

**Continuous Professional Development
Stage I Examination**

Model Questions and Answers

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Indian Contract Act
Model objective type questions

Q.1	<p>An agreement becomes a contract when</p> <p>a) These is some consideration for it b) Parties are competent to contract c) Their consent is free and their object is lawful d) All of the above</p>
Q.2	<p>Which among the following is an offer</p> <p>a) Fixation of reserve price in an invitation for submission of tenders b) A Development Authority's announcement for making an allotment of plots on first come first served basis on payment of full consideration c) A banker's catalogue of charges d) A railway time table</p>
Q.3	<p>Find out the incorrect statement</p> <p>a) Every contract is an agreement, but every agreement is not a contract b) The test of contractual intention is objective, not subjective c) Acceptance is complete only when communicated to the offeror d) The party inviting tenders is bound to accept the lowest tender</p>
Q.4	<p>Under what provision of the constitution of India the state acts in its executive power in entering in contracts with individual parties</p> <p>a) Act 299 b) Act 298 c) Act 297 d) none of the above</p>
Q.5	<p>Which among the following is enforceable</p> <p>a) If A saves B from drowning and B later promises A a reward b) 'A' finds B's purse and gives it to him. B promises to give A Rs.50 c) A supports B's infant son. B promises to pay A's expenses in so doing d) All of the above</p>
Q.6	<p>Find out the <u>void</u> agreement among the following</p> <p>a) A for natural love and affection, promises to give his son, B. Rs.10,00,000. A puts his promise to pay B in writing and register it. b) A owes B Rs.1,00,000, but the debt is barred by the Limitation Act. A signs a written promise to pay B Rs.50,000 on account of debt. c) A promises, for no consideration, to give to B Rs.1,000 d) none of the above</p>

Q.7	<p>Find out the unenforceable contract among the following</p> <p>a) A housing society agreed to sell land before it became a legal person by registration</p> <p>b) A supplies B, a lunatic, with necessaries suitable to his life and wants to be reimbursed from B's property</p> <p>c) money advanced to save a minor's estate from execution</p> <p>d) none of the above</p>
Q.8	<p>Consent is set to be free when it is not caused by</p> <p>a)Coercion</p> <p>b) undue influence</p> <p>c) fraud or misrepresentation</p> <p>d) All of the above</p>
Q.9	<p>An agreement which is enforceable by law at the option of the deceived party is a</p> <p>a)Void contract</p> <p>b) Voidable contract</p> <p>c) Neither (a) or (b)</p> <p>d) None of the above</p>
Q.10	<p>PWD refused to release the payment to a contractor unless he gave up his claim for extra rate, amounted to</p> <p>a)fraud</p> <p>b) undue influence</p> <p>c) coercion</p> <p>d) None of the above</p>
Q.11	<p>In a mediclaim insurance policy, the insured was forced and pressurized for consent to exclusion of cover for cardiac ailments. The consent being</p> <p>a)not lawful, it had binding effect</p> <p>b) not unlawful, it had no binding effect</p> <p>c) not lawful, it had no binding effect</p> <p>d) none of the above</p>
Q.12	<p>A and B, being traders, enter upon a contract. A has private information of a change in prices which would affect B's willingness to proceed with the contract</p> <p>a)A is bound to inform B</p> <p>b) A is not bound to inform B</p> <p>c) Neither (a) nor (b)</p> <p>d) none of the above</p>
Q.13	<p>When a person at whose option a contract is voidable rescinds it, the consequence would be:</p> <p>a)The party seeking recession need not perform and promise</p> <p>b)the party seeking recession must restore the benefits that he has obtained under the contract</p> <p>c) Neither (a) nor (b)</p> <p>(d) Both (a) and (b)</p>

Q.14	<p>‘Consensus ad idem’, means</p> <p>a)contract caused by mistake of one party as to matter of fact b)Both the parties to an agreement are under a mistake c)An agreement upon the same thing in the same sense (d) none of the above</p>
Q.15	<p>Which is the correct statement among the following</p> <p>a)Both the parties to an agreement are under mistake as to a matter of fact is void b) An agreement to lease equipment instead of selling it to avoid sales tax is voidable c) Surrender of right to maintenance is a good contract d) An agreement to induce a public servant is void</p>
Q.16	<p>A contract may be discharged</p> <p>a)by performance b) By impossibility of performance c) By Breach d) All of the above</p>
Q.17	<p>A, B and C jointly promise to pay D a sum of Rs.3000/-. C is compelled to pay the whole. A is insolvent, but his assets are sufficient to pay one-half of his debts. C is entitled to receive</p> <p>a)Rs.3000 from C alone b) A,B,C to pay equally Rs.1000 each c) Rs.500 from A’s estate and Rs.1250 from B d) none of the above</p>
Q.18	<p>In a delayed PWD work where the time is the essence of the contract, the PWD authority does not have the option of</p> <p>a)rendering the contract voidable at the option of PWD b) allowing extension of time when the contractor asks for c) unilaterally extend the time without contractor’s consent d) none of the above</p>
Q.19	<p>If it was not the intention of the parties that time should be of the essence of the contract, the effect of delay would be</p> <p>a)the contract does not become voidable b) The affected party does not have the right to reject c) The affected party may sue the other party for any loss caused by the delay d) All of the above</p>
Q.20	<p>A contract is made for the import of goods and the import is thereafter forbidden by a Government order. It is</p> <p>a)an agreement to do an act impossible in itself b) an agreement which is impossible by subsequent event c) contract of novation d) none of the above</p>

Q.21	<p>The doctrine of frustration come in the play</p> <p>a)where the performance is physically cut off b) where the object of the contract is failed c) either (a) or (b) d) none of the above</p>
Q.22	<p>Mr. 'X' contracted to sell a specified quantity of potatoes to be grown, but failed to supply them as the crop was destroyed by a disease, identify the specific ground of frustration</p> <p>a)Destruction of subject matter b) change of circumstances c) non-occurrence of contemplated event d) none of the above</p>
Q.23	<p>The effect of frustration of a contract is</p> <p>a)the parties may perform the contract b)the dissolution of the contract occurs automatically c) Performance or dissolution depends on the intention of the parties d) none of the above</p>
Q.24	<p>The parties to the contract agree to substitute the existing contract with new contract. This is</p> <p>a)alteration b) recession c) novation d) None of the above</p>
Q.25	<p>After novation</p> <p>a)the parties can fall back upon the old contract b) Damages were to be awarded on the terms of the old contract c) The original is discharged and need not be performed d) none of the above</p>
Q.26	<p>A breach of contract occurs when a party to a contract</p> <p>a)renounces his liability under it b) makes it impossible that he should perform his obligation under it c) totally or partially fails to perform the obligations d) (a) or (b) or (c)</p>
Q.27	<p>A, a builder, contracts to erect and finish a house by the first of January, in order that B may give possession of it at that time to C, to whom B has contracted to let it. A builds the house so badly necessitating B to rebuild it. A must make compensation to B</p> <p>a)the cost of rebuilding the house b) for the rent lost c) and for the compensation made to C d) all of the above</p>

Q.28	<p>A sum fixed representing a genuine pre-estimate of the probable damage that is likely to result from the breach is</p> <p>a) Unliquidated damages b) Penalty c) liquidated damages d) none of the above</p>
Q.29	<p>B holds land in Tanjore, on a lease granted by A, the landlord. The revenue payable by 'A' to Government being in arrear, his land is advertised for sale by Government B pays to the Government the sum due from A</p> <p>a) A is bound to make good to B the amount so paid b) A is not bound to make good to B the amount so paid c) Neither (a) or (b) d) none of the above</p>
Q.30	<p style="text-align: center;">Special contracts</p> <p>Find out the incorrect statement special contracts with respect to a contract of indemnity</p> <p>a) The party to be indemnified shall never be called upon to pay b) All insurance contracts are contracts of indemnity c) The promise of indemnity may be express or implied d) none of the above</p>
Q.31	<p>Which among the following is incorrect with respect to a contract of guarantee</p> <p>a) A liability which is incurred independently of a 'default' is not within the scope of guarantee b) The existence of a recoverable debt is necessary c) A guarantee without consideration is not void d) none of the above</p>
Q.32	<p>Which among the following is a correct statement</p> <p>a) past consideration is no consideration for a contract of guarantee b) forbearance to sue on the part of the creditor is a good consideration for a guarantee c) A contract of guarantee is a contract of absolute good faith d) none of the above</p>
Q.33	<p>Which among the following is incorrect</p> <p>a) The liability of the surety is co-extensive with that of the principal debtor b) A suit against the surety without even impeding the principal debtor is maintainable c) It is not open to the surety to place a limit upon his liability d) none of the above</p>
Q.34	<p>Which among the following is not a bailment</p> <p>a) Hiring of a bank's locker and storing things in it b) Delivery of a railway receipt for the delivery of goods c) A car involved in an accident delivered under the policy of the insurer to the nearest garage for repair d) none of the above</p>

Q.35	<p>Which among the following is incorrect</p> <p>a) Any kind of personal property which is movable and saleable can be the subject matter of pledge</p> <p>b) Delivery of possession actual or constructive is necessary for a pledge</p> <p>c) Any kind of personal property either movable or immovable can be the subject matter of pledge</p> <p>d) none of the above</p>
Q.36	<p>The relationship of principal and agent may be created by</p> <p>a) Express appointment</p> <p>b) the conduct or situation of the parties</p> <p>c) necessity of the case</p> <p>d) (a) or (b) or(c)</p>
Q.37	<p>A quantity of butter consigned with the railway company was delayed in transit owing to a strike. The goods being perishable</p> <p>a) Railway Company can sell the goods on getting instructions from the owner</p> <p>b) Railway Company can sell the goods without getting instruction from the owner</p> <p>c) Railway Company has no authority to sell the goods</p> <p>d) none of the above</p>
Q.38	<p>Find out the right the principal has against an agent who fails in his duty</p> <p>a) to ask for account and also demand payment of secret profits earned by agent</p> <p>b) to seek damages for disregard of the terms of agency as also for want of skill and case</p> <p>c) to resist the claim of the agent for commission and indemnity by the plea that the agent had acted for himself</p> <p>d) all of the above</p>
Q.39	<p>Which among the following is incorrect</p> <p>a) Black-listing a contractor involves giving him an opportunity of hearing</p> <p>b) the power of the Government to call for limited tenders confined to existing contractors is not ex-facie arbitrary</p> <p>c) Government contractor has both pre-contract as well as post contractual rights</p> <p>d) none of the above</p>
Q.40	<p>All Government contracts made in exercise of the executive power of the union shall be expressed to be made by the president under</p> <p>a) Article 297 of the constitution of India</p> <p>b) Article 280 of the constitution of India</p> <p>c) Article 299 of the constitution of India</p> <p>d) none of the above</p>

Q.41	Which among the following is incorrect a) The legal implication of the bank guarantee and letter of credit are the same b) Bank guarantee can also take the shape of performance bond c) certification of breach is not enough in terms of bank guarantee d) none of the above
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Indian Contract Act

