

# 2

## CHAPTER

# Audit Strategy, Audit Planning and Audit Programme



### MULTIPLE CHOICE QUESTIONS

1. What is the primary objective of the auditor according to SA 300 - Planning an audit of financial statements?
  - (a) To maximize audit fees
  - (b) To ensure a smooth and quick audit process
  - (c) To plan the audit so that it will be performed in an effective manner
  - (d) To identify potential fraud within the financial statements
2. Why is planning considered necessary for an effective audit of financial statements?
  - (a) To maximize audit fees
  - (b) To ensure a quick audit process
  - (c) To comply with professional standards and perform the audit effectively
  - (d) To identify potential fraud within the financial statements
3. What is one of the benefits of adequate planning in the audit process?
  - (a) Maximizing audit fees
  - (b) Identifying potential problems on a timely basis
  - (c) Minimizing attention to important areas of the audit
  - (d) Reducing the need for engagement team members
4. How does planning assist in managing the audit engagement?
  - (a) By minimizing the organization of the audit process
  - (b) By ensuring a lengthy and inefficient audit
  - (c) By properly organizing and managing the audit engagement
  - (d) By reducing the attention given to important areas of the audit
5. What role does planning play in selecting engagement team members?
  - (a) It minimizes the need for capable team members
  - (b) It helps identify team members with inappropriate levels of competence
  - (c) It facilitates the selection of team members with appropriate capabilities and competence
  - (d) It excludes the need for assigning work to team members

6. How does planning contribute to reducing audit risk?
  - (a) By increasing audit fees
  - (b) By decreasing the need for review of work
  - (c) By minimizing attention to potential problems
  - (d) By ensuring audit work is adequately and properly planned
7. When does the process of planning an audit typically begin?
  - (a) At the start of the current audit engagement
  - (b) After the completion of the current audit engagement
  - (c) After the completion of the previous audit engagement
  - (d) At the completion of risk assessment procedures
8. Which of the following is an example of a risk assessment procedure in the planning phase?
  - (a) Obtaining a general understanding of the legal and regulatory framework
  - (b) Completion of the financial statement review
  - (c) Finalizing the engagement team composition
  - (d) Conducting substantive testing
9. What is the purpose of risk assessment procedures in the planning process?
  - (a) To complete the legal and regulatory framework analysis
  - (b) To identify and assess the risks of material misstatement
  - (c) To determine materiality for the audit engagement
  - (d) To involve experts in the audit process
10. In the context of planning, what is the role of experts?
  - (a) To minimize the need for risk assessment procedures
  - (b) To ensure compliance with legal and regulatory frameworks
  - (c) To involve them in every phase of the audit
  - (d) To provide assistance based on their expertise in complex matters
11. Why is planning considered a continuous and repetitive process?
  - (a) To prolong the audit engagement unnecessarily
  - (b) To ensure a one-time thorough examination of financial statements
  - (c) To allow for iterative consideration of risks and procedures
  - (d) To minimize the involvement of experts in the audit process
12. What is a key consideration in planning related to the determination of materiality?
  - (a) Maximizing the complexity of business operations
  - (b) Minimizing the involvement of legal and regulatory analysis
  - (c) Considering the need for experts based on business complexity
  - (d) Avoiding the assessment of risks of material misstatement

