

31 Lecture - MGT111

Important Mcqs

1. **What is the primary objective of an audit?**
- A. To detect fraud
 - B. To provide an opinion on the financial statements
 - C. To ensure compliance with laws and regulations
 - D. To provide a detailed report on the company's operations

Answer: B

2. **Which of the following is not a type of audit?**
- A. Internal audit
 - B. External audit
 - C. Government audit
 - D. Stock audit

Answer: D

3. **Who is responsible for appointing the auditor in a company?**
- A. The shareholders
 - B. The board of directors
 - C. The management
 - D. The auditors themselves

Answer: A

4. **Which of the following is not a phase of the audit process?**
- A. Planning
 - B. Fieldwork
 - C. Reporting
 - D. Monitoring

Answer: D

5. **Which of the following statements is true about materiality in auditing?**
- A. Materiality is a measure of the size of the company being audited.
 - B. Materiality is only relevant for external audits, not internal audits.
 - C. Materiality is a concept that relates to the significance of an item to the financial statements.
 - D. Materiality is not relevant for audits of nonprofit organizations.

Answer: C

6. **Which of the following is not an example of an internal control?**
- A. Separation of duties
 - B. Use of passwords to restrict access to information

- C. Approval of expenditures by a supervisor
- D. Preparing financial statements

Answer: D

7. **Which of the following is an example of a substantive test in auditing?**
- A. Reviewing internal controls
 - B. Observing inventory counts
 - C. Testing journal entries for accuracy
 - D. Testing the effectiveness of fraud prevention controls

Answer: B

8. **Which of the following statements is true about audit sampling?**
- A. Audit sampling involves examining every transaction in a population.
 - B. The sample size should always be as large as possible.
 - C. The sample should be representative of the population being tested.
 - D. Sampling is only relevant for external audits.

Answer: C

9. **Which of the following is not an example of a type of audit report?**
- A. Unqualified
 - B. Qualified
 - C. Adverse
 - D. Management

Answer: D

10. **Which of the following is not a risk associated with an audit engagement?**
- A. Detection risk
 - B. Control risk
 - C. Fraud risk
 - D. Market risk

Answer: D