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**COLLEGE**  
*... Bastion of Knowledge ...*

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

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**UNIVERSITY EXAMINATIONS**  
**2021 /2022 ACADEMIC YEAR**

**...3.... YEAR .....1... SEMESTER REGULAR EXAMINATION**

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

**COURSE CODE: BBM 301**

**COURSE TITLE: AUDIT AND INTERNAL REVIEW**

**DATE: 31/1/2022**

**TIME: 2:00 PM-5:00PM**

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**THIS PAPER CONSISTS OF 3 PRINTED PAGES**

**PLEASE TURN OVER**

**REGULAR – MAIN EXAM**  
**BBM 310: AUDIT AND INTERNAL REVIEW**

**STREAM: BBM**

**DURATION: 3 Hours**

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**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) Discuss the details each working paper which is prepared by an auditor should indicate  
(10 marks)
- b) With appropriate illustrations, differentiate the use and contents of a permanent audit file from a current audit file and write brief notes on the evidence that is provided by working papers.  
(6 marks)
- c) Discuss the duties of an internal audit staff in an organisation.  
(10 marks)
- d) Discuss the circumstances one is ineligible for appointment as an auditor of a company  
(4 marks)

**QUESTION TWO**

- a) Explain the criteria which you would consider before deciding to rely on the work of the internal audit function.  
(10 marks)
- b) State the extent to which you, as an external auditor, can rely on the work of the internal audit function.  
(5 marks)
- c) Explain the value derived from the work of external auditors.  
(5 marks)

**QUESTION THREE**

Discuss the following types of audit:

- i. Statutory audit; (5 marks)
- ii. Private audit; (5 marks)
- iii. Balance sheet audit; (5marks)
- iv. Management audit; (5 marks)

#### **QUESTION FOUR**

- a) Explain the procedure a company has to follow when changing its auditors. In your discussion explain 'dismissal' and 'appointment' of auditors by a company (10 marks)
- b) List and explain the rights and duties of an independent auditor. (10 marks)

#### **QUESTION FIVE**

- a) Explain the general forms of qualifications available to the auditor in drafting his audit report, stating the circumstances in which each qualification is appropriate. Give an example of each circumstance. (8 marks)
- b) List the principal matters, which the auditors considers in forming an opinion on the financial statements. (4 marks)
- c) Outline the basic elements of an unqualified audit report. (8 marks)

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