	4	
3	(a)	Company audit	Conclusion	2	6
3	(b)	Company audit	Provision	2.5	
3	(b)	Company audit	Analysis & conclusion	1.5	4
3	(c)	Audit under CIS	Any 6 characteristics each has 1 mark	6	6
4	(a)	Audit of banks	5 points each has 1 mark	5	5
4	(b)	Audit of co-operative societies	Power of auditors	2	
4	(b)	Audit of co-operative societies	Duties of auditors any four each has 1 mark	4	6
4	(c)	Audit under fiscal laws	Provision	2	
4	(c)	Audit under fiscal laws	Analysis	2	
4	(c)	Audit under fiscal laws	Conclusion	1	5
5	(a)	Internal audit	Any 6 aspects each has 1 mark	6	6
5	(b)	Peer review	Any 4 points each has 1 mark	4	4
5	(c)	Professional ethics	Provision	4	
5	(c)	Professional ethics	Conclusion	2	6
6	(a)	Investigation & due diligence	Any 6 points each has 1 mark	6	6
6	(b)	Audit of PSU	Any 5 points each has 1 mark	5	5
6	(c)	Audit of CIS	Provision	3	

6	(c)	Audit of CIS	Analysis & conclusion	2	5
7	(a)	Audit committee	Any 8 points each has 0.5 marks	4	4
7	(b)	Cost audit	Any 4 advantages each has 1 mark	4	4
7	(c)	Company audit	Provision	2.5	
7	(c)	Company audit	Analysis & conclusion	1.5	4
7	(d)	Audit of general insurance company	Provision	3	
7	(d)	Audit of general insurance company	Conclusion	1	4
7	(e)	SA-580	Duties of auditor	3	
7	(e)	SA-580	Conclusion	1	4