13. When does the planning process end?
- (a) At the completion of risk assessment procedures
  - (b) After obtaining a general understanding of the legal framework
  - (c) When the engagement team is finalized
  - (d) At the completion of the current audit engagement
14. Why is the involvement of the engagement partner and other key members in planning considered beneficial?
- (a) To increase audit fees
  - (b) To enhance the effectiveness and efficiency of the planning process
  - (c) To delegate planning responsibilities to lower-level team members
  - (d) To minimize the discussion among engagement team members
15. What role does the experience and insight of key engagement team members play in planning the audit?
- (a) To complicate the planning process
  - (b) To increase the time required for planning
  - (c) To enhance the effectiveness of the planning process
  - (d) To reduce the need for communication within the engagement team
16. When may the auditor decide to discuss elements of planning with the entity's management?
- (a) After the completion of the audit engagement
  - (b) During the finalization of the audit plan
  - (c) At any time during the audit engagement
  - (d) To avoid compromising the effectiveness of the audit
17. Why does the auditor need to exercise care when discussing matters included in the overall audit strategy or audit plan with the entity's management?
- (a) To avoid any discussion with the entity's management
  - (b) To prevent engagement team members from participating in the discussion
  - (c) To ensure the audit process remains complex
  - (d) To avoid compromising the effectiveness of the audit
18. Which of the following is considered a preliminary engagement activity in audit planning?
- (a) Conducting substantive testing
  - (b) Evaluating compliance with ethical requirements, including independence
  - (c) Finalizing the overall audit strategy
  - (d) Reviewing financial statements for accuracy
19. What is involved in performing procedures regarding the continuance of the client relationship during preliminary engagement activities?
- (a) Conducting a detailed review of financial statements
  - (b) Assessing compliance with legal requirements
  - (c) Evaluating the effectiveness of internal controls
  - (d) Checking whether the relationship with the client should be continued

- 20.** What is the purpose of performing procedures regarding the acceptance and continuance of client relationships and audit engagements?
- (a) To increase audit fees for the engagement
  - (b) To ensure compliance with ethical requirements
  - (c) To obtain necessary information and reach appropriate conclusions
  - (d) To minimize communication with the predecessor auditor
- 21.** What is one of the considerations when deciding whether to continue an existing audit engagement?
- (a) The firm's marketing strategy
  - (b) The complexity of the client's business operations
  - (c) The integrity of principal owners and key management
  - (d) The engagement team's familiarity with the client
- 22.** In the context of acceptance and continuance of client relationships, what may need to be considered regarding the competence of the engagement team?
- (a) Their proficiency in marketing
  - (b) Their expertise in legal matters
  - (c) Their ability to perform the audit engagement
  - (d) Their experience in financial statement preparation
- 23.** What is the primary purpose of establishing the overall audit strategy?
- (a) To expedite the audit process
  - (b) To guide the development of the audit plan
  - (c) To determine the audit fees for specific areas
  - (d) To review other auditors' work in group audits
- 24.** In the process of establishing the overall audit strategy, what does it assist the auditor in determining?
- (a) The client's budget for the audit engagement
  - (b) The scope, timing, and direction of the audit
  - (c) The number of team members assigned to marketing activities
  - (d) The completion of the auditor's risk assessment procedures
- 25.** What does the overall audit strategy help the auditor determine regarding resources for specific audit areas?
- (a) The audit fees to be charged for each area
  - (b) The engagement partner's role in specific areas
  - (c) The scope and direction of the audit plan
  - (d) The deployment of resources, such as using experienced team members for high-risk areas
- 26.** When considering the allocation of resources to specific audit areas, what might the auditor determine?
- (a) The financial statements' accuracy
  - (b) The number of team members for inventory count observation

