



JARAMOGI OGINGA ODINGA UNIVERSITY OF SCIENCE AND TECHNOLOGY
SCHOOL OF BUSINESS & ECONOMICS
UNIVERSITY EXAMINATION FOR THE DEGREE OF BACHELOR OF BUSINESS
ADMINISTRATION WITH IT
4TH YEAR 1ST SEMESTER 2013/2014 ACADEMIC YEAR
BUSIA LC

COURSE CODE: ABA 401

COURSE TITLE: AUDITING PRACTICE AND INVESTIGATION

EXAM VENUE:

STREAM : (BBA-ACCOUNTING OPTION)

DATE:11/12/14

EXAM SESSION: 2.00 – 4.00 PM

TIME: 2 HOURS

Instructions:

- 1. Answer Question ONE (COMPULSORY) and ANY other 2 questions**
- 2. Candidates are advised not to write on the question paper.**
- 3. Candidates must hand in their answer booklets to the invigilator while in the examination room.**

Question One

- (a) Define Auditing (3marks)
- (b) What are the main objectives of Auditing? (3marks)
- (c) Briefly explain five advantages of Auditing (10 marks)
- (d) Mention any four limitations encountered in achieving auditing objectives (8 marks)
- (e) Give three examples of fraudulent activities (6 marks)

Question Two

The audit of small companies creates special problems for Auditors.

Required:

- (a) Briefly explain three reasons why small companies create special problems for Auditors and consider reasons why auditors should direct their work more to verification of items by physical inspection and third party evidence than is the case when auditing larger companies (10 marks)
- (b) Describe the circumstances in which an auditor can report without qualification on a small company (10 marks)

Question Three

- (a) Briefly explain any three types of internal controls (6 marks)
- (b) Briefly explain three objectives of internal control (6 marks)
- (d) Audit planning helps the Auditor in many ways. Briefly explain any four ways in this regard (8 marks)

Question Four

- (a) Define investigations (2 marks)
- (b) Outline four distinctions between auditing and investigations. (8 marks)
- (c) Explain any three types of investigations (6 marks)
- (d) Briefly explain two objectives of investigations (4 marks)

Question 5

“It is fair to say that, there are certain expectations of us as Accountants by the public eye that we serve. In return, we try and fulfil these expectations by providing services that we perceive match the expectations”

In the light of the above statement

(a) Brief explain four Auditor's professional and social responsibility (14 marks)

(b) Are the costs relating to the Auditor's work justified? (6 marks)