Answers

Q.1	d [Ss2(d) & 25]; [Ss11&12]; [Ss13-22]; [Ss23-30]
Q.2	B
Q.3	D
Q.4	B
Q.5	d S.25 r/w S2(d)
Q.6	c [S.25]
Q.7	a [Ss.11,12 &68]
Q.8	d [S.14]
Q.9	b [S.2(i)]
Q.10	c [S.15]
Q.11	c [S.16 –Akshoy Kumar Patil V. New India Assurance Co., AIR 2007Del 136]
Q.12	b [S.17, illustration (d)]
Q.13	d [S.64]
Q.14	c [S.13]
Q.15	a
Q.16	d
Q.17	S.43
Q.18	c [S.55 – notes. Time is generally considered to be of the essence of the contract in the following three cases 1. Where the parties have expressly agreed to treat it as of the essence of the contract 2. Where delay operates as an injury 3. Where the nature and necessity of the contract requires it to be so construed, e.g., where a party ask for extension of time for performance]
Q.19	d [S.55]
Q.20	b [S.56] Notes Option (a) is initial impossibility of performance. Option (b) is subsequent impossibility. Option (c) novation is substitution of existing contract with a new contract (S.62)]
Q.21	c [S.56]
Q.22	a [S.56: Normally frustration occurs on the following specific grounds 1. Destruction of subject mater D2. Change of circumstances 3. Non-occurrence of contemplated Event 4. Death or Incapacity of Party 5. Government, Administrative or legislative Intervention 6. Intervention of war]
Q.23	b [S.56 also refer S.65]
Q.24	c [S.62]

(9)

Q.25	c [S.62]
Q.26	d [S.39]
Q.27	d [S.73, Damages for breach]
Q.28	c [S.74, liquidated damages & Penalty]
Q.29	a [S.69 (Please refer Chapter V of ICA – Quasi contracts)]
Q.30	b [S.124&125]
Q.31	c [S126&127]
Q.32	b [S.127]
Q.33	c [S.128 Extent of surety's liability]
Q.34	a [S.148&149 Bailment]
Q.35	c [.172 pledge]
Q.36	d [S.185 Agency]
Q.37	b [S.185]
Q.38	d [S.195]
Q.39	b
Q.40	c
Q.41	c

Arbitration Act'1996

Q.1	<p>Which of the following model law was used by the Indian Arbitration and conciliation Act 1996</p> <p>a)The Indian Council of Arbitration Rules b)Federation of Indian Chambers of Commerce & Industry Rules c)United Nations Commission on International Trade Law & Rules d) International centre for Alternative Dispute Resolution Rules</p>
Q.2	<p>Which among the following is the main objective of the Arbitration Act, 1996</p> <p>a)To comprehensively cover international commercial arbitration b) To ensure that arbitral tribunal within the limits of court's jurisdiction c) To minimize the supervisory role of courts in the arbitral process d) none of the above</p>
Q.3	<p>Find out the incorrect statement</p> <p>a)A person may authorize an agent to enter into an arbitration agreement b) A person incapable of entering into a contract may be a party to an arbitration agreement c) An arbitration agreement remains alive even after the death of signatories thereto d)none of the above</p>
Q.4	<p>Which among the following is correct</p> <p>a)The party feeling aggrieved by the proceedings of the arbitrator should make a protest and continue to take part in the proceedings b)An arbitration agreement in which government is a party must comply with Art 299 of the constitution c) Waiver may take place by the parties by acting upon the award d)All of the above</p>
Q.5	<p>In the new contract which replaced the old one, there was no arbitration clause. Reference was made to arbitrator under the new contract. Contractor objected to the jurisdiction of the arbitrator</p> <p>a)The contractor's participation constituted waiver b)The whole arbitration proceedings were invalid c) The whole arbitration award was not liable to be set aside d) none of the above</p>

Q.6	<p>An arbitration agreement</p> <p>a) may be in the form of an arbitration clause in a contract b) may be in the form of an separate agreement c) either (a) or (b) d) none of the above</p>
Q.7	<p>If the arbitration agreement is in the form of an arbitration clause and the contract is held to be void</p> <p>a) the contract being void the arbitration clause also is void b) the arbitration clause will stand or ball on its own c) Neither (a) nor (b) d) none of the above</p>
Q.8	<p>In case of repudiation, frustration and breach of contract</p> <p>a) performance of the contract comes to an end, and arbitration clause does not operate b) performance of the contract does not come to an end, and arbitration clause operates c) performance of the contract comes to an end, but operation clause operates d) none of the above</p>
Q.9	<p>Which among the following is correct</p> <p>a) only a person of Indian Nationality can act as arbitrator b) The arbitral tribunal shall consist of a sole arbitrator c) The presiding arbitrator is appointed by the two arbitrators appointed by each of the two parties d) none of the above</p>
Q.10	<p>Arbitration clause in a Government contract read: “if for any reason the designated authority does not appoint an arbitrator, there will be no arbitration at all”. In such a case</p> <p>a) no arbitration at all in such a situation b) The designated authority would not be allowed to destroy the appointment of arbitrator c) Aggrieved party may request the chief justice or his designate to take necessary measure d) Both (b) and (c)</p>
Q.11	<p>Which among the following the authority of the arbitrator can be revoked</p> <p>a) Arbitrator was indebted to one of the parties b) Arbitrator became interested in subject matter of litigation c) Arbitrator holding confidential enquiries behind the back of the parties d) All of the above</p>
Q.12	<p>An arbitrator may be challenged only on grounds of:</p> <p>a) justifiable doubts as to his independence b) justifiable doubts as to his impartiality c) he does not possesses the qualifications agreed to by the parties d) All of the above</p>

Q.13	<p>If the arbitrator resigns before completion</p> <p>a)he has committed breach of contract b)he is liable for damages consequent thereon c)he has an obligation to take the arbitration proceedings to its completion d) All of the above</p>
Q.14	<p>Find out the incorrect statement</p> <p>a)The arbitral tribunal may rule on its own jurisdiction b) The arbitral tribunal in all cases shall decide in accordance with the terms of the contract c)An arbitration clause in a contract is not an agreement independent of the other terms of the contract d) none of the above</p>
Q.15	<p>Which among the following does not form arbitrator's procedure</p> <p>a)An arbitrator is not bound by technical rules of procedure b)where one of the parties, deliberately absented himself, arbitrator can conduct the proceedings ex-parte c)An arbitrator can decide a case on his personal knowledge d) none of the above</p>
Q.16	<p>In the arbitral award the arbitral tribunal shall specify</p> <p>a)the party entiled to costs and he party who shall pay the costs b)the amount of costs or method of determining the amount c) The manner in which the costs shall be paid d) All the above</p>
Q.17	<p>The amount of arbitral award unless the award otherwise directs carries interest</p> <p>a)@12% b)@18% c)@15% d) none of the above</p>
Q.18	<p>Find out the ground on which an arbitral award can be set aside</p> <p>a)the arbitral award deals with a dispute falling within the terms of the submission to arbitration b) The arbitral award is in conflict with public policy of India c)The arbitral procedure was not in accordance with the agreement of the parties d) All of the above</p>
Q.19	<p>What is the time limit within which an application for setting aside be filed before court</p> <p>a)3 months from the date of the award b) 3 months from the date of receipt of the award by a party c) Either (a) or (b) d) none of the above</p>

Q.20	<p>Find out the correct statement with regard to the finality of the award</p> <p>a)The award need not be enforced in the same manner as if it were a decree of the court b)The mandate of an arbitrator shall be terminated by the death of any party by whom he was appointed c)An arbitration award shall be final and binding d) none of the above</p>
Q.21	<p>Find out the essential condition for enforcement of foreign awards</p> <p>a) The subject matter of the award need not be capable of settlement by arbitration under the law of India b) The public policy or the law of India are immaterial for the enforcement c) The award has become final in the country in which it has been made d) none of the above</p>
Q.22	<p>Which among the following is incorrect</p> <p>a)conciliation is a non-binding procedure b)conciliation is consensual c)Conciliation is a process of persuading parties to reach an agreement and is plainly an arbitration d) none of the above</p>
Q.23	<p>In conciliation settlement</p> <p>a)the parties may draw up and sign an written agreement b) The conciliator may draw up the settlement agreement if requested by the parties c) The settlement agreement is final and binding d) All of the above</p>
Q.24	<p>The conciliator in a conciliation proceedings</p> <p>a)shall not act as arbitrator in any arbitral proceedings in respect of a dispute that is the subject matter of conciliation proceedings b) Shall not act as counsel of a party in any judicial proceedings in respect of a dispute that is the subject of conciliation proceedings c) shall not present himself in any arbitral or judicial proceeding d) All of the above</p>
Q.25	<p>A business contract contains a term that disputes will be determined in accordance with the rules of Indian Council of Arbitration. This is</p> <p>a)Adhoc arbitration b) Statutory arbitration c) Institutional arbitration d) none of the above</p>

Arbitration Act

Answers

Q.1	(c) The United Nations Commission on International Trade Law (UNCITRAL) – please see preamble of the Act
Q.2	(c) Please see objectives of the Bill
Q.3	(b)
Q.4	(d) (see.4 of the Arbitration Act,1996)
Q.5	(b) (see.4 of the Arbitration Act,1996)
Q.6	(c) See 7
Q.7	(b) Sec.7 read with see 16(1) – notwithstanding that it may be only a clause in the contract which is held void
Q.8	(c) see.7 r/w s.16(1)
Q.9	(c) S.10 & S.11
Q.10	(c) S.11(6)
Q.11	(d) S.11
Q.12	(d)S.12
Q.13	(d)S.15
Q.14	(c) S.16 r/w S.28(3)
Q.15	(c) S.18 r/w S.25©
Q.16	(d) S.31(8)(6)
Q.17	(b) S.31(7)(b)
Q.18	(d) S.34 – There are several grounds on which an arbitral tribunal award can be set aside. One has to go through the entire provision of Section 34 which is a very important provision in Arbitration Act
Q.19	(b) – S.34(3)
Q.20	(c) S.35,36 & 40
Q.21	(c) Sec.57. The award has become final means it will not be considered as such if it is open to opposition or appeal or if it is proved that any proceedings for the purpose of contesting the validity of the award are pending
Q.22	(c)
Q.23	(d) S.73
Q.24	(d) S.80
Q.25	(c)

Public Procurement Bill 2012

Q.1	<p>Match the following</p> <p>a. offset - (a) specifies the price for the supply of a subject matter of procurement</p> <p>b. invitation to bid - (b) a condition imposed on a bidder to encourage local development</p> <p>c. rate contract - (c) an online real-time purchasing technique</p> <p>d. electronic reverse - (d) includes notice inviting tender auction</p> <p>(A) (a)(b); (b)(d); (c)(a); (d)(c) (B) (a)(d); (b)(c); (c)(b); (d)(a) (C) (a)(c); (b)(d); (c)(b); (d)(a) (D) none of the above</p>
Q.2	<p>The general principles of procurement, transparency and grievance redressal do not apply to</p> <p>(A) Any procurement the value of which is less than Rs.50 lakh (B) emergency procurement for the management of disaster (C) procurement for the purposes of national security or as strategic consideration (D) All of the above</p>
Q.3	<p>Which among the following is incorrect</p> <p>(A) Procuring entity shall ensure that the successful bid is reasonable and consistent with the quality required (B) same set of rules is required to be made for different categories of procuring entities (C) procuring entity to evolve mechanisms for corrupt practices (D) none of the above</p>
Q.4	<p>Which among the following falls under ‘Code of integrity’</p> <p>(A) Non-disclosure of conflict of interest (B) Non-obstruction of any investigation or auditing of a procurement process (C) Allowing business transactions between the bidder any the procuring entity (D) None of the above</p>
Q.5	<p>When the procuring entity comes to the conclusion that the bidder has violated the code of integrity</p> <p>(A) The procuring entity may exclude the bidder from the procurement process (B) The procuring entity may call-off pre-contract negotiation (C) The procuring entity may debar the bidder from participation in future procurement (D) All of the above</p>

