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Author
CA. Sarthak Niraj Jain
Edition-4

CA FINAL

ADVANCED AUDITING, ASSURANCE AND PROFESSIONAL ETHICS

CA. Sarthak Niraj Jain

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1

CHAPTER

QUALITY CONTROL

INTEGRATED CASE SCENARIO

Case CA Mritunjay is statutory auditor of a listed company engaged in providing services relating to "tourism sector". He is practicing in sole-proprietorship capacity. The audit of above said listed company was conducted by his proprietary firm attend report was issued for year 2021-22. Subsequently, audit report was selected by NFRA to oversee quality of service and compliance with Standards. Necessary information was called from auditor towards above objective.

It was required of him to produce audit working papers to show that audit was carried out in accordance with Standards on auditing. Details of the audit plan and details of risk assessment procedures carried out to identify and assess risk of material misstatement in financial statements were called. It was also required to show how response to assessed risks was designed and implemented and communicated with those charged with governance.

Audit working papers sent by him through email included procedures on how some balances in financial statements were verified. Also included in working papers were procedures performed by him relating to verification of inventories, trade receivables and trade payables. The working papers sent by him to the authority did not include details on audit plan and manner of identifying and assessing risks of material misstatement. On being asked to respond, it was reasoned by him that audit was properly planned and required procedures were carried out in relation to material items on test check basis.

It has been further clarified by him to the authority that audit was carried out in accordance with Standards and it was practically not feasible for a firm of small size to make a detailed audit plan. It was also put on record with authority that he had assessed risk of material misstatement to be low based upon his understanding of the company. He has further reasoned that assessing risks is a matter of professional judgment. Representation has also been made by him stating that communications as necessary were made orally with those charged with governance.

It was also pointed out to him that engagement quality control review was not carried out. He has answered that no contentious matter arose during the course of audit and therefore, no need was felt to carry out this exercise.

Attention was also drawn to the fact that financial statements of company were required to be prepared on basis of Ind-AS. However, at some places in notes to accounts, reference is made to accounting standards which are not applicable to the company. These errors have been attributed to data feeding entry errors by junior staff.

(Study Material)

MCQs Based upon above, answer the following questions: -

1. It has been contended by auditor that audit was properly planned. He has further stated that it was practically not feasible for firm of small size to prepare a detailed audit plan. Which of the following views is most appropriate in this regard?
 - a) Audit was, in fact, planned as evidenced by auditor's submissions.
 - b) Although auditor has no record of audit plan, it does not affect compliance with SA 220.
 - c) Since auditor has no record of audit plan, it goes on to show non-compliance with SA 220.
 - d) Audit was, in fact, planned as evidenced by auditor's submissions. However. There is an exemption for small CA firms doing away with cumbersome documentation in relation to audit plan.
2. The auditor has reasoned that risk of material misstatement has been assessed to be low based upon his understanding of the company and it is a matter of professional judgment. Identify the most appropriate statement from below in this regard.

- a) Assessing risks of material statement is a matter of professional judgment. It cannot be demanded from him how his judgment was arrived at.
- b) Although auditor has not submitted record of how risk of material misstatement was arrived at, it does not affect compliance with SA 220.
- c) Since auditor has no record of how risk of material misstatement was arrived at, it goes on to show non-compliance with SA 220.
- d) Such a query, itself, is outside the mandate of authority.
3. **Considering auditor's point of view regarding engagement quality control review, identify the most appropriate statement from below: -**
- a) Engagement quality control review is mandatory in such type of engagement. It was not proper for auditor to bypass such review. He has violated mandatory requirement of SA 220.
- b) Engagement quality control review is optional in such type of engagement. Therefore, question of not following SA 220 does not arise.
- c) No contentious matter arose during the course of engagement. Therefore, question of not following SA 220 does not arise in respect of engagement quality control review.
- d) Engagement quality control review is dependent upon benchmarks established under SQC 1. If those bench marks are satisfied, such a review is necessary.
4. **Considering auditor's reply regarding errors in data feeding entry by junior staff in relation to accounting standards, which of the following statements is proper?**
- a) Such are examples of clerical errors encountered during preparation of reports. There is no question of non-compliance with SA 220.
- b) Such are examples of clerical errors encountered during preparation of reports. There is no effect on auditor's opinion and consequently question of non-compliance with SA 220 does not arise.
- c) Such are examples of serious lapses on part of auditor showing non-compliance with SA 220.
- d) Such are examples of serious lapses on part of auditor. However, these are not related to compliance with SA 220.
5. **On your overall reading of the case study, which of the following statements appears to be true?**
- a) The firm has an effective system of quality control described in SQC 1. Audit engagement has also been performed in accordance with SA-220.
- b) The firm does not have effective system of quality control described in SQC 1. Audit engagement has also not been performed in accordance with SA 220.
- c) SQC 1 is not applicable in the case. Audit engagement has not been performed in accordance with SA 220.
- d) SQC 1 is not applicable in the case. Audit engagement has been performed in accordance with SA 220.

