



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 2022/2023 ACADEMIC YEAR
KISUMU CAMPUS

COURSE CODE: BAB 1441

COURSE TITLE: PROCUREMENT AUDIT AND INVESTIGATIONS

EXAM VENUE: STREAM: (BBA)

DATE: EXAM SESSION:

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 (30 MARKS)

Billing schemes are the second most common form of fraud for organizations with fewer than 100 employees. Fraud can cost a business millions of shillings and the procurement department is one of the most common areas for fraud. Without a proper auditing system in place, as a procurement audit manager you won't even know where in the department it's happening.

- a) Examine the steps to help you in audit in such an environment (15 marks)
- b) Analyze the challenges you are likely to encounter in such an environment (12 marks)
- c) What Fraud prevention measures would you put in place as a procurement audit manager in your organization (8 marks)

QUESTION TWO (20 MARKS)

- a) There are some typical signs that may indicate or warn of unethical practices in procurement audit. Explain. (10 marks)
- b) Discuss the tools and mechanisms that may be used to prevent and detect the occurrence of unethical practices in procurement audit (10 marks)

QUESTION THREE (20 MARKS)

- a) While the indirect procurement audit procedures will vary depending on the organization and industry, it is generally made up of four primary stages. With relevant examples Discuss (12 marks)
- b) In practice, procurement fraud can be carried out in a number of ways, usually with the employee and vendor working together. With the help of local examples examine this statement (8 marks)

QUESTION FOUR (20 MARKS)

- a) A very common risk situation related to ethics in procurement is the risk of a conflict of interest. Conflict of interest can be defined as a direct or mutually exclusive clash between the interest of the organization and the private or personal interest of a procurement officer or employee. With the use of local examples discuss (12 marks)
- b) Assess the roles of Stakeholders in the procurement process in Kenya today (8 marks)

QUESTION FIVE (20 MARKS)

- a) As a senior audit manager of ABC Limited, Kenya discuss the scope of Audit in your firm (10 marks)
- b) The major reason an independent auditor gathers audit evidence is to support their conclusions related to financial statement items. Discuss (10 marks)