Q.6	<p>Which of the following tantamounts to limit competition among bidders</p> <p>(A)Packaging the procurement (B) Dividing the procurement into packages in the interest of economy, efficiency (C) Limitation on participation of bidders with justification (D) none of the above</p>
Q.7	<p>Find out the correct statement</p> <p>(A)Technical specifications shall be based on only national standards (B)mandatory procurement may be made on the ground of socio-economy policy (C) Expected time limit for processing of procurement need not be indicated in the pre-qualification document (D) none of the above</p>
Q.8	<p>In case the procuring entity calls for bids in two envelopes</p> <p>(A)The techno-commercial bid and financial bid shall be opened together for evaluation (B) The financial-bid shall be opened first for evaluation (C) The techno-Commercial bid shall be opened and evaluated first (D) none of the above</p>
Q.9	<p>A bid shall be excluded, if the procuring entity determines</p> <p>(A)the bidder is an insolvent (B) the bidder unduly influence the procurement process (C) the bidder has a conflict of interest that materially affects fair competition (D) All of the above</p>
Q.10	<p>The process of procurement may be cancelled</p> <p>(A)Only after the acceptance of the successful bid, without any reason (B)any time prior to the acceptance of the bid without any reason (C) if the successful bidder fails to sign procurement contract (D) none of the above</p>
Q.11	<p>Which among the following is incorrect</p> <p>(A)no price negotiation shall be held except in case of single source procurement (B)After cancellation of the procurement, the procuring entity shall not open any bid and return it (C) The reason for cancellation of procurement need not be communicated to all bidders (D)none of the above</p>

Q.12	<p>When procurement from a category of prospective bidders is necessary for the mandatory procurement</p> <p>(A) Open competitive bidding is chosen (B) two-stage bidding is chosen (C) Limited competitive bidding is chosen (D) none of the above</p>
Q.13	<p>When procurement of any goods or works or services which are urgently required for maintenance/emergency services</p> <p>(A) Sport purchase is chosen (B) electronic reverse action is chosen (C) single source purchase is chosen (D) none of the above</p>
Q.14	<p>Which among the following is not within the powers of the procurement redressal committee</p> <p>(A) to recommend corrective measures to be taken to the procuring entity and the bidder (B) To follow the principles of natural justice (C) not to suspend the procurement process pending disposal of the application (D) none of the above</p>
Q.15	<p>Which among the following matter(s) the review by the procuring entity/application to redressal committee is not available</p> <p>(A) the decision to enter into price negotiations in accordance with S.23 (B) cancellation of a procurement process in accordance with S.24 (C) determination of need of procurement in accordance with S.7 (D) all of the above</p>
Q.16	<p>The procuring entity need not maintain confidentiality</p> <p>(A) information that affect security or strategic interests of India (B) informations that affect the intellectual property rights of the bidders (C) offset policy imposing any requirements for offsets (D) none of the above</p>
Q.17	<p>Debarment from bidding is not available when the bidder</p> <p>(A) withdraws from the procurement process after opening of financial bids (B) withdraws from the procurement process after being declared the successive bidder (C) fails to enter into procurement contract after being declared the successive bidder (D) fails to enter into procurement contract in striations of force majeure</p>

Q.18	<p>Find the incorrect statement among the following</p> <p>(A)the procuring entity shall invite bids by writing directly on the same day to all registered bidders in limited competitive bidding</p> <p>(B)A bidder, may seek clarifications in writing from the procuring entity in respect of bidding documents</p> <p>(C)All price-valuation criteria shall be objective but not quantifiable</p> <p>(D) none of the above</p>
Q.19	<p>Which among the following is correct</p> <p>(A)Pre-qualification of bidders shall be for any kind of procurement</p> <p>(B)The central Government may prescribe model bidding documents for various types of procurement</p> <p>(C) List of excluded bidders need not be posted in Central Public Procurement Portal</p> <p>(D) none of the above</p>
Q.20	<p>Which is not true in PPP arrangement</p> <p>(A)There is defined allocation of risk between the private sector and the public entity</p> <p>(B)The public entity receives performances linked payments</p> <p>(C) Investments or management is undertaken by the private sector entity</p> <p>(D)none of the above</p>

Public Procurement Bill**Answers**

Q.1	(A) See definitions under S.2 of the procurement Bill 2012
Q.2	(D)
Q.3	(B) Sec.5
Q.4	(C) Sec. 6(2)(a)
Q.5	(D) Sec.6(3)
Q.6	(A) Sec.7 & Sec.8
Q.7	(B) Sec.9(2),10 & 11(2)
Q.8	(C) S.16(2) r/w S.21(2)
Q.9	(D) S.22(1) r/w S.12
Q.10	(C) S.24
Q.11	(C) S.23 & 24
Q.12	(C) S.31 r/w S.11(2)
Q.13	(A) S.35
Q.14	(C) S.41
Q.15	(D) S.42
Q.16	(C) S.27 & S.28
Q.17	(D) S.49
Q.18	(C)
Q.19	(B)
Q.20	(B), Sec.2(w)

General Financial Rules, 2005
Procurement of goods & services (Ch.6)
Inventory Management (Ch.7)
Contract Management (Ch.8)

Q.1	<p>The Goods can be purchased through rate contract</p> <p>(a)for the goods and items of standard types (b)goods which are identified as common user items (c) goods needed on recurring basis (d)All of the above</p>								
Q.2	<p>When an existing old item is replaced with a new and better version, the department may do so by</p> <p>(a) Limited Tender Enquiry (b)Buy-Back Offer (c) Single Tender Enquiry (d) none of the above</p>								
Q.3	<p>Which among the following statement is correct</p> <p>(a)'Registered suppliers' are not pima facie eligible for consideration through 'limited Tender Enquiry' (b)Registered dealers are ordinarily exempted from furnishing bid security along with their bids in 'Limited Tender Enquiry' (c)The Registered dealers may be registered for a unlimited period (d)none of the above</p>								
Q.4	<p>Match the following</p> <table style="width: 100%; border: none;"> <tr> <td style="width: 50%; vertical-align: top;"> A.Purchase of goods without quotation </td> <td style="width: 50%; vertical-align: top;"> A. Goods costing above without quotation Rs.15000/- and upto Rs.1,00,000 </td> </tr> <tr> <td style="vertical-align: top;"> B.Purchase through local purchase committee </td> <td style="vertical-align: top;"> B.Goods of value Rs.25 lakh and above </td> </tr> <tr> <td style="vertical-align: top;"> C. Purchase through advertised tender Enquiry </td> <td style="vertical-align: top;"> C.Goods of value upto Rs.25 lakhs </td> </tr> <tr> <td style="vertical-align: top;"> D. Purchase through Limited Enquiry </td> <td style="vertical-align: top;"> D. upto the value of Tender Rs.15,000 only on each occasion </td> </tr> </table> <p>(a) A-D; B-A; C-B; D-C (b) A-D; B-C; C-A; D-B (c) A-B; B-A; C-D; D-C (d) A-C; B-A; C-D; D-B</p>	A.Purchase of goods without quotation	A. Goods costing above without quotation Rs.15000/- and upto Rs.1,00,000	B.Purchase through local purchase committee	B.Goods of value Rs.25 lakh and above	C. Purchase through advertised tender Enquiry	C.Goods of value upto Rs.25 lakhs	D. Purchase through Limited Enquiry	D. upto the value of Tender Rs.15,000 only on each occasion
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D. Purchase through Limited Enquiry	D. upto the value of Tender Rs.15,000 only on each occasion								
Q.5	<p>Limited Tender Enquiry is adopted when</p> <p>(a) Department certifies that the demand is urgent and why the procurement could not be anticipated (b)It will not be in public interest to procure the goods through advertised tender enquiry (c) The sources of supply are definitely known and possibility of fresh source beyond those being tapped is remote (d)none of the above</p>								

Q.6	<p>For purchasing high value plant, machinery of a complex and technical nature, which of the following is resorted to</p> <p>(a) Advertised Tender Enquiry (b)Limited Tender Enquiry (c)Two bid system (d)none of the above</p>
Q.7	<p>Which among the following is incorrect in the case of two bid system</p> <p>(a)Technical bid and financial bid are obtained in two parts (b)Technical bid and financial bid should be sealed by the bidders and sent in separate covers (c)Technical bid and financial bid should be sealed by the bidder in separate covers and both these covers are to be put in a bigger cover sealed and superscribed (d)none of the above</p>
Q.8	<p>In case of Advertised or Limited Tender Enquiry, Bid Security ordinarily be</p> <p>(a)between 2% and 5% of the estimate value of goods to be procured (b)10% of the estimate value of goods to the procured (c)15% of the estimate value of goods to the procured (d) none of the above</p>
Q.9	<p>The performance security is to be obtained from the successful bidder for an amount</p> <p>(a)2% of the value of the contract (b)5 to 10% of the value of the contract (c) 15% of the value of the contract (d) none of the above</p>
Q.10	<p>Which among the following is not entitled for advance payment</p> <p>(a)maintenance contracts for servicing Air-conditioner, computer etc., (b)fabrication and Turnkey contracts (c) Buy-back offer (d) none of the above</p>
Q.11	<p>The lowest acceptable bidder against ad-hoc requirement is not in a position to supply the full quantity required</p> <p>(a)The remaining quantity be ordered from the next higher responsive bidder at the rates offered by him (b)the remaining quantity be ordered from the next higher responsive bidder at the rates offered by the lowest responsive bidder (c) Fresh bid has to be called for (d) none of the above</p>

