

1.

The auditor shall plan the nature, timing and extent of direction and supervision of engagement team members and the review of their work. The nature, timing and extent of the direction and supervision of engagement team members and review of their work vary depending on many factors. Explain giving examples.

2.

The auditor shall document the overall audit strategy, the audit plan and any significant changes made to the overall audit strategy or the audit plan. Explain in detail giving examples.

3.

Evolving one audit programme applicable to all business under all circumstances is not practicable. Explain clearly stating in detail the meaning of audit programme.

4.

What could be considered material for all situations cannot be defined precisely and an amount or transaction material in one situation may not be material in other situation. Explain.

5.

You are being appointed as the auditor of Track Ltd. for the first time. You want to determine the materiality level and for that you have applied percentage to choose benchmark as a starting point in determining materiality for the financial statements as a whole. What are the factors that may affect the identification of an appropriate benchmark?

6.

Financial reporting frameworks often discuss the concept of materiality in the context of the preparation and presentation of financial statements. Explain

7.

Planning is not a discrete phase of an audit, but rather a continual and iterative process that often begins shortly after the completion of the previous audit and continues until the completion of the current audit engagement. Planning includes the need to consider certain matters prior to the auditor's identification and assessment of the risks of material misstatement. Explain clearly stating those matters also.

8.

The auditor's determination of materiality is a matter of professional judgment, and is affected by the auditor's perception of the financial information needs of users of the financial statements. In this context, explain the auditor's assumptions about users of the financial statements.

9.

CA Vikas Jain discussed with his audit team about advantages and disadvantages of audit programme. He explained to his team that –“work may become mechanical” as disadvantage of the audit programme. Discuss explaining the disadvantages of an audit programme (4 Marks)

10.

You have been appointed as an auditor of MKP Ltd. for the first time. Discuss briefly, the factors to be considered by you while establishing overall audit strategy. (4 Marks)

1. Which of the following SAs deals with auditor's responsibilities w.r.t. audit planning in an audit of financial statements

- a) SA 300
- b) SA 315
- c) SA 320
- d) SA 330

2. The auditor shall

- a) Establish audit strategy on the basis of overall audit plan.
- b) Develop overall audit plan on the basis of audit strategy
- c) Both (a) and (b)
- d) None of these

3. The audit plan is _____ detailed than the overall audit strategy.

- a) Less
- b) More
- c) Equal

4. Which of the following enable the auditor to conduct an effective audit in an efficient and timely manner?

- a) Audit Strategy
- b) Audit Plan
- c) Audit Programme
- d) Knowledge of the client's accounting system

5. Audit Plan should be based on

- a) Knowledge of client's business
- b) Knowledge of the applicable financial reporting standards
- c) Knowledge of the required accounting and auditing standards
- d) Nature and size of the business

6. Planning is _____ process of an audit that often begins shortly after (or in connection with) the completion of the previous audit and continues until the completion of the current audit engagement.

- a) Continuous
- b) Discreet
- c) Neither continuous nor discreet.

7. The auditor shall develop an audit plan that include a description of:

- a) The nature, timing and extent of planned risk assessment procedures.
- b) The nature, timing and extent of planned further audit procedures at the assertion level.
- c) Other planned audit procedures that are required to be carried out so that the engagement complies with SAs.
- d) All of the above

8. An auditor who accepts an audit but does not possess the industry expertise of the business entity should

- a) Engage experts
- b) Obtain knowledge of matters that relate to the nature of entity's business
- c) Inform management about it
- d) Take help of other auditors

9. Auditor can obtain knowledge of client's business from

- a) Discussion with people within client entity
- b) Publication relating to industry
- c) Previous experience
- d) All of these

10. Benefit(s) of audit planning is

- a) Helping auditor to devote appropriate attention on important areas of the audit
- b) Better preparation of engagement letter
- c) Effective communication with retiring auditor
- d) It ensure compliance with applicable law and regulation

11. Planning should be made to cover, among other things:

- a) acquiring knowledge of the client's accounting system, policies and internal control procedures
- b) establishing the expected degree of reliance to be placed on internal control
- c) coordinating the work to be performed
- d) all of above