

**MERU UNIVERSITY OF SCIENCE AND TECHNOLOGY**

**P.O. Box 972-60200 – Meru-Kenya.**

**Tel: 020-2069349, 061-2309217. 064-30320 Cell phone: +254 712524293, +254 789151411**

**Fax: 064-30321**

**Website:** [**www.must.ac.ke**](http://www.must.ac.ke) **Email:** [**info@must.ac.ke**](mailto:info@must.ac.ke)

**University Examinations 2014/2015**

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

**BBT 2208: AUDITING INFORMATION SYSTEM**

**DATE: JULY 2015 TIME: 3 HOURS**

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

**QUESTION ONE (30 MARKS)**

1. Discuss the implications of increased electronic networking on computer security

10 Marks)

1. Risks to data are relevant to manual as well as computerized systems. With computerized systems however, the risk is greater because data are held on magnetic files and cannot be seen or read by human eye. What are the risks particularly to data storage that the Internal Control System should address (10 Marks)
2. A medium sized firm has been your client for several years and has changed from manual accounting system to computerized one. State and explain the factors which you will take into account when planning the first Audit under the new system (10 Marks)

**QUESTION TWO (20 MARKS)**

The auditor of a company with an electronic data processing based accounting system should remember that is the quality of the input is controlled, the output will ‘look after itself’:

1. Discuss the application of this statement, citing suitable examples (8 Marks)
2. Describe the six major procedural controls which the auditor would expect to find in operation, three relating to output and three relating to input (12 Marks)

**QUESTION THREE (20 MARKS)**

1. Discuss Continuous Auditing and its implications for independent auditors (10 Marks)
2. Examine internal control of the ever-changing Information Technology (5 Marks)
3. Discuss the key auditing aspects of New I.T (5 Marks)

**QUESTION FOUR (20 MARKS)**

1. Explain six ways which auditors can use laptops in their audit work (6 Marks)
2. Explain the computer assisted techniques listed below:
3. Embedded audit facilities (4 Marks)
4. Integrated test facilities (4 Marks)
5. Briefly describe two types of software that might be used by an auditor in his work other than CAATs (6 Marks)

**QUESTION FIVE (20 MARKS)**

1. Explain the following control techniques and their significance in the context of data security:
2. Biometric Control (3 Marks)
3. Encryption (4 Marks)
4. Logical access (3 Marks)
5. Explain the factors that an external auditor should consider before relying on the work of an internal auditor (10 Marks)