Q.12	<p>Which among the following is a correct statement</p> <p>(a) Efforts should be made to use standard specifications which are widely known</p> <p>(b) Bidders should be permitted to alter or modify their bids after expiry of the deadline for receipt of bids</p> <p>(c) bidding document should not contain provision to enable a bidder to question the bidding conditions/process and/or rejection of its bid</p> <p>(d) none of the above</p>												
Q.13	<p>Which is not true when Expression of Interest (EOI) is sought for</p> <p>(a) The estimated cost of the work or service is above Rs.one crore</p> <p>(b) EOI should include the broad scope of work, inputs to be provided by the ministry or Department</p> <p>(c) eligibility or qualification criteria to be met by the consultant</p> <p>(d) none of the above</p>												
Q.14	<p>Engagement of consultants is resorted to</p> <p>(a) when the department may trade the existing old items while purchasing the new one</p> <p>(b) In situations requiring high quality services for which the department/ministry have requisite expertise</p> <p>(c) In situations requiring high quality services for which the department/ministry have no requisite expertise</p> <p>(d) none of the above</p>												
Q.15	<p>Which among the following is an incorrect statement</p> <p>(a) The number of shortlisted consultants should not be less than three</p> <p>(b) Request for proposed(RFP) should be issued to the shortlisted consultants to seek their technical proposals only</p> <p>(c) Request for proposal(RFP) should be issued to the shortlisted consultants to seek their technical and financial proposals</p> <p>(d) none of the above</p>												
Q.16	<p>Match the following w.r.to the form in which he following separate accounts are maintained</p> <table data-bbox="586 1465 1235 1633"> <tr> <td>(A) Fixed Assets</td> <td>--</td> <td>(A) GFR 41</td> </tr> <tr> <td>(B) Consumables</td> <td>--</td> <td>(B) GFR 42</td> </tr> <tr> <td>(C) Library Books</td> <td>--</td> <td>(C) GFR 40</td> </tr> <tr> <td>(D) Assets of Historical/ Artistic value</td> <td>--</td> <td>(D) GFR 35</td> </tr> </table> <p>(a) A-B; B-A; C-D; D-C</p> <p>(b) A-C; B-D; C-A; D-B</p> <p>(c) A-C; B-A; C-D; D-B</p> <p>(d) none of the above</p>	(A) Fixed Assets	--	(A) GFR 41	(B) Consumables	--	(B) GFR 42	(C) Library Books	--	(C) GFR 40	(D) Assets of Historical/ Artistic value	--	(D) GFR 35
(A) Fixed Assets	--	(A) GFR 41											
(B) Consumables	--	(B) GFR 42											
(C) Library Books	--	(C) GFR 40											
(D) Assets of Historical/ Artistic value	--	(D) GFR 35											

Q.17	<p>Surplus/obsolete/unserviceable goods of assessed value above Rs.20 lakh should be disposed of by</p> <p>(a)obtaining bids through advertised tender only (b) Public auction only (c)either (a) or (b) (d) none of the above</p>
Q.18	<p>Find out the incorrect statement</p> <p>(a) late bids should not be considered (b)obsolete items unable to be sold through auction may be disposed off at scrap value (c)Acceptance or rejection of a bid in an auction process should be announced immediately on the stroke of the ‘hammer’ (d)none of the above</p>
Q.19	<p>Which among the following is not a loss due to depreciation</p> <p>(a)normal wear and tear (b) negligence after purchase (c)normal fluctuation of market prices (d)loss due to theft or fraud</p>
Q.20	<p>Which among the following is not a loss not due to depreciation</p> <p>(a)loss due to neglect (b)anticipated loss on account of purchases in excess of requirements (c)lack of foresight in regulating purchases (d)Losses under ‘Force Majeue’ conditions like fire, flood etc.</p>
Q.21	<p>Price variation clause can be provided only</p> <p>(a)long-term contracts, where the delivery period exceeds 18 months (b)the price agreed upon should specify the base level (c)when cut off dates for material and labour is specified (d)All of the above</p>
Q.22	<p>Match the following</p> <p>(A) A Department may purchase at its discretion (B)Letter of acceptance will result in a binding contract (C)A self contained contract should be executed (D)Cost plus contract</p> <p>(A) W.r.to purchase of value between one lakh to Rs.10 lakh (B) W.r.to purchases of value upto Rs. One lakh (C) should ordinarily be avoided (D) W.r.to purchases of value exceeding Rs.10 lakh</p> <p>(a)A-C; B-D; C-A; D-B (b)A-B; B-A; C-D; D-C (c)A-B; B-D; C-A; D-C (d)A-C; B-D; C-A; D-B</p>

Q.23	<p>Which among the following is correct</p> <p>(a) Price variation may be allowed beyond scheduled delivery date through amendment to the contract in all cases</p> <p>(b) price variation is admissible beyond original scheduled delivery date for default on the part of the supplier</p> <p>(c) price variation may be allowed beyond scheduled delivery date through an amendment to the contract only in cases of Force majeure or default by Government</p> <p>(d) where deliveries are accepted beyond scheduled delivery date liquidated damages not leviable</p>
Q.24	<p>As far as possible</p> <p>(a) Payment of all applicable taxes is by the contractor/supplier</p> <p>(b) Departmental issue of materials should be avoided</p> <p>(c) where Government property is entrusted to the contractor, hire charges should be recovered</p> <p>(d) All of the above</p>
Q.25	<p>Which among the following is a justifiable one</p> <p>(a) Price variations are calculated by using indices published by chamber of commerce</p> <p>(b) entering lumpsum contract in case of absolute necessity</p> <p>(c) granting extension of completion date on the plea that an event constituted force majeure</p> <p>(d) All of the above</p>

General Financial Rules, 2005

Answers

Q.1	(d) Rule 141
Q.2	(b) Rule 162
Q.3	(b) Rule 142
Q.4	(a) Rules 145,146,150 & 151
Q.5	(d) Rule 151
Q.6	(c) Rule 152
Q.7	(c) Rule 152
Q.8	(a) Rule 157
Q.9	(b) Rule 158
Q.10	(c) Rule 159
Q.11	(b) Rule 160 Cl(xiv)
Q.12	(a) Rule 160 Cl(ii),(vii) & (xi)
Q.13	(a) Rule 168
Q.14	(c) Rule 165
Q.15	(c)
Q.16	(c)
Q.17	(c) Rule 197
Q.18	(d)
Q.19	(d) Rule 102 (2)
Q.20	(c) Rule 102(3)
Q.21	(d) Rule 204
Q.22	(b) Rule 204 please go through this lengthy rule for more information. Very important rule
Q.23	(c) Rule 204
Q.24	(d) Rule 204
Q.25	(d) Rule 204

Auditing Standards issued by the CAG of India

Q.1	<p>Which is relevant as to materiality</p> <p>(a) matter may be judged material if knowledge of it would be likely to influence the user of the audit report</p> <p>(b) materiality is often considered in terms of value</p> <p>(c) a matter may be material because of the context in which it occurs</p> <p>(d) All of the above</p>
Q.2	<p>Which among the following is not the responsibility of the SAI</p> <p>(a) to safeguard the financial interests of the state</p> <p>(b) to assist the legislatures in the exercise of financial control over the executive Government</p> <p>(c) to enforce economy and efficiency in the expenditure of public money</p> <p>(d) none of the above</p>
Q.3	<p>The responsibility of the audited entity does not include</p> <p>(a) to develop adequate internal control systems to protect its resources</p> <p>(b) to ensure that controls are in place</p> <p>(c) to decide the nature, scope, extent and quantum of audit</p> <p>(d) none of the above</p>
Q.4	<p>Conflict of interest between the auditor and the audited entity is avoided by</p> <p>(a) carrying out audit and reporting the results in conformity with reporting standards</p> <p>(b) maintaining SAI's independence and objectivity</p> <p>(c) by maintaining confidentiality regarding audit matters</p> <p>(d) all of the above</p>
Q.5	<p>Which among the following is not a standard common to auditors and audit institution</p> <p>(a) both must be independent</p> <p>(b) both must possess the required competence</p> <p>(c) audit institution alone comply with auditing standards</p> <p>(d) none of the above</p>

Q.6	<p>Which among the following is not relevant as to independency of SAI</p> <p>(a)SAI maintains his independence from political influence, in order to preserve an impartial approach to its audit responsibilities</p> <p>(b)while observing the laws enacted by the legislature, SAI is subject to direction by the legislature in planning and conduct of audit</p> <p>(c)the essential relationship of SAI with the executive is that of an external auditor</p> <p>(d)none of the above</p>
Q.7	<p>The SAI's relation with the audited entity</p> <p>(a)the audited entity is in a client relationship with SAI</p> <p>(b)SAI may participate in the management of an audited entity</p> <p>(c) SAI personnel having close affiliations with the management of an audited entity should not be assigned to audit that entity</p> <p>(d)none of the above</p>
Q.8	<p>The audit department should equip with upto date audit methodologies does not include</p> <p>(a)systems-based techniques</p> <p>(b)Analytical review methods and statistical sampling</p> <p>(c)advancement of science and Technology</p> <p>(d)audit of automated information systems</p>
Q.9	<p>Which among the following is incorrect as to employment of external experts</p> <p>(a)audit contracts include adequate provision for the SAI to determine the planning, audit scope and reporting</p> <p>(b)obtaining advice from an external expert relieve the audit department of the responsibility for the opinions formed</p> <p>(c)SAI may review the work of another auditor(s) when the audit department use the work of another auditor(s)</p> <p>(d)none of the above</p>
Q.10	<p>SAI should establish systems and procedures to</p> <p>(a)confirm that internal quality assurance processes have operated satisfactorily</p> <p>(b)Ensure quality of the audit report</p> <p>(c) secure improvements and avoid repetition of weaknesses</p> <p>(d)All of the above</p>

Q.11	<p>Which among the following is true as to ‘use of skills’ as an auditing standard</p> <p>(a) SAI is not to acquire specialized skills from external sources if so requires</p> <p>(b) It is for the audit institution to judge, to what extent its requirements are best met by in-house expertise as against outside experts</p> <p>(c) SAI needs no criteria for determining the range of audit activities which will give the maximum practicable assurance</p> <p>(d) none of the above</p>
Q.12	<p>Which among the following field standards is applicable to all types of audit</p> <p>(a) to ensure that an audit of high quality is carried out</p> <p>(b) the work of the audit staff at each level and audit phase be properly supervised</p> <p>(c) The audit should study and evaluate the reliability of internal control</p> <p>(d) All of the above</p>
Q.13	<p>The common field standards to regularity (financial) audit and performance audit is</p> <p>(a) The auditor should be aware of the possibility of illegal acts that could have material effect on financial statements</p> <p>(b) to make sure that the state budget and accounts are complete and valid</p> <p>(c) complete, relevant and reasonable evidence should be obtained to support the auditor’s judgement</p> <p>(d) none of the above</p>
Q.14	<p>Which among the following planning step is normally not included in an audit</p> <p>(a) define the objective and scope of audit</p> <p>(b) highlight special problems foreseen</p> <p>(c) under take preliminary analysis to determine the approach to be adopted</p> <p>(d) consider the users of audit opinions, conclusions or reports</p>
Q.15	<p>Which among the following is incorrect</p> <p>(a) conflicts of interest may impair the independence of the SAI materially</p> <p>(b) the audit procedure normally results, in the absence of regularity in the granting of ‘discharge’</p> <p>(c) information about the audited entity helps to assess risk and to determine materiality</p> <p>(d) none of the above</p>

