

FBQ1: The two objectives of auditing are

Answer: *Primary and secondary*

FBQ2: Audit carried out by employees of an organization is known as

Answer: *Internal audit*

FBQ3: An audit that enquires into the effectiveness and efficiency of management in executing the organization's policies, programs and plans is called

Answer: *Management audit*

FBQ4: An audit approach which tries to authenticate the validity and accuracy/ correctness of accounting records and the source documents used in preparing the financial statements is known as

Answer: *Transaction-audit*

FBQ5: Member of audit committee shall be maximum of----- members

Answer: *Six*

FBQ6: An auditor shall be removed before his expiration by ----- resolution

Answer: *Ordinary*

FBQ7: ISA 300 provides guidance on what should be included in the -----

Answer: *Audit plan*

FBQ8: ----- threat to auditor independence emanates due to a long or close relationship with a client or employer.

Answer: *Familiarity*

FBQ9: The system by which companies are directed and controlled is known as -----

Answer: *Corporate governance*

FBQ10: -----is the whole system of controls, financial and otherwise, established by the management in order to carry on the business of the enterprise, in an orderly and efficient manner, ensure adherence to management policies, safeguard the assets and secure as far as possible the completeness and accuracy of the records.

Answer: *Internal control*

FBQ11: Graphic illustrations of the physical flow of information through the accounting system is called -----

Answer: *Flowchart*

FBQ12: The lists of questions designed to determine whether desirable controls are present for each major transaction cycle e.g. sales system, inventory system, purchases system, accounts receivable are referred to as

Answer: *Internal-Control Questionnaires*

FBQ13: Tests performed to obtain audit evidence about the effectiveness of the design of the accounting and internal control systems and the operation of the internal controls

are called-----

Answer: *Test of control*

FBQ14: ----- is a detailed schedule of the audit work to be performed and the procedures to be followed in the verification of each item in the financial statements.

Answer: *Audit program*

FBQ15: ----- fix remunerations of statutory auditors appointed by the board.

Answer: *The directors*

FBQ16: Audit programmes designed to obtain audit evidence as to whether internal controls systems are been complied with by the management both in theory and in practice are called----

Answer: *Compliance audit programme*

FBQ17: Tests which seek to provide audit evidence that internal control procedures are being applied as prescribed is known asâ€¦â€¦.

Answer: *Compliance test*

FBQ18: â€¦â€¦â€¦ tests are those tests of transactions and balances and other procedures such as analytical reviews, which seek to provide audit evidence as to the completeness, accuracy and validity of the information contained in the accounting records or the financial statements

Answer: *Substantive test*

FBQ19: Procedures include studying significant ratios, trends and other statistics and investigating any unusual or unexpected variations are known asâ€¦â€¦â€¦.

Answer: *Analytical review*

FBQ20: The Internal auditor reports to -----.

Answer: *Management*

FBQ21: Statutory auditors report to-----

Answer: *Shareholders*

FBQ22: Value for money (or VFM) audit is a form of operational audit is about 3Es such as Effectiveness, ----- and Efficiency.

Answer: *Economy*

FBQ23: The audit that checks on the impact of the entity on the society in which it operates is calledâ€¦â€¦â€¦.

Answer: *Social audit*

FBQ24: ISA 501 is all about_____.

Answer: *Audit Evidence*

FBQ25: Circularisation that requires a reply only if the debtor disputes the balance shown on the form is calledâ€¦â€¦â€¦

Answer: *Negative circularisation*

FBQ26: Debtor circularisation which requests in every case the confirmation of details of sums shown as outstanding in the records of the debtor is known as -----

Answer: *Positive circularisation*

FBQ27: ISA 705 establishes three types of modified opinions such as a qualified, an adverse, and a -----

Answer: *Disclaimer of opinions*

FBQ28: The auditor's report may be modified by adding a paragraph to highlight and draw users' attention to a matter presented or disclosed in the financial statements which is fundamental to an understanding of the financial statements.

Answer: *Emphasis of matter*

FBQ29: External auditor reports to management typically through a letter called a -----.

Answer: *Letter of weakness*

FBQ30: Evidence of auditing existed during Babylonian times, around -----.

Answer: *3000BC*

FBQ31: The specific use of audit procedures within a forensic investigation to find facts and gather evidence, usually focused on the quantification of a financial loss is called -----.

