



KIBABII UNIVERSITY

**UNIVERSITY EXAMINATIONS
2020/2021 ACADEMIC YEAR
SUPPLEMENTARY EXAMINATION
FOR THE BACHELOR OF COMMERCE**

COURSE CODE: BBA 421

COURSE TITLE: AUDITING AND ASSURANCE II

DATE: 29TH JANUARY, 2021

TIME: 8.00AM – 10AM

INSTRUCTIONS TO CANDIDATES

Answer questionone in section A and any TWO questions in section B.

TIME: 2 Hours

SECTION A

QUESTION ONE

- (a) Define the following term in regard to auditing(4 mrks)
 - i. Assurance report
 - ii. Assurance engagement
 - iii. Audit committee
 - iv. Audit planning memorandum
- (b) Discuss various types of modified audit opinions that an independent auditor can issue (4mrks)
- (c) State four types of Audit approaches (4 mrks)
- (d) Explain how a casual vacancy in the appointment of an auditor can arise in the auditor's office (6 mrks)
- (e) Discuss reliability of Audit evidence (2 mrks)
- (f) Discuss qualities of a good sample during an audit sampling (3Mrks)

- (g) An auditor should always uphold the highest professional standards and thus maintain codes and ethics provided by the professional bodies. Discuss five codes of ethics that an auditor should uphold (5mrks)

SECTION B

QUESTION TWO

- a) Define the terms given below according to the International Standards of Accounting (ISA) (4mrks)
 - i. Internal control
 - ii. Business risk
 - iii. Significant risk
 - iv. Assertions
- b) Differentiate the following terms in accordance to auditing (4 mrks)
 - i. Attestation engagement and direct engagement
 - ii. Hot review and cold review
- c) Discuss five internal control elements which eminent from internal control systems in auditing(10mrks)

QUESTION THREE

- (a) Differentiate the following terms
 - i. Management presentation and audit planning memorandum (2Mrks)
 - ii. Evidence sufficiency and appropriateness (2mrks)

- (b) State and discuss the factors affecting audit planning (6mrks)
- (c) Discuss five threats to objectivity of an independent auditor while undertaking the audit engagement (10mrks)

QUESTION FOUR

- (a) Explain the factors that make it appropriate to revise the terms of an audit engagement (10 mrks)
- (b) According to ISA 210 terms of audit engagement, contents and purpose of an engagement letter are given, discuss the contents of an audit engagement letter. (10mrks)

QUESTION FIVE

- (a) State and discuss the types of audit evidence (10Mrks)
- (b) State and discuss two types of voluntary liquidation or winding up of a company (4mrks)
- (a) Discuss the functions of an audit committee (6mrks)