- (c) The overall risk tolerance for the engagement
  - (d) The expertise required for marketing strategies
27. In the establishment of the overall audit strategy, what is considered in determining how resources are managed, directed, and supervised?
- (a) The auditor's risk assessment procedures
  - (b) The completion of the engagement quality control reviews
  - (c) The overall budget for the audit engagement
  - (d) The schedule for team briefing and debriefing meetings
28. What is crucial for the auditor in establishing a sound audit strategy?
- (a) Volume of transactions
  - (b) The nature of industry regulations
  - (c) Well-identified scope of the engagement
  - (d) Expected use of audit evidence
29. Which factor helps the auditor in planning the timing of audit procedures and the nature of required communications?
- (a) Results of previous audits
  - (b) Industry-specific reporting requirements
  - (c) Ascertainment of reporting objectives
  - (d) Nature of business segments
30. In directing the engagement team's efforts, what should the auditor focus on?
- (a) Routine transactions
  - (b) Volume of transactions
  - (c) Matters that are significant in the auditor's professional judgment
  - (d) Internal control deficiencies
31. What is an example of a factor considered significant in directing the engagement team's efforts?
- (a) Routine industry developments
  - (b) Changes in the financial reporting framework
  - (c) Frequency of team meetings
  - (d) Length of previous audit reports
32. Why is considering the results of preliminary engagement activities important for establishing the audit strategy?
- (a) To minimize audit team meetings
  - (b) To identify and address deficiencies in internal control
  - (c) To expedite the audit process
  - (d) To maintain a questioning mind
33. What is an auditor's consideration when ascertaining the reporting objectives of the engagement?
- (a) Expected communications on industry developments
  - (b) Timetable for reporting by the entity
  - (c) Volume of audit evidence obtained in previous audits
  - (d) Frequency of team debriefing meetings

34. In determining the nature, timing, and extent of resources necessary for the engagement, what does the auditor consider?
- (a) The legal environment affecting the entity
  - (b) The volume of transactions in previous audits
  - (c) The expertise of the engagement team members
  - (d) The expected type of reports to be issued
35. Why is knowledge gained on other engagements performed by the engagement partner for the entity relevant?
- (a) To expedite the audit process
  - (b) To maintain a questioning mind
  - (c) To evaluate the operating effectiveness of internal control
  - (d) To avoid discussions with management
36. What is a key consideration in determining the nature, timing, and extent of resources necessary for the engagement?
- (a) Maintaining a questioning mind
  - (b) Emphasizing the need for professional skepticism
  - (c) Industry-specific reporting requirements
  - (d) Assignment of audit work to team members
37. Why is it important for the auditor to consider the nature of business segments during preliminary engagement activities?
- (a) To minimize audit evidence requirements
  - (b) To identify deficiencies in internal control
  - (c) To ascertain the reporting objectives of the engagement
  - (d) To allocate resources appropriately for different audit areas
38. What is the primary focus of the audit strategy in relation to the audit plan?
- (a) Implementing specific audit procedures
  - (b) Determining the scope, timing, and direction of the audit
  - (c) Identifying deficiencies in internal control
  - (d) Allocating resources to the engagement team
39. How does the audit plan differ from the overall audit strategy?
- (a) It is less detailed
  - (b) It is developed after the audit strategy
  - (c) It addresses broader aspects of the audit
  - (d) It involves fewer audit procedures
40. What does the audit plan describe?
- (a) The overall audit strategy
  - (b) The implementation of the audit strategy
  - (c) The nature, timing, and extent of audit procedures
  - (d) The scope and direction of the audit

- 41.** When does planning for audit procedures take place?
- (a) Before the establishment of the overall audit strategy
  - (b) Concurrently with the development of the audit plan
  - (c) After the detailed audit plan is finalized
  - (d) Only at the conclusion of the audit engagement
- 42.** How are the overall audit strategy and the detailed audit plan related?
- (a) They are entirely separate and independent processes
  - (b) Changes in one do not affect the other
  - (c) They are closely interrelated, and changes in one may result in consequential changes to the other
  - (d) The detailed audit plan is developed before the overall audit strategy
- 43.** Who is primarily responsible for establishing the overall audit strategy and developing the audit plan?
- (a) Entity's management
  - (b) External consultants
  - (c) Engagement team members
  - (d) The auditor
- 44.** Under what circumstances may the auditor need to modify the overall audit strategy and audit plan during the course of the audit?
- (a) If there is a change in engagement team members
  - (b) In case of unexpected events, changes in conditions, or new audit evidence
  - (c) Only if there is a request from entity management
  - (d) When there is a change in the financial reporting framework
- 45.** Why might the auditor modify the overall audit strategy and audit plan based on the revised consideration of assessed risks?
- (a) To expedite the audit process
  - (b) To avoid any discussions with entity management
  - (c) To align with the original audit evidence obtained
  - (d) In response to unexpected events or changes in conditions
- 46.** When might the auditor update the overall audit strategy and audit plan?
- (a) Only at the beginning of the audit engagement
  - (b) After obtaining audit evidence from detailed checking
  - (c) As necessary during the course of the audit
  - (d) Only if there is a change in engagement team members
- 47.** What are the factors that influence the nature, timing, and extent of direction and supervision of engagement team members and the review of their work?
- (a) The financial reporting framework
  - (b) The size and complexity of the entity, the area of the audit, assessed risks of material misstatement, and the competence of team members



