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