ANSWERS

1.	(c)	2.	(c)	3.	(a)	4.	(c)	5.	(b)
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SQC 1, SA 220
QUALITY CONTROL FOR AN AUDIT OF FINANCIAL STATEMENTS

1.	A basic objective of a CA firm is to provide professional services that conform with professional standards. Reasonable assurance of achieving this basic objective is provided through a) A system of peer review. b) Continuing professional education. c) A system of quality controls. d) Compliance with generally accepted reporting standards.	(c)
2.	The examination by CA S of a CA Firm's auditing practices to ascertain compliance with its quality control system by ICAI is: a) Compliance audit b) Examination c) Peer review d) Quality control audit	(c)
3.	The firm is to be staffed by personnel who have attained and maintained the technical standards and professional competence required to enable them to fulfill their responsibilities with due care is the objective of what quality control policy? a) Professional Requirements b) Skills and Competence c) Assignment d) Delegation	(b)
4.	Which of the following is not an element of professional requirements as prescribed by quality control policies for an audit firm? a) Independence b) Integrity c) Confidentiality d) Prudence	(d)
5.	It involves informing assistants of their responsibilities and the objectives of the procedures they have to perform: a) Supervision b) Monitoring c) Directing d) Consultation	(c)
6.	Which of the following is not required by the auditing standards that states that due professional care is to be exercised in the performance of the audit? a) Observance of the standards of field work and reporting b) Critical review of the audit work performed at every level of supervision c) Degree of skill commonly possessed by others in the profession. d) Responsibility for losses because of errors of judgment	(d)
7.	A CA, while performing an audit, strives to achieve independence in appearance in order to a) Reduce risk and liability. b) Comply with the generally accepted standards of field work c) Become independent in fact. d) Maintain public confidence in the profession.	(d)
8.	Information which assists the auditor in accepting and continuing of relationship with the client as per SA 220. a) Behavior of employees of the entity. b) Integrity of principal owners. c) Qualification of the Auditor. d) Size of the entity.	(b)
9.	Objectives of SQC 1 is to establish & maintain a system of quality control to provide reasonable assurance that: a) The firm comply with relevant standards and regulatory and legal requirements, b) Personnel comply with relevant standards and regulatory and legal requirements, c) Reports issued are appropriate in the circumstances d) All of the above	(d)

