CHAPTER 7 Completion and Review

MULTIPLE CHOICE QUESTIONS

1. What is the term used to describe events occurring between the date of the financial statements and the date of the auditor's report?
(*a*) Preceding events
(*b*) Subsequent events
(*c*) Concurrent events
(*d*) Ongoing events

2. Which type of subsequent events provides evidence of conditions that existed at the date of the financial statements?
(*a*) Events arising after the financial statements
(*b*) Events requiring adjustment or disclosure
(*c*) Planned mergers
(*d*) Declaration of insolvency

3. What is one of the objectives of the auditor in accordance with SA 560?
(*a*) Making financial forecasts
(*b*) Responding to events before the financial statements
(*c*) Obtaining sufficient appropriate audit evidence about subsequent events
(*d*) Predicting future financial conditions

4. What is the primary focus of SA 560, according to the objectives of SA 560?
(*a*) Anticipating future financial trends
(*b*) Ensuring the accuracy of financial forecasts
(*c*) Responding appropriately to facts that become known after the auditor's report
(*d*) Assessing the financial statements' compliance with regulatory requirements

5. Which of the following is an example of an event providing evidence of conditions that arose after the date of the financial statements?
(*a*) Settlement of a legal claim at a reduced amount
(*b*) Declaration of insolvency of a major debtor
(*c*) Destruction of substantial inventories due to fire
(*d*) Issue of new share capital

6. In the context of subsequent events, what is the focus of events providing evidence of conditions that existed at the date of the financial statements?
   (*a*) Adjustment or disclosure in the financial statements
   (*b*) Planned mergers
   (*c*) Declaration of insolvency
   (*d*) Destruction of inventories

7. What is the primary responsibility of the auditor regarding subsequent events, according to SA 560?
   (*a*) Predicting future financial conditions
   (*b*) Responding appropriately to facts that become known after the date of the auditor's report
   (*c*) Issuing an updated auditor's report
   (*d*) Preventing the occurrence of subsequent events

8. Which SA specifically deals with the auditor's responsibilities relating to subsequent events in an audit of financial statements?
   (*a*) SA 230 (*b*) SA 240
   (*c*) SA 560 (*d*) SA 580

9. What type of events may require adjustment of, or disclosure in, the financial statements, according to the objectives of the auditor in SA 560?
   (*a*) Preceding events (*b*) Subsequent events
   (*c*) Concurrent events (*d*) Ongoing events

10. What is the objective of obtaining sufficient appropriate audit evidence about subsequent events, as per SA 560?
    (*a*) Predicting future financial conditions
    (*b*) Ensuring compliance with legal requirements
    (*c*) Assessing the accuracy of financial forecasts
    (*d*) Appropriately reflecting events in the financial statements

11. What is the auditor's expectation regarding the performance of audit procedures on matters to which previously applied audit procedures have provided satisfactory conclusions?
    (*a*) The auditor should perform additional audit procedures to reevaluate previously concluded matters.
    (*b*) The auditor is expected to rely solely on the conclusions of previously applied audit procedures.
    (*c*) The auditor is not expected to perform additional audit procedures on matters with satisfactory conclusions.
    (*d*) The auditor should repeat all previously applied audit procedures for validation.

12. According to SA 560, what period should be covered by audit procedures relating to events occurring between the date of the financial statements and the date of the auditor's report?
    (*a*) From the beginning of the financial year to the date of the financial statements
    (*b*) From the date of the financial statements to the date of the auditor's report

(*c*) From the date of the financial statements to the date of the entity's annual meeting

(*d*) From the date of the financial statements to the date of the auditor's report or as near as practicable thereto.

13. In the context of audit procedures for subsequent events, what does the auditor take into account in determining the nature and extent of such procedures?

(*a*) Regulatory requirements
(*b*) Financial reporting framework
(*c*) Auditor's risk assessment
(*d*) Management's risk assessment

14. What is the primary purpose of inquiring management and, where appropriate, those charged with governance, about subsequent events?

(*a*) To challenge management's decision-making process
(*b*) To gather information about the auditor's risk assessment
(*c*) To identify events that might affect the financial statements
(*d*) To assess the entity's compliance with regulatory requirements

15. When does the date the financial statements are issued generally depend on?

(*a*) Date of the entity's annual meeting
(*b*) Date filed with a regulatory authority
(*c*) Date of the auditor's report
(*d*) Date of management's representation

16. What is the meaning of the "Date the financial statements are issued," as per the provided information?

(*a*) Date of the entity's annual meeting
(*b*) Date of the auditor's report
(*c*) Date audited financial statements are made available to third parties
(*d*) Date of the entity's incorporation

17. In the context of subsequent events, what is the auditor's responsibility when events requiring adjustment or disclosure are identified?

(*a*) To ignore such events and proceed with the audit report
(*b*) To determine whether each event is appropriately reflected in the financial statements
(*c*) To request management's opinion on the events
(*d*) To delay the issuance of the auditor's report until all events are resolved

18. What is the auditor's obligation regarding audit procedures on the financial statements after the date of the auditor's report?

(*a*) The auditor must perform additional audit procedures on all financial statements.
(*b*) The auditor has no obligation to perform any audit procedures after the date of the auditor's report.
(*c*) The auditor should repeat all audit procedures previously applied.
(*d*) The auditor must reissue the auditor's report for each financial statement.

19. What is the auditor's first step when a fact becomes known after the date of the auditor's report but before the date the financial statements are issued that may have caused the auditor to amend the auditor's report?

(*a*) Discuss the matter with management and those charged with governance.
(*b*) Issue a revised auditor's report immediately.
(*c*) Notify regulatory authorities.
(*d*) Perform additional audit procedures.

20. When management amends the financial statements in response to a fact identified after the date of the auditor's report but before the date of issuance, what should the auditor do?

(*a*) Perform the same audit procedures again.
(*b*) Carry out the audit procedures necessary on the amendment.
(*c*) Issue a new auditor's report without further procedures.
(*d*) Restrict the audit procedures solely to the amendment.

21. When is the auditor required to extend the audit procedures to the date of the new auditor's report, according to the circumstances discussed?

(*a*) Always
(*b*) Only when the financial statements are materially misstated
(*c*) Unless specific circumstances apply
(*d*) Only when requested by management

22. When management does not amend the financial statements despite the auditor's belief that amendments are necessary, what should the auditor do?

(*a*) Issue a modified opinion in the initial auditor's report.
(*b*) Notify regulatory authorities immediately.
(*c*) Take appropriate action to seek to prevent reliance on the auditor's report.
(*d*) Suspend the audit engagement until amendments are made.

23. When a fact becomes known to the auditor after the financial statements have been issued that may have caused the auditor to amend the auditor's report, what is the auditor's initial step?

(*a*) Issue a revised auditor's report immediately.
(*b*) Discuss the matter with management and those charged with governance.
(*c*) Notify regulatory authorities.
(*d*) Perform additional audit procedures.

