



(Knowledge for Development)

UNIVERSITY EXAMINATIONS
2021/2022 ACADEMIC YEAR
SECOND YEAR SECOND SEMESTER
SPECIAL/SUPPLEMENTARY EXAMINATION
FOR THE DEGREE OF BACHELOR OF BUSINESS
MANAGEMENT

COURSE CODE: BBA 322

COURSE TITLE: AUDITING AND ASSURANCE 1

DATE: 23RD NOVEMBER, 2022

TIME: 11.00AM – 1.00PM

INSTRUCTIONS TO CANDIDATES

1. Answer Question One in Section A and Any other TWO (2) Questions in Section B
2. Question one carries 30 marks and each of the other Two questions carry 20 marks each.

TIME: 2 Hours

SECTION A (Compulsory)

QUESTION ONE

- a) "A final and overall review of audit evidence and the financial statements of the client by the engagement partner who has the ultimate responsibility for committing the audit firm, when signing the audit report is an important event in the audit process".

Required:

- i) Indicate the matters that the engagement partner would consider during such a review (8 marks)
- ii) Outline the consequences of an unqualified audit report to a company (8 marks)
- iii) State and explain the audit opinion that would be expressed in the following circumstances :
- a) Failure of the directors of a company to apply an accounting standard (2 marks)
- b) Where the company's motor vehicle was not disclosed in the books of account of the company (2 marks)
- c) Where the directors of the company did not permit the auditor to carry out debtors circularization (2 marks)
- b) Explain the steps an auditor would undertake in order to arrive at an appropriate audit opinion (8 marks)

Section B

Answer any Two question.

QUESTION TWO

Audit planning process allows an audit senior acquire adequate knowledge about the entity. This process ensures effective control and review of audit work.

Required:

- a) Describe the auditor's planning process when planning for an audit of a new client (8 marks)
- b) Indicate how audit planning assist in the conduct of an audit (6 marks)
- c) Describe the ways in which you would control the audit from the commencement of the work by the audit staff to the review stage by the partner prior to signing the audit report (6 marks)

QUESTION THREE

- a) What would you consider to be the differences between the term fraud and error (6 marks)
- b) Describe the auditors general responsibilities with regard to the prevention and detection of frauds (7 marks)
- c) Explain the controls that auditors should implement when using laptop computers on audits (7 marks)

QUESTION FOUR

With respect to the provision of company's Act on appointment and removal of auditors of a company, explain:

- a) How the auditors may be removed from the office before the expiry of their terms (7 marks)
- b) The rights of the auditors who feel that their intended removal is not justified (8 marks)
- c) The procedure that the auditor should follow when resigning from office (5 marks)

QUESTION FIVE

- a) What would you consider the distinction between auditing and accountancy indicating the purpose of each (5 marks)
- b) Suggest reasons why auditing is necessary for a limited liability company (5 marks)
- c) Write brief notes on the following types of audit:
 - i) Interim audit (2 marks)
 - ii) Statutory audit (2 marks)
 - iii) Completed audit (2 marks)
 - iv) Continuous audit (2 marks)