**LAIKIPIA UNIVERSITY COLLEGE**

**Attempt Question ONE and choose TWO other questions**

1. Take the following case of university exams administration at the Laikipia University College

* The lecturer in charge sets a draft exam.
* The draft exam is handed over to the chair of the department for checking. If satisfied, the chair signs the draft exams, otherwise he/ she refers the draft to the lecturer for amendments.
* The draft exam is then forwarded to the external examiner who checks the exam. If satisfied, the external examiner signs the draft exam. If not satisfied, the exam may be referred back to the lecturer of the department for appropriate changes through the office of the chair.
* Exam draft is forwarded to the exams department for typesetting.
* The lecturer in charge checks the draft exams that have been typeset, noting any spelling mistakes and omissions. If satisfied that the exam is proper, he/she signs the exam as approved, otherwise he / she fills a separate form indicating corrections to be made by the exams department.
* Final examination draft is printed ready for administration.

1. A flow chart with appropriate notes for the process. (16 mks)
2. What are the advantages of flow charts (2.5 mks)
3. Discuss **narrative notes** as an alternative to the use of flow charts in documenting internal controls, highlighting the advantages and disadvantages. (5 mks)
4. Discuss in detail the following general principles of auditing
   1. Professional ethics (12 mks)
   2. International standards on auditing (4.5 mks)
   3. International Auditing Practice Statements (IAPSs). (4 mks)
   4. Professional skepticism (3 mks)
5. The scope of internal auditing is found in the Institute of Internal Auditors’ Implementation Standards.
   1. Describe the scope of the internal audit function (12 mks)
   2. What are the implications of the wide scope of internal audit function with specific reference to
      1. Expertise required (2 mks)
      2. Value for money (3 mks)
      3. Information systems (2 mks)
      4. Compliance (2.5 mks)
      5. Management needs (2 mks)
6. Discuss the composition and the role of the audit committee, and explain the linkage between the audit committee and the internal and external audit functions (23.5 mks).
7. Discuss in detail the internal controls over wages and salaries, highlighting on the following specific areas
   1. Approval and control of documents (8 mks)
   2. Arithmetical accuracy (8 mks)
   3. Control accounts (8 mks)