

STANDARDS ON AUDITING – EXTRA QUESTIONS – IPC/INTER/FINAL

<p>1. _____ deals with overall objectives of independent auditor and conduct in accordance with SAs</p> <p>a. SA 200 b. SA 210 c. SA 205 d. SA 220 e. None of the above</p>	<p>5. Auditor can reduce the risk to zero. State the validity of the statement.</p> <p>a. Correct b. Incorrect</p>
<p>2. _____ are the overall objectives of Auditor.</p> <p>a. Reasonable assurance b. FS prepared as per FRF c. Report on FS and communicate as per SA d. All of the above e. None of the above</p>	<p>6. _____ is the primary responsibility of management</p> <p>a. Preparation of FS b. Express opinion on FS c. Both of the above d. None of the above</p>
<p>3. Which of the following statement is not correct?</p> <p>a. After completing the audit procedures, the auditor will review the audit documentation in order to determine whether the subject matter has been sufficiently and appropriately audited.</p> <p>b. Before drawing conclusions, the auditor reconsiders the initial assessment of risk and materiality in the light of the evidence collected and determines whether additional audit procedures need to be performed.</p> <p>c. The auditor shall evaluate the audit evidence with a view to obtaining audit findings.</p> <p>d. When evaluating the audit evidence and assessing materiality of findings the auditor shall take both quantitative and qualitative factors into consideration.</p> <p>Based on the findings, the auditor shall exercise professional judgement to reach a conclusion on the subject matter or subject matter information.</p> <p>e. none of the above</p>	<p>7. FRF stands for _____</p> <p>a. Financial reporting FS b. Financial Reporting Regulations c. Financial reporting framework d. None of the above</p>
<p>4. _____ are the responsibility of the auditor</p> <p>a. Reasonable assurance to obtain SAAE to reduce audit risk b. Comply with SA, AS, disclosure requirements and statutory requirements c. Both a and b d. None of the above</p>	<p>8. _____ is primary responsibility of Auditor</p> <p>a. Preparation of FS b. Express opinion on FS c. Guarantee efficiency of business d. Both b and c</p>

<p>9. _____ are the preconditions of an audit</p> <p>a. Management using acceptable FRF</p> <p>b. Acknowledgment of responsibility with respect to relevant matters</p> <p>c. Both a and b</p> <p>d. None of the above</p>	<p>15. _____ deals with audit documentation</p> <p>a. SA 210</p> <p>b. SA 220</p> <p>c. SA 230</p> <p>d. SA 240</p>
<p>10. _____ are the contents of Audit Engagement term</p> <p>a. Objective of audit</p> <p>b. Scope of Audit</p> <p>c. Responsibility of management and auditor</p> <p>d. All of the above</p>	<p>16. All officers and staff of the Department are expected to abide by these Auditing Standards and apply them conscientiously in auditing for achieving the mission of promoting ____.</p> <p>a. Accountability</p> <p>b. Transparency</p> <p>c. good governance</p> <p>d. all of the above</p>
<p>11. Recurring audit happens once in a lifetime of the company. State the correctness of the statement</p> <p>a. Correct</p> <p>b. Incorrect</p>	<p>17. Audit documentation is _____</p> <p>a. Prepared by auditor</p> <p>b. Obtained from client</p> <p>c. Either a or b</p> <p>d. Both of the above</p>
<p>12. _____ deals with Quality control for an audit of FS</p> <p>a. SA 210.</p> <p>b. SA 220</p> <p>c. SA 240</p> <p>d. None of the above</p>	<p>18. _____ are the contents of audit documents</p> <p>a. Nature time and extent of audit procedures</p> <p>b. Results and audit evidence obtained</p> <p>c. Significant matters and discussion with mgmt. and conclusions</p> <p>d. All of the above</p>
<p>13. The objective of the auditor is to implement quality control procedures at engagement level that provide reasonable assurance that _____</p> <p>a. Audit comply with standards</p> <p>b. Audit comply with legal requirements</p> <p>c. Audit report issued is appropriate</p> <p>d. All of the above</p>	<p>19. _____ are the advantages of documentation</p> <p>a. Assists in planning</p> <p>b. Delegation of work</p> <p>c. Report finalisation</p> <p>d. All of the above</p>
<p>14. If there is difference of opinion between engagement quality control reviewer and engagement partner then the team follows _____</p> <p>a. Opinion of engagement quality control reviewer</p> <p>b. Opinion of engagement partner</p> <p>c. Relevant policies and procedures</p> <p>d. None of the above</p>	<p>20. _____ is the owner of audit documentation</p> <p>a. Auditor</p> <p>b. Company</p> <p>c. Management</p> <p>d. Board of directors</p>