24. What is the auditor's responsibility regarding steps taken by management after amending the financial statements?

(*a*) Issue a new auditor's report without further procedures.
(*b*) Extend the audit procedures to the date of the new auditor's report.
(*c*) Review the steps taken by management to inform recipients of the previously issued financial statements.
(*d*) Ignore the steps taken by management.

25. In what circumstances is the auditor permitted to restrict audit procedures on subsequent events to that amendment, as discussed in the information provided?

(*a*) Always

(*b*) When requested by management

(*c*) When law or regulation prohibits unrestricted procedures

(*d*) When management decides to limit the audit scope

26. If management restricts the amendment of the financial statements to the effects of subsequent events, what options does the auditor have regarding the auditor's report?

(*a*) Issue a new auditor's report without mentioning the restriction.

(*b*) Provide a new or amended auditor's report that includes a statement in an Emphasis of Matter paragraph.

(*c*) Amend the auditor's report to include an additional date restricted to that amendment.

(*d*) Both (*b*) and (*c*).

27. When management does not take necessary steps to inform recipients of the previously issued financial statements and refuses to amend the financial statements, what should the auditor do?

(*a*) Issue a new auditor's report.

(*b*) File a complaint with regulatory authorities.

(*c*) Modify the opinion in the initial auditor's report.

(*d*) Take appropriate action to seek to prevent reliance on the auditor's report.

28. What is the fundamental assumption related to an enterprise's continuity in operation?

(*a*) Continuity Principle

(*b*) The Necessity Principle

(*c*) Going Concern

(*d*) Liquidation Assumption

29. Under what basis are general-purpose financial statements typically prepared?

(*a*) Liquidation basis

(*b*) Accrual basis

(*c*) Cash basis

(*d*) Going concern basis

30. When is the going concern basis of accounting inappropriate for financial statement preparation?

(*a*) When management intends to liquidate the entity

(*b*) When the entity has no realistic alternative but to cease operations

(*c*) Both (*a*) and (*b*)

(*d*) Never

31. What is the significance of the going concern assumption on the preparation of financial statements?

(*a*) It affects the entity's tax obligations.

(*b*) It determines the fair value of assets.

(*c*) It influences the recording of assets and liabilities based on the entity's ability to continue operating.

(*d*) It impacts the classification of expenses.

32. According to SA 570, what are the objectives of the auditor in relation to the going concern basis of accounting?

(*a*) To assess the entity's tax liability.

(*b*) To evaluate management's effectiveness in running the business.

(*c*) To obtain sufficient appropriate audit evidence on the appropriateness of management's use of the going concern basis.

(*d*) To determine the entity's profitability.

33. What does SA 570 require auditors to consider when performing risk assessment procedures?

(*a*) The market value of the entity's assets.

(*b*) Whether events or conditions exist that may cast significant doubt on the entity's ability to continue as a going concern.

(*c*) The number of employees in the entity.

(*d*) The entity's historical financial performance.

34. Which of the following is not an example of an event or condition that may cast significant doubt on the entity's ability to continue as a going concern?

(*a*) Loss of a major market

(*b*) Compliance with statutory requirements

(*c*) Negative operating cash flows

(*d*) Substantial operating losses

35. What is the responsibility of management in relation to the going concern assumption?

(*a*) To guarantee the entity's continuous operation.

(*b*) To assess the entity's ability to continue as a going concern.

(*c*) To ignore any uncertainties about the future.

(*d*) To liquidate the entity in case of any financial distress.

36. In the context of SA 570, what is the auditor required to conclude based on the audit evidence obtained?

(*a*) The entity's future profitability.

(*b*) Whether there is a material uncertainty about the entity's ability to continue as a going concern.

(*c*) Management's ability to make accurate financial projections.

(*d*) The entity's compliance with tax regulations.

37. What should the auditor do if events or conditions are identified that may cast significant doubt on the entity's ability to continue as a going concern?

(*a*) Provide a new auditor's report without further procedures.

(*b*) Ignore the identified events or conditions.

(*c*) Adjust financial statements without discussing them with management.

(*d*) Remain alert throughout the audit for audit evidence of such events.

38. What is the primary responsibility of the auditor regarding management's assessment of the entity's ability to continue as a going concern?

(*a*) Rectifying any lack of analysis by management

(*b*) Verifying the accuracy of the financial statements

(*c*) Evaluating management’s assessment
(*d*) Directing management’s future actions

39. In what circumstance might the lack of detailed analysis by management not prevent the auditor from concluding on the appropriateness of the going concern basis?
(*a*) When there is a history of profitable operations and ready access to financial resources
(*b*) When there is a lack of historical financial data
(*c*) When the entity is facing financial distress
(*d*) When management refuses to provide information

40. What may be part of the auditor’s evaluation of management’s assessment of the entity’s ability to continue as a going concern?
(*a*) Ignoring management’s plans for future actions
(*b*) Focusing only on historical financial data
(*c*) Evaluating the process management followed, assumptions, and feasibility of plans
(*d*) Avoiding any inquiry into management’s intentions

41. How long should the auditor cover when evaluating management’s assessment of the entity’s ability to continue as a going concern?
(*a*) A period of six months
(*b*) A period of at least three months
(*c*) The same period as used by management or at least twelve months
(*d*) The last fiscal year

42. When events or conditions are identified that may cast significant doubt on the entity’s ability to continue as a going concern, what additional audit procedures should the auditor perform?
(*a*) Rely solely on management’s assessment
(*b*) Requesting management to skip its assessment
(*c*) Considering the situation as normal business volatility
(*d*) Performing additional audit procedures, including consideration of mitigating factors

43. Which of the following is an example of an audit procedure when events or conditions have been identified that may cast significant doubt on the entity’s ability to continue as a going concern?
(*a*) Ignoring the entity’s latest available interim financial statements
(*b*) Analyzing and discussing cash flow, profit, and other relevant forecasts with management
(*c*) Avoiding inquiries about financing difficulties
(*d*) Disregarding the terms of debentures and loan agreements

44. What is one of the additional audit procedures suggested by SA 570 when evaluating management’s plans for future actions?
(*a*) Ignoring any cash flow forecasts prepared by the entity
(*b*) Evaluating the reliability of underlying data for the cash flow forecast
(*c*) Assuming the feasibility of management’s plans
(*d*) Relying solely on written representations from management

45. When assessing management's assessment of the entity's ability to continue as a going concern, what should the auditor do if management's assessment period is less than twelve months?

(*a*) Accept management's assessment period as sufficient

(*b*) Extend the assessment period to at least twelve months

(*c*) Ignore the duration of the assessment period

(*d*) Request management to skip the assessment

46. If the entity has prepared a cash flow forecast, what should the auditor consider in the evaluation of management's plans for future actions?