10.	Reasonable assurance in the context of this SQC means a) A high, but not absolute, level of assurance b) A high, and absolute, level of assurance c) A low, but absolute, level of assurance d) A high and 100 % assurance	(a)
11.	Internal culture recognizing quality control includes compliances with: a) Professional Standards b) Quality control policies of the firm c) Laws and Regulations d) All of the above	(d)
12.	Elements of a system of quality control includes: a) Leadership Responsibilities b) Relevant Ethical Requirement c) Independence d) All of the above	(d)
13.	<p>Bansal Arora & Co., a Chartered Accountants firm, is currently performing an audit for Wool Ltd., a sizable manufacturing company. Mr. Bhavesh Bansal, an experienced audit engagement partner, holds the responsibility of ensuring that the audit engagement aligns with the professional standards, adheres to regulatory requirements, and complies with the legal obligations. His duties encompass the overall supervision, direction, and the final issuance of the audit report.</p> <p>While conducting the audit, the engagement team encounters a complex issue pertaining to the valuation of the company's inventory. Within the team, there are difference of opinions on how to address this matter, resulting in a contentious situation.</p> <p>What is Mr. Bhavesh's responsibility in this situation? (RTP-May-2024)</p> a) Mr. Bhavesh shall adhere to the firm's policies only for addressing and resolving differences of opinion. b) Mr. Bhavesh should secure management's representation concerning the valuation and proceed with further audit procedures. c) Mr. Bhavesh should ensure that appropriate consultation occurs within the engagement team and, if necessary, with individuals at an appropriate level within or outside the firm. d) Mr. Bhavesh should communicate the issue to the client's management for resolution.	(c)
14.	<p>PMP Ltd. is an associate of PMP INC, a company based in Kuwait. PMP Ltd. is listed in India having its corporate office at Assam. The company's operations have remained stable over the years and the management is looking to expand the operations for which the management is considering different business ventures. The company's auditors issued clean audit report on the audit of the financial statements for the year ended 31 March 2023. For the financial year ended 31 March 2024, the auditors made some changes in their audit team. While the audit partner remained the same, the field in charge has been replaced, as the field in charge who was engaged in the audit of the financial statements for the year ended 31 March 2023 has left the firm. The audit team has a new person as external quality control reviewer (EQCR) who has specialized knowledge of the industry in which the company is operating. EQCR has been employed with the firm for over 2.5 years and is yet to clear his CA (chartered accountancy) final exams. The changes were made on the basis of the consideration that the firm has enough experience of engagement with this client. The audit team commenced the work for audit of the year ended 31 March 2024 after detailed planning and it was observed that EQCR had various comments on certain matters which were not accepted by the audit partner. Audit partner had better understanding of the client and after assessing the comments of the EQCR did not find those relevant. The audit partner without concurrence of the EQCR finalized the audit and issued the audit report. In the given situation, please advise which one of the following is correct?</p> <p style="text-align: right;">(ICAI-MCQs Booklet)</p>	(a)

	<p>a) The changes in the audit team were not appropriate except for the field in-charge who had left the firm. EQCR should have been a member of the Institute of Chartered Accountants of India (ICAI).</p> <p>b) The audit partner did the right thing by ignoring the comments of EQCR as he is the final authority to decide on any matter and take decisions. Further EQCR was junior to the audit partner.</p> <p>c) The audit partner must discuss each and every comment of EQCR with the client and ensure that a proper disclosure in respect of those points should be made either in the financial statements or the audit report.</p> <p>d) EQCR had sufficient and appropriate experience. He should have been given the authority to objectively evaluate various matters, before the report is issued, the significant judgments the engagement team made and the conclusions they reached in formulating the report. By ignoring the comments of the EQCR, audit partner took additional professional responsibility on himself. By considering the comments of EQCR, he could have passed the responsibility to EQCR.</p>	
15.	<p>VKPL & Associates, a firm of Chartered Accountants, have been operating for the last 5 years having its office in Gurgaon. The firm has staff of around 25 persons with 3 partners. The firm has been offering statutory audit, risk advisory and tax services to its various clients. The major work of the firm is for taxation services. The audit partners also discussed that the firm needs to work significantly to improve the quality of the services they offer and that would also help the firm to grown its business. Considering this objective, the firm started training programmes for the staff which were made mandatory to be attended.</p> <p>During one of the training programmes on quality, a topic was discussed regarding the information that should be obtained by the firm before accepting an engagement with a new client, when deciding whether to continue an existing engagement, and when considering acceptance of a new engagement with an existing client.</p> <p>It was explained that the following points may assist the engagement partner in determining whether the conclusions reached regarding the acceptance and continuance of client relationships and audit engagements are appropriate (as per SA 220):</p> <p>(I) the integrity of the principal owners, key management and those charged with governance of the entity;</p> <p>(ii) the qualification of all the employees of the entity;</p> <p>(iii) whether the engagement team is competent to perform the audit engagement and has the necessary capabilities, including time and resources;</p> <p>(iv) the remuneration offered by the entity to its various consultants;</p> <p>(v) whether the firm and the engagement team can comply with relevant ethical requirements; and</p> <p>(vi) significant matters that have arisen during the current or previous audit engagement, and their implications for continuing the relationship.</p> <p>We would like to understand from you which of the above mentioned points are relevant for the topic under discussion or not?</p> <p style="text-align: right;">(RTP-Nov-2019, ICAI-MCQs Booklet)</p> <p>a) i, ii, iv and v. b) ii, iv, v and vi. c) iii, iv, v and vi. d) i, iii, v and vi.</p>	(d)
16.	<p>AK & Co., a firm of Chartered Accountants, have been operating for the last 6 years. Due to the quality of service offered by the firm, it has made its name and is quite renowned especially in southern India where its head office is located. The firm has a staff size of 240 including graduates, Chartered Accountants, management consultants, company secretaries and lawyers. The firm has 3 branches other than head office at Bangalore, Chennai and Pune. The firm has got many clients for statutory audit over the period and ensures that to maintain the quality of work, proper planning is done by each team before starting any engagement.</p> <p>One of the engagement team, picked up for statutory audit of sun private ltd, was involved in the process of planning of audit for the financial year ended 31 March, 2024.</p> <p>The audit for the financial year ended 31 March, 2023 was conducted by a different engagement team. However, the engagement team of sun private Ltd. for the current year has got the industry experience.</p>	(a)

