



UNIVERSITY OF EMBU

2016/2017 ACADEMIC YEAR

FIRST SEMESTER EXAMINATION

**FIRST YEAR EXAMINATION FOR THE DIPLOMA IN PURCHASING AND SUPPLIES
MANAGEMENT**

BBA 210: PRINCIPLES OF AUDITING AND PRACTICE

DATE: NOVEMBER 30, 2016

TIME: 2:00-4:00PM

INSTRUCTIONS:

Answer Question ONE and ANY Other TWO Questions.

QUESTION ONE (30 MARKS)

“As the auditor carries out the steps in the audit programme, collecting evidence to support an opinion on the financial statements, he must have some means of recording evidence for future study and considerations. Audit working papers are specific means used to record this evidence”.

- a) Explain the main purpose served by the working papers. (10 marks)
- b) Distinguish between a qualified and an unqualified audit report. (8 marks)
- c) Highlight the main rights of an auditor. (6 marks)
- d) Explain the objectives of audit planning. (6 marks)

QUESTION TWO (20 MARKS)

- a) Explain the main purpose of engagement letter. (5 marks)
- b) Highlight the principal contents of an engagement letter. (10 marks)
- c) What are objectives of debtors' circularization? (5 marks)

QUESTION THREE (20 MARKS)

- a) Define an internal control system (4 marks)
 - b) List and explain Eight main types of internal control. (16 marks)
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QUESTION FOUR (20 MARKS)

- What is audit evidence? (2 marks)
- Explain the main techniques of gathering audit evidence. (12 marks)
- Give the main qualities of a good audit evidence. (6 marks)

QUESTION FIVE (20 MARKS)

- a) Highlight key points one must consider when designing an audit plan. (4 marks)
- b) Discuss the differences between internal and external audit. (16 marks)

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