

One of the following is not a problem associated with audit of a teaching hospitals.

Internal control problems

Which of the international standard of auditing (ISA) represents audit evidence

ISA 500.

The two main types of computer assisted audit technique  
audit software and test count

Which of the following is not a function of treasury department fraud.  
Detection and prevention of fraud?

An audit situation in which an assignment is carried on the same financial statements at the same time by more than one audit firm is known as.....

Joint audit

the assumption that an entity will continue into operation for a long period of time is referred-----  
going concern concept

The assumption that an entity business is separate from the owner is  
entity concept

The whole system of an entity which is structured towards achieving the objective of the entity and ensuring the protection of its assets is referred as  
internal control

One of the following is not a component of the financial statements  
Auditors report

One of the following is not an objectives of a procedural audit which is ....  
To declare auditors fee

The form of engagement in which the practitioner issues a report/conclusion about the reliability of an assertion made by another party is called....

Assurance engagements

Evidence of auditing existed during Babylonian times, around ?  
3000BC

4.An audit of financial statements is to enable the auditor express an opinion whether the financial statements are prepared, in all material respects, in accordance with an applicable financial reporting framework. This is regarded to as...  
Primary objective of audit

5.One among the following is not a limitation of audit...  
Auditors engage in a fight during audit

6.Which aspect of Audit covers financial transactions that have been fully completed at the end of an accounting period?

Post audit

8. Auditing is an examination of the accounting books and the relative documentary evidence so that an auditor may be able to find out the accuracy of figures and may be able to make report on the balance sheet and other financial statements which have been prepared from there. This definition was given by who?

R.K Moutz

9. Why can the auditor not give absolute assurance?

Not 100% of the transactions in the year are tested

2. A professional accountant should be straightforward and honest in performing professional services. This principle imposes an obligation on all professional accountants to be straightforward and honest in all professional and business relationships. This refers to as the auditors principle of ?

Integrity

3. External auditor reports to-----  
Management

10. The audit approach that tries to authenticate the validity and accuracy/correctness of accounting records and the source documents used in preparing the financial statements is known as  
Transaction audit

Which of the following is not one of the three main reasons why the auditor should properly plan engagements  
To avoid misunderstandings with the client

Internal auditors focused on  
operational activities

Value-for- money audit, is also referred to as Performance or efficiency audit, seeks the maximization of the use of resources  
Performance audit (for the welfare of the public)

One of the following is not an element of assurance engagements, namely.....  
Sampling --> procedure audit

The growth of audit in the private sectors arose as a result of the formation of \_\_\_\_\_  
ICAN

The kind of audit which is aimed at ensuring that expenditures have been incurred on approved services and in accordance with the enabling statutory provisions and regulations governing the particular expenditure is called ?  
Compliance audit

when the internal control system of an entity is weak, the auditor uses ---  
----- test  
compliance test

Which of the following is not a type of audit qualification  
Reserved

When the auditor is unable to express an opinion on the financial statement----- is expression disclaimer

Why can the auditor not give absolute assurance?  
Not 100% of the transactions \nin the year are tested

Which of the following would limit the independence of the Internal Audit function?  
The remuneration package of the Internal \nAudit function includes a bonus based on profit for the year.

What is the purpose of an Internal Audit Report?  
To report to the Audit Committee on controls, procedures and compliance.

Which of the following statements is correct:  
Internal Audit report to the Audit Committee whereas External Audit reports to the shareholders.

An example of a self-review threat is:  
An auditor who implements an accounting system for an audit client.

If the banking process should be carried out with one member of staff counting the cash and another banking it what is this control called?  
separation

How does Internal Audit properly carry out its function?  
They carry out assignments and\n report their findings to the Audit Committee.