	<p>The audit team is confused during the planning work and would like to have your views on following points. Please advice by answering one of them. (ICAI-MCQs Booklet)</p> <p>a) The engagement team should consult the previous year's engagement team during the course of their planning.</p> <p>b) The engagement team should be independent and hence cannot consult the previous year's engagement team during the course of their planning.</p> <p>c) The engagement team needs to maintain confidentiality and hence cannot consult the previous year's engagement team during the course of their planning.</p> <p>d) Only the Partner who is going to sign the audit report may consult the previous year's audit team.</p>	
17.	<p>Rim Private Ltd. is engaged in the business of manufacturing of steel having annual turnover of INR 10,000 Crores. The company is very capital intensive and has its plants at two locations – Mohali and Hosur.</p> <p>During the year ended 31 March, 2024, the company carried out a detailed physical verification of its property, plant and equipment and also reassessed their useful lives by engaging a consultant. The consultant submitted its report to the management on 21 April, 2024.</p> <p>The statutory auditors of the company started their audit work from May 2024 and when this information was given to them regarding the physical verification and the reassessment of the useful lives of property, plant and equipment, the auditors told the management that the consultant should have submitted its report to the auditors also independently. Further, in the absence of this direct communication of the report of the consultant to the auditors, the audit team would have to review the work of the consultant which is not efficient but it cannot be avoided now.</p> <p>Management did not agree with both the points of the auditors that the consultant should have shared report with the auditors directly and that the auditors need to review the work of the consultant. The management would like to have your views on this matter. (ICAI-MCQs Booklet)</p> <p>a) The view of the management seems to be correct because there is no such requirement that any consultant of the company should share his report directly with the auditor. Also when the consultant has already submitted a detailed report, no further review is required on that.</p> <p>b) Both the management and auditors are not correct. The auditor is not supposed to receive there port directly. Further, the auditor needs to review the work of the consultant irrespective of the fact whether he received the report directly or not.</p> <p>c) The auditor's requirements are reasonable because he carries duty in respect of audit of financial statements and by not getting report directly from the consultant he would not know whether it belongs to that consultant or not. And now only because of this lack of proper communication the auditor would have to review the work of the consultant</p> <p>d) Both management and auditors should find a solution to this problem. The management may request the consultant to send the report to the auditor directly now. On the basis of the same, the auditor can avoid unnecessary procedure related to review of report of the consultant.</p>	(b)
18.	<p>What is the maximum recommended time limit within which assembly of engagement files should be completed after the engagement reports have been finalized? (ICAI)</p> <p>a) 30 days b) 65 days c) 45 days d) 60 days</p>	(d)
19.	<p>At least, the firm should obtain written confirmation of compliance with its policies and procedures on independence from all firm personnel required to be independent in terms of the requirements of the Code. (ICAI)</p> <p>a) Half yearly b) Annually c) Once in two years d) Once in three years</p>	(b)
20.	<p>What is excluded from the definition of "Firm"? (ICAI)</p> <p>a) Sole practitioner b) Partnership</p> <p>c) Corporation d) Other entity of professional accountants</p>	(c)

