

Compliance and Auditing Practice Test Questions and Answers

1. What is 'residual risk' in risk management?

- A) The initial risk before any controls are applied
- B) The risk remaining after controls and mitigation measures have been applied
- C) The risk of control failure
- D) The total risk exposure of an organization

2. What is the purpose of an audit work program?

- A) To communicate findings to management
- B) To document the sequence of audit procedures to be performed
- C) To calculate audit fees
- D) To train new audit staff

3. In auditing, what does 'inherent risk' represent?

- A) The risk that auditors will fail to detect errors
- B) The risk of material misstatement assuming no internal controls exist
- C) The risk that controls will fail to prevent errors
- D) The risk of regulatory non-compliance

4. What is 'lease accounting' compliance under ASC 842?

- A) Accounting for real estate purchases only
- B) Recognizing most leases on the balance sheet as right-of-use assets and lease liabilities
- C) Expensing all lease payments immediately
- D) Capitalizing only finance leases on the balance sheet

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

For More Compliance and Auditing Questions and Answers FREE, Compliance and Auditing Online Prep Training, Compliance and Auditing Exam, Compliance and Auditing Study Guide, Compliance and Auditing Flashcards, Compliance and Auditing Quizzes visit:

Compliance and Auditing Practice Test