- (c) The engagement team members' familiarity with the client
  - (d) The audit fees charged for the engagement
- 48.** What does the auditor need to document concerning the overall audit strategy and audit plan?
- (a) Only the overall audit strategy
  - (b) Only the audit plan
  - (c) Both the overall audit strategy and the audit plan
  - (d) Only significant changes during the audit engagement
- 49.** What does the documentation of the audit plan primarily record?
- (a) Standard audit programs only
  - (b) The overall audit strategy
  - (c) The planned nature, timing, and extent of risk assessment procedures and further audit procedures
  - (d) Changes to the financial reporting framework
- 50.** What is the purpose of documenting significant changes to the overall audit strategy and the audit plan?
- (a) To increase audit fees
  - (b) To create a detailed financial report for the entity
  - (c) To explain why the changes were made and the final audit strategy and plan adopted
  - (d) To expedite the audit process
- 51.** What is the purpose of an audit programme?
- (a) To expedite the audit process
  - (b) To create financial statements for the entity
  - (c) To list examination and verification steps for obtaining sufficient evidence
  - (d) To assess the competence of the audit team
- 52.** How should an audit programme be designed in relation to the assertions discernible in the statements of account?
- (a) It should focus on irrelevant assertions
  - (b) It should be designed without considering assertions
  - (c) It should be designed with a clear understanding of assertions
  - (d) It should prioritize marketing strategies
- 53.** What does an audit programme consist of?
- (a) A series of financial statements
  - (b) A list of internal controls
  - (c) A detailed plan of audit procedures with instructions for appropriate techniques
  - (d) An assessment of the entity's risk tolerance



54. Why is it not practical to have one audit programme applicable to all businesses under all circumstances?
- (a) Businesses are generally similar in nature
  - (b) The size and composition of businesses are constant
  - (c) Businesses vary in nature, size, and composition
  - (d) Internal controls are consistent across all businesses
55. What is the primary reason for specifying in detail the nature of work in the audit programme?
- (a) To increase the complexity of the audit process
  - (b) To ensure uniformity in audit procedures across all businesses
  - (c) To prevent wasting time on irrelevant matters and address specific situations
  - (d) To expedite the audit process
56. What is the initial aim when an auditor frames an audit programme?
- (a) To include all possible audit procedures
  - (b) To provide for a minimum essential work, termed as a standard programme
  - (c) To address all potential issues in the business
  - (d) To expedite the audit process
57. How may the audit programme be altered as experience is gained?
- (a) By increasing the complexity of the audit process
  - (b) By adding unnecessary or irrelevant work
  - (c) By dropping unnecessary or irrelevant work and addressing relevant situations
  - (d) By discouraging assistants from noting and reporting significant matters
58. What is the role of the assistant engaged in the audit job regarding the audit programme?
- (a) To strictly adhere to the given programme without any modifications
  - (b) To keep an open mind and note/report significant matters to seniors or partners
  - (c) To only follow the original programme and not report any issues
  - (d) To expedite the audit process by minimizing communication with seniors
59. Why is a periodic review of the audit programme necessary?
- (a) To increase the complexity of the audit process
  - (b) To minimize the need for reviewing client operations and internal control
  - (c) To assess whether the programme is adequate for obtaining requisite knowledge and evidence
  - (d) To expedite the audit process
60. What consequence may an auditor face if there is a neglect in reviewing the audit programme?
- (a) Increased audit fees
  - (b) Legal consequences and a negligently conducted audit
  - (c) Positive feedback from the client
  - (d) Expedited audit process

