



The Co-operative University of Kenya

END OF SEMESTER EXAMINATIONS APRIL-2019

**EXAMINATION FOR THE DEGREE OF BACHELOR OF SCIENCE IN FINANCE
(YR III SEM II)**

UNIT CODE: CMFI 2312

UNIT TITLE: AUDITING & ASSURANCE

DATE: 25TH APRIL, 2019

TIME: 2:00 PM – 4:00 PM

INSTRUCTIONS:

- Answer question **ONE (compulsory)** and any other **TWO** questions

QUESTION ONE

- (a) In reference to auditing; distinguish between the following;
- Continuous audit and internal audit (4 marks)
 - Audit notebook and flow charts (4 marks)
 - Qualified and unqualified audit report (4 marks)
- (b) ABC Ltd has engaged you to verify its books for the year ending 30th June, this year. Describe the following;
- Any four (4) rights as an auditor (6 marks)
 - Any four (4) evidences from third parties (6 marks)
 - Any four (4) methods in sampling data (6 marks)

QUESTION TWO

- (a) “Vouching is an essence of auditing”. Explain this statement with regard to the following;
- Vouching trade payables (4 marks)
 - Verifying cash transactions (4 marks)
- (b) Describe the following;
- Four contents of a temporary audit file (6 marks)
 - Four qualities required in a successful auditor (6 marks)

QUESTION THREE

- (a) “Detection and prevention of errors and frauds are the main objects of auditing”. Explain this statement fully. (12 marks)
- (b) Describe four matters that might be seen to compromise the independence of the auditor. (8 marks)

QUESTION FOUR

- (a) Describe four (4) factors to consider before using statistical sampling in the audit. (8 marks)
- (b) Distinguish between the following;
- Except for and ‘subject to’ in the audit opinion (6 marks)

- ii. Compliance tests and substantive tests in audit evidences (6 marks)

QUESTION FIVE

- (a) Describe the four features of a good internal control system auditors may be concerned with (8 marks)
- (b) In reference to auditing distinguish between;
 - i. CAAT and audit trail (6 marks)
 - ii. ICQ and ICEQ (6 marks)