



**JARAMOGI OGINGA ODINGA UNIVERSITY OF SCIENCE AND  
TECHNOLOGY**

**UNIVERSITY EXAMINATION FOR BACHELOR OF BUSINESS  
ADMINISTRATION (BBA-With IT)**

**ABA 401: AUDITING PRACTICE AND INVESTIGATIONS**

**DURATION: 2 HOURS**

**MAIN CAMPUS**

**INSTRUCTIONS**

1. Answer Question ONE and any other TWO Questions in this paper.
2. DO NOT write on the QUESTION paper, all writings should be done on the Examination Answer Booklet
3. Observe University Examination Rules and Regulations

### **QUESTION ONE (30 MARKS)**

- i) In reference to ISA 240 on auditor's responsibility on fraud and error; discuss the issues involved in fraudulent financial reporting (5marks).
- ii) Discuss the indications of irregularities in financial statements in relation to auditing practice (10 Marks)
- iii) Discuss the limitations of the effectiveness of internal controls (5 marks)
- iv) Explain the relationship between external auditing and internal auditing (10marks)

### **QUESTION TWO (20 MARKS)**

- a) Discuss the importance of the following audit testing techniques in relation to auditing and investigations on matters of business enterprises:
  - i) Compliance tests (5 marks)
  - ii) Substantive tests (5 marks)
  - iii) Rotational tests (5 marks)
- b) Briefly explain the reasons for Co-operation between external and internal auditors (5 marks)

### **QUESTION THREE (20 MARKS)**

- i) Discuss the factors that indicate the extent of reliance of internal auditor by the external auditor (10 marks)
- ii) In relation to computerized auditing practice explain the security system techniques on the on-line and real time systems that the auditor must focus on when conducting an audit investigation (10 marks)

### **QUESTION FOUR (20 MARKS)**

- a) In reference to ISA 400 on risk assessment and internal controls; highlight the issues that must be ensured within an accounting system (8 marks)
- b) Discuss the two main aspects of forensic investigations (4marks)
- c) Briefly explain the applications of forensic audits (8 marks)