



**NATIONAL OPEN UNIVERSITY OF NIGERIA**  
**PLOT 91, CADASTRAL ZONE, NNAMDI AZIKIWE EXPRESSWAY, JABI, ABUJA**  
**FACULTY OF MANAGEMENT SCIENCES**  
**2023\_1 POP EXAMINATION.**

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**COURSE CODE: ACC411**

**CREDIT UNIT: 3**

**COURSE TITLE: AUDITING 11**

**TIME ALLOWED: 2<sup>1/2</sup>HOURS**

**INSTRUCTIONS:**

- 1. Attempt question Number one (1) and any other three**
- 2. Question number 1 is compulsory and carries 25 marks, while the other questions carry 15 marks each**
- 3. Present all your points in coherent and orderly manner**

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**(Q1)** Money Laundering has become a global concern due to its impact on the global economy. IMF has stated that about 2-5% of world GDP is likely to be related to money laundering required:

- a. Explain the term money laundering and describe the stages involved in money laundering. **(10 marks)**
- b. Discuss the role and obligation of professional accounting firms in detecting and reporting money laundering, activities. **(10 marks)**
- c. Describe the steps involved in assessing the risk associated with money laundering. **(5 mark)**

**(Q2)** Identify and discuss the major ethical threats to the auditor's independence and objectivity. **(15 marks)**

**(Q3)** ISA 240 requires that in planning and performing the audit to reduce audit risk to an acceptably low level, the auditor should consider the risk of material misstatements in the financial statements due to fraud. The overriding requirement of the standard therefore is that an auditor should be aware of the possibility of there being misstatements due to fraud or error and design procedures that will enable him detect such.

- i. Briefly explain
  - a. Fraudulent financial reporting **(4marks)**
  - b. Misappropriation of assets **(4marks)**
- ii. Outline the steps an auditor should take when fraud or error is suspected in the financial statements. **(7marks)**

**(Q4)** The audit process has evolved from vouching and systems based audits to risk-based auditing:

Required:

- a. Give brief descriptions of each of the three types of audit approaches stated above. **(8marks)**
- b. State the instances where vouching and systems audits are still applicable. **(7marks)**

**(Q5)** Write short note on any five (5) of the following

- i. Audit Software **(3marks)**
- ii. Computer assisted Audit Techniques **(3marks)**
- iii. Compliance Test **(3marks)**
- iv. Substantive Test **(3marks)**
- v. Functions of Auditor General of the Federation **(3marks)**
- vi. Financial Audits **(3marks)**
- vii. Value for Money Audit **(3marks)**