## EGERTON UNIVERSITY- NAKURU TOWN CAMPUS

## BCOM 412: AUDITING II- CAT 1

## ATTEMPT ALL QUESTIONS. BREVITY AND CLARITY OF EXPRESSION IS EMPHASISED

1. “In most organizations, other employees view internal auditors as policemen and as spies, always causing trouble by refusing to endorse payments, and willing AND READY to report them to the management.”
   1. What do you understand by the term internal auditing? (4 mks)
   2. Do you agree with the view that internal auditors are in-house policemen and spies? Discuss in light of the roles played by the internal auditor, and the concept of independence. (11 mks)
2. “Fraud is big business!”
   1. Discuss the meaning of FRAUD citing its components (7 mks)
   2. Discuss the role of the auditor regarding the detection and prevention of FRAUD. (8 mks)