An auditor can be removed from their position as Auditor by:  
A vote by a majority of the shareholders

Corporate governance is a crucial element on how companies should be run.  
Which of the following has ultimate responsibility for Corporate Governance within an organisation  
The Board of Directors

Which of the following would you \nassociate with a Limited Assurance Engagement?  
A report containing negative \nassurance from the Auditor

The opinion which is expressed by the auditor when the auditor concludes that the financial statements are prepared, in all material respect , in accordance with the applicable financial reporting standards  
unqualified opinion

An intentional act by one or more individuals among management, those charged with governance etc to obtain an unjust or illegal advantage is referred as-----  
fraud

The most comprehensive type of audit is the----- system audit, which examines suitability and effectiveness of the system as a whole  
quality

Which of the following is not one of the three main reasons why the auditor should properly plan engagements  
To avoid misunderstandings with the client

when an auditor gives an assurance that nothing has come to his attention which indicates that the financial statements have not been prepared according to the framework is called negative assurance

Evidence obtained directly by the auditor is more competent than information obtained indirectly. Which of the following is not an example of the auditor's direct knowledge  
Computation

Which of the following best describes the Auditor's responsibility for detecting fraud within the client:

The auditor is responsible for detecting material error caused by fraud and reporting immaterial fraud to management if found.

What EXACTLY should be reported to the board under ISA265?  
Significant deficiencies in Internal Controls

Which of the following best describes the responsibility of the board of directors in a company for dealing with the risk of fraud in the organisation?

To design and implement controls to reduce the risk of fraud.

Which of the following matters should be communicated by the auditor to those charged with governance?  
i) Effect of accounting policies.  
ii) Potential risks discovered during risk assessment.  
iii) Any material adjustments to be made.  
iv) Any disagreements between the auditor and management  
All of the options

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(iii) only

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All of the above

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The opinion which is expressed by the auditor when the auditor concludes that the financial statements are prepared, in all material respect, in accordance with the applicable financial reporting standards unqualified opinion

Keneth Dike Co. has high value inventory which is stored in a secure location. How can the auditor test whether this control is being carried out?

Observe the location and inspect the security procedures to ensure they are adequate.

Archie is an auditor who has been working as part of an audit team of four on the audit of a large listed client for several weeks. During his time there he has often interacted with client members of staff and has enjoyed their company. On the last day of the audit Archie is invited out for dinner and drinks by the client staff who say "you'll not have to pay for a thing as we will use the company credit card". Which of the following would best describe this situation

A small self interest threat that could be avoided by politely declining the invite.

Ibiam Co. has a wages control account which is reconciled each month. How can the auditor test this control?

Review the reconciliations file to verify that the reconciliations were carried out each month in the year to be audited.

A self interest threat would occur when the auditor has a financial interest in the client. Which of the following would constitute such a threat:

A client not paying the fee for last year's audit by the time this year's audit begins.

Which of the following is NOT part of planning the Audit?

Carry out substantive testing on the balances in the financial statements.

When MPB 320 Co. receives a purchase invoice it is checked by the accounts clerk for accuracy then authorised by the line manager who signs it to verify that it has been authorised. How can the auditor test the control over authorisation of invoices is being carried out? For a sample of invoices ensure that they have been signed by the line manager.

Which of the following is considered low balling

Offering the audit an artificially low fee in order to get the work before increasing fees later or offering other services to the client.

A number of checks and controls exercised in a business to ensure its efficient working is known as Internal control

Izu is the audit partner in the Audit of Young Shall Grow Co. an international retail firm listed on a major stock exchange. He has been audit partner for 3 years and is concerned about the familiarity threat that comes from auditing the same firm for too long. Which of the following would apply to Joe:

He can remain the audit partner for another 2 years as there is a requirement to rotate the audit partner every 5 years.

1. The growth of audit in the private sectors arose as a result of the formation of \_  
ICAN

2. Auditing accounts should be properly prepared and in accordance with the provisions of \_  
CAMA

3. The Federal audit department grew from where?  
Colonial audit department

4. An examination of the details of all financial transactions by a governmental unit during an account period  
Complete audit

5. The ethical guides that currently regulate audit practice are all of the following except \_\_\_\_\_  
Reputation

6. In Nigeria, the institutions of Public auditors was established in 1888

7. What is performed by competent, objective, and unbiased persons?  
Auditing

8. An internal audit unit, whose purpose is to assess management's effectiveness in achieving the organizational goals and objectives is known as \_  
operational audit

