D6BHC2301 (PAGES: 2) **Reg. No.............................**

Name: ....

SIXTH SEMESTER UG DEGREE EXAMINATION, APRIL 2026

(Regular/Improvement/Supplementary)

B.COM. HONOURS

GBCH6B23T: AUDITING AND ASSURANCE

Time: 3 Hours **Maximum Marks: 80**

Part A: Answer *all* the following questions. Each carries *one* mark.

Choose the Correct Answer.

1. What does internal audit focus on?

   A) Processes B) Taxes C) Sales D) Governance

2. Which of the following is the primary objective of an audit engagement?

   A) Identifying fraud C) Expressing an opinion on financial statements

   B) Understanding laws and regulations D) Preparing financial statements

3. What is the purpose of assessing audit risks during the audit planning stage?

   A) To avoid fraud detection

   B) To determine the nature, timing, and extent of audit procedures

   C) To replace documentation requirements

   D) To ensure compliance with tax laws.

4. Which of the following is a key factor in determining the reliability of audit evidence?

   A) Quantity of audit evidence C) The work of others

   B) Relevance and reliability of audit evidence D) Sampling and other means of testing

5. What is the purpose of subsequent events review in auditing?

   A) To assess audit risk C) Review materiality

   B) Evaluate events after the reporting period D) Analyse financial ratios

Fill in the Blanks.

6. An audit report with no material misstatements is referred to as an __________ audit opinion.
7. Written __________ are obtained from management during the audit finalization process.
8. The process of ______________ helps auditors identify and evaluate potential risks that could impact the audit engagement.
9. The primary objective of internal control systems is to ensure the __________ of financial reporting and compliance with laws and regulations.
10. ______ is the process of verifying the accuracy of financial statements through evidence collection.

(10 × 1 = 10 Marks)

(PTO)

Part B. Answer any *eight* questions. Each question carries *two* marks.

11. What is the primary difference between external audit and internal audit?
12. Explain the importance of understanding laws and regulations during the audit planning process.
13. What is the relevance and reliability of audit evidence? Explain briefly.
14. List any two audit procedures used in verifying audit evidence.
15. Define the term "unmodified audit opinion" in the context of an audit report.
16. Explain the importance of audit procedures in the auditing process.
17. What is the role of sampling in auditing?
18. What are subsequent events? Discuss its significance in the audit review process.
19. Explain the role of professional ethics in external audits.
20. What is meant by "outsourcing" in the context of internal audit functions?

(8 × 2 = 16 Marks)

Part C. Answer any *six* questions. Each question carries *four* marks.

21. Explain the importance of the Professional Ethics and Code of Conduct in auditing practices.
22. What are the key considerations when outsourcing internal audit functions?
23. Briefly explain the role of auditors in evaluating internal control systems.
24. Explain the concept of computer-assisted audit techniques (CAAT) and their significance in modern auditing.
25. Describe the procedures an auditor follows when reviewing subsequent events and explain their importance in the audit process.
26. What are the key components of an audit report? How does an unmodified audit opinion differ from other opinions?
27. Discuss the role of written representations in the audit finalization process and how they assist auditors in forming their conclusions.
28. Discuss the role of internal audit in organizational governance and its impact on risk management.

(6 × 4 = 24 Marks)

Part D. Answer any *two* questions. Each carries *fifteen* marks.

29. Discuss the importance of audit evidence, its quality and quantity, and the role of audit procedures in ensuring reliable audit conclusions. Use examples wherever necessary.
30. Discuss the components of internal control systems, including the role of IT controls and application controls. Highlight control objectives, procedures, and communication in internal control.
31. Discuss the process of audit planning and risk assessment.

(2 × 15 = 30 Marks)