



**MASENO UNIVERSITY**  
**UNIVERSITY EXAMINATIONS 2017/2018**

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

**CITY CAMPUS -EVENING**

**ABA 305: AUDITING I**

Date: 22<sup>nd</sup> January, 2018

Time: 5.30 - 7.30pm

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**INSTRUCTIONS:**

- Answer Question ONE Compulsory and any other THREE
- Show all your workings clearly
- Observe further instructions on the answer booklet



### QUESTION ONE

Bunsion company ltd, a newly incorporated business organization with its head office in Nakuru Township, has approached you through its directors, to be their first Auditor.

- a) Discuss the key issues you would consider before commencing the actual audit. (10 marks)
- b) What is sufficient appropriate evidence? (7.5 marks)

### QUESTION TWO

- a) Auditing plays a critical role to Financial Statements of any institution because of its **Benefits**. However, Audit is not designed to provide absolute assurance. Discuss. (7.5 marks)
- b) 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)

### QUESTION THREE

- a) Distinguish between internal check and internal control (7.5 marks)
- b) Describe essential elements of internal control systems (10 marks)

### QUESTION FOUR

The auditor's operational standard states: 'The auditor should obtain relevant and reliable evidence sufficient to enable him draw reasonable conclusions thereon'.

- a) Discuss the elements of a good internal audit evidence. (7.5 marks)
- b) In what circumstances does statutory audit rely on internal audit work? (10 marks)

### **QUESTION FIVE**

- a) Discuss the features of computerized information systems (CIS). (7.5 marks)
- b) The auditor's approaches in a computerized environment differs from that of a non-computerized one. Discuss. (10 marks)

### **QUESTION SIX**

- a) Distinguish between early and modern audits. (10 marks)
  - b) Discuss the powers of the controller and auditor general. (7.5 marks)
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