ACC311 Fundamentals of Auditing Solved MCQs

During audit of the financial statements, the auditors are concerned with the verification and determination of which one of the following items?
Statements, accuracy, and feasibility
Date, accuracy, and reliability
Policies, value, and reliability
Cycle, policies, and reliability

Which one of the following authorities shall fix the remuneration of the auditors, if auditors are appointed by the SECP? (Companies Ordinance, 1984)
Directors
Shareholders
Company registrar
SECP
The phrase (Scope of an Audit) refers to which one of the followings?
Engagement letters
Audit procedures
Audit evidence
Reasonable assurance
Following statements are true about the legal requirements of books accounts for the companies EXCEPT: (Companies Ordinance, 1984)
Books of accounts should be preserved for 10 years
Books of accounts are to be kept at the registered office of the company
Directors can review the books of account during the business hours
If a company fails to maintain books of accounts according, it may leads to demolish the entity
The factors that affect reasonable assurance include all of the following EXCEP
Use of testing (Sampling)
Interest limitations of accounting and internal control
Remuneration of the auditor
Persuasive nature of audit evidence
A well designed Internal Control Questionnaire (ICQ) should incorporate the following EXCEPT:
Be a sufficient source of data for the evaluation of internal controls
Identity the internal control system's strengths and weaknesses
Be organized by individual functional organizations
Should include simple yes or no responses but no narrative responses
Which one of the following is FALSE about Internal Control Evaluation Checklists (ICEC)?
ICEC is developed to overcome the shortcomings of Internal Control Questionnaire
The rules of constructing ICEC is different than construction of Internal Control Questionnaire
It is designed to determine, whether desirable internal controls are present

It is normally employed where system's information has already been recorded

An auditor's flow chart of an entity's information system is a diagrammatic representation. It depicts what kind of information?

Program for tests of control
Understanding of the system
Understanding of the types of irregularity that are probable given by the present system
Documentation of the study and evaluation of the system

Which one of the following is NOT a factor included in the control environment of an entity?

Integrity and ethical values
Risk assessment
Commitment to competence
Organization structure

The audit which is a review of any part of an entity's operating procedures and methods is known as

Financial statement audits
Operational audits
Technical Audits
Compliance audits

While considering internal control system of an entity, the auditor is basically concerned that the system provides reasonable assurance about which one of the following?

That the management can not override the system
Operational efficiency has been achieved according to management plans
Errors have been prevented or detected
Controls have not been circumvented by collusion

Which one of the following is the source document for staff salaries?

Approved payrolls
Vouchers
Accounting statements
Cash memos

Analytical procedures used in planning an audit should focus on identifying which one of the followings?

Areas that may represent specific risks relevant to the audit
Material weaknesses in the internal control structure
The predictability of financial data form individual transactions
The various assertions that are embodied in the financial report

Which one of the following meetings is considered as a 'meeting of directors or management?

General meeting
Extra ordinary general meeting
Board meeting
Management meeting