b. Determine whether there is substantial doubt about the entity’s ability to continue as a going concern.
c. Scan the entity’s records for the period just after the balance sheet date to identify subsequent events requiring disclosure.
d. Consider whether the financial statements are free from obvious material mistakes in the application of accounting principles.

11. Which of the following statements does not relate to having weak control environment of an entity?
    a. A high proportion of the income is cash.
    b. Finance department rely on volunteers who may not have account experience.
    c. There may be high staff turnover because of the nature of the work.
    d. Understaffing in the finance department at certain times due to ad hoc nature of volunteer working hours.

12. You instruct the audit junior to confirm whether the post is opened by more than one individual. Over which of the following internal control objectives would this provide assurance?
    a. All cash receipts that occurred are recorded.
    b. Cash receipts are recorded at the correct amounts in the ledger.
    c. Cash receipts are not misappropriated.
    d. Cash receipts are posted to the correct receivables accounts and to the general ledger.

13. In planning an audit of certain accounts, an auditor may conclude that specific procedures used to obtain an understanding of an entity’s internal control need not be included because of the auditor’s judgments about materiality and assessments of
    a. Inherit risk
    b. Control risk
    c. Detection risk
    d. Sampling risk

14. The misconceptions about the role of an auditor of financial statements are referred to as “expectation gap”. Which of the following is not one of those?
    a. The auditor provides reasonable assurance.
    b. The auditor tests all transactions
    c. The auditor is required to detect all fraud
    d. The auditor is responsible for preparing the financial statements

15. Select which of the following statements is false.
    a. There are two main types of file for audit working papers: the permanent audit file and current audit file.
    b. The date of the working papers and the name of the person preparing the file should be yearly stated in all documents.
    c. The primary objective of working papers is to prove the work was done and complies with the PSA requirements.