



OFFICE OF THE DEPUTY PRINCIPAL
ACADEMICS, RESEARCH AND STUDENTS' AFFAIRS

UNIVERSITY EXAMINATIONS

2024/2025 ACADEMIC YEAR

...3.... YEAR1... SEMESTER REGULAR EXAMINATION

**FOR THE DEGREE OF BACHELOR OF BUSINESS
MANAGEMENT**

COURSE CODE: BBM 301

COURSE TITLE: AUDIT AND INTERNAL REVIEW

DATE: 14/01/2025

TIME: 11:00 – 2:00PM

THIS PAPER CONSISTS OF 3 PRINTED PAGES

PLEASE TURN OVER

REGULAR – MAIN EXAM
BBM 310: AUDIT AND INTERNAL REVIEW

STREAM: DEGREE

DURATION: 3 Hours

INSTRUCTIONS TO CANDIDATES

- i. Answer Question ONE and any other TWO questions.*
- ii. Maps and diagrams should be used whenever they serve to illustrate the answer.*
- iii. Do not write on the question paper*

QUESTION ONE

- (a) Explain the term “interim audit”? **(2 marks)**
- (b) Discuss any four circumstances under which an interim audit would be ideal. **(4 marks)**
- (c) Briefly explain five disadvantages of continuous audit. **(10 marks)**
- (d) Suggest solutions to any four disadvantages you have identified in (c) above. **(4 marks)**
- (e) In respect of the Companies Act (Cap. 486), discuss the rights of an auditor. **(8 marks)**
- (f) Briefly explain what is meant by “the auditor’s duty of due professional care.” **(2 marks)**

QUESTION TWO

- (a) Outline the professional guidelines that would assist the external auditor in avoiding being unduly dependent on a single client. **(5 marks)**
- (b) Identify and briefly explain the statutory and ethical matters you would consider before accepting appointment as an auditor of a company. **(10 marks)**
- (c) Explain the challenges that auditors face in the process of being independent. **(5 marks)**

QUESTION THREE

You are in charge of a group of audit trainees who have just been employed by your audit firm. This is the audit trainees’ first assignment and they are aware that they are supposed to prepare audit working papers but they do not know how to do so or what information they should include in the audit working paper.’

Required:

- (a) Explain the importance of audit working papers. **(4 marks)**

- (b) Provide the audit trainees with guidelines on how they should prepare audit working papers. **(4 marks)**
- (c) Identify the type of information that the audit trainees should include in the audit working papers. **(8 marks)**
- (d) List any four advantages of standardized audit working papers. **(4 marks)**

QUESTION FOUR

- (a) You have recently been appointed as the external auditor of XYZ Ltd. Explain the stages you would follow in conducting your audit. **(4 marks)**
- (b) In the context of the Companies Act (Cap. 486), discuss the procedure for the removal of an auditor. **(6 marks)**
- (c) Explain any three procedures for obtaining audit evidence. **(6 marks)**
- (d) Briefly explain the meaning of the following terms in relation to audit reports:
- (i). "Except for" opinion. **(2 marks)**
 - (ii) Disclaimer of opinion. **(2 marks)**

QUESTION FIVE

- (a) Explain the functions of the internal audit department in an organization. **(4 marks)**
- (b) Discuss the procedures that the internal auditor can conduct on behalf of the external auditor. **(6 marks)**
- (c) State the factors that the external auditor should consider before placing reliance on the work of the internal auditor. **(5 marks)**
- (d) Briefly explain the methods which an auditor might use to ascertain a client's internal control system. **(5 marks)**