<p>21. Auditor can exercise lien over clients books or records in _____ situations</p> <p>a. Client owes money b. Related to work done c. Possession obtained by legal means d. All of the above</p>	<p>28. Audit notebook act as defence when charge bought against auditor for negligence and other shortcomings in audit work</p> <p>a. Correct b. Incorrect</p>
<p>22. _____ are the types of audit file</p> <p>a. Permanent b. Current c. Non current d. Only a and b</p>	<p>29. SA _____ deals with auditors responsibility relating to fraud In audit of FS</p> <p>a. SA 315 b. SA 330 c. SA 240 d. None of the above</p>
<p>23. _____ are the content of permanent audit file</p> <p>a. Copy of initial appointment letter b. Record of communication with retiring auditor c. NOC with previous auditor d. All of the above</p>	<p>30. _____ are the auditors duties in relation to fraud in FS</p> <p>a. Obtain reasonable assurance that FS are free from misstatements b. Discuss with team in case of doubt c. Maintain professional scepticism d. Risk assessment e. All of the above</p>
<p>24. _____ are the contents of current audit file</p> <p>a. Copies of letters or notes concerning audit matter b. Audit review points c. Both a and b d. None of the above</p>	<p>31. _____ deals with consideration of laws and regulation in audit of FS</p> <p>a. SA 330 b. SA 240 c. SA 210 d. NONE OF THE ABOVE</p>
<p>25. _____ factors determine form and content of documentation for particular engagement</p> <p>a. Reporting format b. Requirements of SA c. Nature of Engagement d. All of the above</p>	<p>32. Auditor shall report to regulating authority if required under law.</p> <p>a. Correct b. Incorrect</p>
<p>26. Audit notebook contains only special matters relating to course of audit.</p> <p>a. Correct b. Incorrect</p>	<p>33. SA _____ deals with communication with those charged with governance</p> <p>a. SA 240 b. SA 250 c. SA 260 d. SA 315</p>
<p>27. _____ are the advantages of audit notebook</p> <p>a. It is comprehensive record of work done and observations b. It provides explanation and evidence produced by mgmt. c. Both a and b</p>	<p>34. Those charged with governance refers to persons with responsibility for conduct of entity operations</p> <p>a. Correct b. Incorrect</p>

d. None of the above	
35. SA _____ deals with communicating difficulty in internal control to those charged with governance and management a. 240 b. 250 c. 260 d. 265 e. None of the above	42. Generally all joint auditors arrive at different opinion a. True b. False
36. While identifying any defiecences in Internal control auditor should check whether it is significant or not and then take relevant actions a. True b. False	43. SA _____ deals with planning an audit of FS a. SA 300 b. SA 315 c. SA 320 d. None of the above
37. _____ are the examples of significant defecineces a. Management inability to oversee FS Preparation b. Ineffective response to identified risk c. Both a and b d. None of the above	44. SA _____ deals with identifying and assessing risk of material misstatements through understanding entity and its environment. a. 300 b. 315 c. 320 d. None of the above
38. SA _____ deals with responsibility of Joint auditors a. SA 265 b. SA 240 c. SA 300 d. SA 299	45. SA _____ deals with materiality in planning material audit a. SA 300 b. SA 330 c. SA 320' d. None of the above
39. Joint auditors are appointed when there is very little work a. True b. False	46. SA _____ deals with auditors response to assessed risks a. SA 300 b. SA 330 c. SA 320 d. None of the above
40. Work is divided amongst the joint auditors on basis of _____ a. Period b. Functional areas c. Component of Fs d. All of the above	47. SA _____ deals with audit consideration relating to entity using service organaisation a. SA 400 b. SA 401 c. SA 402 d. No Such SA
41. Joint auditors review the work of each other a. Correct b. Incorrect	48. User auditor refers to that auditor who audits and reports on FS of user entity a. Correct b. Incorrect