Q.16	<p>The evaluation of internal control where accounting or other information systems are computerized is to</p> <p>(a)ensure the integrity of the data (b)ensure the reliability of the data (c) ensure the completeness of the data (d)All of the above</p>		
Q.17	<p>Match the following w.r.to study and evaluation of internal control</p> <table border="0" style="width: 100%;"> <tr> <td style="width: 50%; vertical-align: top;"> <p>(A) In case of regularity(financial) audit, study and evaluation are made: (B)In case of regularity(compliance) audit, study and evaluation are made (C)In case of performance audit, study and evaluation are made (D) Extent of the study and evaluation</p> </td> <td style="width: 50%; vertical-align: top;"> <p>(A) on controls that assist management in complying with laws and regulations (B)On controls that assist in safeguarding assets and resources (C)depend on the objectives of the audit and on the degree of reliance intended (D) on controls that assist in conducting the business of the audited entity</p> </td> </tr> </table> <p>(a) A-B; B-A; C-D; D-C (b) A-B; B-D; C-A; D-C (c) A-D; B-C; C-A; D-B (d) A-C; B-A; C-D; D-B</p>	<p>(A) In case of regularity(financial) audit, study and evaluation are made: (B)In case of regularity(compliance) audit, study and evaluation are made (C)In case of performance audit, study and evaluation are made (D) Extent of the study and evaluation</p>	<p>(A) on controls that assist management in complying with laws and regulations (B)On controls that assist in safeguarding assets and resources (C)depend on the objectives of the audit and on the degree of reliance intended (D) on controls that assist in conducting the business of the audited entity</p>
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Q.18	<p>Audit Evidence obtained should be</p> <p>(a)Complete (b)relevant (c)reasonable (d)All of the above</p>		
Q.19	<p>Adequate documentation is important to</p> <p>(a)confirm and support the auditor's opinion and reports (b)serve as evidence of the auditor's compliance with auditing standards (c)provide evidence of work done for future reference (d)All of the above</p>		
Q.20	<p>A through analysis of the financial statements is made to ascertain whether</p> <p>(a)Financial statements are presented without due consideration to the circumstances of the audited entity (b)sufficient disclosures about various elements of financial statements are not presented (c)financial statements are prepared in accordance with acceptable accounting standards (d)none of the above</p>		

Q.21	<p>Observations in Inspection Reports are further processed for reporting in the Audit Report depends</p> <p>(a) on the veracity of observations in the IR (b) relevance of replies/clarifications received (c) materiality of observations in the IR (d) All of the above</p>		
Q.22	<p>Which among the following is correct</p> <p>(a) the reporting standards are to supercede the prudent judgement of the Auditor (b) The expression 'Reporting' does not embraces auditor's opinion on financial statements and the Auditor's report (c) The conclusion should flow from the evidence (d) none of the above</p>		
Q.23	<p>Match of the following</p> <table border="0" style="width: 100%;"> <tr> <td style="width: 50%; vertical-align: top;"> <p>(A) Accuracy</p> <p>(B) Objectivity</p> <p>(C) Clarity</p> <p>(D) correct portrayal</p> </td> <td style="width: 50%; vertical-align: top; border-left: 1px solid black; border-right: 1px solid black;"> <p>(A) requires the presentation throughout the report be balanced in content and tone</p> <p>(B) describing the audit scope and methodology and presenting the conclusions consistent with the scope accurately</p> <p>(C) requires that the evidence presented is true and the conclusions be correctly portrayed</p> <p>(D) requires that the report be easy to read and understand</p> </td> </tr> </table> <p>(a) A-C; B-D; C-B; D-A (b) A-C; B-A; C-D; D-B (c) A-B; B-A; C-D; D-C (d) A-D; B-C; C-A; D-B</p>	<p>(A) Accuracy</p> <p>(B) Objectivity</p> <p>(C) Clarity</p> <p>(D) correct portrayal</p>	<p>(A) requires the presentation throughout the report be balanced in content and tone</p> <p>(B) describing the audit scope and methodology and presenting the conclusions consistent with the scope accurately</p> <p>(C) requires that the evidence presented is true and the conclusions be correctly portrayed</p> <p>(D) requires that the report be easy to read and understand</p>
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Q.24	<p>When a particular act is, infact, illegal audit have to</p> <p>(a) await final determination by a court of law (b) Audit should take care not to imply that they have made a determination of illegality (c) Both (a) and (b) (d) none of the above</p>		
Q.25	<p>Which among the following is not a reportable condition</p> <p>(a) Regular followup and correct previously identified deficiencies in internal control (b) performing tasks that are part of internal control (c) Absence of a sufficient level of control consciousness within the organization (d) none of the above</p>		

Q.26	What is the procedure resorted to when reporting matters of national interest that cannot be freely disclosed (a) Auditor should not include the sensitive matters in the report (b) Auditor should need to make a report including sensitive matters in a separate published report (c) Auditor should need to make a report including sensitive matters in a separate, unpublished report (d) none of the above
Q.27	When these is adequate disclosure of all material matters relevant to the financial statements (a) Adverse opinion is given (b) Disclaimer of opinion is given (c) unqualified opinion is given (d) none of the above
Q.28	Find out the incorrect statement (a) Reports on irregularities may be prepared irrespective of a qualification of the auditor's opinion (b) where the audit is confined to consideration of whether sufficient controls exist to secure 3Es general opinion is provided (c) In performance audit recommendations suggest improvements needed and how to achieve them (d) none of the above

Auditing Standards issued by the CAG of India

Answers

Q.1	(d) Para 4.1 of Ch.I
Q.2	(c) Para 4.3 of Ch.I
Q.3	(c) Para 4.7 of Ch.I
Q.4	(d) Para 4.11 of Ch.I
Q.5	(c) Para 1.2 of Ch.II
Q.6	(b) Paras 2.4,2.5 & 2.6 of Ch.II
Q.7	(c) Paras 2.18,2.19 & 2.21 of Ch.II
Q.8	(c) Para 3.2.4 of Ch.II
Q.9	(b) Paras 4.2.4;4.2.5 & 4.2.6 of Ch.II
Q.10	(d) Para 5.2.2 of Ch.II
Q.11	(b) Para 6.4.4 & 6.4.7 of Ch.II
Q.12	(d) Para 3(a)(b) & (c) of Ch.III
Q.13	(c) Para 3(d) & (e) of Ch.III
Q.14	(d) Para 4.3 of Ch.III
Q.15	(b)
Q.16	(d) Para 6.1.3 of Ch.III
Q.17	(a) Para 6.11 of Ch.III
Q.18	(d) Para 8.1 of Ch.III
Q.19	(d) Para 8.2.5 of Ch.III
Q.20	(c) Para 9.2.2 of Ch.III
Q.21	(d) Paras 1.9,1.10 & 1.12
Q.22	(c)
Q.23	(b)
Q.24	(c) Paras 6.2,9.2 & 9.3 of Ch.III
Q.25	(c) Para 10.1 of Ch.IV
Q.26	(c) Para 11.1(d) of Ch.IV
Q.27	(c) Paras 11.3,11.5 & 11.6 of Ch.IV
Q.28	(c)

Regulations on Audit and Accounts'2007

Q.1	<p>The Regulation on Audit and Accounts'2007 do not apply to</p> <p>(a)Bodies/authorities and enterprises to which CAG's audit/accounts jurisdiction extend</p> <p>(b)All ministries and departments of Union Government and State Governments</p> <p>(c)Union Territory Governments</p> <p>(d)Any international assignment relating to audit taken up or being taken up by CAG</p>									
Q.2	<p>Match the following</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 50%; padding: 5px;">(A) Audit Note</td> <td style="width: 50%; padding: 5px;">(A)a letter issued during the course of audit for eliciting information and confirmation of facts</td> </tr> <tr> <td style="padding: 5px;">(B)Audit memorandum</td> <td style="padding: 5px;">(B)Issued by an audit office containing the results of audit conducted w.r.to data, information etc., available in audit office</td> </tr> <tr> <td style="padding: 5px;">(C)Practice note</td> <td style="padding: 5px;">(C)Report containing audit observations whether or not required to be laid before the legislature</td> </tr> <tr> <td style="padding: 5px;">(D) Separate audit report</td> <td style="padding: 5px;">(D) Detailed instructions on audit or on accounting matter?</td> </tr> </table> <p>(a)A-D;B-C;C-A;D-B (b)A-B;B-A;C-D;D-C (c)A-D;B-A;C-B;D-C (d)A-C;B-D;C-D;D-A</p>		(A) Audit Note	(A)a letter issued during the course of audit for eliciting information and confirmation of facts	(B)Audit memorandum	(B)Issued by an audit office containing the results of audit conducted w.r.to data, information etc., available in audit office	(C)Practice note	(C)Report containing audit observations whether or not required to be laid before the legislature	(D) Separate audit report	(D) Detailed instructions on audit or on accounting matter?
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(C)Practice note	(C)Report containing audit observations whether or not required to be laid before the legislature									
(D) Separate audit report	(D) Detailed instructions on audit or on accounting matter?									
Q.3	<p>Major irregularity means</p> <p>(a)an instance of suspected material fraud coming to the notice in audit</p> <p>(b)an instance of corruption coming to the notice in audit</p> <p>(c)an irregularity of serious nature involving public funds</p> <p>(d) All of the above</p>									

Q.4	<p>Match the following</p> <table border="1" data-bbox="591 285 1391 842"> <tr> <td data-bbox="591 285 1040 457">(A) To ensure whether financial statements are properly prepared, complete in all respects and presented with disclosures</td> <td data-bbox="1040 285 1391 457">(A)in special circumstances only</td> </tr> <tr> <td data-bbox="591 457 1040 600">(B)To ensure whether the provision of the constitution laws, rules/regulations are being Audit memorandum</td> <td data-bbox="1040 457 1391 600">(B)Performance audit</td> </tr> <tr> <td data-bbox="591 600 1040 743">(C)To assess the extent which an activity/programme/organization operates economically, efficiently and effectively</td> <td data-bbox="1040 600 1391 743">(C)Compliance audit</td> </tr> <tr> <td data-bbox="591 743 1040 842">(D) To utilize specialized skills from external sources to carryout an audit</td> <td data-bbox="1040 743 1391 842">(D) Financial audit</td> </tr> </table> <p>(a)A-B;B-C;C-D;D-A (b)A-B;B-A;C-D;D-C (c)A-C;B-D;C-A;D-B (d)A-D;B-C;C-B;D-A</p>	(A) To ensure whether financial statements are properly prepared, complete in all respects and presented with disclosures	(A)in special circumstances only	(B)To ensure whether the provision of the constitution laws, rules/regulations are being Audit memorandum	(B)Performance audit	(C)To assess the extent which an activity/programme/organization operates economically, efficiently and effectively	(C)Compliance audit	(D) To utilize specialized skills from external sources to carryout an audit	(D) Financial audit
(A) To ensure whether financial statements are properly prepared, complete in all respects and presented with disclosures	(A)in special circumstances only								
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(C)To assess the extent which an activity/programme/organization operates economically, efficiently and effectively	(C)Compliance audit								
(D) To utilize specialized skills from external sources to carryout an audit	(D) Financial audit								
Q.5	<p>The CAG may circumstances so warrant dispense with detailed audit under</p> <p>(a)Section 23 of the DPC Act (b)Section 24 of the DPC Act (c)Section 18 read with Section 2(e) of the Act (d)none of the above</p>								
Q.6	<p>Special audit of an organization may be requested provided such request</p> <p>(a)is made by any person without the approval of the Secretary to Government of the concerned department (b)State the justification and reasons that necessitate a special audit (c)specifying that the special audit to be covered since inception of the organization (d)none of the above</p>								
Q.7	<p>Which among the following is correct as to audit of public account and contingency fund</p> <p>(a)in the case of public account, the availability of credit for any withdrawal (b)in the case contingency fund, the availability of sufficient balance for any amount of advance (c)in the case of contingency fund, the timely resumption to the fund (d)all of the above</p>								

