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| **SESSION** | **July 2023** |
| **PROGRAM** | **master of commerce (M com)** |
| **SEMESTER** | **IV** |
| **course CODE & NAME** | **DCM7202– AUDIT & ASSURANCE** |
| **CREDITS** | **4** |
| **nUMBER OF ASSIGNMENTS & Marks** | **02****30 Marks each** |

**Set – 1**

**1. Accounting is a necessity to business organisation, but auditing is a luxury. Explain this statement with the Nature and Objectives of Auditing.**

**Ans 1.**

Accounting and auditing are two closely related but distinct aspects of financial management. While both are essential for an organization's financial health and transparency, some may argue that accounting is a necessity, whereas auditing is a luxury. This perception stems from the fundamental nature and objectives of both functions.

Nature and Objectives of Accounting: Accounting is the systematic process of recording, classifying, and summarizing financial transactions. It involves the collection, analysis, and

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**2(a) Explain Cost Audit.**

**2(b)Explain the concept of Audit Engagement.**

**Ans 2(a)**

**Cost Audit:**

Cost Audit refers to the audit of cost records and accounts of a company. It is a systematic examination and verification of the cost accounts and records to ensure that they are accurately maintained as per the cost accounting standards and principles. This type of audit

**Ans 2(b)**

**Audit Engagement:**

Audit engagement refers to the arrangement between the auditor and the client for the conduct of an audit. It includes the terms and conditions agreed upon by both parties regarding the scope, objectives, and responsibilities of the audit.

**3. What do you mean by Audit Evidence? Explain the methods of obtaining the audit evidence.**

**Ans 3.**

Audit Evidence refers to the information and data collected by an auditor during the process of an audit that is used to determine whether the financial statements of an organization are presented fairly, in all material respects, and in accordance with the applicable financial reporting framework. This evidence is crucial for the auditor to form an opinion on the financial statements and to ensure that they are free from material misstatements, whether

**Set – 2**

**1(a) Describe basic principles governing an audit.**

**1(b) Explain in shortAudit Strategy, Audit Planning and Audit Programme.**

**Ans 1(a)**

**Basic Principles Governing an Audit:**

The basic principles governing an audit are crucial for ensuring the integrity, objectivity, and efficiency of the audit process. These principles serve as the foundation upon which the entire audit process is built. Here are the basic principles governing an audit:

**Ans 1(b)**

**Audit Strategy, Audit Planning, and Audit Programme:**

**Audit Strategy:** The audit strategy is a high-level plan that outlines the overall approach to be taken during the audit. It includes determining the audit objectives, the scope of the audit, the allocation of resources, and the coordination of the work with other team members or

**2 Differentiate between Internal Audit and Financial or External Independent Audit giving their features.**

**Ans 2.**

Internal Audit and External Independent Audit are two distinct types of audits that serve different purposes and are conducted by different individuals. Both are essential for the smooth functioning of an organization, but they differ in several aspects.

**1. Purpose:**

**Internal Audit:** The main purpose of an internal audit is to evaluate and improve the effectiveness of an organization's risk management, control, and governance processes. It

**3.Discuss Internal Control and give Distinction between Internal Control, Internal Check and Internal Audit.**

**Ans 3.**

Internal control, internal check, and internal audit are three distinct but interrelated aspects of an organization's effort to ensure the efficiency and effectiveness of its operations, reliability of its financial reporting, and compliance with applicable laws and regulations.

**Internal Control:** Internal control is a broad term that refers to the processes, policies, and procedures implemented by an organization's management to achieve its objectives. It