

I - MULTIPLE CHOICE QUESTIONS (45%) (1.5% EACH)

1.	B
2.	D
3.	D
4.	C
5.	D
6.	A
7.	C
8.	D
9.	B
10.	C
11.	D
12.	D
13.	B
14.	D
15.	C

16.	A
17.	B
18.	B
19.	A
20.	D
21.	D
22.	A
23.	C
24.	C
25.	D
26.	C
27.	A
28.	D
29.	D
30.	C

II- TRUE OR FALSE (10%)

1.	True
2.	False
3.	True
4.	False
5.	False

6.	True
7.	False
8.	False
9.	False
10.	False

III- CASES 45%

Case 1 (8%)

Situation 1	F
Situation 2	G
Situation 3	A
Situation 4	G

Situation 5	E
Situation 6	D or G
Situation 7	D
Situation 8	C

Case 2 (15%)

Situation	Opinion Type	Intro	Scope	Opinion	Exp1
1. Assume the potential effect on the financial statements is immaterial.	U	N	N	N	0
2. Assume the potential effect on the financial statements is moderate.	Q	N	M	M	+
3. Assume the potential effect on the financial statements is high.	D	O	M	M	+

Case 3 (7%)

Description 1	F
Description 2	C
Description 3	H
Description 4	O

Description 5	K
Description 6	A
Description 7	D

Case 4 (7%)

Procedures due to increased risk of fraud.

The audit senior should consider undertaking the following procedures as a result of the increased risk of the payroll fraud.

- Discuss with management and those charged with governance as to whether they are aware of any other payroll frauds or potential frauds.
- Review board minutes for evidence of management discussion of the materiality of the payroll fraud and to the existence of any additional frauds or suspected frauds.
- Discuss with the payroll manager the nature of the payroll fraud, how it occurred and the financial impact of amounts incorrectly paid into the payroll clerk’s bank account.
- Review the supporting documentation to confirm the total of the fraudulent payments made and assess the materiality of this misstatement.
- Review and test the internal controls surrounding setting up of and payments to new joiners to assess whether further frauds may have occurred.
- Consider whether other information obtained by the audit team indicates risks of additional material misstatements with regards to payroll fraud.
- Obtain a written representation from management acknowledging that they have disclosed to the auditors all knowledge of actual and suspected payroll frauds.

Case 5 (8%)

Definition 1	I
Definition 2	C
Definition 3	H
Definition 4	B
