

CHUKA



UNIVERSITY

UNIVERSITY EXAMINATIONS

CHUKA AND THARAKA CAMPUSES

**EXAMINATION FOR THE AWARD OF DIPLOMA IN ACCOUNTANCY, DIPLOMA
IN PURCHASING AND SUPPLIES AND DIPLOMA IN BUSINESS MANAGEMENT**

DIAC 0227: AUDITING PRINCIPLES

STREAMS: DIP.

TIME: 2 HOURS

DAY/DATE: FRIDAY 06/12/2019

2.30 P.M. – 4.30 P.M.

INSTRUCTIONS:

- **Answer question ONE and any other TWO questions only.**
- **Do not write on question paper.**

- (a) Explain the various classifications of auditing. (14 marks)
 - (b) Highlight any four distinctions between auditing and accountancy. (4 marks)
 - (c) Describe any six techniques that an auditor may use to gather valid evidence in the process of auditing. (12 marks)
- (a) Explain any ten rights of an auditor. (10 marks)
 - (b) You have been requested by Machakos company management to advise them on how to establish an effective internal control system. Explain the matters they should consider to establish an effective internal control system that can enhance effective financial records and operations. (10 marks)
- (a) Explain how can you vouch cash payments made in an organization. (12 marks)
 - (b) Describe how an auditor can verify the plant and machinery in an organization where he is acting as an auditor. (10 marks)
- (a) Describe the standard contents of audit report as stipulated in audit standards and companies act. (8 marks)

(b) Write short notes on the following.

(i) Audit working papers.

(7 marks)

(ii) Audit notebook.

(5 marks)