- 61.** What is the purpose of periodic review of the audit programme?
- (a) To increase rigidity in the audit process
  - (b) To minimize changes in the business policy of the client
  - (c) To retain and enhance the utility of the audit programme
  - (d) To discourage assistants from observing salient features of client accounting functions
- 62.** What feature does the audit programme typically include besides listing tasks to be carried out?
- (a) Business policy changes
  - (b) Sampling plan and instructions on the extent of checking
  - (c) Detailed financial statements
  - (d) Legal consequences for non-compliance
- 63.** How can an audit programme avoid becoming rigid?
- (a) By strictly adhering to the original instructions
  - (b) By discouraging assistants from observing salient features of client accounting functions
  - (c) By periodically reviewing and updating the programme
  - (d) By minimizing communication with the client
- 64.** What factors should the auditor consider while developing an audit programme?
- (a) Only the internal control's effectiveness
  - (b) The availability of assistants and involvement of other auditors
  - (c) Timing of procedures and availability of internal controls
  - (d) Relying solely on internal controls
- 65.** Under what circumstances might the auditor decide not to rely on internal controls?
- (a) When internal controls are weak
  - (b) When there are more efficient ways of obtaining sufficient appropriate audit evidence
  - (c) When the client requests not to rely on internal controls
  - (d) When internal controls are not documented
- 66.** In some cases, when may the auditor have no discretion as to timing of audit procedures?
- (a) When observing the taking of inventories
  - (b) When reviewing internal controls
  - (c) When verifying securities and cash balances
  - (d) When assessing inherent risks
- 67.** What points should be kept in mind for the purpose of constructing an audit programme?
- (a) Apply all steps and procedures available
  - (b) Coordinate procedures with unrelated items
  - (c) Consider only the most likely possibilities of error
  - (d) Stay within the scope and limitation of the assignment

- 68.** What is the purpose of preparing a written audit programme?
- (a) To expedite the audit process
  - (b) To control the proper execution of work by providing instructions to assistants
  - (c) To limit the evidence available to the auditor
  - (d) To increase the complexity of audit procedures
- 69.** What should the audit programme include for each area?
- (a) Only audit objectives
  - (b) Only procedures
  - (c) Only the scope and limitation of the assignment
  - (d) Audit objectives and sufficient details serving as instructions
- 70.** When does the auditor normally have flexibility in deciding when to perform audit procedures?
- (a) Only during the audit engagement
  - (b) Only when internal controls are strong
  - (c) In most cases, except when there is no discretion as to timing
  - (d) Only when the client requests a specific timing
- 71.** What is the purpose of coordinating procedures for related items in the audit programme?
- (a) To expedite the audit process
  - (b) To limit the evidence available to the auditor
  - (c) To increase the complexity of audit procedures
  - (d) To avoid duplication and ensure completeness
- 72.** What should the auditor consider when determining the evidence reasonably available?
- (a) Only internal controls
  - (b) Only the audit objectives
  - (c) The best evidence for deriving the necessary satisfaction
  - (d) Only the availability of assistants
- 73.** What is the primary task before the auditor when drawing up the audit programme?
- (a) Determining the best evidence for testing assertions
  - (b) Designing internal controls
  - (c) Examining financial statements
  - (d) Interpreting accounting records
- 74.** What is the best evidence for testing the accuracy of any assertion?
- (a) Documentary examination
  - (b) Physical examination
  - (c) Expert knowledge and experience of the auditor
  - (d) Internal controls