(*a*) Assume the forecast is accurate

(*b*) Disregard the assumptions underlying the forecast

(*c*) Evaluate the reliability of underlying data and support for assumptions

(*d*) Ignore the existence of the cash flow forecast

47. What is the auditor required to do if management has not yet performed an assessment of the entity's ability to continue as a going concern?

(*a*) Assume the entity will continue as a going concern

(*b*) Request management to make its assessment

(*c*) Disregard the lack of assessment

(*d*) Proceed with audit procedures as planned

48. What is the auditor's responsibility when a material uncertainty exists related to events or conditions that may cast significant doubt on the entity's ability to continue as a going concern?

(*a*) Ignore the material uncertainty in the auditor's report

(*b*) Express an unmodified opinion without any additional disclosures

(*c*) Adequately disclose the material uncertainty in the financial statements

(*d*) Exclude any mention of the uncertainty in the auditor's report

49. When a material uncertainty exists related to going concern, and adequate disclosure is made in the financial statements, what is the appropriate action for the auditor?

(*a*) Express a modified opinion without any additional disclosure

(*b*) Express an unmodified opinion with a separate section in the auditor's report

(*c*) Express a qualified opinion without mentioning the uncertainty

(*d*) Ignore the material uncertainty in the auditor's report

50. What does the auditor do if management's use of the going concern basis of accounting is deemed inappropriate?

(*a*) Express an unmodified opinion

(*b*) Express a qualified or adverse opinion, as appropriate

(*c*) Exclude any mention of the inappropriate use in the auditor's report

(*d*) Recommend changes to management's financial decisions

51. If a material uncertainty exists, but management fails to adequately disclose it in the financial statements, what action should the auditor take?
(*a*) Ignore the inadequate disclosure in the auditor's report
(*b*) Express an unmodified opinion with a separate section in the auditor's report
(*c*) Express a qualified or adverse opinion, as appropriate
(*d*) Provide additional information in the financial statements

52. In the auditor's report, what heading should be used to draw attention to a material uncertainty related to going concern when adequate disclosure is made in the financial statements?
(*a*) "Qualified Opinion"
(*b*) "Material Uncertainty Related to Going Concern"
(*c*) "Unmodified Opinion"
(*d*) "Basis for Qualified (Adverse) Opinion"

53. If management is unwilling to make or extend its assessment of going concern when requested, what may be an appropriate action for the auditor?
(*a*) Express an unmodified opinion
(*b*) Provide additional information in the financial statements
(*c*) Consider a qualified opinion or a disclaimer of opinion
(*d*) Ignore the lack of management's assessment in the auditor's report

54. What should the auditor include in the Basis for Qualified (Adverse) Opinion section of the auditor's report when there is a material uncertainty related to going concern, but adequate disclosure is not made in the financial statements?
(*a*) State that the financial statements are accurate despite the uncertainty
(*b*) Mention the material uncertainty and note the inadequate disclosure
(*c*) Exclude any reference to the material uncertainty
(*d*) Request management to revise the financial statements

55. In the context of going concern, when might a disclaimer of opinion be appropriate?
(*a*) When there is clear evidence of management's competence
(*b*) When the financial statements include adequate disclosure
(*c*) When management refuses to provide additional information
(*d*) When there is no uncertainty related to going concern

56. What is the primary consideration for the auditor when determining the appropriateness of management's use of the going concern basis of accounting?
(*a*) The auditor's personal judgment
(*b*) The clarity of financial statements
(*c*) Adequate disclosure of all events
(*d*) The sufficiency of appropriate audit evidence

57. What action should the auditor take if a material uncertainty exists, but management does not disclose it adequately in the financial statements?
(*a*) Express an unmodified opinion
(*b*) Ignore the inadequate disclosure in the auditor's report
(*c*) Request management to extend the assessment period
(*d*) Express a qualified or adverse opinion, as appropriate

58. What is the primary objective of the auditor, as per SA 450?
   (*a*) Identify all misstatements in the financial statements.
   (*b*) Evaluate the effect of identified misstatements on the audit.
   (*c*) Determine the overall audit strategy.
   (*d*) Communicate all misstatements to regulatory authorities.

59. When accumulating misstatements identified during the audit, what should the auditor consider?
   (*a*) Only consider misstatements that are clearly trivial.
   (*b*) Include all misstatements, regardless of materiality.
   (*c*) Exclude misstatements related to data processing errors.
   (*d*) Request management to determine the materiality of each misstatement.

60. What might trigger a revision of the overall audit strategy and plan during the audit?
   (*a*) The occurrence of any misstatement.
   (*b*) Identification of misstatements that are clearly trivial.
   (*c*) Aggregation of identified misstatements approaching materiality.
   (*d*) Completion of audit procedures without identifying any misstatements.

61. If, during the audit, the auditor identifies misstatements that may indicate the existence of other material misstatements, what action should the auditor take?
   (*a*) Ignore the potential existence of other misstatements.
   (*b*) Revise the overall audit strategy and plan.
   (*c*) Request management to correct the misstatements immediately.
   (*d*) Exclude the misstatements from the audit report.

62. When the auditor requests management to examine a class of transactions, account balance, or disclosure, what is the objective?
   (*a*) Delegate audit responsibilities to management.
   (*b*) Ensure management approves the auditor's findings.
   (*c*) Determine the cause of a misstatement and correct it.
   (*d*) Request management to adjust financial statements.

63. What should the auditor do if, after management examines a class of transactions and corrects misstatements, the auditor believes there might be remaining misstatements?
   (*a*) Ignore the remaining misstatements.
   (*b*) Document the misstatements and conclude the audit.
   (*c*) Perform additional audit procedures to determine if misstatements remain.
   (*d*) Request management to adjust the financial statements immediately.

64. What is the importance of timely communication of misstatements to the appropriate level of management?
   (*a*) To expedite the completion of the audit.
   (*b*) To avoid any further audit procedures.

(*c*) To enable management to evaluate, disagree, and take necessary action.
(*d*) To fulfill regulatory reporting requirements.

65. If management refuses to correct some or all of the misstatements communicated by the auditor, what should the auditor do?
(*a*) Proceed with issuing the audit report without modification.
(*b*) Document the refusal and proceed without further action.
(*c*) Obtain an understanding of management's reasons and consider it during the evaluation.
(*d*) Request regulatory intervention against management.

66. Why is the correction by management of all misstatements, including those communicated by the auditor, important?
(*a*) To avoid legal consequences for management.
(*b*) To maintain accurate accounting books and records.
(*c*) To delegate responsibility to the auditor.
(*d*) To accelerate the completion of the audit.

67. In the context of SA 450, when might a disclaimer of opinion be appropriate?
(*a*) When management agrees to correct all identified misstatements.
(*b*) When there is clear evidence of management's competence.
(*c*) When management refuses to provide additional information.
(*d*) When all misstatements are deemed clearly trivial.

68. What is the first step the auditor should take before evaluating the effect of uncorrected misstatements?
(*a*) Request a written representation from management.
(*b*) Communicate with regulatory authorities.
(*c*) Reassess materiality determined in accordance with SA 320.
(*d*) Correct all identified misstatements.