Answer: *Forensic audit*

FBQ32: A body corporate can be appointed _____ auditor.

Answer: *External*

FBQ33: There are two types of review engagement; namely _____ and a direct engagement.

Answer: *Attestation engagement*

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Answer: *External*

FBQ33: There are two types of review engagement; namely _____ and a direct engagement.

Answer: *Attestation engagement*

FBQ34: The process of formulation of the general strategy for an audit and sets the direction for the audit, describes the expected scope and conduct of the audit is known as _____.

Answer: *Audit planning*

FBQ35: _____-threat occurs when a firm, or a member of the assurance team, promotes, or may be perceived to promote, an assurance client's position or opinion to the point that objectivity may, or may be perceived to be, compromised.

Answer: *Advocacy*

FBQ36: In tracing one or more transactions through the accounting system and observing the application of relevant aspects of the internal control system, the auditor is performing _____.

Answer: *Walk through test*

FBQ37: Another name for checking the arithmetical accuracy of accounting records or performing independent calculations is _____.

Answer: *Computation*

FBQ38: A detailed work plan which includes the time of doing work and how to do the works is known as _____.

Answer: *Audit program*

FBQ39: Review of the economy, efficiency and effectiveness of operations is also known as _____.

Answer: *Value for money audit*

FBQ40: _____-expected the auditor to ascertain the existence of the company's

assets and liabilities at a reporting date.

Answer: *Auditing Standard*

FBQ41: ----- refers to an audit carried out on accounts in a particular period less than one year.

Answer: *Interim audit*

FBQ42: The document which requires a reply only if the debtor disputes the balance shown on the form is known as _____.

Answer: *Negative circular*

FBQ43: _____ refers to requests in every case for confirmation of details of sums shown as outstanding in the records of the debtor.

Answer: *Circularisation*

FBQ44: _____ and _____ define the financial position of an entity and thus require good audit attention.

Answer: *Assets liabilities*

FBQ45: ISA 570 (Revised) is concerned about _____.

Answer: *Going concern*

FBQ46: _____ paragraph refers to information that is rightly not present in the financial statements, but which is so important for user's understanding of them that it needs to be highlighted in the auditor's report.

Answer: *An Other Matter*

FBQ47: ----- auditor reports to management is typically called letter of weakness.

Answer: *External*

FBQ48: _____ is a written opinion of an auditor regarding an entity's financial statements.

Answer: *An audit Report*

FBQ49: Attention to a matter presented or disclosed in the financial statements which is fundamental to an understanding of the financial statements, by the addition of----- paragraph. Â

Answer: *Emphasis-of-matter*

FBQ50: Evidence of auditing existed during ----- times, around 3000 BC

Answer: *Babylonian*

Multiple Choice Questions (MCQs):

MCQ1: Which of the following is not a component of internal control?

Answer: The entity's risk assessment process

MCQ2: The detailed nature of the controls operative within any commercial organisation will depend upon the following EXCEPT _____.

Answer: The nature and size of the business conducted

MCQ3: Tracing one or more transactions through the accounting system and observing the application of relevant aspects of the internal control system is referred to as-----
Answer: Compliance test

MCQ4: Methods of obtaining audit evidence include all the following EXCEPT-----

Answer: Auditing

MCQ5: Typical functions of an internal audit function include all but one of the following.
Answer: Monitoring of internal control

MCQ6: The checking on the impact of the entity on the society in which it operates is referred to as-----
Answer: Social audit

MCQ7: Auditing into the work force of an entity, to check whether the entity has adequate systems for the recruitment, training and development of employees to meet its current and future needs is referred to as-----
Answer: Management audit

MCQ8: Which of the following is not an objective of stock taking?
Answer: To verify the condition of stock

MCQ9: Â Which of the following is not an element of Auditors Report?
Answer: Qualification of auditor

MCQ10: The following are audit programmes EXCEPT -----.
Answer: Compliance

MCQ11: All the following are secondary objectives of audit
EXCEPT _____
Answer: Detection and Prevention of frauds

MCQ12: Audit carried out to ensure that expenditures have been incurred on approved services and in accordance with the enabling statutory provisions and regulations governing the particular expenditure is known as _____
Answer: Regulatory/ compliance audit

MCQ13: An auditor may be removed from office before his expiration
by _____
Answer: Special resolution

MCQ14: All the following are characteristics for assessing whether criteria are suitable
EXCEPT _____ Â
Answer: Reliability

MCQ15: Statutory audit is carried out -----in a year.
Answer: Twice

MCQ16: External auditors could be appointed by all the following EXCEPT

Answer: Directors

MCQ17: Statutory audit is regulated in Nigeria by all but one of the following.