- 75.** What is the auditor's primary consideration when prescribing procedures in the audit programme?
- (a) Transaction complexity
  - (b) Availability of evidence for each transaction
  - (c) The type of evidence preferred by the client
  - (d) Internal control effectiveness
- 76.** What is the very basis for formulating the auditor's opinion?
- (a) Internal controls
  - (b) Financial statements
  - (c) Expert knowledge and experience of the auditor
  - (d) Audit evidence
- 77.** What is the auditor's role in using expert knowledge and experience?
- (a) To rely solely on expert knowledge and experience
  - (b) To prescribe procedures in the audit programme based on expert knowledge
  - (c) To determine the best evidence for each transaction
  - (d) To delegate the evaluation of evidence to management
- 78.** What is one advantage of using an audit programme?
- (a) It limits the perspective of the work to be performed
  - (b) It increases the danger of overlooking certain books and records
  - (c) It provides clear instructions for the assistant carrying out the audit
  - (d) It complicates the selection of assistants for major audits
- 79.** Why is an audit programme considered essential, particularly for major audits?
- (a) It complicates the work to be performed
  - (b) It provides a total perspective of the work to be performed
  - (c) It limits the progress of various audits
  - (d) It increases the danger of negligence charges
- 80.** How does an audit programme make the selection of assistants for jobs easier?
- (a) By increasing the danger of negligence
  - (b) By limiting the perspective of the work
  - (c) By providing a mental plan for the work
  - (d) By rationally planning, defining, and segregating the work
- 81.** What is the danger of not having a written and predetermined audit programme?
- (a) It reduces the danger of overlooking certain books and records
  - (b) It limits the progress of various audits
  - (c) It increases the danger of ignoring or overlooking certain books and records
  - (d) It simplifies the selection of assistants

- 82.** What responsibility do assistants accept by putting their signature on the audit programme?
- (a) Responsibility for the negligence of the auditor
  - (b) Responsibility for the mental plan of the work
  - (c) Responsibility for the work carried out by them individually
  - (d) Responsibility for the progress of various audits
- 83.** How does an audit programme serve as a guide for audits in the succeeding year?
- (a) By limiting the progress of various audits
  - (b) By increasing the danger of negligence charges
  - (c) By providing clear instructions for the assistant
  - (d) By serving as evidence in case of negligence charges
- 84.** What is one value of a properly drawn-up audit programme in the event of negligence charges?
- (a) It complicates the selection of assistants
  - (b) It serves as a guide for audits in the succeeding year
  - (c) It increases the danger of negligence charges
  - (d) It may be of considerable value in establishing reasonable skill and care
- 85.** What does the assistant's signature on the audit programme signify?
- (a) Acceptance of responsibility for the mental plan of the work
  - (b) Acceptance of responsibility for negligence charges
  - (c) Acceptance of responsibility for the work carried out individually
  - (d) Acceptance of responsibility for the progress of various audits
- 86.** How does an audit programme contribute to the principal's control of various audits?
- (a) By limiting the progress of various audits
  - (b) By providing a mental plan for the work
  - (c) By serving as evidence in case of negligence charges
  - (d) By examination of audit programmes for completed work
- 87.** What is an advantage of a properly drawn-up audit programme regarding negligence charges?
- (a) It increases the danger of negligence charges
  - (b) It limits the perspective of the work to be performed
  - (c) It may be of considerable value in establishing reasonable skill and care
  - (d) It complicates the selection of assistants for major audits
- 88.** What is a potential drawback of a rigid and inflexible audit programme?
- (a) It encourages efficient and enterprising assistants
  - (b) It fosters understanding of the entire audit scheme
  - (c) It may become mechanical, with parts carried out without understanding
  - (d) It eliminates the need for imaginative supervision

