

Audit & Assurance (PS) (Application)

Summer-2022



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- Q.1.**
1. Is there adequate separation of duties between the system analyst, the programmer and the KPO
 2. Has there been any transfer of system analyst in the recent years or is it the same one performing duties over the years
 3. The controls in the online pension system are properly written and every relevant person has the knowledge of them
 4. The directives and pension procedures are properly documented and circulated in the computer lab as well as the sections
 5. The procedure of exchange of information between the Pension Wing and the computer lab is being followed or not
 6. Is there a counter check on the work of the system analyst or not
 7. Is there a system to countercheck the work of the Programmer
 8. Check the levels of controls in the pension system
 9. Check the authorization of pension in the computerized pension system
 10. Check for signatures of the programmer on the pension roll
 11. Check the dates of sending and receiving the pension data and roll at every stage applicable
 12. Check the authorization level of System Analyst and his reporting officer
 13. Who has the authority to check system logs in the pension system
 14. Are there procedures to control processing of duplicate pension rolls?
 15. Are there procedures to counter check the check that are being dispatched with the list of pensioners approved by the pension wing?
 16. Check and countercheck the serial numbers of the pension roll of the computer lab with that of the pension wing
 17. Are there checks made by the management to ensure that the pension data being sent to the check section is done so after the proper receipt and calculation and signature of the concerned person

This is a suggestive list.

Total Marks 20

- Q.2.**
1. It guides the daily work of the auditors
 2. It outlines ethical precepts of civil servants in general and the particular requirement of auditors, including the latter's professional obligations
 3. It ensures that the conduct of auditors is beyond reproach at all times and in all circumstances
 4. Promotes co-operation and good relations among themselves and within the profession.
 5. It assures the legislative and/or executive authority, the general public and the audited entities of the fairness and impartiality of all the work



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6. Integrity ensures public confidence
7. It ensures impartiality of the auditor while giving an opinion in the audit report
8. Independence, objectivity and impartiality enables the work conducted by auditors, particularly in their reports, to be considered as accurate and objective
9. It helps them maintain political neutrality
10. It helps in avoiding conflict of interest while providing advice or services as asked by the auditee or when presented with gifts from the auditee.
11. It obliges them to maintain professional secrecy about the information gathered in the course of audit

This is a suggestive. The candidates are encouraged to think of other points, as long as they are in line with the FAM's Code of Ethics.

Total Marks 20

Q.3. The four types of opinions are:

10

a

1. Unqualified opinion
2. Qualified opinion
3. Adverse opinion
4. Disclaimer of opinion

Unqualified Opinion: an opinion when the auditor is satisfied in all material respects that:

- The financial statements have been prepared using acceptable accounting bases and policies which have been consistently applied
- The statements comply with statutory requirements and relevant regulations;
- The view presented by the financial statements is consistent with the auditor's knowledge of the audited entity; and
- There is adequate disclosure of all material matters relevant to the financial statements.

Qualified Opinion: Where the auditor disagrees with or is uncertain about one or more particular items in the financial statements which are material but not fundamental to an understanding of the statements, a qualified opinion should be given.

Adverse Opinion: Where the auditor is unable to form an opinion on the financial statements taken as a whole due to disagreement which is so fundamental that it undermines the position presented to the extent that an opinion which is qualified in certain respects would not be adequate, an adverse opinion is given.

Disclaimer of Opinion: Where the auditor is unable to arrive at an opinion regarding the financial statements taken as a whole due to an uncertainty or scope restriction which is so fundamental that an opinion which is qualified in certain respects would not be adequate, a disclaimer is given.



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Q.3.
b

1. While giving an audit opinion, the materiality is used
2. Errors in financial statements are judged on the basis of materiality
3. The level of materiality will provide a desired level of assurance which will be achieved through the tests of internal control, the analytical procedures and the substantive tests of details are all
4. It has an impact on the users of the financial statements
5. It is used to focus on the important things in the audit
6. The amount of materiality is used to determine the minimum sample size for the purpose of audit
7. The materiality amount is compared with the upper error limit to determine if there is the required amount assurance

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Total Marks 20

Q.4.