9. The word "Audit" is a Latin word which means \_  
To hear

10. The Auditor must consider and report on the following except \_  
Details of debtors and Creditors

1 \_\_\_\_\_ audit is a method where auditors have a predetermined period say monthly, quarterly, to audit the account being prepared

interim

2 Areas of differences between accounting and auditing are as follows except \_\_\_\_\_

independence

3 \_\_\_\_\_ is essentially an attitude of the mind characterised by integrity and objective approach to professional work



Professional independence

4 The ability to apply knowledge to a particular engagement, supervise and evaluate the work performed by the staff members is \_\_\_\_\_

Competence

5 The ethical guides that currently regulate audit practice are all of the following except \_\_\_\_\_

Reputation

6 A managerial control which functions by measuring and evaluating the effectiveness of other controls is known as \_\_\_\_\_

Internal auditing

7 \_\_\_\_\_ is a statutory obligation for the accounts of every limited liability company to be audited annually by a professionally qualified auditor

statutory audit

8 \_\_\_\_\_ audit is when all items appearing in the balance sheet are being verified by tracing each item at a time to confirm that the items actually exist

balance sheet audit

9 CAMA (1990), provided for the following in relation to auditors except \_\_\_\_\_

approval

10 \_\_\_\_\_ is an independent appraisal activity within an organisation for the review of accounting, financial and other controls as a basis of service to management

internal audit

11 One of these is not a non-management fraud

mistakes

12 The basic components of internal control are all of the following except \_\_\_\_\_

external audit

13 One of the following is not an essential feature of internal control

performance

14 \_\_\_\_\_ is not an objective of internal control system

to ensure the performance of the organisation

15 An auditor who does not have enough evidence to form an opinion, must state so in his report and a \_\_\_\_\_ opinion.

disclaimer

16 Adverse opinion is issued by an auditor when exception is so material to warrant \_\_\_\_\_

justification

17 The audit of most public accounts in Nigeria from 1956 became the responsibility of the

Director of audit

18 Which audit covers all financial transactions and records of a government unit, and is made after the close of financial period

general opinion

19 \_\_\_\_\_ covers financial transactions that have been fully completed at the end of an accounting period

Post audit

20 A \_\_\_\_\_ type of report lacks sufficient competent evidential matter to support an opinion. It has restrictions on the scope of the audit

qualified opinion

1 The rights of the auditors, as spelt out in CAMA (1990) are all of the following except \_\_\_\_\_

a right to vote and be voted for

2 \_\_\_\_\_ is not an objective of internal control system.

to ensure the performance of the organisation

3 One of the following is not an essential feature of internal control performance

4 The basic components of internal control are all of the following except \_\_\_\_\_

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5 One of these is not a non-management fraud

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Balance sheet audit

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Statutory audit

11 A managerial control which functions by measuring and evaluating the effectiveness of other controls is known as \_\_\_\_\_

Internal auditing

12 All of the following are classifications of audit by method of approach except \_\_\_\_\_

Final

13 \_\_\_\_\_ audit is a method where auditors have a predetermined period say monthly, quarterly, to audit the account being prepared

Interim

14 The following are classifications of audit by nature except \_\_\_\_\_

Public

15 Areas of differences between accounting and auditing are as follows except \_\_\_\_\_

Independence

16 All of the following are components of the financial statement except \_\_\_\_\_

Creditor's statement

17 \_\_\_\_\_ is essentially an attitude of the mind characterised by integrity and objective approach to professional work

Professional independence

18 All of the following are situations that may lead to a loss or impairment of the auditor's independence except \_\_\_\_\_

Recording the financial accounts of the clients

19 The ability to apply knowledge to a particular engagement, supervise and evaluate the work performed by the staff members is \_\_\_\_\_

Competence

20 \_\_\_\_\_ is when an auditor respects the information of his client and does not disclose such information to the third party without permission from his client

Confidentiality

1 when an auditor respects the information of his client and does not disclose such information to the third party without permission from his client, it is known as \_\_\_\_\_

