



MAASAI MARA UNIVERSITY

**REGULAR UNIVERSITY EXAMINATIONS
2021/2022 ACADEMIC EXAMINATION
THIRD YEAR FIRST SEMESTER EXAMINATION**

**SCHOOL OF BUSINESS AND ECONOMICS
THE DEGREE OF BACHELOR OF COMMERCE**

COURSE CODE: BCM 3105

COURSE TITLE: AUDITING AND INTERNAL REVIEW

DATE: 14TH DECEMBER, 2022

TIME: 1100-1300

INSTRUCTIONS:

Answer question ONE and any other THREE questions

PART A: Compulsory question (25 marks)

QUESTION ONE

The Auditor's Operational Standard requires the auditor to obtain relevant and reliable audit evidence sufficient to enable him to draw conclusions there from:

Required

- a) Explain what is meant by Audit Evidence **(8 Marks)**
- b) Explain the meaning of the following terms.
 - i. Relevant Audit Evidence **(6 Marks)**
 - ii. Reliable Audit Evidence. **(6 Marks)**

QUESTION TWO

Audit Planning Process allows the Audit Senior to acquire knowledge about entity. This process ensures an effective control and review of audit work.

Required

- c) Explain the auditor's process when planning for an audit of a new client **(5 Marks).**
- d) How does audit planning assist in the conduct of an audit? **(5 Marks)**

QUESTION THREE

Internal Control is very important tool for the efficient running of an organization .In light of this statement, explain the following:

- a) Meaning of Internal Control **(2 Marks)**
- b) Five (5) components of Internal Control **(5 Marks)**
- c) Limitations of Internal Control **(3 marks)**

QUESTION FOUR

You have been appointed an Auditor for ABC Company and CEO of the firm seeks a detailed explanation from you of the following:

- a) Primary objective of an audit **(3 Marks)**
- b) Objectives of an Audit Report **(4Marks)**
- c) Other Services provided by an audit firm other than accounting **(4 Marks)**

QUESTION FIVE

As regards Conceptual Framework in Auditing Environment, discuss each of the following:

- a) 4Advantages of Internal Audit **(4 Marks)**
- b) Difference between Internal and External Audit **(4 Marks)**
- c) 4 Limitations of an Audit **(2 Marks)**