	PAO	CFAO
1.	ensure that financial considerations are taken into account at all stages in framing and implementing decisions.	CFAO is to assist the PAO
2.	Principal Accounting Officer is responsible not only for the efficient and economical conduct of the Ministries/Divisions/Departments	He shall systematize proper maintenance of accounts and their timely reconciliation with the actual figures of the CGA/AGPR and maintenance of 'Liability Register' in the Ministry/Division, its Attached Departments and Subordinate Offices.
3.	Is personally answerable before the Public Accounts Committee.	He shall be responsible for the work relating to PAC, DAC and audit observations on Appropriation Accounts and Audit Reports, ensuring compliance with the PAC observations and recommendations.
4.	Principal Accounting Officer shall consider budgetary proposals submitted to him and shall, after careful scrutiny, forward the proposals to Financial Adviser's Organization for budgetary allocations.	He shall monitor the progress of the expenditure and receipts and furnish, with the approval of the Principal Accounting Officer, a monthly statement of departmental expenditure and receipts to Financial Adviser's Organization and the Finance Division
5.	PAO shall ensure that the funds allotted to a Ministry/ Division, etc. are spent for the purpose for which these are allotted.	He shall undertake coordination and internal scrutiny of budget estimates of expenditure as well as receipts



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6.	To ensure that the requirements of rules and regulations are met, while sanctioning funds is also the responsibility of the PAO	He shall process, in accordance with the prescribed rules and procedure, cases relating to the non-delegated field, and matters
7.	In the cases which are not covered under normal procedures, he has to ensure that the approval of Finance Division has been taken	He shall be responsible for consolidation of PSDP so that the development schemes of the Ministry/Division are prepared in accordance with the prescribed procedure and instructions under the supervision and with the approval of the Principal Accounting Officer.
8.	The PAO is responsible for ensuring that the expenditure is not incurred in excess of the budget allocation.	He shall tender advice to the Principal Accounting Officer in the delegated field, where called upon, in all matters of payment and matters affecting the accounts or any other matter concerning propriety and regularity of transactions
9.	Classification of payments under appropriate heads is also his responsibility	He shall tender advice to the Principal Accounting Officer for compliance of rules, such as GFR, Fundamental Rules (FR), Supplementary Rules (SR), Federal Treasury Rules (FTR) and other regulations, instructions and orders issued by the Finance Division from time to time.
10.	Staying informed about the actual expenditure and the liabilities	He shall assist Principal Accounting Officer in matters relating to risk management, asset protection, internal control/audit, reconciliation of accounts, monitoring and coordination with DAC, PAC and financial proprieties of expenditure and receipts.
11.	Re-appropriation of excesses and savings to the extent of power delegated to him.	He may exercise those powers which are delegated to him without consulting the Financial Adviser.
12.	The accounts of receipts are being maintained properly and reconciled on monthly basis.	He shall be responsible for observance of Internal Control
13.	Ensure that adequate machinery exists for due collection and bringing to account of all receipts of any kind connected with the functions of the Ministry/Division (s)/Departments and Subordinate	He shall conduct the Internal Audit



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	Offices under his control.	
14.	Attend PACs and DACs	attend the meetings of the PAC and DAC alongwith the Principal Accounting Officer in the case of PAC and Additional Secretary/equivalent officer in the case of DAC.

Total Marks 20

Q.5.

Q.	Controls	Yes/No/NA	Justification
1.	Is there adequate separation of duties? Are there separate authorities for approving changes to employees status/maintaining employee records/making calculations and specifying pay/authorizing payment/distributing cheques or cash?	No	Only a general separation of duties is given
2.	Is there sufficient control over access to employees files	Yes	Only the employees of payroll can access the file
3.	Is there a system to ensure authorization of changes to employee status, pay rates and information on employee files?	Yes	Every change is authorized by the Officer
4.	Are there controls to ensure changes to information on employees status are communicated promptly and accurately to pay section	NA	They are the pay section
5.	Is the pay section required to vouch that the list of employees has not changed since the previous pay date	Yes	The Auditors check the data generated by the software with the hard files on payroll and the Officer signs off the payroll sheet as accurate after which the salaries are paid.
6.	Are there checks by supervisor that employee updates are included in the calculation of pay and rules are being followed	Yes	The Auditors check the data generated by the software with the hard files on payroll and the Officer signs off the payroll sheet as accurate after which the salaries are paid.
7.	Is the function of post-audit being carried out by a team of supervisory officers/staff of the accounts office not related to the payroll section	No	They are independent in working and their work hardly ever gets audited because of their general reputation and the belief that the software is functioning accurately
8.	Do personnel in the Payroll Section get notified promptly of changes in rules and	No	It is their own duty to keep all the rules and salary rates at hand and



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	rates regarding salary and wages		updated.
9.	Are employees in the pay section experienced and properly trained on rules and methods for calculating pay and deductions	Yes	extensive knowledge of the rules and regulations related to pays and salaries.
10.	Where pay calculations are done by computer, is the process completely understood by operators and what checks are there to ensure the correct inputs are made to the system and the outputs	Yes	are considered to be the most adept in using softwares

Total Marks 20

Q.6. As given in Audit Working Papers Kit, page 213 but limited to the scenario.

Total Marks 20