Confidentiality

2 The ability to apply knowledge to a particular engagement, supervise and evaluate the work performed by the staff members is \_\_\_\_\_

competence

3 Another word for a clear report is \_\_\_\_\_

unqualified opinion

4 \_\_\_\_\_ is essentially an attitude of the mind characterised by integrity and objective approach to professional work

Professional independence

5 The auditor should comply with any reporting requirement imposed by \_\_\_\_\_ and any other reporting requirement relevant to the financial statement.

judiciary

6 \_\_\_\_\_ audit is a method where auditors have a predetermined period say monthly, quarterly, to audit the account being prepared

interim

7 The growth of audit in the private sectors arose as a result of the formation of \_\_\_\_\_

ICAN

8 The CAD plays a significant role to strengthen the financial and \_\_\_\_\_ conditions of cooperatives and farmer groups

accounting

9 Auditors are obliged to express opinion as to the true and \_\_\_\_\_ of the financial statements.

fairness

10 A \_\_\_\_\_ notice shall be required for a resolution at a company's AGM appointing as auditor a person other than a retiring auditor

special

11 Who appoints the first auditors of a company before the first AGM?

directors

12 The ultimate aim of an audit is the report by the auditor to his \_\_\_\_\_

client

13 The audit \_\_\_\_\_ develops and documents the nature, timing and extent of planned audit procedures required to implement the overall audit plan.

programme

14 In those days, the basic qualification for the position of an auditor was his\_\_\_\_\_

reputation

15 In a report, overdue debts affect the \_\_\_\_\_position of the company  
working capital

16 Professional independence, competence and \_\_\_\_\_are ethical values of an auditor.

confidentiality

17 \_\_\_\_\_ is an obligation for the accounts of every limited liability company to be audited annually by a professionally qualified auditor.

Statutory audit

18 statutory audit arises under\_\_\_\_\_

CAMA

19 \_\_\_\_\_relate to measures of the quality of performance

Accounting standards

20 \_\_\_\_\_ is when the managers of a business account or report to the owners of the business, on financial statements produced.

stewardship accounting

1 The ethical guides that currently regulate audit practice are all of the following except\_\_\_\_\_

Reputation

2 the word "audit" is a Latin word which means \_\_\_\_\_

To hear

3 The growth of audit in the private sectors arose as a result of the formation of \_\_\_\_\_

ICAN

4 \_\_\_\_\_refers to an internal audit, whose purpose is to assess management's effectiveness in achieving the organisational goals and objectives

Operational audit

5 Auditing accounts should be properly prepared and in accordance with the provisions of

CAMA

6 \_\_\_\_\_is an examination of the details of all financial transactions by a governmental unit during an account period

Complete audit

7 The federal audit department grew from \_\_\_\_\_

Colonial audit department

8 The Auditor must consider and report on the following except \_\_\_\_\_ details of debtors and Creditor s

9 \_\_\_\_\_is performed by competent, objective, and unbiased persons

Auditing

10 In Nigeria, the institutions of Public auditors was established in \_\_\_\_\_

1888

11 \_\_\_\_\_covers financial transactions that have been fully completed at the end of an accounting period

Post audit

12 The purpose of audit is all of the following except \_\_\_\_\_

To give analysis on the statues of the company

13 \_\_\_\_\_is an audit that is restricted to some segments of the unit's financial transactions

Special audit

14 \_\_\_\_\_audit covers all financial transactions and records of a government unit, and is made after the close of financial period

General audit

15 The solution to the problem of credibility in reports and accounts lies in appointing an independent person, called \_\_\_\_\_

an Auditor

16 From 1956, the audit of most public accounts in Nigeria became the responsibility of the

Director of audit

17 \_\_\_\_\_ is a process of examining and reviewing accounting transactions in order to ensure the financial statement presents the financial position of the firm fairly, at a particular period.

