



KISII UNIVERSITY
UNIVERSITY EXAMINATIONS

**SECOND YEAR EXAMINATION FOR THE AWARD OF THE DIPLOMA OF IN
STORES AND SUPPLIES MANAGEMENT AND BUSINESS ADMINISTRATION
MANAGEMENT**

SECOND SEMESTER, 2021/2022
(FEBRUARY – JUNE, 2022)

DPSM 0218: AUDITING

STREAM: Y2 S2

TIME: 2 HOURS

DAY: THURSDAY, 9:00 A M – 11:00 A M

DATE: 26/05/2022

INSTRUCTIONS

- 1. Do not write anything on this question paper.**
- 2. Answer Question ONE and any other THREE Questions.**

QUESTION ONE (30 marks)

- a) Audit is good as well as bad thing to an organisation; discuss both the strengths and short comings of having audit in an organization. (12 marks)
- b) Audited financial statements is meant to be used by some individuals. Discuss any four of such individuals clearly showing their interest in the statements. (8 marks)
- c) Discuss the internal control procedures for sales and debtors. (10 marks)

QUESTION TWO (20 marks)

- a) Discuss the duties of an auditor before, during and after the stock take exercise. (8 marks)
- b) Discuss the liabilities of an auditor under the following sub-headings;
 - i. Criminal law (2 marks)
 - ii. Law of tort (2marks)
 - iii. The law of contract (2 marks)
- c) Explain any three ways of minimizing auditors liability. (6 marks)

QUESTION THREE (20marks)

- a) MR. Kibet has been hired as an external auditor by XYZ Company. Discuss what he should consider before utilizing the work of internal auditor for his new assignment. (10 marks)
- b) Describe any three methods of obtaining audit evidence. (6 marks)
- c) An auditor may not be able to do a complete check of all the items of population but opts to sampling, discuss the reasons for this take. (4 marks)

QUESTION FOUR (20 marks)

- a) In any profession, there are code of ethics governing occupier's behaviour and distinguishes between what is right and wrong. Discuss the auditing professional ethics. (8 marks)
- b) Discuss the advantages and disadvantages of standardized working papers. (4 marks)
- c) Discuss the audit procedures to be carried out during the verification of non-current assets. (8 marks)