



ZCAS University

SMS4391 PERFORMANCE AUDITS

MID-SEMISTER EXAMINATION

THURSDAY, 19TH OCTOBER, 2023

12:30 – 15:30 HOURS

TIME ALLOWED: THREE HOURS (plus 5 minutes to read through the paper)

INSTRUCTIONS:

1. Section A: this question is **compulsory** and must be attempted.
2. Sections B: Answer **Three (3)** questions from this section.
3. This question paper carries a total of **100 marks**.
4. Candidates must **not turn this page** until the invigilator tells them to do so.

SECTION A: Question 1 is compulsory and must be attempted

Question 1

The Office of the Auditor General (OAG) in Zambia is the only Supreme Audit institute in Zambia mandated to audit all government institutions, parastatal organisations, statutory boards, donor funded agencies and any other institute in which public resources have been invested. The Office is a public institute whose role is to scrutinise the public sector to see to it that there has not been any wastage of taxpayers' money and that government deliver services in an equitable, efficient and effective manner for the benefit of all the citizenry.

- a) Define Performance Auditing (PA) and further explain the nature of performance auditing conducted in government parastatals, statutory bodies and any other institutions in which public resources have been invested. (10 marks)
- b) Describe what auditing of economy, efficiency and effectiveness mean using practical examples. (10 marks)
- c) Performance Auditing is often done by trying to answer two basic questions: Explain the primary aim of these two basic questions in performance auditing of government institutions and donor funded agencies below;
 - (i) Are things being done in the right way? (5 marks)
 - (ii) Are the right things being done? (5 marks)
- d) Describe ideas that form the basis of Performance Auditing. (10 marks)

(Total: 40 marks)

SECTION B: Attempt any THREE questions in this section

Question 2

Discuss and explain in details the objectives of Performance Auditing in the Public Sector using examples from Zambia. (20 marks)

Question 3

The role of the Supreme Audit Institutes (SAIs) is to conduct Performance Audits in order to achieve its objectives while also maintaining its status as an independent body. However, achieving absolute independence is not possible as the SAI has some reliance on the government. Therefore, the target of the SAI is to aim for and achieve an adequate level of independence in order to conduct its duties. Hence, there some factors that might influence effectiveness of auditor's work in a SAI.

TASK:

Identify and explain in details the **4 factors** that may influence effectiveness of auditor's work in SAI such as the Office of the Auditor General in Zambia. **(20 marks)**

Question 4

Write short notes by describing and explaining in details the importance and how the following terms can enhance public confidence in Performance Auditing of government projects and programs.

- (a) Accountability (4 marks)
- (b) Transparency (4 marks)
- (c) Good Governance (4 marks)
- (d) Blind Trust (4 marks)
- (e) Social Audit (4 marks)

(20 marks)

Question 5

Performance Auditing is mainly concerned with the examination of economy, efficiency and effectiveness. Differentiate Efficiency from Effectiveness. **(20 marks)**

END OF THE EXAMINATION