69. When evaluating the effect of uncorrected misstatements, what factors should the auditor consider?
(*a*) Only the size of the misstatements in relation to the financial statements as a whole.
(*b*) The effect of uncorrected misstatements on prior periods only.
(*c*) The size and nature of the misstatements and the particular circumstances of their occurrence.
(*d*) Only the effect of uncorrected misstatements on individual transactions.

70. What is the auditor's responsibility regarding communication with those charged with governance regarding uncorrected misstatements?
(*a*) Prohibit communication with those charged with governance.
(*b*) Communicate only if uncorrected misstatements are individually material.
(*c*) Communicate the effect of uncorrected misstatements only on prior periods.
(*d*) Communicate regarding uncorrected misstatements and their individual materiality.

71. What should the auditor request from management and those charged with governance regarding uncorrected misstatements?

(*a*) Request regulatory intervention.

(*b*) Request correction of all misstatements.

(*c*) Request a written representation on the materiality of uncorrected misstatements.

(*d*) Request exclusion of uncorrected misstatements from the financial statements.

72. What should be included in the audit documentation regarding misstatements identified during the audit?

(*a*) Only the amount of clearly trivial misstatements.

(*b*) All misstatements accumulated during the audit, whether corrected, and the auditor's conclusion on their materiality.

(*c*) Only the conclusion on whether uncorrected misstatements are material.

(*d*) The auditor's recommendation for correcting all identified misstatements.

73. Why does the auditor request a written representation from management and those charged with governance?

(*a*) To delegate responsibility for correcting misstatements.

(*b*) To fulfill regulatory reporting requirements.

(*c*) To obtain their belief on the materiality of uncorrected misstatements.

(*d*) To exclude uncorrected misstatements from the audit report.

74. What is the purpose of reassessing materiality before evaluating uncorrected misstatements?

(*a*) To expedite the completion of the audit.

(*b*) To adjust the financial statements based on management's representation.

(*c*) To confirm whether materiality remains appropriate in the context of the entity's actual financial results.

(*d*) To increase the threshold for misstatements.

75. What is the significance of including a summary of uncorrected misstatements in the written representation?

(*a*) To emphasize management's responsibility for correcting misstatements.

(*b*) To fulfill a regulatory requirement for written representations.

(*c*) To provide a comprehensive overview of the audit findings to regulatory authorities.

(*d*) To inform management and those charged with governance of the identified misstatements.

76. If uncorrected misstatements are deemed immaterial to the financial statements, what action should be taken?

(*a*) Request immediate correction of all misstatements.

(*b*) Conclude the audit without further action.

(*c*) Document the misstatements without informing management.

(*d*) Include a qualified opinion in the audit report.

77. What should be communicated to those charged with governance regarding uncorrected misstatements related to prior periods?

(*a*) No communication is necessary for prior-period misstatements.
(*b*) Communicate only if prior-period misstatements are individually material.
(*c*) Communicate the effect of prior-period misstatements on relevant classes and the financial statements.
(*d*) Communicate that prior-period misstatements are inconsequential.

78. What is the primary purpose of obtaining written representations from management?

(*a*) To shift responsibility for financial statements preparation to management.
(*b*) To fulfill regulatory reporting requirements.
(*c*) To confirm that management believes it has fulfilled its responsibilities and to support other audit evidence.
(*d*) To request correction of all identified misstatements.

79. Which of the following is NOT considered a part of written representations?

(*a*) Financial statements.
(*b*) Assertions within financial statements.
(*c*) Supporting books and records.
(*d*) Correspondence between auditor and regulatory authorities.

80. What alert might the auditor consider if management modifies or does not provide requested written representations?

(*a*) A need for additional audit procedures.
(*b*) An indication of successful audit completion.
(*c*) A confirmation of no misstatements.
(*d*) A signal to conclude the audit without further action.

81. What is the significance of requesting written, rather than oral, representations from management?

(*a*) It fulfills regulatory requirements.
(*b*) It increases the burden on management.
(*c*) It may prompt management to consider matters more rigorously.
(*d*) It reduces the quality of the representations.

82. Which SA specifically deals with the auditor's responsibility to obtain written representations?

(*a*) SA 315 - Identifying and Assessing the Risks of Material Misstatement.
(*b*) SA 580 - Written Representations.
(*c*) SA 320 - Materiality in Planning and Performing an Audit.
(*d*) SA 450 - Evaluation of Misstatements Identified during the Audit.

83. From whom should the auditor request written representations?

(*a*) Regulatory authorities.
(*b*) External auditors.
(*c*) Management with appropriate responsibilities for the financial statements.
(*d*) Shareholders.

84. What is the purpose of obtaining a written representation about management's responsibilities regarding the preparation of financial statements?

(*a*) To shift responsibility to the auditor.

(*b*) To exclude management from the audit process.

(*c*) To confirm that management has made inquiries and understands its responsibilities.

(*d*) To fulfill regulatory requirements.

85. Why might management include qualifying language in the written representations?

(*a*) To shift responsibility to the auditor.

(*b*) To indicate that representations are made to the best of its knowledge and belief.

(*c*) To deny responsibility for the financial statements.

(*d*) To request regulatory intervention.

86. When may the auditor request that management reconfirms its acknowledgment and understanding of its responsibilities?

(*a*) Only when regulatory authorities require it.

(*b*) When management refuses to provide written representations.

(*c*) When the terms of the audit engagement were prepared in a previous year.

(*d*) Only when there is an indication of fraudulent activities.

87. What does the auditor evaluate through written representations?

(*a*) The correctness of financial statements.

(*b*) Whether management believes it has fulfilled its responsibilities and supports other audit evidence.

(*c*) The compliance of the financial statements with all regulatory requirements.

(*d*) The need for additional audit procedures.

88. What may the auditor request from management beyond the written representation about management's responsibilities regarding the preparation of financial statements?

(*a*) A request for correction of identified misstatements.

(*b*) Additional financial statements for comparative analysis.

(*c*) A representation about the selection and application of accounting policies.

(*d*) A written statement from external auditors.

89. In addition to confirming that management has fulfilled its responsibilities, what might be included in other written representations?

(*a*) Only financial forecasts.

(*b*) Only information on internal control deficiencies.

(*c*) Representations about the completeness of transactions.

(*d*) Matters such as plans affecting the carrying value of assets and liabilities.

90. Why does the auditor request a written representation regarding information provided to the auditor?

(*a*) To shift responsibility to management.

(*b*) To exclude management from the audit process.

(*c*) To confirm that management communicated all deficiencies in internal control.
(*d*) To ensure that the auditor receives all relevant information agreed upon in the terms of the audit engagement.

91. What does the auditor communicate through written representations about information provided to the auditor?
(*a*) Only information on internal control deficiencies.
(*b*) Deficiencies in internal control that management is unaware of.
(*c*) All deficiencies in internal control of which management is aware.
(*d*) That all internal control systems are effective.

