

CHUKA



UNIVERSITY

UNIVERSITY EXAMINATIONS

FOURTH YEAR EXAMINATION FOR THE AWARD OF DEGREE
OF BACHELOR OF PURCHASING AND SUPPLIES MANAGEMENT

BPSM 406: AUDITING PRINCIPLES AND PRACTICE

STREAMS: BPSM (Y4S1

TIME: 2 HOURS

DAY/DATE: FRIDAY 8/7/2016

8.30 A.M. – 10.30 P.M.

INSTRUCTIONS:

- (i) **Answer question One and any other Two questions**
- (ii) **Do not write on the question paper**

1. (a) Explain the various classifications of auditing. [10 marks]
- (b) Describe the various rights of an auditor as stipulated in the companies act cap 486. [10 marks]
- (c) Explain the provisions in auditing setting up and giving an external auditor his independence to execute his work effectively. [10 marks]
2. (a) Speedman Ltd is a purchasing, supplies and logistics company in Kenya. The top management has discovered that internal control systems are not effective and they hired you to advice them on effective establishment of the system. Explain the characteristics/features of establishing such an effective system. [12 marks]
- (b) Explain the importance of Audit program in auditing processes. [8 marks]
3. You have been directed to audit the following matters in a large procurement company operating internationally which the government owns 51%.
 - (a) Vouching of purchases & supplies of stocks made. [10 marks]
 - (b) Procurement, construction and value of new building that payment has been made. [10 marks]
4. (a) Highlight the qualities of good evidence in auditing. [5 marks]
- (b) Highlight the main contents of audit report as stipulated in the companies act cap 486. [7 marks]
- (c) Explain the liabilities of Auditor. [4 marks]