



# **MAASAI MARA UNIVERSITY**

**REGULAR UNIVERSITY EXAMINATION  
2023/2024 ACADEMIC YEAR  
THIRD YEAR FIRST SEMESTER**

**SCHOOL OF BUSINESS AND ECONOMICS  
BACHELORS OF BUSINESS MANAGEMNT**

**COURSE CODE: BCM 3107-1  
COURSE TITLE: AUDITING AND ASSURANCE  
SERVICES**

**DATE : 7/12/2023**

**TIME: 1430-1630 HRS**

**INSTRUCTIONS TO CANDIDATES**

*Answers Question one and any other Two*

## QUESTION ONE

- a. (i) Distinguish between “ attestation engagements and “ audit engagement.” **(4marks)**
- ii) State the levels of assurance an auditor provides in attestation engagement and in an audit engagement . **(2marks)**

b You are the managing partner in Kiok and Associates (Certified Public Accountants). Topia Ltd has recently engaged your firm to provide tax consultation services to the company.

### Required:

Using the five elements of assurance engagement, briefly explain whether the above engagement qualifies to be an assurance engagement. **(6marks)**

(c) Highlights the role of international on auditing (ISAs) in the conduct of audit. **(8marks)**

## QUESTION TWO

With respect to the provisions of the companies Act 2015 on appointment and removal of auditors of the company, explain:

- (i) The parties responsible for fixing the auditors’ remuneration. **(3marks)**
- (ii) How the auditors may be removed before the expiry of their term. **(3markr)**
- (iii) The rights the auditors who feel that their intended removal is not justified. **(3mark)**
- (iv) Summarize four measures that the auditing profession has put in place to reduce individual auditor exposure to audit risks. **(6marks)**

## QUESTIONTHREE

Recent advancement in information communication technology have emotionalized the way business is done. Some organizations are now using e-commerce and therefore conducting their business over the internet by electronic rather than paper-basedmethods.

### Required:

- a. Explain the risks faced by a company using e- commerce to conduct its business. **(8marks)**
- Describe the challenges faced by an auditor when auditing a company that is using e-commerce to conduct its business. **(7 marks)**

#### **QUESTION FOUR**

- a. A final and overall review of audit evidence and the financial statements of a client by the engagement partner who has the ultimate responsibility for committing the audit firm, when signing the audit report is an important event in the audit process.

**Required:**

Indicate the matters that the engagement partner considers during such a review **(6marks)**

- b. Outline the consequences of an unqualified audit report to a company. **(4marks)**
- c. Explain the purposes of a management letter. **(5marks)**

**/END/**