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**University Examinations 2014/2015**

SECOND YEAR SPECIAL/SUPPLEMENTARY EXAMINATION FOR THE DEGREE OF BACHELOR OF BUSINESS INFORMATION TECHNOLOGY

**BBT 2208: AUDITING INFORMATION SYSTEM**

**DATE: MARCH 2015 TIME: HOURS**

**INSTRUCTIONS:** *Answer question* ***one*** *and any other* ***two*** *questions*

**QUESTION ONE**

“Most errors in computer based Accounting systems can be traced to faulty input. Controls over the completeness and validity of all inputs are vital. Control over data conversions, controls over rejections and their correction and reprocessing, batch controls and computer edit controls affect both completeness and validity”

**Required:**

1. Explain the controls that can be established over completeness of input? (6 Marks)
2. What controls can be established over validity? (6 Marks)
3. Programmed edit checks are probably the most familiar input controls and certainly the most effective. Give examples of these controls bringing out clearly;
4. The name of the edit control (2 Marks)
5. Description of the control (3 Marks)
6. The objective of the control (3 Marks)

**QUESTION TWO (15 MARKS**)

1. In the context of a computer based accounting system explain the meaning of the following terms;
2. Application controls. (4 Marks)
3. General controls (4 Marks)
4. State six examples of controls to prevent unauthorized changes to data files that you would expect to find in a new computer based accounting system. (6 Marks)
5. A company wishes to change from an old computerized system to a new computer based accounting system. Explain how and why both systems should run parallel prior to change over the new system. (6 Marks)

**QUESTION THREE (15 MARKS)**

Many auditors now use laptop computers to perform various tasks. However, if audit firms use laptop computers they risk being corrupted and appropriate controls must therefore be put in place to prevent the corruption of data.

1. Explain six ways which auditors can use laptop computers in their audit work (other than computer – assisted audit techniques) (6 Marks)
2. Explain the computer assisted audit techniques listed below;
3. Embedded audit facilities (2 Marks)
4. Integrated test facilities (2 Marks)
5. Briefly describe two types of software that might be used by auditors in their work other than computer Assisted Audit techniques. (4 Marks)
6. Describe the controls that auditors should implement when using laptop computers on audit. (6 Marks)

**QUESTION FOUR (15 MARKS)**

Your firm of accountants has been the auditors of leather merchants ltd, a company that exports both raw and semi-finished leather products to European and Asian markets. The company has decided to introduce a comprehensive computer system to manage its accounting and administrative functions;

**Required:**

1. Outline the practical difficulties you would encounter as an auditor as a result of the proposed introduction of a computerized Accounting system. (10 Marks)
2. Explain how you would overcome the difficulties identified in (a) above. (5 Marks)
3. Identify and explain the benefits that the company would derive as a result of putting in place a comprehensive computerized Accounting system. (5 Marks)

**QUESTION FIVE**

1. In the context of a computer based Accounting system, explain the meaning of the following terms:
2. Application controls (4 Marks)
3. General controls (4 Marks)
4. Explain the importance of having proper systems documentation. (6 Marks)
5. A company wishes to change from an old computerized system to a new computer based Accounting system. Explain how and why both systems should run parallel prior to the change – over to the new system. (6 Marks)