92. What should the audit documentation include regarding written representations?
(*a*) Only the auditor's conclusion on the materiality of written representations.
(*b*) The amount of clearly trivial misstatements.
(*c*) The auditor's request for written representations.
(*d*) All misstatements accumulated during the audit and whether they have been corrected.

93. What action should the auditor take if management refuses to correct some or all of the misstatements communicated by the auditor?
(*a*) Conclude the audit without further action.
(*b*) Accept management's decision without any further inquiries.
(*c*) Obtain an understanding of management's reasons and consider the implications for the auditor's report.
(*d*) Request regulatory intervention.

94. What may be the outcome if management modifies or refuses to provide written representations?
(*a*) It does not affect the nature or extent of other audit evidence.
(*b*) It indicates the absence of significant issues.
(*c*) It eliminates the need for additional audit procedures.
(*d*) It may alert the auditor to the possibility of significant issues.

95. What is the primary benefit of including a summary of uncorrected misstatements in the written representation?
(*a*) To shift responsibility to management.
(*b*) To comply with regulatory reporting requirements.
(*c*) To inform management and those charged with governance of the identified misstatements.
(*d*) To eliminate the need for additional audit procedures.

96. What is the primary purpose of obtaining written representations from management about specific assertions in the financial statements?
(*a*) To shift responsibility for specific assertions to the auditor.
(*b*) To fulfill regulatory reporting requirements.
(*c*) To support an understanding obtained from other audit evidence of management's judgment or intent.
(*d*) To request correction of all identified misstatements.

97. Which of the following is NOT a factor the auditor may consider when evaluating judgments and intentions related to specific assertions?

(*a*) The entity's past history in carrying out its stated intentions.

(*b*) The entity's reasons for choosing a particular course of action.

(*c*) The auditor's personal judgments about management.

(*d*) The existence or lack of any other information obtained during the audit inconsistent with management's judgment or intent.

98. Why is it important for the date of written representations to be as near as practicable to the date of the auditor's report?

(*a*) To fulfill regulatory requirements.

(*b*) To shift responsibility to management.

(*c*) To ensure the reliability of written representations.

(*d*) To exclude management from the audit process.

99. What is the significance of the written representations being for all financial statements and periods referred to in the auditor's report?

(*a*) It is a regulatory requirement.

(*b*) It confirms that management's previous representations remain appropriate.

(*c*) It eliminates the need for additional audit procedures.

(*d*) It shifts responsibility to management.

100. In situations where current management was not present during all periods referred to in the auditor's report, what is the auditor's responsibility regarding written representations?

(*a*) The auditor is not required to request written representations from current management.

(*b*) The auditor should request written representations from current management covering the whole relevant periods.

(*c*) The auditor should exclude current management from the written representations.

(*d*) The auditor's responsibility does not change.

101. What is the form of written representations, and to whom are they addressed?

(*a*) Verbal statements addressed to the auditor.

(*b*) A memorandum addressed to regulatory authorities.

(*c*) A representation letter addressed to the auditor.

(*d*) A summary of financial statements addressed to shareholders.

102. In situations where the auditor has concerns about the competence, integrity, or ethical values of management, what is the appropriate action?

(*a*) Disregard written representations and shift responsibility to management.

(*b*) Perform additional audit procedures to confirm concerns.

(*c*) Consider the effect of concerns on the reliability of representations and audit evidence.

(*d*) Immediately disclaim an opinion on the financial statements.

103. If written representations are inconsistent with other audit evidence, what action should the auditor take?

(*a*) Ignore the inconsistency to avoid conflict with management.

(*b*) Perform audit procedures to attempt to resolve the inconsistency.

(*c*) Request regulatory intervention.

(*d*) Exclude written representations from the audit report.

104. What action should the auditor take if management does not provide one or more of the requested written representations?

(*a*) Exclude management's responsibilities from the audit report.

(*b*) Conclude the audit without further action.

(*c*) Disclose the issue to shareholders without further evaluation.

(*d*) Discuss the matter with management, re-evaluate integrity, and take appropriate actions.

105. When should the auditor disclaim an opinion on the financial statements according to SA 705?

(*a*) When management refuses to provide any written representations.

(*b*) When the auditor concludes that there is sufficient doubt about the integrity of management.

(*c*) When the auditor has concerns about the reliability of written representations.

(*d*) When the written representations are consistent with other audit evidence.

107. Who are considered "those charged with governance" in the context of an audit?

(*a*) Regulatory authorities overseeing financial reporting.

(*b*) External auditors responsible for reviewing financial statements.

(*c*) The engagement team responsible for conducting the audit.

(*d*) Persons or organizations with responsibility for overseeing the strategic direction and accountability of the entity.

108. What is the primary purpose of effective two-way communication between the auditor and those charged with governance?

(*a*) To shift responsibility from the auditor to those charged with governance.

(*b*) To maintain auditor independence and objectivity.

(*c*) To replace the need for audit evidence.

(*d*) To fulfill regulatory reporting requirements.

109. Why is it necessary for the auditor to obtain information from those charged with governance?

(*a*) To fulfill regulatory requirements.

(*b*) To shift responsibility to those charged with governance.

(*c*) To assist the auditor in understanding the entity and obtaining relevant audit evidence.

(*d*) To exclude those charged with governance from the audit process.

110. What is the scope of SA 260 - Communication with Those Charged with Governance?

(*a*) It specifies communication only with external regulatory authorities.

(*b*) It outlines communication only within the engagement team.

(*c*) It covers communication with those charged with governance in an audit of financial statements.
(*d*) It addresses communication solely with management personnel.

111. What is one of the objectives of the auditor according to SA 260?
(*a*) To minimize communication with those charged with governance.
(*b*) To provide those charged with governance with misleading information.
(*c*) To promote effective two-way communication between the auditor and those charged with governance.
(*d*) To avoid obtaining information from those charged with governance.

112. Who is responsible for overseeing the financial reporting process in entities with diverse governance structures?
(*a*) The regulatory authorities.
(*b*) The external auditors.
(*c*) The engagement team.
(*d*) The governing body, such as a board of directors.

113. Which matters are required to be communicated by the auditor with those charged with governance?
(*a*) Only matters related to auditor independence.
(*b*) Only significant difficulties encountered during the audit.
(*c*) Matters such as the planned scope and timing of the audit, significant findings, and circumstances affecting the auditor's report.
(*d*) Matters related to the engagement team's responsibilities.

114. In the context of SA 260, what does the auditor need to communicate regarding auditor independence for listed entities?
(*a*) Total fees charged during the period for audit services only.
(*b*) The relationship between the audit firm and regulatory authorities.
(*c*) The auditor's opinion on the financial statements.
(*d*) Total fees charged during the period for audit and non-audit services and related safeguards applied.