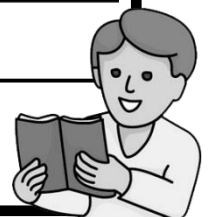
OTHER TOPICS OF THE CHAPTER

A basic objective of a peer review of practice unit is to ensure -	
a) Compliance of technical, Professional and ethical standard as applicable. b) Have in place proper systems including documentation. c) Compliance with generally accepted reporting standards. d) a and b.	
Technical, professional and ethical standards includes following, except:	
a) Accounting standard. c) Guidance notes on related services.	b) Engagement and quality control standard d) Institutes Journal.
An audit firm is the subject of the peer review, please indicate the maximum number of years in the review cycle:	
(MTP-May-2019)	
a) 1 year c) 4 years	b) 3 years d) 5 years
<p>Mr. Q, a peer reviewer appointed for the firm ABC & Co. For the period under review starting from 2017-18 to 2019-2020 decided to select 5 samples of audit engagement. All samples were appropriate, and no deviations or issues were identified in the review with respect to those samples. Post that, Mr. Q reviewed the training & development program for the staff, article assistant and other assistant and he found that the training and development program were not appropriate and rather out dated. The staff, article assistant and other assistant placed on the audits were not trained related to the specific matters of the industries to which the audit client belonged. As a result, the peer reviewer included a comment in the preliminary report regarding training programmes for staff (including articulated assistant and other audit assistants) concerned with assurance functions, including availability of appropriate infrastructure. Upon receiving such preliminary report, the practice unit raised concerns that the said comment of peer reviewer is related to the matter which is out of scope of the peer review.</p> <p>Kindly decide whether the comment of peer reviewer on the training programmes for staff (including articulated assistants and other audit assistants) concerned with assurance functions is within the scope of peer review or not?</p>	
(MTP-Dec-2021)	
a) The Review shall only cover Compliance with Technical, Professional and Ethical Standards, Quality of reporting, Systems and procedures for carrying out assurance services, Compliance with directions and / or guidelines issued by the Council to the Members and Compliance with directions and / or guidelines issued by the Council in relating to article assistants and / or audit assistants. Hence the comment of peer reviewer on the training programmes for staff (including articulated and other assistants) concerned with assurance functions is not within the scope of peer review.	
b) The Statement defines the scope of peer review which revolves around compliance with technical, ethical and professional standards; quality of reporting; office systems and procedures with regard to compliance of assurance engagements; and, training programmes for staff including articulated and audit assistants involved in assurance engagements. Hence the comment of peer reviewer on the training programmes for staff (including articulated and other assistants) concerned with assurance functions is within the scope of peer review.	
c) The Statement of Peer Review makes it clear that the peer review, "does not seek to redefine the scope and authority of the Technical, Professional and Ethical Standards specified by the Council but seeks to enforce them within the parameters prescribed by the Technical Standards but only seeks to ensure that they are implemented, both in letter and spirit. Therefore, it is evident that the scope of peer review is restricted to the compliance Technical, Professional and Ethical Standards	
d) The scope of Peer Review is decided by the Practice Unit and Peer Reviewer Mutually and hence if the Practice Unit is contending that it is out of scope then it should be considered as out of scope.	

5. VMC & Co., a firm of Chartered Accountants, has been auditing the financial statements of Reyox Ltd., a listed company, for the past 10 years. CA Rajat, an engagement partner, has led the audit team throughout this period. A recent quality control review raised concerns regarding a familiarity threat, as CA Rajat had developed a close relationship with key management personnel of the client. Which of the following would be the most appropriate course of action for VMC & Co. to mitigate the threat of independence and objectivity in this case as per SQC 1 in this scenario? (RTP-Sept-2025) (c)
- a) Continue with the same engagement partner, as long as documentation evidences independence in mind and appearance.
 - b) Appoint a second partner to assist CA Rajat, but allow him to continue as the lead engagement partner.
 - c) Rotate the engagement partner and appoint another qualified partner to lead the audit engagement.
 - d) Request Reyox Ltd. to change their finance team to reduce familiarity threats from the client's side.

