

31 Lecture - MGT111

Important Subjective

1. **What is the purpose of an audit?**

Answer: The purpose of an audit is to provide an independent and objective assessment of an organization's financial statements and operations to ensure they are accurate, reliable, and comply with applicable laws and regulations.

2. **What is the difference between an internal audit and an external audit?**

Answer: An internal audit is conducted by an organization's own internal auditors, while an external audit is conducted by an independent auditor from a third-party firm.

3. **What are the benefits of an audit?**

Answer: Audits can provide assurance to stakeholders that an organization's financial statements are accurate, reliable, and comply with applicable laws and regulations. They can also help identify areas for improvement in an organization's operations and internal controls.

4. **What is the role of the auditor?**

Answer: The role of the auditor is to provide an independent and objective assessment of an organization's financial statements and operations, and to provide recommendations for improvement if necessary.

5. **What is a materiality threshold in auditing?**

Answer: Materiality threshold refers to the level at which an auditor considers a misstatement or omission in an organization's financial statements to be significant enough to impact the decisions of users of those financial statements.

6. **What is a management letter in auditing?**

Answer: A management letter is a communication from the auditor to management that highlights any weaknesses in an organization's internal controls, identifies areas for improvement, and provides recommendations for addressing those weaknesses.

7. **What is the difference between a qualified opinion and an unqualified opinion in auditing?**

Answer: An unqualified opinion means that the auditor has no reservations about the organization's financial statements and operations, while a qualified opinion means that the auditor has identified one or more areas of concern that may impact the organization's financial statements.

8. **What is the purpose of a walkthrough in auditing?**

Answer: A walkthrough is a process in which the auditor traces a transaction from start to finish to ensure that internal controls are operating effectively and to identify any weaknesses in those controls.

9. **What is a sampling plan in auditing?**

Answer: A sampling plan is a method used by auditors to select a representative sample of transactions to test, rather than reviewing every single transaction.

10. **What is the difference between a financial audit and a compliance audit?**

Answer: A financial audit focuses on an organization's financial statements and operations to ensure they are accurate and comply with applicable laws and regulations, while a compliance audit focuses on an organization's adherence to specific laws and regulations.