



MASENO UNIVERSITY
UNIVERSITY EXAMINATIONS 2017/2018

**THIRD YEAR FIRST SEMESTER EXAMINATION FOR
THE DEGREE OF BACHELOR OF BUSINESS
ADMINISTRATION WITH INFORMATION
TECHNOLOGY**

CITY CAMPUS

ABA 305: AUDITING I

Date: 6th May 2018

Time 5.30 – 7.30pm

INSTRUCTIONS:

- Answer Question one and any other three questions.
- Show all the workings clearly
- All questions carry equal marks

QUESTION ONE

- a) Distinguish between early and modern audits. (7.5 marks)
- b) What is audit evidence? How does an auditor get reliable audit evidence? (10 marks)

QUESTION TWO

- a) Explain the importance of internal auditing and its limitations. (10 marks)
- b) Discuss the ways in which an auditor can be appointed as an auditor under the Companies Act Cap 486 of the laws of Kenya. (7.5marks)

QUESTION THREE

- a) Explain the factors to be considered when assessing the reliability of audit evidence. (10marks)
- b) The auditor's approaches in a computerized environment differ from that of a non-computerized one. Discuss. (7.5 marks)

QUESTION FOUR

- a) Discuss the key issues you would consider before commencing a new audit engagement. (10marks)
- b) Examine the powers and duties of the controller and auditor general under the statute in the performance of his work. (7.5marks)

QUESTION FIVE

- a) Explain essential elements of internal control systems. (10 marks)
- b) Discuss the limitations of internal control systems. (7.5 marks)

QUESTION SIX

- a) In certain instances the external auditor may seek to rely on the work of internal Auditor. State such instances and the extent of cooperation between the two auditors. (10 marks)
- b) Discuss the issues governing the professional conduct of an auditor when carrying out his audit work as issued by the International Standards on Auditing and the Kenyan Companies Act. (7.5marks)