Answer: Company and Allied Matter Act

MCQ18: Which of the following will be appointed as external auditor to a company?

Answer: Practicing Accountant

MCQ19: Independence of auditors is more guaranteed if there is rotation of engagement.

Answer: False

MCQ20: Audit Committee members could perform all the following duties EXCEPT

Answer: Keep under review the effectiveness of the company's system of accounting and internal control

MCQ21: An audit not required by law but optional include all these except

Answer: External audit

MCQ22: Elements of Assurance Engagements include all the following EXCEPT

Answer: Suitable criteria

MCQ23: A Statutory Audit Committee shall perform the following functions EXCEPT----

Answer: Make recommendations to the board regarding the appointment, removal and remuneration of the external auditors of the company;

MCQ24: An examination and review of the internal procedures and records of an organization, in order to ascertain their reliability as a basis for compiling the final accounts is known as-----.

Answer: Compliance audit

MCQ25: The objectives of debtor circularization include all the following but

Answer: To test the effectiveness of liquidity management

MCQ26: The studying of significant ratios, trends and other statistics and investigating any unusual or unexpected variations is called -----.

Answer: Compliance test

MCQ27: Emphasis of matter paragraph may be added under the following circumstances except

Answer: To highlight a significant subsequent event that occurs between the date of the

financial statements and the date of the auditor's report.

MCQ28: ----- is a written opinion of an auditor regarding an entity's financial statements

Answer: Management report

MCQ29: Which of the following is not the quality of internal audit report?

Answer: Accurate

MCQ30: The techniques used in recording the assessment of a client's control risk/ internal control system include the following except_____.

Answer: Narrative notes

MCQ31: All the following are the component of internal control except _____.

Answer: Fraud elimination

MCQ32: The following are secondary objectives of auditing except -----

Answer: Reporting on going concern

MCQ33: An audit that enquires into the effectiveness and efficiency of management in executing the organization's policies, programs and plans is known as_____.

Answer: Value for money audit

MCQ34: Regulation of Audit and Assurance services is effected through all the following except _____

Answer: Norms regulation

MCQ35: Which of the following is not a primary objective of auditing?

Answer: Proper classification of transactions

MCQ36: During the audit of cash, the auditor is most concerned with the management assertion of_____.

Answer: Existence.

MCQ37: A reason to believe that a fraud has occurred is called-----.

Answer: Deliberation

MCQ38: All share transactions should ultimately be traced to the -----.

Answer: cash disbursement journal

MCQ39: In a Back Duty investigation on behalf of the tax authority, one of the objectives listed below is NOT relevant.

Answer: To determine if their tax is liability accrued.

MCQ40: The content of the report of an investigation accountant to his client includes the following, EXCEPT _____.

Answer: The title of the report.

MCQ41: One of the objectives listed below is NOT for fraud investigations.
Answer: To determine the existence if the fraud.

MCQ42: The valuation of small or minority shareholdings based on the present value of all future receipts due to shareholders and discounted at appropriate rate is best carried out by using-----.
Answer: Net Assets basis

MCQ43: Which of the following would probably not be considered an indication of a material weakness?
Answer: Evidence of material misstatement.

MCQ44: Which of the following is not a benefit claimed for the practice of determining materiality in the initial planning stage of an audit?
Answer: Being able to fine-tune the audit work for effectiveness and efficiency.

MCQ45: Extraordinary items are those which derive from events outside the ordinary activities of the business. Which of the following events is NOT an extraordinary item?
Answer: The discontinuance of a significant part of a business.

MCQ46: Prior to the audit report release date, auditors have a responsibility related to the management's disclosure of subsequent event until-----.
Answer: The year-end balance sheet date.

MCQ47: Which of the following is NOT indicator of going concern problem?
Answer: Adverse financial indicators.

MCQ48: Symptoms of overtrading do not include -----
Answer: Stocks increasing, possibly more than proportionately to sales.

MCQ49: Which of the following is not a popular period of financial report of a company?
Answer: Annual financial statement

MCQ50: Financial reporting practices of each country is influenced by the following factors EXCEPT -----.
Answer: Legal system