



MACHAKOS UNIVERSITY

University Examinations for 2019/2020 Academic Year
SCHOOL OF BUSINESS AND ECONOMICS

DEPARTMENT OF ACCOUNTING BANKING AND FINANCE

THIRD YEAR FIRST SEMESTER EXAMINATION FOR
DIPLOMA IN ACCOUNTANCY

AUDITING

DATE: 6/11/2020

TIME: 2:30 – 5:30 AM

INSTRUCTIONS:

Answer all the questions.

1. a) Explain the two types of opinions which an auditor can give (6 marks)
b) What are the consequences of the opinions in (a) above? (4 marks)
2. a) State the primary objectives of an audit (3 marks)
b) State the secondary objectives of an audit (3 marks)
c) Define the following terms.
 - i) Error
 - ii) Fraud
3. State and explain briefly five types of errors and how an auditor can detect them (10 marks)
4. Differentiate between auditing and investigations. (10 marks)
5. a) State six potential errors in the sales cycle. (3 marks)
b) What are the implications of the errors above? (3 marks)
c) Give the preventive measures of the errors in (a) above. (4 marks)
6. What are the advantages of Audit programme. (10 marks)
7. a) What are the purposes of Audit working papers? (5 marks)
b) What are the objectives of internal control system? (5 marks)