Auditing

18 The following are the advantages of audit except \_\_\_\_\_

Reveals some of the internal control strengths

19 Auditing is a part of some quality control certifications such as \_\_\_\_\_

ISO 9000

20 Non-Statutory audit can be classified under the following except \_\_\_\_\_

unlimited audit

1. Auditor should see that amount received from premium on issue of shares should be shown in

Subscribed capital

Capital reserves account

--->> Security premium reserve account

Paid-up capital account

2. Auditor finds that there is change in the method of valuation of stock whether he should

Allow it

Disallow it



--->> Allow it with a note to this effect

None of the options

3. A \_\_\_\_\_ report is one which contains the opinion of the auditor subject to certain conditions

Unqualified

--->> Qualified

Disclaimer

None of the options

4. Audit memorandum is detailed plan of audit work and time allotted to perform the same.

--->> 'FALSE'

TRUE'

no idea

all of the options

5. A company auditor can be removed before expiry of his term by

--->> Shareholders

Board of directors

government

The law court

6. An auditor can be held liable under companies Act 1949 for

Negligence

Criminal offence

--->> Professional misconduct

Breach of contract

7. Statutory audit is an official investigation into alleged wrong doing

--->> TRUE'

FALSE'

no idea

all of the options

8. Effective internal check system reduces

liability of auditor

--->> work of the auditor

Â Â Both work as well as auditor

Responsibilities of an auditor

9. Which among the following is not the function of the auditor

Checking errors and frauds

Correcting errors and frauds

Vouching with original documents

--->> Preparing final account

10. Pre-arranging and coordinating the audit work is called

--->> Audit planning

Vouching

Verification

Directing

1. How does Internal Audit properly carry out its function?

They discuss matters with the external auditor and ask for their advice.

--->> They carry out assignments and report their findings to the Audit Committee.

They ask the Audit Committee to carry out assignments and review the work of the Audit Committee.

They carry out assignments set by the CEO and report to them only

2. Â Which of the following would you associate with a Limited Assurance Engagement?

A report containing positive assurance from the Auditor

A high level of assurance

--->> A report containing negative assurance from the Auditor

A large amount of detailed testing and large sample sizes

3. Izu is the audit partner in the Audit of Young Shall Grow Co. an international retail firm listed on a major stock exchange. He has been audit partner for 3 years and is concerned about the familiarity threat that comes from auditing the same firm for too long. Which of the following would apply to Joe:

He should immediately stand down as the auditor of Young Shall Grow Co. as there is a requirement to rotate the audit partner every 3 years.

He can remain the audit partner for another 4 years as there is a requirement to rotate the audit partner every 7 years.

--->> He can remain the audit partner for another 2 years as there is a requirement to rotate the audit partner every 5 years.

He can remain audit partner indefinitely as rotation of the audit partner is only required when auditing an unlisted company.

4. If the banking process should be carried out with one member of staff counting the cash and another banking it what is this control called?

Authorisation

Segregation of Duties.

--->> separation

Delegation of duty

5. Keneth Dike Co. has high value inventory which is stored in a secure location. How can the auditor test whether this control is being carried out?

--->> Observe the location and inspect the security procedures to ensure they are adequate.

observe locations and procedures

For a sample of invoices ensure that the delivery address matches that of the secure location.

For a sample of invoices, ensure that the orders are only made for goods that are not in stock.

6. Ibiam Co. has a wages control account which is reconciled each month. How can the auditor test this control?

For a sample of the reconciliations in the year, re-perform the calculation to ensure accuracy.

sample for reconciliation of calculation

--->> Review the reconciliations file to verify that the reconciliations were carried out each month in the year to be audited.

Observe the clerk carrying out the next reconciliation whilst at the client premises.

7. If the banking process should be carried out with one member of staff counting the cash and another banking it what is this control called?

Authorisation

--->> Segregation of Duties.

separation

Delegation of duty

8. Â Why can the auditor not give absolute assurance?

--->> Not 100% of the transactions in the year are tested

B. The Auditor is not qualified enough to understand all of the transactions.

Management will always lie to the auditor and cover up errors

Not all of the balances are tested during the audit

9. An auditor can be removed from their position as Auditor by:

A vote by the majority of the board of directors

The International Federation of Accountants only

--->> A vote by a majority of the shareholders

A decision made by the CEO and Chairman of the company

10. A number of checks and controls exercised in a business to ensure its efficient working is known as

Internal check

--->> Internal control

Internal audit

External control