



**MASENO UNIVERSITY**  
**UNIVERSITY EXAMINATIONS 2016/2017**

**THIRD YEAR FIRST SEMESTER EXAMINATION FOR DEGREE  
OF BACHELOR OF BUSINESS ADMINISTRATION WITH  
INFORMATION TECHNOLOGY**

**CITY CAMPUS - EVENING**

**ABA 401: AUDITING PRACTICE & INVESTIGATIONS**

Date: 25<sup>th</sup> November, 2016

Time: 5.30 - 8.30pm

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**INSTRUCTIONS:**

- Answer Questions ONE (Compulsory) and any other THREE.



### Question One

- a) Explain the meaning of forensic auditing and describe the circumstances under which forensic auditing would be required. (10 marks)
- b) Explain how an auditor would assess the appropriateness of the going concern assumption underlying the preparation of the financial statements as required by ISA 570 (10 marks)
- c) Describe computer assisted audit techniques (CAATs) and explain the reasons for their use by an auditor (10 marks)

### Question Two

- a) Describe the audit procedures an auditor should carry out in order to verify the gain arising from the revaluation of non-current assets (10 marks)
- b) Describe the procedures an auditor should undertake to gain an assurance that trade payables, provisions, and accruals are fairly stated (10 marks)

### Question Three

- a) What conditions are necessary to carry out audit sampling? Describe the main factors which influence the auditor in determining the size of the sample he will use for detailed testing (10 marks)
- b) Explain any FIVE key issues which an auditor should consider in the review of profit forecasts (10 marks)

### Question Four

- a) Explain the purpose of risk assessment procedures and outline the sources of audit evidence an auditor can use as part of risk assessment procedures (10 marks)
- b) Define "value-for-money" auditing and explain its objectives (10 marks)

### Question Five

Explain the following terms used in auditing literature:

- a) Application controls (5 marks)
- b) General controls (5 marks)
- c) Audit committees (5 marks)
- d) Subsequent events (5 marks)