## LAIKIPIA UNIVERSITY COLLEGE

## BUST 430: PRINCIPLES OF AUDITING

## ATTEMPT ALL QUESTIONS.

## BREVITY AND CLARITY OF EXPRESSION IS EMPHASISED

1. “At best the internal audit department is viewed by other employees in organizations as composed of trouble makers and internal auditors are often described as “petty”. At worst they are viewed as playing the role of in-house policemen and as spies for 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 and the scope of the internal audit function, and the concept of independence. (12 mks)
2. What is the distinction between accounting and auditing (4 mks)
3. Discuss the three types of audits (6 mks)
4. Internal controls are a fundamental component of every organization.
   1. What is your understanding of the term internal controls? (2 mks)
   2. Discuss the components of internal controls. (12 mks)