
Time Allowed: 3 hours.

Answer ALL questions. Marks allocated to each question are shown at the end of the question.

**QUESTION ONE**  
(a) Analyse six assignments that the internal audit department of a client entity could carry out.  
(b) Describe the auditor’s responsibilities in relation to the prevention and detection of fraud and errors.  
(c) Examine four ways in which the internal audit function of an entity might help to improve the risk management efforts of an entity.  

(Total: 20 marks)

**QUESTION TWO**  
(a) Examine five factors to consider when designing and performing substantive analytical procedures.  
(b) Outline six items that should be included in an audit engagement letter.  
(c) Highlight four benefits of an audit committee.  

(Total: 20 marks)

**QUESTION THREE**  
(a) In the context of planning and conducting an audit, draw three distinctions in each case between planning for the audit of a new client from planning the audit for an already existing client.  
(b) Summarise four factors that an auditor should put into consideration when developing an overall audit plan.  
(c) Describe four limitations of using a standardised audit programme.  

(Total: 20 marks)

**QUESTION FOUR**  
(a) Rafiki Enterprises Ltd. intends to implement a computerised accounting system to enhance efficiency in their operations.  

Required:  
Advise the management of the company on the drawbacks associated with a computerised accounting system.  

(b) Describe six circumstances when the auditor could issue an unqualified report.  

(Total: 20 marks)

**QUESTION FIVE**  
(a) Define the following terminologies in relation to internal control system:  
(i) Control environment.  
(ii) Control objectives.  
(iii) Control procedures.  

(b) Trace Manufacturing Ltd. has been experiencing loss of inventory in their control warehouse.  

Required:  
(i) Examine segregation of duties as a control procedure.  
(ii) Suggest six internal controls that the management should put in place to prevent loss of inventory.  

(Total: 20 marks)