- 89.** What is one disadvantage of an audit programme becoming rigid and inflexible?
- (a) It fosters initiative in efficient and enterprising assistants
  - (b) It renders precaution unnecessary at different points
  - (c) It may still be carried on despite changes in staff or internal control
  - (d) It encourages imaginative supervision
- 90.** How might inefficient assistants defend deficiencies in their work?
- (a) By observing matters objectively
  - (b) By bringing significant matters to the notice of the supervisor
  - (c) By taking shelter behind the audit programme
  - (d) By fostering understanding of the entire audit scheme
- 91.** What is a potential consequence of a hard and fast audit programme?
- (a) It fosters initiative in efficient and enterprising assistants
  - (b) It encourages imaginative supervision
  - (c) It kills the understanding of the object of different parts in the whole audit scheme
  - (d) It eliminates the need for receptive attitudes in the auditor
- 92.** How can the potential disadvantages of a rigid audit programme be eliminated?
- (a) By fostering understanding of the entire audit scheme
  - (b) By eliminating the need for imaginative supervision
  - (c) By encouraging efficient and enterprising assistants
  - (d) By imaginative supervision and encouraging assistants to observe matters objectively

#### Answer Key

1. (c)	2. (c)	3. (b)	4. (c)	5. (c)	6. (d)	7. (c)	8. (a)	9. (b)	10. (d)
11. (c)	12. (c)	13. (d)	14. (b)	15. (c)	16. (c)	17. (d)	18. (b)	19. (d)	20. (c)
21. (c)	22. (c)	23. (b)	24. (b)	25. (d)	26. (b)	27. (d)	28. (c)	29. (c)	30. (c)
31. (b)	32. (b)	33. (b)	34. (c)	35. (c)	36. (d)	37. (d)	38. (b)	39. (a)	40. (c)
41. (b)	42. (c)	43. (d)	44. (b)	45. (d)	46. (c)	47. (b)	48. (c)	49. (c)	50. (c)
51. (c)	52. (c)	53. (c)	54. (c)	55. (c)	56. (b)	57. (c)	58. (b)	59. (c)	60. (b)
61. (c)	62. (b)	63. (c)	64. (b)	65. (b)	66. (a)	67. (d)	68. (b)	69. (d)	70. (c)
71. (d)	72. (c)	73. (a)	74. (c)	75. (b)	76. (d)	77. (b)	78. (c)	79. (b)	80. (d)
81. (c)	82. (c)	83. (a)	84. (d)	85. (c)	86. (d)	87. (c)	88. (c)	89. (c)	90. (c)
91. (c)	92. (d)								

## SOLUTION

1. (c) To plan the audit so that it will be performed in an effective manner
2. (c) To comply with professional standards and perform the audit effectively
3. (b) Identifying potential problems on a timely basis
4. (c) By properly organizing and managing the audit engagement
5. (c) It facilitates the selection of team members with appropriate capabilities and competence
6. (d) By ensuring audit work is adequately and properly planned
7. (c) After the completion of the previous audit engagement
8. (a) Obtaining a general understanding of the legal and regulatory framework
9. (b) To identify and assess the risks of material misstatement
10. (d) To provide assistance based on their expertise in complex matters
11. (c) To allow for iterative consideration of risks and procedures
12. (c) Considering the need for experts based on business complexity
13. (d) At the completion of the current audit engagement
14. (b) To enhance the effectiveness and efficiency of the planning process
15. (c) To enhance the effectiveness of the planning process
16. (c) At any time during the audit engagement
17. (d) To avoid compromising the effectiveness of the audit
18. (b) Evaluating compliance with ethical requirements, including independence
19. (d) Checking whether the relationship with the client should be continued
20. (c) To obtain necessary information and reach appropriate conclusions
21. (c) The integrity of principal owners and key management
22. (c) Their ability to perform the audit engagement
23. (b) To guide the development of the audit plan
24. (b) The scope, timing, and direction of the audit
25. (d) The deployment of resources, such as using experienced team members for high-risk areas
26. (b) The number of team members for inventory count observation
27. (d) The schedule for team briefing and debriefing meetings
28. (c) Well-identified scope of the engagement
29. (c) Ascertainment of reporting objectives
30. (c) Matters that are significant in the auditor's professional judgment
31. (b) Changes in the financial reporting framework
32. (b) To identify and address deficiencies in internal control