115. When should the auditor communicate with those charged with governance regarding significant findings in writing?
(*a*) When the auditor wants to emphasize minor issues.
(*b*) When the auditor believes oral communication is adequate.
(*c*) When the auditor's professional judgment deems oral communication insufficient.
(*d*) When the auditor is communicating matters related to auditor independence.

116. What is the significance of evaluating the adequacy of the communication process between the auditor and those charged with governance?
(*a*) To fulfill regulatory reporting requirements.
(*b*) To assess the effectiveness of the audit team.

(*c*) To determine if the auditor has shifted responsibility to those charged with governance.

(*d*) To evaluate its impact on the auditor's assessment of risks and ability to obtain sufficient appropriate audit evidence.

117. Why is it important for the auditor to communicate the planned scope and timing of the audit with those charged with governance?

(*a*) To fulfill regulatory requirements.

(*b*) To demonstrate control over the audit process.

(*c*) To receive instructions on how to conduct the audit.

(*d*) To provide an overview and seek feedback on significant risks identified.

118. What is the primary objective of the auditor according to SA 265 - Communicating Deficiencies in Internal Control to Those Charged with Governance and Management?

(*a*) To express an opinion on the effectiveness of internal control.

(*b*) To design audit procedures for assessing internal control.

(*c*) To communicate appropriately to those charged with governance and management identified deficiencies in internal control.

(*d*) To prevent or detect fraud within the entity.

119. How does SA 265 define a "deficiency in internal control"?

(*a*) When a control is designed, implemented, or operated effectively.

(*b*) When a control is missing.

(*c*) When a control detects misstatements on a timely basis.

(*d*) When a control is designed, implemented, or operated in a way that is unable to prevent, or detect and correct, misstatements on a timely basis.

120. What constitutes a "significant deficiency in internal control" according to SA 265?

(*a*) Any identified deficiency in internal control.

(*b*) A deficiency that leads to a material misstatement in the financial statements.

(*c*) A deficiency that management is financially interested in.

(*d*) A deficiency or combination of deficiencies that, in the auditor's professional judgment, is of sufficient importance to merit the attention of those charged with governance.

121. In the context of SA 265, what does the auditor need to communicate regarding deficiencies in internal control?

(*a*) All deficiencies, regardless of their importance.

(*b*) Only those deficiencies that have led to a material misstatement.

(*c*) Only those deficiencies that have caused financial loss to the entity.

(*d*) Deficiencies that the auditor has identified and that, in the auditor's professional judgment, are of sufficient importance to merit attention.

122. When is it necessary for the auditor to communicate significant deficiencies in internal control in writing?

(*a*) Whenever there is any deficiency in internal control.

(*b*) Only when those charged with governance request written communication.

(*c*) When the auditor's professional judgment deems oral communication inadequate.
(*d*) If the deficiencies have led to fraud within the entity.

123. What does the significance of a deficiency in internal control depend on?
(*a*) The auditor's professional judgment only.
(*b*) Whether a misstatement has actually occurred.
(*c*) The likelihood of a misstatement occurring, potential magnitude, and other factors.
(*d*) The frequency of communication with those charged with governance.

124. Which of the following is an example of an indicator of a significant deficiency in internal control?
(*a*) Effective aspects of the control environment.
(*b*) Absence of a risk assessment process.
(*c*) Detection of immaterial misstatements by the auditor.
(*d*) Identification of management fraud regardless of materiality.

125. What is one of the examples of indicators of significant deficiencies in internal control mentioned in SA 265?
(*a*) Absence of a risk assessment process.
(*b*) Implementation of effective entity risk assessment.
(*c*) Detection of minor misstatements by the auditor.
(*d*) Successful management oversight of financial statement preparation.

126. In the context of SA 265, what is the auditor's responsibility regarding internal control?
(*a*) To express an opinion on the effectiveness of internal control.
(*b*) To design audit procedures for assessing internal control.
(*c*) To identify deficiencies in internal control during the risk assessment process.
(*d*) To design and implement effective internal control for the entity.

127. When considering the significance of a deficiency in internal control, what does the auditor take into account?
(*a*) Only the actual occurrence of a misstatement.
(*b*) The likelihood of the deficiencies leading to material misstatements in the financial statements, among other factors.
(*c*) The financial statement amounts exposed to the deficiencies.
(*d*) The entity's legal structure.

128. What is the auditor's responsibility if one or more deficiencies in internal control are identified during the audit?
(*a*) Design and implement effective internal control for the entity.
(*b*) Ignore the deficiencies if they are not material to the financial statements.
(*c*) Determine whether, individually or in combination, they constitute significant deficiencies.
(*d*) Express an opinion on the effectiveness of internal control.

129. How should the auditor communicate significant deficiencies in internal control identified during the audit?

(*a*) Verbally to those charged with governance and in writing to management.
(*b*) In writing to both those charged with governance and management on a timely basis.
(*c*) In the audit report along with the opinion on internal control.
(*d*) Through internal memos shared within the audit team.

130. What should be included in the written communication of significant deficiencies in internal control?

(*a*) Only a list of deficiencies without further explanation.
(*b*) A description of the deficiencies and an explanation of their potential effects.
(*c*) A summary of financial statements.
(*d*) A list of all deficiencies, regardless of their significance.

131. When communicating deficiencies in internal control to management, what information should the auditor provide?

(*a*) Only deficiencies that other parties have not communicated to management.
(*b*) Any deficiencies identified during the audit, irrespective of their importance.
(*c*) Only deficiencies that are material to the financial statements.
(*d*) Deficiencies that the auditor has communicated or intends to communicate to those charged with governance.

132. In the written communication of significant deficiencies, what information should be provided to enable those charged with governance and management to understand the context?

(*a*) Only a general reference to the deficiencies.
(*b*) A summary of audit procedures performed.
(*c*) A description of the deficiencies and an explanation of their potential effects.
(*d*) Information on the entity's internal control policies.

133. Why does the auditor need to explain the purpose of the audit in the written communication of significant deficiencies?

(*a*) To criticize management for ineffective internal control.
(*b*) To emphasize the importance of internal control over financial reporting.
(*c*) To clarify that the purpose of the audit was not to express an opinion on the effectiveness of internal control.
(*d*) To justify the audit fees charged to the entity.

134. When communicating significant deficiencies in internal control, what limitation should the auditor highlight?

(*a*) That all deficiencies, regardless of significance, are being reported.
(*b*) That the audit only considered internal control relevant to financial statements.
(*c*) That the deficiencies will be addressed in the next audit cycle.
(*d*) That management is solely responsible for internal control.

135. If a deficiency in internal control has not been communicated to management by other parties and, in the auditor's professional judgment, is of sufficient importance, what should the auditor do?

(*a*) Include it in the communication to those charged with governance only.

(*b*) Ignore it, as it was not communicated by other parties.

(*c*) Communicate it to management and those charged with governance.

(*d*) Report it in the auditor's internal records only.

