



## **MERU UNIVERSITY OF SCIENCE AND TECHNOLOGY**

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### **University Examinations 2024/2025**

#### **FOURTH YEAR FIRST SEMESTER EXAMINATION FOR THE DEGREE OF BACHELOR OF COMMERCE**

#### **BFC 3483: ADVANCED AUDITING**

**DATE: JANUARY 2025**

**TIME: 2 HOURS**

**INSTRUCTIONS:** Answer question **one** and any other **two** questions

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#### **QUESTION ONE (30 MARKS)**

- a) Historically professional requirement on auditors independence have been set by recognized supervisory bodies. Discuss five ethical standards for auditors as set out by auditing practice board (9 marks)
- b) Differentiate between substantive testing and internal control testing (5 marks)
- c) Discuss the content and purpose of the financial statement (6 marks)
- d) In the context of computer based accounting system. Explain the following terms
  - i. Application control (5 marks)
  - ii. General control (5 marks)

#### **QUESTION TWO (20 MARKS)**

- a) Discuss six factor to be considered before adopting statistical technique (10 marks)

b) Describe five factors which influence the auditor in determining the size of the sample he will use for his detailed testing (10 marks)

### **QUESTION THREE (20 MARKS)**

a) What are post balance sheet event (4 marks)

b) Differentiate between adjusting and non-adjusting event (4 marks)

c) Why is it important to perform post balance sheet event review (4 marks)

d) Explain the following terms as used in post balance sheet event review by auditors

- i. Contingency (4 marks)
- ii. Disclosure (4 marks)

### **QUESTION FOUR (20 MARKS)**

a) Discuss the key concept of public sector auditing under the following heading

- i. Objectives (4 marks)
- ii. Types of public sector audit (4 marks)
- iii. Professional judgment due care and scepticism (4 marks)
- iv. Materiality (4 marks)
- v. Audit planning scope and approach evidence (4 marks)

### **QUESTION FIVE (20 MARKS)**

a) Discuss the process of appointing special auditor (4 marks)

b) What are the roles and responsibilities of audit committee (4 marks)

c) Discuss the general standards of auditor independence under the following

- i. Specific prohibited non audit services (3 marks)
- ii. Pre-approval of permitted services (3 marks)
- iii. Prohibited relationship (3 marks)
- iv. Communication between the audit committee and the independent auditor (3 marks)