“

Important Notes



2

CHAPTER

GENERAL AUDITING PRINCIPLES AND AUDITORS RESPONSIBILITIES

INTEGRATED CASE SCENARIO

Case	<p>CA. Biswajit is conducting audit of "Have More Limited". He is auditor of the company since last three years and has found nothing unusual in operations and financial statements of the company. The company has many locations where substantial inventories are stored and lying. During his fourth year stint, he finds that inventory quantities have risen disproportionately as compared to past few years trends. He has assessed existence of risk of material misstatement due to fraud.</p> <p>The company has revenue of ₹ 750 core during the year. He has deeply verified all aspects pertaining to revenue recognition of the company and has concluded that there is no risk of material misstatement due to fraud related to revenue recognition.</p> <p>During the course of audit, it has come to his knowledge that company is also required to install online air pollution control monitoring systems in its plant as mandated in state pollution control legislation and regulations. Non-installation of such online air pollution control monitoring systems may lead to fines and even sealing of plant.</p> <p>While verifying pay roll data of the company, it has come to notice that provisions of law preventing employment of child labour are not being adhered to and company is employing child labour in flagrant violation of rules in this regard. The company also exports part of its turnover and matter has gone unnoticed in compliance audits carried out by agencies of overseas buyers.</p> <p style="text-align: right;">(Study Material)</p>
MCQs	<p>On the basis of above, answer the following questions: -</p>
1.	<p>Considering description of disproportionate rise in inventory quantities, which of the following is not likely to be an appropriate response to outlined assessed risk of material misstatement due to fraud?</p> <ol style="list-style-type: none"> Observing inventory counts at all locations at same date by employing necessary resources. Observing inventory counts at certain locations after prior intimation. More rigorous examination of packed items during observing inventory count process. Observing inventory count at end of reporting period to minimize risk of manipulation.
2.	<p>It has been concluded by auditor that there is no risk of material misstatement due to fraud related to revenue recognition. Which of the following statements is most appropriate in this respect?</p> <ol style="list-style-type: none"> The auditor needs to document reasons for arriving at conclusion that there is no risk of material misstatement due to fraud related to revenue recognition. Identified and assessed risks of material misstatement due to fraud need to be documented. Since no risk of material misstatement due to fraud pertaining to revenue recognition was identified, separate documentation in this respect is not needed. The auditor needs only to document that no risk of material misstatement due to fraud relating to revenue recognition was identified. The auditor needs to give reference to discussion among engagement team members to document that no risk of material misstatement due to fraud relating to revenue recognition was identified.
3.	<p>Which of the following statements most appropriately describes responsibilities of auditor in relation to compliance with state pollution control legislation and regulations?</p> <ol style="list-style-type: none"> Sufficient appropriate evidence needs to be obtained by auditor to verify compliance. Physical verification of workability of such systems is required from an auditor.

- c) Only inquiry of company management personnel and review of correspondence with regulatory authorities are suffice to verify compliance.
- d) Only physical verification of workability of such systems and review of correspondence with regulatory authorities are suffice to verify compliance.
4. **The auditor has observed non-compliance of law prohibiting employment of child labour. Which is the most appropriate course of action for him to proceed in this matter?**
- a) He should obtain further information to evaluate the possible effect on financial statements.
- b) He must report the matter to concerned government department.
- c) He should obtain further information to evaluate the possible effect on financial statements. Besides, he should evaluate implications of non-compliance for audit risk assessment.
- d) He should express a modified opinion in audit report.
5. **Which of the following statements is most appropriate about documentation of noncompliance with laws and regulations by an auditor in context of SA 250?**
- a) Instances of identified non-compliance with laws and regulations need to be documented.
- b) Instances of suspected non-compliance with laws and regulations need to be documented.
- c) Instances of non-compliance with laws and regulations finally determined by Courts of law need to be documented.
- d) Instances of identified as well as suspected non-compliance with laws and regulations need to be documented.

ANSWERS

1.	(b)	2.	(a)	3.	(c)	4.	(c)	5.	(d)
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SA – 240

THE AUDITOR'S RESPONSIBILITIES RELATING TO FRAUD IN AN AUDIT OF FINANCIAL STATEMENTS

1. **The term “fraud” refers to an intentional act by one or more individuals among Management, those charged with governance, employees, or third parties, involving the use of deception to obtain an unjust or illegal advantage. Which statement is correct regarding fraud?** (b)
- a) Auditors make legal determinations of whether fraud has actually occurred.
- b) Misstatement of the financial statements may not be the objective of some frauds.
- c) Fraud involving one or more members of management or those charged with governance is referred to as “employee fraud”.
- d) Fraud involving only employees of the entity is referred to as “management fraud”.
2. **Fraudulent financial reporting involves intentional misstatements or omissions of amounts or disclosures in financial statements to deceive financial statement users. Fraudulent financial reporting least likely involve** (d)
- a) Deception such as manipulation, falsification, or alteration of accounting records or supporting documents from which the financial statements are prepared.
- b) Misrepresentation or intentional omission from, the financial statements of events, transactions or other significant information.
- c) Intentional misapplication of accounting principles relating to measurement, recognition, classification, presentation, or disclosure.
- d) Embezzling receipts, stealing physical or intangible assets, or causing an entity to pay for goods and services not received.

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