Q.8	<p>Which among the following is incorrect as to audit of receipts</p> <p>(a) identification of potential tax assesses (b) amount that may have fallen into arrears (c) Exclusion of non-assessment functions including expenditure incurred by the department (d) Achievemnt of targets</p>
Q.9	<p>Right of audit to investigate stores balances does not include</p> <p>(a) assuming responsibility for physical verification of stores (b) reserves the right to investigate stores balances and highlight discrepancies (c) verification of adequate and sound systems and procedures are in place and complied with (d) none of the above</p>
Q.10	<p>Find out the incorrect statement</p> <p>(a) Economy occurs where equal-quality resources are acquired at least cost (b) effectiveness addresses the issue of whether the scheme/programme or organization has achieved its objectives (c) The responsibility for the system of measurement of measurable objectives and performance indicators rests with the Audit (d) none of the above</p>
Q.11	<p>For arriving at the quantum of Government assistance for the purpose of ascertaining auditability under section 14</p> <p>(a) the aggregate of the amounts of grant(s) and loan(s) paid shall be considered separately (b) the amounts of grant(s) and loan(s) paid by the Union Government, the State Government shall be aggregated (c) the amounts of grant(s) and loan(s) paid during the year shall not include any amount of unspent grant(s) or loan(s) (d) the remaining unspent grant(s) and loan(s) should have been refunded to Government</p>

Q.12	<p>Match the following w.r.to the provisions of the DPC Act</p> <table border="1" data-bbox="594 285 1391 877"> <tr> <td data-bbox="594 285 959 426">(A)compling the accounts of the union and of each state and UT having a legislative assembly</td> <td data-bbox="959 285 1391 426">(A) Section 23</td> </tr> <tr> <td data-bbox="594 426 959 636">(B)Submission of accounts to the President or the Governor of state or Administrator of UT having a legislative assembly</td> <td data-bbox="959 426 1391 636">(B) Section 12</td> </tr> <tr> <td data-bbox="594 636 959 772">(C)giving information and rendering assistance to the union/state/UT having a legislative assembly</td> <td data-bbox="959 636 1391 772">(C)Section 10 read with Section 2(e)</td> </tr> <tr> <td data-bbox="594 772 959 877">(D)Laying down general principles of Government accounting</td> <td data-bbox="959 772 1391 877">(D)Section 11</td> </tr> </table> <p>(a)A-C;B-D;C-B;D-A (b)A-C;B-D;C-A;D-B (c)A-D;B-C;C-B;D-A (d)A-B;B-A;C-D;D-C</p>	(A)compling the accounts of the union and of each state and UT having a legislative assembly	(A) Section 23	(B)Submission of accounts to the President or the Governor of state or Administrator of UT having a legislative assembly	(B) Section 12	(C)giving information and rendering assistance to the union/state/UT having a legislative assembly	(C)Section 10 read with Section 2(e)	(D)Laying down general principles of Government accounting	(D)Section 11
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(C)giving information and rendering assistance to the union/state/UT having a legislative assembly	(C)Section 10 read with Section 2(e)								
(D)Laying down general principles of Government accounting	(D)Section 11								
Q.13	<p>The conditions for undertaking audit of a body or authority under Section 20(1) do not include</p> <p>(a)Audit shall be entrusted to the CAG preferably for a period of five accounts years (b)The scope, extent and manner of audit shall be decided by the CAG (c)The CAG shall not appoint a primary auditor to conduct the audit on his behalf (d)none of the above</p>								
Q.14	<p>Which among the following is incorrect as to the statutory auditor</p> <p>(a)The total period of appointment including the initial appointment should not exceed four years (b)In case of serious irregularities in the discharge of professional duties, the CAG may debar him further appointment (c)The CAG may terminate the appointment for reasonable and sufficient grounds without following the due administrative process (d)none of the above</p>								

Q.15	Which among the following is correct as to the supplementary audit by CAG (a)It is the CAG who is primarily responsible for expressing opinion on the accounts of the company (b)The significant and material observations made in supplementary audit shall be issued by the statutory auditor (c)The CAG may at his discretion, dispense with supplementary audit for any particular year (9)none of the above
Q.16	The Audit Board for central public sector undertakings (a)is a permanent body for conducting all types of audit of a Government Company (b)is a permanent body for performance audits of central public sector undertakings (c) shall not confine its function in an advisory and recommendatory capacity (d) none of the above
Q.17	The CAG may undertake the audit of Panchayat Raj Institutions and urban local bodies (a)under Section 14 of the DPC Act (b)under Section 19 or 20 of the Act (c)either (a) or (b) (d) none of the above

Q.18	<p>The functions of technical guidance and support to audit of PRI and ULB includes</p> <p>(a)The Accountant General(Audit) would conduct test check of some of PRIs and ULBs</p> <p>(b)The Accountant General (Audit) certifies the accounts of PRIs or ULB</p> <p>(c)The Accountant General (Audit) is not concerned with monitoring the quality of the IRs issued by LF auditor</p> <p>(d)none of the above</p>
Q.19	<p>The auditable entity in auditing in information Technology environment is required</p> <p>(a)to document all changes made in IT systems</p> <p>(b)to ensure that all requirements for the purpose of facilitation of audit are incorporated in IT systems</p> <p>(c)to ensure that audit has the right of access to the IT systems</p> <p>(d)All of the above</p>
Q.20	<p>Audit Evidence does not include</p> <p>(a)evidence from internal sources of the auditable entity</p> <p>(b)evidence form external source of the auditable entity</p> <p>(c)Those informations obtained by the auditable entity from a third party but not relied upon by the auditable entity</p> <p>(d)none of the above</p>
Q.21	<p>Which among the following is incorrect as to confidentiality of information acquired during audit</p> <p>(a)shall not be used for purposes outside the scope of audit</p> <p>(b)preclude audit from reporting offences against the law to appropriate prosecuting authorities wherever necessary</p> <p>(c)clarified documents shall be dealt with by audit in accordance with the standing instructions of the Government for handling and custody of such documents</p> <p>(d)none of the above</p>
Q.22	<p>The officer in charge of the auditable entity at the close of the audit</p> <p>(a)shall only confirm the facts and figures in the draft IR</p> <p>(b)may disagree and discuss with the Inspecting Officer</p> <p>(c)shall not offer his observations on the audit conclusions and recommendations if not already done in response to audit memo</p> <p>(d)none of the above</p>

Q.23	<p>Match the following</p> <table border="1" data-bbox="591 285 1390 705"> <tr> <td data-bbox="591 285 959 390">(A)The audit office shall issue the IR</td> <td data-bbox="959 285 1390 390">(A)The reply shall be sent through the next higher authority</td> </tr> <tr> <td data-bbox="591 390 959 495">(B)The auditable entity shall send the reply to audit to an IR</td> <td data-bbox="959 390 1390 495">(B)Write a management letter to the Secretary by the end of April every year</td> </tr> <tr> <td data-bbox="591 495 959 558">(C)In case of IR relating to PWD</td> <td data-bbox="959 495 1390 558">(C)Within six weeks from the date of completion of audit</td> </tr> <tr> <td data-bbox="591 558 959 705">(D)Communication of significant observations emerging out of audit during the preceding year</td> <td data-bbox="959 558 1390 705">(D)Within four weeks from the date of receipt of IR</td> </tr> </table> <p>(a)A-C;B-A;C-D;D-B (b)A-C;B-D;C-A;D-B (c)A-D;B-C;C-B;D-A (d)A-B;B-A;C-D;D-C</p>	(A)The audit office shall issue the IR	(A)The reply shall be sent through the next higher authority	(B)The auditable entity shall send the reply to audit to an IR	(B)Write a management letter to the Secretary by the end of April every year	(C)In case of IR relating to PWD	(C)Within six weeks from the date of completion of audit	(D)Communication of significant observations emerging out of audit during the preceding year	(D)Within four weeks from the date of receipt of IR
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(D)Communication of significant observations emerging out of audit during the preceding year	(D)Within four weeks from the date of receipt of IR								
Q.24	<p>W.r.to Draft paragraphs the Accountant General(Audit)</p> <p>(a)shall not offer to discuss with the Secretary to Government (b)shall not provide copies of any relevant documents and evidence in his possession to Government Department (c)will proceed on the assumption that the Government has no comments in case final reply is not received within the specified time (d)none of the above</p>								
Q.25	<p>While forwarding copies of audit report for laying before legislature, the AG(Audit)</p> <p>(a)shall send copies of the AR to Secretaries to Government before presentation in legislature marking ‘Confidential’ (b)send an unsigned copy of the AR simultaneously to the President or Governor as the case may be (c)send an signed copy of the AR simultaneously to the President or Governor as the case may be (d)none of the above</p>								
Q.26	<p>Duties and powers of the CAG in regard to the accounts of the union and State Government are laid down</p> <p>(a)under Articles 149 and 150 of the constitution (b)under Articles 149 and 150 of the constitution and Section 10 to 12 of the DPC Act (c)under Articles 149 and 150 of the constitution and Sections 10 to 12 and 23 of the DPC Act (d) none of the above</p>								

Q.27	<p>The Government Accounting Standards Advisory Board(GASAB) is not responsible for</p> <ul style="list-style-type: none">(a)making recommendations regarding accounting standards to be observed in Government department and organizations(b)Preparing a frame work and roadmap for shift to accrual accounting(c)formulating and proposing standards with a view to improve usefulness of the financial reports based on the users of these reports(d)making recommendations regarding accounting standards for Government companies
Q.28	<p>The hierarchy of instructions of the Comptroller and Auditor General shall be</p> <ul style="list-style-type: none">(a)Guidelines/Standing orders, Regulations and practice notes(b)Regulations, standing orders/Guidelines, and Practice notes(c)Regulations, practice notes and standing orders/guidelines(d)none of the above

Regulations on Audit and Accounts'2007

Answers

Q.1	(d) Regulation 225
Q.2	(b) See definition Regulation 2(10),2(11)2(28) & 2(29)
Q.3	(d) Regulation 2(26)
Q.4	(d) Regulations 4& 10
Q.5	(b)
Q.6	(b) Regulation 17
Q.7	(d) Regulation 51
Q.8	(c) Regulation 54
Q.9	(a) Regulation 62
Q.10	(c) Regulations 69 &70
Q.11	(b) Regulation 85
Q.12	(a) Chapter 16
Q.13	(c) Regulation 107
Q.14	(c) Regulations 119,121 & 122
Q.15	(c) Regulations 132-135
Q.16	(b) Regulations 137-139
Q.17	(c)
Q.18	(a) Regulation 152
Q.19	(d) Chapter 11
Q.20	(c) Chapter 12
Q.21	(b) Regulation 182
Q.22	(b) Regulation 191
Q.23	(b) Chapter 14
Q.24	(c)
Q.25	(c) Regulation 210 & 211 please see amendment dt.4.9.12 to Regulation 210
Q.26	(c)
Q.27	(d) Regulation 221
Q.28	(b) Regulation 227