136. What is the auditor's responsibility regarding internal control in the context of SA 265?

(*a*) To express an opinion on the effectiveness of internal control.

(*b*) To design and implement internal control policies for the entity.

(*c*) To identify and communicate deficiencies in internal control during the audit.

(*d*) To override internal control in case of significant deficiencies.

137. When determining if deficiencies in internal control constitute significant deficiencies, what does the auditor take into account?

(*a*) Only the actual occurrence of a misstatement.

(*b*) The likelihood of the deficiencies leading to material misstatements, among other factors.

(*c*) The entity's legal structure.

(*d*) The auditor's professional judgment without considering any specific factors.

Answer Key

1. (*b*)	**2.** (*d*)	**3.** (*c*)	**4.** (*c*)	**5.** (*d*)	**6.** (*a*)	**7.** (*b*)	**8.** (*c*)	**9.** (*b*)	**10.** (*d*)
11. (*c*)	**12.** (*d*)	**13.** (*c*)	**14.** (*c*)	**15.** (*b*)	**16.** (*c*)	**17.** (*b*)	**18.** (*b*)	**19.** (*a*)	**20.** (*b*)
21. (*c*)	**22.** (*c*)	**23.** (*b*)	**24.** (*c*)	**25.** (*c*)	**26.** (*d*)	**27.** (*d*)	**28.** (*c*)	**29.** (*d*)	**30.** (*c*)
31. (*c*)	**32.** (*c*)	**33.** (*b*)	**34.** (*b*)	**35.** (*b*)	**36.** (*b*)	**37.** (*d*)	**38.** (*c*)	**39.** (*a*)	**40.** (*c*)
41. (*c*)	**42.** (*d*)	**43.** (*b*)	**44.** (*b*)	**45.** (*b*)	**46.** (*c*)	**47.** (*b*)	**48.** (*c*)	**49.** (*b*)	**50.** (*b*)
51. (*c*)	**52.** (*b*)	**53.** (*c*)	**54.** (*b*)	**55.** (*c*)	**56.** (*d*)	**57.** (*d*)	**58.** (*b*)	**59.** (*a*)	**60.** (*c*)
61. (*b*)	**62.** (*c*)	**63.** (*c*)	**64.** (*c*)	**65.** (*c*)	**66.** (*b*)	**67.** (*c*)	**68.** (*c*)	**69.** (*c*)	**70.** (*d*)
71. (*c*)	**72.** (*b*)	**73.** (*c*)	**74.** (*c*)	**75.** (*d*)	**76.** (*b*)	**77.** (*c*)	**78.** (*c*)	**79.** (*d*)	**80.** (*a*)
81. (*c*)	**82.** (*b*)	**83.** (*c*)	**84.** (*c*)	**85.** (*b*)	**86.** (*c*)	**87.** (*b*)	**88.** (*c*)	**89.** (*d*)	**90.** (*d*)
91. (*c*)	**92.** (*c*)	**93.** (*c*)	**94.** (*d*)	**95.** (*c*)	**96.** (*c*)	**97.** (*c*)	**98.** (*c*)	**99.** (*b*)	**100.** (*b*)
101. (*c*)	**102.** (*c*)	**103.** (*b*)	**104.** (*d*)	**105.** (*b*)	**106.** (*c*)	**107.** (*d*)	**108.** (*b*)	**109.** (*c*)	**110.** (*c*)
111. (*c*)	**112.** (*d*)	**113.** (*c*)	**114.** (*d*)	**115.** (*c*)	**116.** (*d*)	**117.** (*d*)	**118.** (*c*)	**119.** (*d*)	**120.** (*d*)
121. (*d*)	**122.** (*c*)	**123.** (*c*)	**124.** (*b*)	**125.** (*a*)	**126.** (*c*)	**127.** (*b*)	**128.** (*c*)	**129.** (*b*)	**130.** (*b*)
131. (*d*)	**132.** (*c*)	**133.** (*c*)	**134.** (*b*)	**135.** (*c*)	**136.** (*c*)	**137.** (*b*)			

SOLUTION

1. (*b*) Subsequent events
2. (*d*) Declaration of insolvency
3. (*c*) Obtaining sufficient appropriate audit evidence about subsequent events
4. (*c*) Responding appropriately to facts that become known after the auditor's report
5. (*d*) Issue of new share capital
6. (*a*) Adjustment or disclosure in the financial statements
7. (*b*) Responding appropriately to facts that become known after the date of the auditor's report
8. (*c*) SA 560
9. (*b*) Subsequent events
10. (*d*) Appropriately reflecting events in the financial statements
11. (*c*) The auditor is not expected to perform additional audit procedures on matters with satisfactory conclusions.
12. (*d*) From the date of the financial statements to the date of the auditor's report or as near as practicable thereto.
13. (*c*) Auditor's risk assessment
14. (*c*) To identify events that might affect the financial statements
15. (*b*) Date filed with a regulatory authority
16. (*c*) Date audited financial statements are made available to third parties
17. (*b*) To determine whether each event is appropriately reflected in the financial statements
18. (*b*) The auditor has no obligation to perform any audit procedures after the date of the auditor's report.
19. (*a*) Discuss the matter with management and those charged with governance.
20. (*b*) Carry out the audit procedures necessary on the amendment.
21. (*c*) Unless specific circumstances apply
22. (*c*) Take appropriate action to seek to prevent reliance on the auditor's report.
23. (*b*) Discuss the matter with management and those charged with governance.
24. (*c*) Review the steps taken by management to inform recipients of the previously issued financial statements.
25. (*c*) When law or regulation prohibits unrestricted procedures
26. (*d*) Both (*b*) and (*c*).
27. (*d*) Take appropriate action to seek to prevent reliance on the auditor's report.
28. (*c*) Going Concern
29. (*d*) Going concern basis

30. (*c*) Both (*a*) and (*b*)

31. (*c*) It influences the recording of assets and liabilities based on the entity's ability to continue operating.

32. (*c*) To obtain sufficient appropriate audit evidence on the appropriateness of management's use of the going concern basis.

33. (*b*) Whether events or conditions exist that may cast significant doubt on the entity's ability to continue as a going concern.

34. (*b*) Compliance with statutory requirements

35. (*b*) To assess the entity's ability to continue as a going concern.

36. (*b*) Whether there is a material uncertainty about the entity's ability to continue as a going concern.

37. (*d*) Remain alert throughout the audit for audit evidence of such events.

