



TECHNICAL UNIVERSITY OF MOMBASA
Faculty of Business and Social Studies

DEPARTMENT OF BUSINESS STUDIES

UNIVERSITY EXAMINATIONS FOR DEGREE IN
BACHELOR OF BUSINESS ADMINISTRATION
BACHELOR OF COMMERCE

BAC 4406: AUDITING II

END OF SEMESTER EXAMINATIONS

SERIES: APRIL 2015

TIME: 2 HOURS

INSTRUCTIONS:

- Answer Question **ONE (Compulsory)** and any other **TWO** questions.
- Do not write on the question paper

This paper consists of Two printed pages

QUESTION 1 (Compulsory)

- a) Explain **FOUR** controls that should be instituted in a computer environment. **(8 marks)**
- b) Explain **FIVE** methods that an auditor can use to obtain a statistical sampling testing. **(10 marks)**
- c) Explain **SIX** factors that should be considered before using statistical sampling techniques. **(12 marks)**

QUESTION 2

Audit sampling means drawing conclusions about an entire set of data by testing representative samples. There are different sampling techniques but statistical sampling is preferred to judgemental sampling. Discuss. **(20 marks)**

QUESTION 3

- a) State and explain **FIVE** situations in which an auditor would prefer to collect evidence on the whole population rather than on a sample basis. **(10 marks)**
- b) Describe the factors which determine the size of a sample selected by an auditor. **(10 marks)**

QUESTION 4

Auditors usually refer to auditing 'standards', 'guidelines' and procedures

Required

- a) Explain the scope and purpose of auditing standards and guidelines. **(10 marks)**
- b) Explain why a professional body accounting body issues accounting standards. **(10 marks)**

QUESTION 5

- a) Explain the following terms
- i) Relevant audit evidence **(3 marks)**
 - ii) Reliable audit evidence **(3 marks)**
 - iii) Sufficient audit evidence **(3 marks)**
 - iv) Qualified audit report **(3 marks)**
 - v) Unqualified audit report. **(3 marks)**
- b) Outline the matters which should be included in an unqualified report. **(5 marks)**