Financial Attest Audit Manual

Q.1	<p>International standards on Auditing issued by IFAC</p> <p>(a) overrides the statutory, regulatory or professional regulations in a country</p> <p>(b) is binding on the auditors of a Supreme Audit Institution (SAI)</p> <p>(c) may be adopted by the SAI without any changes or with such modifications as are considered appropriate in the context of local condition</p> <p>(d) none of the above</p>
Q.2	<p>Which among the following is the common assertion for receipts and payments or income and expenditure and also for Balance Sheet or assets and liabilities</p> <p>(a) Regularity</p> <p>(b) Valuation</p> <p>(c) Disclosure</p> <p>(d) none of the above</p>
Q.3	<p>Budgetary excesses and write-offs and losses are examples of</p> <p>(a) Materiality by value</p> <p>(b) Materiality by nature</p> <p>(c) Materiality by context</p> <p>(d) none of the above</p>
Q.4	<p>Due to a misstatement, the financial statements indicate that a department has savings when it has, in fact exceeded its budget, it will become</p> <p>(a) Materiality by value</p> <p>(b) Materiality by nature</p> <p>(c) Materiality by context</p> <p>(d) none of the above</p>
Q.5	<p>Find out the incorrect statement</p> <p>(a) Planning materiality is taken at a lower figure than reporting materiality</p> <p>(b) 'Precision' represents the degree of certainty in the auditor's estimate of error</p> <p>(c) Accepting some level of uncertainty in performing the audit is 'Risk'</p> <p>(d) none of the above</p>
Q.6	<p>If a level of 95% assurance is considered appropriate the audit risk would be</p> <p>(a) 5%</p> <p>(b) 10%</p> <p>(c) 15%</p> <p>(d) none of the above</p>

Q.7	<p>Match the following</p> <table border="1" data-bbox="591 283 1393 877"> <tr> <td data-bbox="591 283 959 426">(A) A study of plausible relationships among both financial and non-financial data</td> <td data-bbox="959 283 1393 426">(A)Direct substantive Testing</td> </tr> <tr> <td data-bbox="591 426 959 569">(B)A approach whereby the auditor relies upon the entity's system of Internal control</td> <td data-bbox="959 426 1393 569">(B)Analytical procedures</td> </tr> <tr> <td data-bbox="591 569 959 772">(C)Achieving the audit objectives without relying on the systems in place in the auditee and without undertaking tests of control</td> <td data-bbox="959 569 1393 772">(C)Audit Sampling</td> </tr> <tr> <td data-bbox="591 772 959 877">(D)Testing of less than 100% of the items within a population</td> <td data-bbox="959 772 1393 877">(D)system based Audit</td> </tr> </table> <p>(a)A-B;B-C;C-D;D-A (b)A-B;B-D;C-A;D-C (c)A-D;B-A;C-B;D-C (d)none of the above</p>	(A) A study of plausible relationships among both financial and non-financial data	(A)Direct substantive Testing	(B)A approach whereby the auditor relies upon the entity's system of Internal control	(B)Analytical procedures	(C)Achieving the audit objectives without relying on the systems in place in the auditee and without undertaking tests of control	(C)Audit Sampling	(D)Testing of less than 100% of the items within a population	(D)system based Audit
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(D)Testing of less than 100% of the items within a population	(D)system based Audit								
Q.8	<p>Which among the following sampling is used for testing of controls</p> <p>(a)monetary unit sampling (b)judgemental selection (c)Attribute Sampling (d)none of the above</p>								
Q.9	<p>Which among the following cannot be considered as a representative selection method</p> <p>(a)Block Selection (b)attribute sampling (c)Judgemental selection (d)none of the above</p>								

Q.10	<p>Match the following</p> <table border="1" data-bbox="586 285 1390 772"> <tr> <td data-bbox="586 285 959 390">(A)Simple random sampling</td> <td data-bbox="959 285 1390 390">(A)High value transaction is more likely to appear in the sample than one of lower value</td> </tr> <tr> <td data-bbox="586 390 959 527">(B)Monetary unit sampling</td> <td data-bbox="959 390 1390 527">(B)Population is first divided into discrete bands/Strata each being fairly homogeneous w.r.to value and risk</td> </tr> <tr> <td data-bbox="586 527 959 663">(C)Stratified random sampling</td> <td data-bbox="959 527 1390 663">(C)When transactions are processed or accounting records are held at a number of locations</td> </tr> <tr> <td data-bbox="586 663 959 772">(D)multistage sampling</td> <td data-bbox="959 663 1390 772">(D)All transactions have the same chance of being included in the sample</td> </tr> </table> <p>(a)A-D;B-C;C-D;D-A (b)A-D;B-A;C-B;D-C (c)A-B;B-D;C-A;D-C (d)A-C;B-A;C-D;D-B</p>	(A)Simple random sampling	(A)High value transaction is more likely to appear in the sample than one of lower value	(B)Monetary unit sampling	(B)Population is first divided into discrete bands/Strata each being fairly homogeneous w.r.to value and risk	(C)Stratified random sampling	(C)When transactions are processed or accounting records are held at a number of locations	(D)multistage sampling	(D)All transactions have the same chance of being included in the sample
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(D)multistage sampling	(D)All transactions have the same chance of being included in the sample								
Q.11	<p>A thorough understanding of the auditee entity and its operations is used in the planning process for</p> <p>(a)determining the materiality for the audit (b)identifying those factors which lead to an increased risk of material misstatement or irregularity (c)preparing an audit approach which focuses testing on the specific risk factors (d) All of the above</p>								
Q.12	<p>Which among the following merit special attention w.r.to financial reporting</p> <p>(a)previous year's accounts (b)interim accounts (c) Any changes in law, regulations, accounting standards, accounting rules, or policies since last audit (d)none of the above</p>								
Q.13	<p>At the planning stage audit is concerned primarily with</p> <p>(a)Materiality by value (b)Materiality by nature (c)Materiality by context (d)none of the above</p>								
Q.14	<p>The audit approach chosen in financial attest audit will</p> <p>(a)reflect the understanding of the auditee entity and its business (b)take account of audit judgement on planning materiality (c)respond to the specific risk factors identified in the course of risk assessment (d)All of the above</p>								

Q.15	<p>If the audit has not identified risks that could lead to material misstatement and no reliance is planned to be placed on controls</p> <p>(a) focused substantive procedures are adopted (b) standard substantive procedures are adopted (c) minimum substantive procedures are adopted (d) none of the above</p>
Q.16	<p>Which among the following is incorrect as to evidence</p> <p>(a) Evidence, which is accepted by the auditee entity is always reliable (b) oral evidence must be considered as the least reliable (c) visual evidence is highly reliable for confirming the existence of assets, but not their ownership or value (d) Drawing conclusions through examining relationships between figures in the account is more reliable evidence</p>
Q.17	<p>Find out the incorrect statement</p> <p>(a) Substantive analytical procedures test an entire population, eliminating sampling risk (b) A systematic error occur only in defined circumstances and hence affects the entire population (c) A random error occur in any of transactions that were not selected for testing (d) none of the above</p>
Q.18	<p>A disclaimer of opinion is given</p> <p>(a) when the AG may conclude that material misstatement or irregularity may be present (b) when the AG is unable to quantify the material misstatement or irregularity (c) due to a limitation on the scope of work (d) All of the above</p>
Q.19	<p>Which among the following ensures that the best practices and standards have been followed</p> <p>(a) adherence to the field standards and policy of the CAG (b) supervision, monitoring and review (c) peer review (d) none of the above</p>
Q.20	<p>Management representation is sought for the following reason</p> <p>(a) where knowledge of the facts pertaining to a matter is confined to management alone (b) to acknowledge management's responsibility for the regularity of expenditure (c) to acknowledge management's responsibility for the preparation of the financial statements (d) All of the above</p>

Q.21	<p>Quality in audit completion stage is assured through</p> <p>(a)Adherence to the Field standards and policy of C&AG (b)supervision, monitoring and review (c)Documentation of the field work (d)All of the above</p>
Q.22	<p>Which among the following is incorrect as to the form and content of audit opinion and reports</p> <p>(a)The inclusion of objectives and scope establishes the purpose and boundaries of the audit (b)The opinion/report should identify the financial statements which it relates (c)The auditing standards or practices followed in conducting the audit need not be indicated (d)none of the above</p>
Q.23	<p>The audit opinion will contain separate section dealing with</p> <p>(a)respective responsibilities of the executive and auditors (b)the basis of the opinion expressed (c)the opinion on the financial statements (d)All of the above</p>
Q.24	<p>Which among the following is not included in the audit certificate</p> <p>(a)a statement as to compliance or otherwise with Auditing Standards (b)a statement that the audit was planned and performed as to obtain a reasonable assurance (c) certifying that the CAG has performed his examination in accordance with relevant legislative authority where there is no legal requirement (d)none of the above</p>
Q.25	<p>When the financial statements are free from material irregularity</p> <p>(a)unmodified opinion is given (b)Inherent uncertainty is disclosed irrespective of (a) (c)modified opinion (d)none of the above</p>
Q.26	<p>In forming the judgement about absence of material irregularity which among the following is considered</p> <p>(a)transactions comply with the legislation governing them (b)approval of Finance department at any sponsoring department has been sought and obtained (c)the financial transaction fall within the ambit of the vote of the Parliament or legislature (d)All of the above</p>

Q.27	<p>In all cases of excess votes in case of appropriation accounts, the following type of opinion is given</p> <p>(a)unmodified opinion (b)modified opinion (c)Inherent uncertainty (d)none of the above</p>										
Q.28	<p>The circumstance in which disagreement occurs is</p> <p>(a)the auditee entity may present figures in the accounts which are not in accordance with applicable rules/accounting policies or principles (b)the AG disagree with the way the auditee entity has disclosed facts or amounts in the financial statements (c)the auditee entity may fail to comply with legislation or regulations (d)All of the above</p>										
Q.29	<p>Internal audit provides audit evidence on</p> <p>(a)the overall financial control environment (b)the operation of the systems of internal control (c)specific account balances, where these have been subject to investigation (d)all of the above</p>										
Q.30	<p>Which among the following is not a fraud indicator</p> <p>(a)missing vouchers (b)any unusual accounting entries (c)employees in sensitive posts not taking leave (d)suppliers/contractors awarded the work in a transparent way</p>										
Q.31	<p>Match the following</p> <table border="1" data-bbox="586 1188 1390 1570"> <thead> <tr> <th data-bbox="586 1188 959 1251"><u>Entity</u></th> <th data-bbox="959 1188 1390 1251"><u>Types of Financial Statements Certified</u></th> </tr> </thead> <tbody> <tr> <td data-bbox="586 1251 959 1325">(A)Union/State Government</td> <td data-bbox="959 1251 1390 1325">(A)Balance sheet, P&L Account/Revenue Account</td> </tr> <tr> <td data-bbox="586 1325 959 1398">(B)Autonomous Bodies</td> <td data-bbox="959 1325 1390 1398">(B)Finance Accounts, Appropriation accounts</td> </tr> <tr> <td data-bbox="586 1398 959 1503">(C)Government Companies</td> <td data-bbox="959 1398 1390 1503">(C)Balance sheet; Income & Expenditure Account/Revenue Account</td> </tr> <tr> <td data-bbox="586 1503 959 1570">(D)Statutory Corporations</td> <td data-bbox="959 1503 1390 1570">Balance Sheet; Profit and Loss Account</td> </tr> </tbody> </table> <p>(a)A-B;B-D;C-A;D-C (b)A-B;B-C;C-D;D-A (c)A-D;B-C;C-B;D-A (d)A-C;B-D;C-A;D-B</p>	<u>Entity</u>	<u>Types of Financial Statements Certified</u>	(A)Union/State Government	(A)Balance sheet, P&L Account/Revenue Account	(B)Autonomous Bodies	(B)Finance Accounts, Appropriation accounts	(C)Government Companies	(C)Balance sheet; Income & Expenditure Account/Revenue Account	(D)Statutory Corporations	Balance Sheet; Profit and Loss Account
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(C)Government Companies	(C)Balance sheet; Income & Expenditure Account/Revenue Account										
(D)Statutory Corporations	Balance Sheet; Profit and Loss Account										

