

## **SA 600 - Using the Work of Another Auditor**

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**Select True or False:**

1. Principal Auditor is not required to visit component and examine books of account.
  - a) True
  - b) False
2. Principal Auditor may require Other Auditor to answer a detailed questionnaire.
  - a) True
  - b) False
3. Principal auditor's report should state clearly the number of divisions/branches/subsidiaries or other components audited by other auditor.
  - a) True
  - b) False
4. Sufficient liaison between the principal auditor and the other auditor is not mandatory.
  - a) True
  - b) False
5. Principal Auditor is not required to consider the professional competence of other auditor if the other auditor is a member of ICAI.
  - a) True
  - b) False
6. The principal auditor always performs supplemental tests of the records or the financial statements of the component.
  - a) True
  - b) False
7. Where the other auditor's report is other than unmodified, the principal auditor should also document how he has dealt with the qualifications or adverse remarks contained in the other auditor's report in framing his own report.
  - a) True
  - b) False
8. The nature, timing and extent of principal auditor's procedures will depend on the circumstances of the engagement and the principal auditor's knowledge of the professional competence of the other auditor.
  - a) True
  - b) False

### MCQs on Engagement and Quality Control Standards

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9. The principal auditor would not be responsible in respect of the work entrusted to the other auditor, except in circumstances which should have aroused his suspicion about the reliability of the work performed by the other auditor.
- a) True
  - b) False

#### Fill in the blanks:

10. When the principal auditor concludes, that the work of the other auditor cannot be used and the principal auditor has not been able to perform sufficient additional procedures regarding the financial information of the component audited by the other auditor, the principal auditor should express a \_\_\_\_\_.
- a) Qualified opinion
  - b) Unqualified opinion
  - c) Disclaimer of opinion
  - d) Qualified or Disclaimer of Opinion
11. The principal auditor should obtain \_\_\_\_\_, that the work of other auditor is adequate for his purposes.
- a) Written representation
  - b) Audit evidence
  - c) Sufficient appropriate audit evidence
  - d) Declaration
12. If the principal auditor requires the other auditor to answer a detailed questionnaire regarding matters on which the principal auditor requires information for discharging his duties, the other auditor \_\_\_\_\_ respond to such questionnaire.
- a) Should
  - b) May
13. The principal auditor should \_\_\_\_\_ the other auditor of any matters that come to his attention that he thinks may have an important bearing on the other auditor's work.
- a) Advise
  - b) Communicate
  - c) Discuss
14. The other auditor, knowing the context in which his work is to be used by the principal auditor, should \_\_\_\_\_ with the principal auditor.
- a) Coordinate
  - b) Cooperate

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15. When the principal auditor uses the work of another auditor, the principal auditor should \_\_\_\_\_ how the work of the other auditor will affect the audit.
- a) Consider
  - b) Determine

**Choose the correct option from the following:**

16. The Principal Auditor may discuss audit findings of other auditor with:
- a) Only with Other Auditor of component
  - b) Only with Management of component
  - c) Other auditor and the management of component.
17. This Standard does not cover:
- I. Joint audits
  - II. Relationship with predecessor auditor

**Choose the correct option:**

- a) I only
  - b) II only
  - c) I & II both
18. Auditor responsible for reporting on financial information of an entity when it includes financial information of one or more components audited by another auditor is:
- a) Principal Auditor
  - b) Other Auditor
19. The following has to be documented by principal auditor:
- I. Names of the other auditors
  - II. Components' significance to the financial information of the entity as a whole
  - III. Conclusions reached

**Choose the correct option:**

- a) I only
- b) I & II
- c) II & III
- d) All of the above

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20. Is a modification required in principal auditor's report when the other auditor issues, or intends to issue, a modified auditor's report?
- a) Yes, the principal auditor should consider whether the subject of the modification is of such nature and significance, in relation to the financial information of the entity on which the principal auditor is reporting.
  - b) No, the principal auditor does not have to modify his report.
21. On what basis the auditor should consider whether the auditor's own participation is sufficient to be able to act as the principal auditor:-
- I. The materiality of the portion of the financial information which the principal auditor audits;
  - II. The principal auditor's degree of knowledge regarding the business of the components;
  - III. The risk of material misstatements in the financial information of the components audited by the other auditor;
  - IV. The performance of additional procedures as set out in this SA regarding the components audited by other auditor resulting in the principal auditor having significant participation in such audit.

**Choose the correct option:**

- a) None of the Above
  - b) I & II Only
  - c) II & III Only
  - d) All of the Above
22. When the principal auditor concludes that the financial information of a component is immaterial,
- a) The procedures outlined in this SA do not apply
  - b) The procedures outlined in this SA always apply
  - c) Depends on the auditor's judgement
23. As per SA 600, component means:
- a) A division, branch, subsidiary, joint venture, associated enterprises or other entity
  - b) A division or a branch
  - c) Subsidiary, joint venture or associated enterprises
  - d) Subsidiaries

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24. When using the work of another auditor, the principal auditor should ordinarily perform the following procedures:
- a) Advise the other auditor of the use that is to be made of the other auditor's work
  - b) Inform the other auditor of matters such as areas requiring special consideration
  - c) Procedures for the identification of inter-component transactions that may require disclosure
  - d) Advise the other auditor of the significant accounting, auditing and reporting requirements
  - e) None of Above
  - f) All of above

25. **Match the following:**

a)	Principal Auditor's Procedure	1	Auditor responsible for reporting on financial information of a component.
b)	Principal Auditor	2	Obtain sufficient appropriate evidence that work of other auditor is adequate.
c)	Other Auditor	3	Auditor responsible for reporting on financial information of an entity where that entity has a component.