

4 (a) Explain the difference between the interim audit and the final audit. (4 marks)

Examiners Report

This 20-mark question was based on a bread manufacturer who was suffering due to the economic down-turn and required a loan from the bank.

Part (a) for 4 marks considered the differences between an interim and a final audit. The quality of answers was variable. The stronger candidates presented their answers in a columnar format and understood enough about what an interim audit entailed in order to provide a sufficient number of points to pass.

They were also able to identify differences as this was what was required and the layout of their answers helped them to consider both issues of interim and final audit. They generally scored marks in relation to the timing of each audit, the opinions (if any) given and the scope of the work at each stage; with most of these candidates recognising that internal controls were tested during an interim audit.

Unfortunately, there seems to be a misunderstanding amongst a significant proportion of the candidates as to what an interim audit is, who performs it and what its aim is. An interim audit is not performed by the internal audit department, it is not a review engagement to assess half year figures and it is not where the audit planning is performed.