



**MURANGA UNIVERSITY COLLEGE**  
(A constituent College of Jomo Kenyatta University of Agriculture & Technology)

**MAIN CAMPUS**

**SPECIAL/SUPPLEMENTARY UNIVERSITY EXAMINATIONS**

**2015/2016 ACADEMIC YEAR**

**FOURTH YEAR FIRST SEMESTER EXAMINATIONS**

**FOR THE DEGREE OF  
BACHELOR OF BUSINESS INFORMATION TECHNOLOGY**

**COURSE CODE: HBT 2405**

**COURSE TITLE: AUDITING OF INFORMATION SYSTEMS**

**DATE:**

**TIME:**

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**INSTRUCTIONS TO CANDIDATES**

Answer Question ONE (1) (compulsory) AND any other TWO

MRUC observes ZERO tolerance to examination irregularities

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**Question ONE**

- a) Explain any three needs for Auditing of Information Systems (IS). (8 marks)
- b) Describe the audit purpose facilitated and the procedural steps to be followed by the internal auditor in using the following:
- i) Generalized audit software package. (4 marks)
  - ii) Integrated test facility package. (4 marks)
- c) Audit of environmental controls form a critical part of every IS audit plan. Highlight SIX environmental controls IS auditor may be to conduct. (6 marks)
- d) Explain FOUR information systems Auditors review risks related to IT systems and processes. (8 marks)

**Question TWO**

- a) As an internal auditor for the Quick Manufacturing Company, you are participating in the audit of the company's AIS. You have been reviewing the internal controls of the computer system that processes most of its accounting applications. You have studied the company's extensive systems documentation. You have interviewed the information system manager, operations supervisor, and other employees to complete your standardized computer internal control questionnaire. You report to your supervisor that the company has designed a successful set of comprehensive internal controls into its computer systems. He thanks you for your efforts and asks for a summary report of your findings for inclusion in a final overall report on accounting internal controls. Have you forgotten an important audit step? Explain. List five examples of specific audit procedures that you might recommend before reaching a conclusion. (15 marks)
- b) Distinguish between audit evidence collection and audit evidence evaluation. (5 marks)

**Question THREE**

- a) You are involved in the audit of accounts receivable, which represent a significant portion of the assets of a large retail corporation. Your audit plan requires the use of the computer, but you encounter the following reactions:  
For each situation, state how the auditor should proceed with the accounts receivable audit.
- i) The computer operations manager says the company's computer is running at full capacity for the foreseeable future and the auditor will not be able to use the system for audit tests. (2 marks)
  - ii) The computer scheduling manager suggests that your computer program be stored in the computer program library so that it can be run when computer time becomes available. (2 marks)

iii) You are refused admission to the computer room. (2 marks)

iv) The systems manager tells you that it will take too much time to adapt the auditor's computer audit program to the computer's operating system and that company programmers will write the programs needed for the audit. (2 marks)

b) Explain THREE potential benefits and THREE limitations of continuous auditing. (12 marks)

**Question FOUR**

a) Compare and contrast the frameworks for auditing program development/acquisition and for auditing program modification. (10 marks)

b) Explain any FIVE categories of Information Systems Auditing. (10 marks)