**378. \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ means audit evidence obtained as direct written response from a third party in paper/electronic form.**

**a)** Internal Confirmation

**b)** External Confirmation

**c)** Written Representation

**d)** All of above

**379. Which of the following SAs deals with auditor’s responsibilities to design and perform external confirmation procedures to obtain relevant and reliable audit evidence**

**a)** SA 580

**b)** SA 330

**c)** SA 500

**d)** SA 505

**380. A request that the confirming party respond directly to the auditor indicating whether the confirming party agrees or disagrees with the information in the request, or providing the requested information, is**

**a)** Negative Confirmation Request

**b)** Exception

**c)** Positive Confirmation Request

**d)** Non-Response

**381. A request that the confirming party respond directly to the auditor only if the confirming party disagrees with the information provided in the request, is**

**a)** Negative Confirmation Request

**b)** Positive Confirmation Request

**c)** Exception

**d)** Non Response

**382. A response that indicates a difference between information requested to be confirmed, or contained in the entity’s records, and information provided by the confirming party, is**

**a)** Error

**b)** Exception

**c)** Fraud

**d)** All of above

**383. A failure of the confirming party to respond, or fully respond, to a positive confirmation request, or a confirmation request returned undelivered is called**

**a)** Disagreement

**b)** Confirmation failure

**c)** Restriction on auditor’s scope

**d)** Non-Response

**384. The auditor should use negative confirmation request if**

**a)** Population comprises a large number of small, homogeneous account balances or transactions

**b)** The auditor has assessed the risk of material misstatement as low

**c)** A very low exception rate is expected

**d)** All of above

**385. Factors to be considered when designing confirmation request:**

**a)** Prior experience of auditor

**b)** Assertions being addressed

**c)** Information to be confirmed

**d)** All of above

**386. In case any exception is identified by auditor by conducting external confirmation, he shall perform**

**a)** Alternative audit procedures

**b)** Additional audit procedures

**c)** Test of Controls

**d)** Both (a) and (b)

**387. In case of non-response in the process of external confirmation, the auditor shall perform**

**a)** Alternative audit procedures

**b)** Additional audit procedures

**c)** Test of Controls

**d)** Both (a) and (b)

**388. \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ should carefully plan and control external confirmation**

**a)** Management

**b)** TCWG

**c)** Auditor

**d)** All of these in consultation with one another

**389. Where no reply is received during the performance of direct confirmation procedures as part of audit of accounts receivable balances, the auditor should perform:**

**(a)** No additional testing

**(b)** Additional testing including agreeing the balance to cash received; agreeing the detail of the respective balance to the customer’s remittance advice

**(c)** Additional testing including preparing a detailed analysis of the balance, ensuring it consists of identifiable transactions and confirming that these revenue transactions actually occurred

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

**390. Which of the following statement is not true, if management refuses to allow the auditor to send a confirmation request**

**a)** Inquire as to management’s reasons for the refusal, and seek audit evidence as to their validity and reasonableness

**b)** The auditor also shall determine the implication for the audit and the auditor’s opinion in accordance with standards on auditing

**c)** Evaluate the implication of management’s refusal on the auditor’s assessment of the relevant risk of material misstatement, including the risk of fraud, and on the nature, timing and extent of other audit procedures.

**d)** Auditor shall withdraw from engagement**.**

**391. The auditor shall investigate exceptions to determine whether or not**

**a)** They are indicative of misstatements

**b)** The audit evidence is sufficient and appropriate

**c)** It is conclusive to conclude

**d)** All of the above

**392. State which of the following statement is true, with the auditor’s use of external confirmation procedures to obtain audit evidence as per SA 505**

**a)** Positive confirmation provide less persuasive audit evidence than negative confirmation

**b)** Positive confirmation provide less conclusive audit evidence than negative confirmation

**c)** Negative confirmation provide less conclusive audit evidence than positive confirmation

**d)** Negative confirmation provide less persuasive audit evidence than positive confirmation

**393. The auditor shall not use negative confirmation requests as the sole substantive audit procedure to address an assessed risk of material misstatements at**

**a)** At initial audit engagement level

**b)** The time, when the auditor is aware of circumstances or condition that would cause recipients of negative confirmation requests to disregard such requests

**c)** The assertion level

**d)** All of the above

**394. A refusal by management to allow the auditor to send a confirmation request**

**a)** is a limitation on the scope of audit

**b)** is a limitation on the audit evidence

**c)** is a limitation on the audit documentation

**d)** All of the above

**395. State which of the following circumstance, refusal by management to allow the auditor to send a confirmation request is reasonableness as per SA 505**

**a)** Existence of a legal dispute

**b)** Ongoing negotiation with TCWG

**c)** When the reason for exception available

**d)** All of the above

**396. When the auditor evaluates the evidence obtained and response received from the third party is unreliable, then which one of the best option available to the auditor**

**a)** Perform alternative audit procedure to obtain relevant and reliable audit evidence

**b)** Revise the assessment of the risk of material misstatement at the assertion level and modify planned audit

**c)** The auditor shall communicate with TCWG in accordance with SA 260

**d)** The auditor shall determine the implications for the audit and auditor’s opinion in accordance with SA