

JARAMOGI OGINGA ODINGA UNIVERSITY OF SCIENCE AND TECHNOLOGY

UNIVERSITY EXAMINATION FOR THE BACHELOR OF BUSINESS ADMINISTRATION  
WITH IT. FOURTH YEAR SEMESTER ONE

**ABA 401 AUDITING PRACTICE AND INVESTIGATION**

Instructions: 1. Answer questions **ONE** and two other questions

3. Time allowed is 2 hours

**QUESTION ONE**

- a) Assume you are auditing a public company, how would you verify the following.
    - i) Land and building (4 Marks)
    - ii) Share capital (4 Marks)
  - b) State the points to be noted while conducting an Audit investigation ( 6 Marks)
  - c) What is forensic auditing (3 Marks)
  - d) Why should an auditor ascertain, record and evaluate a client's internal control system (6 Marks)
- c) Describe the main factors which influence the auditor in determining the size of the sample he will use for detailed testing. (7 Marks)
- (30 Marks)**

**QUESTION TWO**

- a) Discuss the various methods of sample selection for audit purposes. (15 Marks)
  - b) Suppose as an auditor, you have doubt about your client's ability to operate as going concern, what should you do? (10 Marks)
- (25 Marks)**

**QUESTION THREE**

- a) Discuss the main objectives of an investigation (10 Marks)
  - b) Your CPA firm has been appointed to carry out an investigation into the affairs of company that your client wishes to purchase. Explain clearly how you would proceed with the assignment. (15 Marks)
- (25 Marks)**

**QUESTION FOUR**

In connection with the recurring audit of Specta international for the year ended December 31, 2012, you have been assigned the audit of the following accounts:

- i) Manufacturing equipment
- ii) Manufacturing equipment accumulated depreciation
- iii) Repairs to manufacturing equipment

Describe the main objectives of your audit in these areas and explain, the auditing procedure that you will design to accomplish these objectives. **(25 marks)**

### **QUESTION FIVE**

- a) Describe the circumstances under which forensic auditing would be required and explain in detail how it can be applied to fraud investigation. (15 Marks)
  - b) Explain the functions of members of an audit committee (10 Marks)
- (25 Marks)**