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KIRIRI WOMEN'S UNIVERSITY OF SCIENCE AND TECHNOLOGY
UNIVERSITY EXAMINATION, 2023/2024 ACADEMIC YEAR
FIRST YEAR, SECOND SEMESTER EXAMINATION
FOR THE DIPLOMA IN ACCOUNTING
DAC 1504: AUDITING

Date: 10TH AUGUST 2023
Time: 11:30AM-1:30PM

INSTRUCTIONS TO CANDIDATES

ANSWER QUESTION ONE (COMPULSORY) AND ANY OTHER TWO QUESTIONS

QUESTION ONE (30 MARKS)

a) The objective of an audit is to enable the auditor express an opinion as to whether financial statements show a true and fair view of the company state of affairs.

In view of the above discuss the

- i. merits and **(6 Marks)**
- ii. Demerits of auditing to an organization. **(5 Marks)**
- b) Explain the meaning of CAATTs as used in auditing. **(5 Marks)**
- c) Discuss the importance of creditors circularization in auditing. **(3 Marks)**
- d) Discuss the key stakeholders that the auditor owes a duty of care to. **(6 Marks)**
- e) Describe the audit procedures that an auditor will use to obtain sufficient appropriate audit evidence on debtors. **(5 Marks)**

QUESTION TWO (20 MARKS)

- a) International Standard on Auditing 300, (*Planning an Audit of Financial Statements*) states that an auditor must plan the audit. Explain the matters that the auditor needs to bear in mind when doing audit planning. **(8 Marks)**
- b) Discuss the importance of the auditor's presence during stock taking. **(6 Marks)**
- c) In the context of KWUST operations discuss some specific internal controls that have been put in place. **(6 Marks)**

QUESTION THREE (20 MARKS)

- a) Working papers are nothing but auditors notes decorated with auditor's fancy code. Justify your reason for agreeing or disagreeing with the above statement. **(5 Marks)**
- b) Discuss the importance of internal audit function towards minimizing the risk of fraud and error. **(6 Marks)**
- c) In conducting an audit the auditor may rely on other professionals. Explain why or why not the auditor would do so. **(5 Marks)**
- d) Differentiate between a letter of engagement and a management letter. **(4 Marks)**

QUESTION FOUR (20 MARKS)

- a) A disclaimer of audit opinion is a more serious matter than a qualified audit opinion. Discuss bringing out the content of each. **(5 Marks)**
- b) Discuss the importance of an auditor's independence. **(4 Marks)**
- c) Discuss the concept of expectation gap in auditing. **(5 Marks)**
- d) In relation to a statutory audit, discuss the role of the directors. **(6 Marks)**

QUESTION FIVE (20 MARKS)

- a) Explain the meaning of disaster preparedness and business continuity planning in auditing. **(5 Marks)**
- b) Discuss the
- i. Qualifications of an auditor. **(5 Marks)**
 - ii. duties of an auditor and **(5 Marks)**
 - iii. Rights of an auditor. **(5 Marks)**