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 முழுப் பதிப்புரிமையடையது.]  
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Open / Limited Competitive Examination for Recruitment to Grade III  
 of the Sri Lanka Accountants' Service – 2014

**(05) Auditing and Investigations**

Answer **all** questions.

Three hours

1. (i) Explain the terms "Internal Audit" and " Internal Check" . (10 marks)  
 (ii) Enumerate **five** items of work carried out by the internal Auditor which can be used by the External Auditor (10 marks)
2. Explain following stated in the standards published under the Sri Lanka Accounting and Auditing Standards Act No. 15 of 1995.
  - (i) Relationship between Materiality and Audit Risk. (06 marks)
  - (ii) Expected aims from Internal controls related to accounts. (08 marks)
  - (iii) Inherent limitations in internal controls. (06 marks)
3. (i) Enumerate provisions in the Constitution of the Democratic Socialist Republic of Sri Lanka with regard to the role of the Auditor General in auditing of state institutions. (10 marks)  
 (ii) What are the rights given to Auditor General in the Constitution to perform his role. (10 marks)
4. How do you vouch/ verify following items in the Financial Statements for audit at the year end.
  - (i) Provision for depreciation calculated for fixed Assets.
  - (ii) Employee Salaries.
  - (iii) Bank overdraft.
  - (iv) Provision for doubtful debts.
  - (v) Long term Investments.

(20 marks)
5. Write short notes on.
  - (i) Analytical Procedures.
  - (ii) Financial Act No. 38 of 1971.
  - (iii) Internal Control questionnaire.
  - (iv) Performance Audit.
  - (v) Audit and Investigation.

(20 marks)

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