



MACHAKOS UNIVERSITY COLLEGE

(A Constituent College of Kenyatta University)

University Examinations 2013/2014

SCHOOL OF BUSINESS AND ECONOMICS

DEPARTMENT OF ACCOUNTING AND SECRETARIAL

Examination for Diploma in Accountancy – Year 2

AUDITING

Date: 18/7/2014

Time: 2Hours

INSTRUCTIONS

ANSWER ALL QUESTIONS

1. Explain the objectives of controls in an organization. (10marks)
2. a) Explain the meaning of the control environment . (4marks)
b) Why is it important to have a positive control environment? (4marks)
c) Explain the factors that should be reflected in the Control environment. (12marks)
- 3.No internal control system, however elaborate, can by itself guarantee efficient administration and completeness and accuracy of the records nor can it be prove against fraudulent collusion, especially on the part of those holding positions of authority and trust. Explain. (15marks)
- 4.a)Explain any five types of internal control systems. (10marks)
b) Explain a system of internal controls in a petrol station over cash. (15marks)