



**JARAMOGI OGINGA ODINGA UNIVERSITY OF SCIENCE AND TECHNOLOGY**  
**SCHOOL OF BUSINESS & ECONOMICS**  
**UNIVERSITY EXAMINATION FOR THE DEGREE OF BACHELOR OF BUSINESS**  
**ADMINISTRATION WITH IT**  
**4<sup>TH</sup> YEAR 1<sup>ST</sup> SEMESTER 2020/2021 ACADEMIC YEAR**  
**KISUMU CAMPUS**

---

**COURSE CODE: BAB 9402**

**COURSE TITLE: AUDIT THEORY AND PRACTICE**

**EXAM VENUE:**

**STREAM: (BBA)**

**DATE: 9/12/21**

**EXAM SESSION: 4.00 – 6.00PM**

**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)**

A very common risk situation related to ethics in audit is the risk of conflict of interest.

- a) Examine what commonly constitute conflict of interest in audit in Kenya today (12 marks)
- b) Discuss the distinguishing features between fraud, corruption, collusion and coercion and how they may hamper audit today (8 marks)
- c) Discuss the potential warning signs of unethical practices that any auditor should be aware of (10 marks)

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

- a) As a senior audit manager of ABC Limited, Kenya discuss the objectives 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)

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

- a) While 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, 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) An auditor's opinion is presented in an auditor's report. While highlighting various audit opinions, discuss this statement (12 marks)
- b) Discuss the contents of executive summary in an audit report and why this summary is always necessary (8 marks)

### **QUESTION FIVE (20 MARKS)**

Corruption in the post-colonial government of Kenya has a history which spans the successive governments such that in the Corruption Perceptions Index 2012 Kenya was ranked

139th out of 176 countries for corruption, tied with Azerbaijan, Nepal, Nigeria, and Pakistan (least corrupt countries are at the top of the list).

- a) As a government auditor, discuss the factors that continue to frustrate audit processes in Kenya, then and now (10 marks)
- b) What are the measures that have been put in place to address such challenges and to what extent have they been successful in your opinion (10 marks)