



MACHAKOS UNIVERSITY

University Examinations for 2018/2019 Academic Year

SCHOOL OF BUSINESS AND ECONOMICS

DEPARTMENT OF BANKING, ACCOUNTING & FINANCE

FIRST YEAR SPECIAL/SUPPLEMENTARY EXAMINATION FOR

DIPLOMA IN ACCOUNTANCY

DACC 116: AUDITING

DATE: 25/9/2019

TIME: 2.00-4.0 PM

INSTRUCTIONS:

Attempt Question One and any other Two Questions

QUESTION ONE (30 MARKS) (COMPULSORY)

- a) Identify three differences between interim audit and continuous audits. (6 marks)
- b) Describe four main principles that define the professional ethics of an auditors. (6 marks)
- c) Identify four problems encountered when developing audit plans. (6 marks)
- d) Explain the nature of the following :
 - i. Tests of controls (3 marks)
 - ii. Substantive procedures (3 marks)
- e) The auditor obtains reliable information considered to be credible. Identify four sources of information considered highly reliable. (6 marks)

QUESTION TWO (20 MARKS)

- a) Identify four differences between private audit and statutory audit (8 marks)
- b) Explain the scope of activities performed when doing an internal audit. (12 marks)

QUESTION THREE (20 MARKS)

- a) Explain five benefits of strong internal controls to auditor (10 marks)
- b) Describe five factors to consider when formulating an audit plan (10 marks)

QUESTION FOUR (20 MARKS)

- a) Identify and explain the five types of management assertions about classes of transactions and events for the period under audit (10 marks)
- b) Identify and explain five problems encountered when verifying inventory (10 marks)

QUESTION FIVE (20 MARKS)

- a) Explain the importance of independence to auditors (10 marks)
- b) Explain the duties of an auditor when conducting an audit (10 marks)