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**KIRIRI WOMENS' UNIVERSITY OF SCIENCE AND TECHNOLOGY**  
**UNIVERSITY EXAMINATION, 2024 ACADEMIC YEAR**  
**DAC Y1S2-JAN-AUG 2024**  
**DAC 1504- AUDITING**

**INSTRUCTIONS TO CANDIDATES**

**ANSWER QUESTION ONE (COMPULSORY) AND ANY OTHER TWO QUESTIONS**

**QUESTION ONE (30 MARKS)**

- a) During the annual general meeting held in May 2023, the shareholders of Zaumu Ltd resolved to appoint you as their auditor to review financial statements for the year ended 31 December 2023. Briefly highlight the stages you would take in performing your audit assignment (6 marks)
- b) Auditors provide assurance that the financial statements are free from material misstatements. Identify three users and explain how financial statements audited by the auditors is useful to them. (6 marks)
- c) IFAC's Code of Ethics for Professional Accountants applies to all ICPAK members involved in professional assignments including auditors. Explain any three IFAC fundamental ethical code expected to be followed by professional auditors during their assignment. (6 marks)
- d) Define internal control system and highlight four was in which internal control system is important (6 marks)
- e) List any six assertions by management as to the completeness and accuracy and validity of information contained in the records and or the financial statements. (6 marks)

**QUESTION TWO (20 MARKS)**

- a) Discuss tree types of audit opinions in audit reporting (6 marks)
- b) State four factors that the auditor should consider while relying on the work of an expert (4 marks)
- c) Explain any three ways in which an auditor can obtain audit evidence (6 marks)
- d) Letter of representation is part of audit evidence. Highlight four areas letter of representation covers. (4 marks)

**QUESTION THREE (20 MARKS)**

- a) Identify and explain three types of internal control systems (6 marks)
- b) Explain any three ways in which auditor should remain independent during an audit engagement (6 marks)
- c) Identify and describe any three types of audits (6 marks)
- d) Differentiate between auditing around the computer and auditing through the computer (2 marks)

**QUESTION FOUR (20 MARKS)**

- a) Describe three ways in which access control is implemented in computerized environment (6 marks)
- b) Highlight four sources from which the auditor can obtain knowledge of the industry (4 marks)
- c) Explain three factors to be considered before adopting a sampling technique (6 marks)
- d) Identify situations where an auditor may require services of an expert (4 marks)

**QUESTION FIVE (20 MARKS)**

- a) Highlight any Three difference between auditing and accounting (6 marks)
- b) Explain two purposes of management letter (4 marks)
- c) Auditor will not conclude the audit due to limitation of scope. List four circumstances which limitation of scope may arise. (4 marks)
- d) Explain three reasons why an auditor would adopt a sampling approach (6 marks)