- 33. (b) Timetable for reporting by the entity
- 34. (c) The expertise of the engagement team members
- 35. (c) To evaluate the operating effectiveness of internal control
- 36. (d) Assignment of audit work to team members
- 37. (d) To allocate resources appropriately for different audit areas
- 38. (b) Determining the scope, timing, and direction of the audit
- 39. (a) It is less detailed
- 40. (c) The nature, timing, and extent of audit procedures
- 41. (b) Concurrently with the development of the audit plan
- 42. (c) They are closely interrelated, and changes in one may result in consequential changes to the other
- 43. (d) The auditor
- 44. (b) In case of unexpected events, changes in conditions, or new audit evidence
- 45. (d) In response to unexpected events or changes in conditions
- 46. (c) As necessary during the course of the audit
- 47. (b) The size and complexity of the entity, the area of the audit, assessed risks of material misstatement, and the competence of team members
- 48. (c) Both the overall audit strategy and the audit plan
- 49. (c) The planned nature, timing, and extent of risk assessment procedures and further audit procedures
- 50. (c) To explain why the changes were made and the final audit strategy and plan adopted
- 51. (c) To list examination and verification steps for obtaining sufficient evidence
- 52. (c) It should be designed with a clear understanding of assertions
- 53. (c) A detailed plan of audit procedures with instructions for appropriate techniques
- 54. (c) Businesses vary in nature, size, and composition
- 55. (c) To prevent wasting time on irrelevant matters and address specific situations
- 56. (b) To provide for a minimum essential work, termed as a standard programme
- 57. (c) By dropping unnecessary or irrelevant work and addressing relevant situations
- 58. (b) To keep an open mind and note/report significant matters to seniors or partners
- 59. (c) To assess whether the programme is adequate for obtaining requisite knowledge and evidence
- 60. (b) Legal consequences and a negligently conducted audit
- 61. (c) To retain and enhance the utility of the audit programme
- 62. (b) Sampling plan and instructions on the extent of checking
- 63. (c) By periodically reviewing and updating the programme

- 64. (b) The availability of assistants and involvement of other auditors
- 65. (b) When there are more efficient ways of obtaining sufficient appropriate audit evidence
- 66. (a) When observing the taking of inventories
- 67. (d) Stay within the scope and limitation of the assignment
- 68. (b) To control the proper execution of work by providing instructions to assistants
- 69. (d) Audit objectives and sufficient details serving as instructions
- 70. (c) In most cases, except when there is no discretion as to timing
- 71. (d) To avoid duplication and ensure completeness
- 72. (c) The best evidence for deriving the necessary satisfaction
- 73. (a) Determining the best evidence for testing assertions
- 74. (c) Expert knowledge and experience of the auditor
- 75. (b) Availability of evidence for each transaction
- 76. (d) Audit evidence
- 77. (b) To prescribe procedures in the audit programme based on expert knowledge
- 78. (c) It provides clear instructions for the assistant carrying out the audit
- 79. (b) It provides a total perspective of the work to be performed
- 80. (d) By rationally planning, defining, and segregating the work
- 81. (c) It increases the danger of ignoring or overlooking certain books and records
- 82. (c) Responsibility for the work carried out by them individually
- 83. (a) By serving as evidence in case of negligence charges
- 84. (d) It may be of considerable value in establishing reasonable skill and care
- 85. (c) Acceptance of responsibility for the work carried out individually
- 86. (d) By examination of audit programmes for completed work
- 87. (c) It may be of considerable value in establishing reasonable skill and care
- 88. (c) It may become mechanical, with parts carried out without understanding
- 89. (c) It may still be carried on despite changes in staff or internal control
- 90. (c) By taking shelter behind the audit programme
- 91. (c) It kills the understanding of the object of different parts in the whole audit scheme
- 92. (d) By imaginative supervision and encouraging assistants to observe matters objectively