

Auditing and Assurance Training Practice Test Questions and Answers

1. Control risk represents the risk that:

- A) The auditor will issue a wrong opinion
- B) A misstatement will not be prevented or detected by internal controls
- C) The auditor's sample is not representative
- D) Management will override controls

2. A disclaimer of opinion is issued when:

- A) The auditor disagrees with management's accounting policies
- B) The auditor is unable to obtain sufficient appropriate evidence and the possible effects are material and pervasive
- C) There is a minor scope limitation in one account balance
- D) Management refuses to sign the representation letter only

3. An engagement letter serves primarily to:

- A) Provide the auditor's final opinion on financial statements
- B) Document the agreed terms of the audit engagement including scope and responsibilities
- C) Record all identified audit adjustments
- D) Replace the management representation letter

4. The audit strategy document typically includes:

- A) Detailed audit procedures for each account balance
- B) The planned nature, timing, and extent of audit procedures
- C) The complete list of adjusting journal entries
- D) The final signed management representation letter

Answers: 1-B 2-B 3-B 4-B

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