<p>49. _____ report, reports on description and design of internal controls at service organisation</p> <p>a. Type 1 report b. Type 2 report c. Both a and b d. None of the above</p>	<p>56. Evidence is more reliable when _____</p> <p>a. Obtained directly by auditor b. When original docs are obtained c. Both a and b d. None</p>
<p>50. SA _____ deals with evaluation of misstatement identified during audit</p> <p>a. 450 b. 405 c. 455 d. 500</p>	<p>57. SA _____ deals with specific consideration for selected items</p> <p>a. 500 b. 501 c. 510 d. None</p>
<p>51. Uncorrected misstatements refers to misstatements collected by auditor but not corrected</p> <p>a. True b. False</p>	<p>58. When inventory is under control of third party _____ should be done</p> <p>a. Obtain service auditor report b. Request 3rd party confirmation c. Both a and b d. None of the above</p>
<p>52. SA 500 deals with audit documentation</p> <p>a. True b. False</p>	<p>59. SA _____ deals with external confirmation</p> <p>a. 500 b. 501 c. 505 d. 555</p>
<p>53. _____ are considered to be audit evidence</p> <p>a. Bills b. Invoices c. Agreements d. All of the above</p>	<p>60. SA _____ deals with initial audit engagements of opening balances</p> <p>a. 500 b. 501 c. 510 d. 505</p>
<p>54. _____ are the techniques to obtain audit evidence</p> <p>a. Observation b. Inspections c. Computation d. All of the above</p>	<p>61. Initial audit engagement refers to engagement in which FS for prior period are not audited or were audited by predecessor auditor</p> <p>a. True b. False</p>
<p>55. Source of evidence for documentation might be _____</p> <p>a. Internal b. External c. Both d. None of the above</p>	<p>62. Analytical Procedures are covered under _____</p> <p>a. SA 500 b. SA 510 c. SA 520 d. SA 530</p>

<p>63. Analytical procedures doesn't refers to evaluation of financial information through analysis of plausible relationships among financial and non financial data</p> <p>a. Correct b. Incorrect</p>	<p>71. SA 580 deals with _____</p> <p>a. Using work of another auditor b. Written representations c. Audit documentation d. None of the above</p>
<p>64. SA _____ deals with audit sampling</p> <p>a. SA 500 b. SA 510 c. SA 520 d. SA 530</p>	<p>72. If auditor concludes that representations are not reliable then he is obliged to take appropriate action</p> <p>a. True b. False</p>
<p>65. Population refers to half set of data from which sample is selected</p> <p>a. True b. False</p>	<p>73. _____ auditor refers to auditor of client</p> <p>a. Principal b. Another</p>
<p>66. SA _____ deals with accounting estimates including fair value and related disclosures</p> <p>a. SA 500 b. SA 510 c. SA 530 d. SA 540</p>	<p>74. SA _____ refers to using work of internal auditors</p> <p>a. 600 b. 605 c. 610 d. 620</p>
<p>67. SA _____ deals with related party</p> <p>a. SA 888 b. SA 555 c. SA 550 d. SA 505</p>	<p>75. SA _____ deals with using work of auditors experts</p> <p>a. 600 b. 605 c. 610 d. 620</p>
<p>68. SA _____ deals with subsequent events</p> <p>a. 500 b. 540 c. 560 d. None of the above</p>	<p>76. SA 700 deals with forming an opinion and reporting an FS</p> <p>a. True b. False</p>
<p>69. SA _____ deals with going concern</p> <p>a. 520 b. 550 c. 570 d. 590</p>	<p>77. _____ are the contents of audit report</p> <p>a. Title b. Addressee c. Auditors opinion d. All of the above</p>
<p>70. _____ are events creating significant doubt over going concern</p> <p>a. Financial b. Operating c. Both d. None</p>	<p>78. _____ deals with reporting to shareholders</p> <p>a. Sec 260 b. SA 260 c. Sec 143 of companies act d. None of the above</p>