38. (*c*) Evaluating management's assessment

39. (*a*) When there is a history of profitable operations and ready access to financial resources

40. (*c*) Evaluating the process management followed, assumptions, and feasibility of plans

41. (*c*) The same period as used by management or at least twelve months

42. (*d*) Performing additional audit procedures, including consideration of mitigating factors

43. (*b*) Analyzing and discussing cash flow, profit, and other relevant forecasts with management

44. (*b*) Evaluating the reliability of underlying data for the cash flow forecast

45. (*b*) Extend the assessment period to at least twelve months

46. (*c*) Evaluate the reliability of underlying data and support for assumptions

47. (*b*) Request management to make its assessment

48. (*c*) Adequately disclose the material uncertainty in the financial statements

49. (*b*) Express an unmodified opinion with a separate section in the auditor's report

50. (*b*) Express a qualified or adverse opinion, as appropriate

51. (*c*) Express a qualified or adverse opinion, as appropriate

52. (*b*) "Material Uncertainty Related to Going Concern"

53. (*c*) Consider a qualified opinion or a disclaimer of opinion

54. (*b*) Mention the material uncertainty and note the inadequate disclosure

55. (*c*) When management refuses to provide additional information

56. (*d*) The sufficiency of appropriate audit evidence

57. (*d*) Express a qualified or adverse opinion, as appropriate

58. (*b*) Evaluate the effect of identified misstatements on the audit.

59. (*a*) Only consider misstatements that are clearly trivial.

60. (*c*) Aggregation of identified misstatements approaching materiality.

61. (*b*) Revise the overall audit strategy and plan.

62. (*c*) Determine the cause of a misstatement and correct it.

63. (*c*) Perform additional audit procedures to determine if misstatements remain.

64. (*c*) To enable management to evaluate, disagree, and take necessary action.

65. (*c*) Obtain an understanding of management's reasons and consider it during the evaluation.

66. (*b*) To maintain accurate accounting books and records.

67. (*c*) When management refuses to provide additional information.

68. (*c*) Reassess materiality determined in accordance with SA 320.

69. (*c*) The size and nature of the misstatements and the particular circumstances of their occurrence.

70. (*d*) Communicate regarding uncorrected misstatements and their individual materiality.

71. (*c*) Request a written representation on the materiality of uncorrected misstatements.

72. (*b*) All misstatements accumulated during the audit, whether corrected, and the auditor's conclusion on their materiality.

73. (*c*) To obtain their belief on the materiality of uncorrected misstatements.

74. (*c*) To confirm whether materiality remains appropriate in the context of the entity's actual financial results.

75. (*d*) To inform management and those charged with governance of the identified misstatements.

76. (*b*) Conclude the audit without further action.

77. (*c*) Communicate the effect of prior-period misstatements on relevant classes and the financial statements.

78. (*c*) To confirm that management believes it has fulfilled its responsibilities and to support other audit evidence.

79. (*d*) Correspondence between auditor and regulatory authorities.

80. (*a*) A need for additional audit procedures.

81. (*c*) It may prompt management to consider matters more rigorously.

82. (*b*) SA 580 - Written Representations.

83. (*c*) Management with appropriate responsibilities for the financial statements.

84. (*c*) To confirm that management has made inquiries and understands its responsibilities.

85. (*b*) To indicate that representations are made to the best of its knowledge and belief.

86. (*c*) When the terms of the audit engagement were prepared in a previous year.

87. (*b*) Whether management believes it has fulfilled its responsibilities and supports other audit evidence.

88. (*c*) A representation about the selection and application of accounting policies.

89. (*d*) Matters such as plans affecting the carrying value of assets and liabilities.

90. (*d*) To ensure that the auditor receives all relevant information agreed upon in the terms of the audit engagement.

91. (*c*) All deficiencies in internal control of which management is aware.

92. (*c*) The auditor's request for written representations.

93. (*c*) Obtain an understanding of management's reasons and consider the implications for the auditor's report.

94. (*d*) It may alert the auditor to the possibility of significant issues.

95. (*c*) To inform management and those charged with governance of the identified misstatements.

96. (*c*) To support an understanding obtained from other audit evidence of management's judgment or intent.

97. (*c*) The auditor's personal judgments about management.

98. (*c*) To ensure the reliability of written representations.

99. (*b*) It confirms that management's previous representations remain appropriate.

100. (*b*) The auditor should request written representations from current management covering the whole relevant periods.

101. (*c*) A representation letter addressed to the auditor.

102. (*c*) Consider the effect of concerns on the reliability of representations and audit evidence.

103. (*b*) Perform audit procedures to attempt to resolve the inconsistency.

104. (*d*) Discuss the matter with management, re-evaluate integrity, and take appropriate actions.

105. (*b*) When the auditor concludes that there is sufficient doubt about the integrity of management.

106. (*c*) To inform management and those charged with governance of the identified misstatements.

107. (*d*) Persons or organizations with responsibility for overseeing the strategic direction and accountability of the entity.

108. (*b*) To maintain auditor independence and objectivity.

109. (*c*) To assist the auditor in understanding the entity and obtaining relevant audit evidence.

110. (*c*) It covers communication with those charged with governance in an audit of financial statements.

111. (*c*) To promote effective two-way communication between the auditor and those charged with governance.

112. (*d*) The governing body, such as a board of directors.

113. (*c*) Matters such as the planned scope and timing of the audit, significant findings, and circumstances affecting the auditor's report.

114. (*d*) Total fees charged during the period for audit and non-audit services and related safeguards applied.

115. (*c*) When the auditor's professional judgment deems oral communication insufficient.

116. (*d*) To evaluate its impact on the auditor's assessment of risks and ability to obtain sufficient appropriate audit evidence.

117. (*d*) To provide an overview and seek feedback on significant risks identified.

118. (*c*) To communicate appropriately to those charged with governance and management identified deficiencies in internal control.

119. (*d*) When a control is designed, implemented, or operated in a way that is unable to prevent, or detect and correct, misstatements on a timely basis.

120. (*d*) A deficiency or combination of deficiencies that, in the auditor's professional judgment, is of sufficient importance to merit the attention of those charged with governance.

121. (*d*) Deficiencies that the auditor has identified and that, in the auditor's professional judgment, are of sufficient importance to merit attention.

122. (*c*) When the auditor's professional judgment deems oral communication inadequate.

123. (*c*) The likelihood of a misstatement occurring, potential magnitude, and other factors.

124. (*b*) Absence of a risk assessment process.

125. (*a*) Absence of a risk assessment process.

126. (*c*) To identify deficiencies in internal control during the risk assessment process.

127. (*b*) The likelihood of the deficiencies leading to material misstatements in the financial statements, among other factors.

128. (*c*) Determine whether, individually or in combination, they constitute significant deficiencies.

129. (*b*) In writing to both those charged with governance and management on a timely basis.

130. (*b*) A description of the deficiencies and an explanation of their potential effects.

131. (*d*) Deficiencies that the auditor has communicated or intends to communicate to those charged with governance.

132. (*c*) A description of the deficiencies and an explanation of their potential effects.

133. (*c*) To clarify that the purpose of the audit was not to express an opinion on the effectiveness of internal control.

134. (*b*) That the audit only considered internal control relevant to financial statements.

135. (*c*) Communicate it to management and those charged with governance.

136. (*c*) To identify and communicate deficiencies in internal control during the audit.

137. (*b*) The likelihood of the deficiencies leading to material misstatements, among other factors.