



TECHNICAL UNIVERSITY OF MOMBASA
Faculty of Business & Social Studies
DEPARTMENT OF BUSINESS STUDIES

DIPLOMA IN ACCOUNTANCY

BAC 2211: AUDITING

SUPPLEMENTARY/SPECIAL EXAMINATIONS

SERIES: JULY 2014

TIME: 2 HOURS

INSTRUCTIONS:

- This paper consists of **FIVE** questions.
- Answer question **ONE (Compulsory)** and any other **TWO** questions.

This paper consists of Two printed pages.

QUESTION 1 (Compulsory)

- a) You have a consultancy firm located in Mombasa. An auditing firm has contacted you an advice for auditors independence. Advise them giving suggestions for auditor's independence. **(10 marks)**
- b) You have been appointed the auditor of Kisauni Ltd financial statements. During your audit work you have detected teaming and lading done by the cashier. Suggest **SIX** preventive measures that can be adopted by the company to prevent it. **(12 marks)**
- c) Outline **FOUR** examples of experts that an auditor may need to help him in his audit work. **(8 marks)**

QUESTION 2

- a) Explain the following terms as used in sampling:
- i) Simple random sampling **(2 marks)**
 - ii) Stratified random sampling **(2 marks)**
 - iii) Interval/systematic sampling **(2 marks)**
 - iv) Block sampling **(2 marks)**
 - v) Cluster sampling **(2 marks)**
- b) You have detected the presence of ghost workers in the organization. What are the procedures that you should adopt to deal with it? **(10 marks)**

QUESTION 3

- a) In what ways should the management discharge their duties towards detection and prevention of errors and frauds. **(10 marks)**
- b) Explain ways in which audit trail helps the management of an organization. **(10 marks)**

QUESTION 4

- a) You have been contracted as the auditor in a computerized environment. Explain audit objectives in a computerized environment. **(10 marks)**
- b) Post balancesheet events are the events which happen between the balancesheet date and the date of the financial statements approval by directors. Enumerate **FIVE** adjusting events. **(10 marks)**

QUESTION 5

- a) Discuss the substantive tests for a motor vehicle. **(10 marks)**
- b) Auditing for large companies requires the auditor to perform sampling. Discuss **FIVE** advantages of statistical sampling techniques. **(10 marks)**