<p>79. _____ deals with reporting to those charged with governance</p> <p>a. Sec 260 b. SA 260 c. Sec 143 of companies act d. None of the above</p>	<p>87. In case of joint auditors those disagree with others may provide own opinion through separate report</p> <p>a. True b. False</p>
<p>80. Statutory reports are in _____ domain</p> <p>a. Public b. Private</p>	<p>88. Joint auditors cannot communicate in writing</p> <p>a. Correct b. Incorrect</p>
<p>81. Report submitted to those charged with governance is _____ report</p> <p>a. Public b. Private c. Internal d. External</p>	<p>89. _____ refers to internal information in audit notebook</p> <p>a. Nature of business b. List of books c. Principle officers d. All of the above</p>
<p>82. There should be significant liaison between principal auditor and other auditors</p> <p>a. Correct b. Incorrect</p>	<p>90. _____ refers to internal information in audit notebook</p> <p>a. Nature of business b. List of books c. Principle officers d. All of the above</p>
<p>83. _____ refers to dividing population into sub populations</p> <p>a. Statistical sampling b. Stratification c. Sampling d. None of the above</p>	<p>91. Form and documentation includes relevant legislations applicable to client</p> <p>a. True b. False</p>
<p>84. Account balance which exists at beginning of period is _____</p> <p>a. Closing balance b. Carried forward balance c. Opening balance d. None of the above</p>	<p>92. _____ audit file refers to document required only for that particular year</p> <p>a. Permanent b. Current c. Non current d. None of the above</p>
<p>85. For external audit confirmations the confirmation can be obtained in _____</p> <p>a. Written form b. Oral c. Electronic d. Only a and c e. None of the above</p>	<p>93. Fraud can be</p> <p>a. Voluntary involuntary b. Intentional or unintentional</p>

94. Evaluating responses to inquiries are integral part of inquiry process a. True b. False	98. For test of details auditor shall project misstatements found in sample to population a. True b. False
95. When inventory is under control of third party warehouse receipt must be checked a. True b. False	99. Loss of key mgmt. without replacement is an _____ event a. Financial b. Operating
96. Statistical sampling refers to random selection of sample items a. True b. False	100. Inability to comply with terms of loan agreement is _____ event a. Financial b. Operating
97. Tolerable rate of deviation refers to rate of deviation from prescribed IC procedures set by auditor a. Correct b. Incorrect	101. Adverse key financial ratios are _____ events a. Financial b. Operating

ANSWER KEYS

1. A	2. D	3. E	4. C	5. B
6. A	7. C	8. B	9. C	10. D
11. B	12. B	13. D	14. C	15. C
16. D	17. C	18. D	19. D	20. A
21. D	22. D	23. D	24. C	25. D
26. B	27. C	28. A	29. C	30. E
31. D	32. A	33. C	34. A	35. D
36. A	37. C	38. D	39. B	40. D
41. B	42. B (unanimous)	43. A	44. B	45. C
46. B	47. C	48. A	49. A	50. A
51. A	52. B	53. D	54. D	55. C
56. C	57. B	58. C	59. C	60. C
61. A	62. C	63. B	64. D	65. B
66. D	67. C	68. C	69. C	70. C
71. B	72. A	73. A	74. B	75. C
76. D	77. A	78. D	79. C	80. B
81. A	82. C	83. A	84. B	85. C
86. D	87. A	88. A	89. B	90. D
91. A	92. B	93. B	94. A	95. A
96. A	97. A	98. A	99. B	100. A
101. A				