Q.32	<p>For the purpose of certifying the statement of expenditure in respect of externally aided projects, the C&AG of India acts as an</p> <p>(a) internal auditor (b) independent auditor (c) Sole auditor (d) none of the above</p>
Q.33	<p>Find out the correct statement</p> <p>(a) Central Audit Wing carries out audit of the vouchers is on site audit'' (b) The audit conducted in the premises of the auditee entities by peripatic parties is off site audit'' (c) In the case of Government companies, the C&AG does not act as the sole auditor, but conducts only supplementary audit (d) none of the above</p>
Q.34	<p>The planning phase of Financial Attest Audit does not cover the following</p> <p>(a) Assessing risk (b) Preparing audit plan (c) Determining materiality (d) Sampling for test of controls</p>
Q.35	<p>The execution phase covers the following steps of financial attest audit</p> <p>(a) Establishing audit objectives and scope (b) Preparing detailed audit programmes (c) Performing analytical Review (d) Deriving conclusions</p>
Q.36	<p>Which among the following specialized IT skills are needed in the conduct of Financial attest audit</p> <p>(a) sufficient understanding of the effect of the IT environment on accounting of internal control systems (b) determine the effect of IT environment on the assessment of overall audit risk (c) design and perform appropriate tests of control and substantive procedures (d) All of the above</p>
Q.37	<p>Which among the following is not relevant in audit of IT systems as a component of finance attest audit</p> <p>(a) The users have or can grant access to specific functions or data (b) users have the ability to change the data and develop reports (c) identification of specific risks associated with a particular IT environment (d) Factors that do not affect the quality of audit evidence available</p>

Financial Attest Audit Manual

Answers

Q.1	(c) Para 2.3
Q.2	(c) Paras 2.21 and 2.23
Q.3	(b) Para 2.46
Q.4	(c) Para 2.48
Q.5	(b) Paras 2.52,2.55 & 2.61
Q.6	(a) Para 2.62
Q.7	(b)
Q.8	Para 2.103
Q.9	(b)
Q.10	(b)
Q.11	(d) Para 3.9
Q.12	(c) Para 3.18
Q.13	(a) Para 3.58
Q.14	(d) Para 3.110
Q.15	(b) Para 3.116
Q.16	(d) Para 4.10
Q.17	(b) Para 4.51
Q.18	(d) Para 4.60
Q.19	(c) Paras 4.89 & 4.90
Q.20	(d) Para 5.16
Q.21	(d) Para 6.21
Q.22	(c) Para 7.5
Q.23	(d) Para 7.6
Q.24	(c) Para 7.13
Q.25	(a) Para 7.18
Q.26	(d) Para 7.19
Q.27	(b) Para 7.27
Q.28	(d) Para 7.32
Q.29	(d) Para 10.8
Q.30	(d) Para 10.41
Q.31	(b) Para 11.1
Q.32	(b) Para 11.2
Q.33	(c) Para 11.24, 11.26 & 11.29
Q.34	(d) Para 13.3
Q.35	(c) Para 13.4
Q.36	(d) refer Appendix II of the Manual
Q.37	(d) refer Appendix II of the Manual

Performance Auditing Guidelines

Q.1	<p>Which among the following is not to be questioned in performance audit</p> <p>(a)the objectives of the policy being met by means employed, out puts provided and impacts observed</p> <p>(b)the means employed and the results achieved consistent with the objectives of the policy</p> <p>(c)policy per se</p> <p>(d)none of the above</p>									
Q.2	<p>Match the following w.r.to the nature of question to be asked</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 50%; padding: 5px;">(A)Effectiveness audit</td> <td style="width: 50%; padding: 5px;">(A)Are the means employed for policy implementation consistent with the sent objectives?</td> </tr> <tr> <td style="padding: 5px;">(B) Evaluation of the consistency of the programme with the policy</td> <td style="padding: 5px;">(B)Are the observed results due to the policy, or are there other causes?</td> </tr> <tr> <td style="padding: 5px;">(C)Evaluation of the impact of the policy</td> <td style="padding: 5px;">(C)Are the results consistent with the objectives of the policy?</td> </tr> <tr> <td style="padding: 5px;">(D)Evaluation of the effectiveness of the policy and analysis of casuality</td> <td style="padding: 5px;">(D)What is the economic and social impact of the policy?</td> </tr> </table> <p>(a)A-C;B-D;C-B;D-A (b)A-B;B-A;C-D;D-C (c)A-C;B-A;C-D;D-B (d)A-D;B-C;C-B;D-A</p>		(A)Effectiveness audit	(A)Are the means employed for policy implementation consistent with the sent objectives?	(B) Evaluation of the consistency of the programme with the policy	(B)Are the observed results due to the policy, or are there other causes?	(C)Evaluation of the impact of the policy	(C)Are the results consistent with the objectives of the policy?	(D)Evaluation of the effectiveness of the policy and analysis of casuality	(D)What is the economic and social impact of the policy?
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(D)Evaluation of the effectiveness of the policy and analysis of casuality	(D)What is the economic and social impact of the policy?									
Q.3	<p>Find out the incorrect statement</p> <p>(a)It is not always necessary to conduct performance audits of the entity or the programme as a whole</p> <p>(b)The subjects of performance audit may be selected cutting across various departments or entities</p> <p>(c) AG should be alive to people centric cutting edge issues but not to take non-financial subjects</p> <p>(d)none of the above</p>									
Q.4	<p>In analyzing risks which of the following question should be addressed w.r.to PA</p> <p>(a)what can go wrong?</p> <p>(b)what is the probability of it going wrong?</p> <p>(c)what are the consequences?</p> <p>(d)All of the above</p>									

Q.5	<p>Which among the following is correct as to prioritization of the selected subject</p> <p>(a)The thumb rule for prioritization is to be guided by the materiality multiplied by risk parameters</p> <p>(b)The existence, intensity and impact of risks need not be considered in tandem</p> <p>(c) where the available resources place a constraint outsourcing in part or full including core audit functions may be done</p> <p>(d)none of the above</p>									
Q.6	<p>Match the following w.r.to the characteristics of good criteria</p> <table border="1" data-bbox="586 625 1390 1052"> <tr> <td data-bbox="586 625 959 737">(A)Reliable criteria</td> <td data-bbox="959 625 1390 737">(A)are clearly stated and are not subject to significantly different interpretations</td> </tr> <tr> <td data-bbox="586 737 959 842">(B) Objective criteria</td> <td data-bbox="959 737 1390 842">(B)results in findings and conclusions that meet user’s information need</td> </tr> <tr> <td data-bbox="586 842 959 915">(C)Useful criteria</td> <td data-bbox="959 842 1390 915">(C)are free from any bias of the auditor or management</td> </tr> <tr> <td data-bbox="586 915 959 1052">(D)understandable criteria</td> <td data-bbox="959 915 1390 1052">(D)result in consistent conclusions, when used for assessment in the same circumstances</td> </tr> </table> <p>(a)A-D;B-C;C-B;D-A (b)A-D;B-A;C-B;D-C (c)A-C;B-D;C-A;D-B (d)A-C;B-A;C-D;D-B</p>		(A)Reliable criteria	(A)are clearly stated and are not subject to significantly different interpretations	(B) Objective criteria	(B)results in findings and conclusions that meet user’s information need	(C)Useful criteria	(C)are free from any bias of the auditor or management	(D)understandable criteria	(D)result in consistent conclusions, when used for assessment in the same circumstances
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(C)Useful criteria	(C)are free from any bias of the auditor or management									
(D)understandable criteria	(D)result in consistent conclusions, when used for assessment in the same circumstances									
Q.7	<p>Which among the following is incorrect as to the criteria</p> <p>(a)The higher the degree of acceptance of the criteria, the more effective would be the PA</p> <p>(b)The audit should note the shift in the role of Governments from a ‘facilitator and regulator’ to ‘provider of services’</p> <p>(c)The audit should take into account the shift from a ‘Government-Centred’ to a ‘people-oriented’ approach</p> <p>(d)none of the above</p>									
Q.8	<p>The recommendations suggested to ready the deficiencies may be acceptable when</p> <p>(a)the audit objectives have been communicated to the entity</p> <p>(b)the audit criteria accepted by the entity and no disagreement exists on audit findings</p> <p>(c)the audit findings are supported by competent relevant and reasonable evidence</p> <p>(d)All of the above</p>									

Q.9	<p>Considerations that determine the strength of evidence is</p> <p>(a)If the observation is highly significant and material, it will require stronger evidence to sustain</p> <p>(b)The strength of evidence should be very high when the degree of risk associated with wrong conclusion is low</p> <p>(c)Evidence needs to be more convincing, if the issue is non-controversial or insensitive</p> <p>(d)none of the above</p>
Q.10	<p>Which among the following factor that affect the evidence</p> <p>(a)samples selected are representative</p> <p>(b)incomplete evidence and does not establish a cause and effect relationship</p> <p>(c)unbiased evidence</p> <p>(d)Evidence that is not conflicting</p>
Q.11	<p>The important characteristic of sound evidence is</p> <p>(a)it should be logical and self-sustaining</p> <p>(b)it should support the audit observations</p> <p>(c)provides basis of arguments against the best possible counter argument</p> <p>(d)All of the above</p>
Q.12	<p>A performance audit report is said to be balanced</p> <p>(a)if the report adds value to the entity</p> <p>(b)if the report is ensured through fair conclusions and balanced content and tone</p> <p>(c)if good performance should also be reported</p> <p>(d)none of the above</p>
Q.13	<p>Quality control and management system in the context of performance audit consist of</p> <p>(a)evaluating the intended outcome of the performance audit</p> <p>(b)strategic/perspective/operational planning</p> <p>(c)post audit quality review on selective basis by SAI top management</p> <p>(d)All of the above</p>
Q.14	<p>In vetting the action taken notes' the audit has to concentrate on</p> <p>(a)substantive action on the recommendations</p> <p>(b)the form of the report</p> <p>(c)the action taken report be accepted only on verification</p> <p>(d)none of the above</p>

Q.15	<p>Find out the incorrect statement w.r.to quality assurance in PA</p> <p>(a)Quality assurance is process-centric (b)Quality assurance is for the entire life cycle of the performance audit (c)Quality assurance is applied after the work is completed (d)Quality assurance concerns all steps and techniques that PA auditors must follow to assure quality audit</p>
Q.16	<p>Which among the following is incorrect statement w.r.to quality control</p> <p>(a)quality control system attempts to make sure that results of PA are what was expected (b)quality control measures apply to individual stages or products (c)quality control is process centric (d)quality control is applied after the work is completed</p>
Q.17	<p>Which among the following is a fundamental principle of Performance Audit</p> <p>(a)performance audit should not include sunrise issues in the light of policy issues (b)performance audit can be carried out posteriori or concurrently (c)Cutting edge issues that form the core of governance is outside the scope of performance audit (d)none of the above</p>
Q.18	<p>Audit findings should be</p> <p>(a)developed on the basis of audit tests carried out on the sample (b)in the context of audit objectives and criteria (c)determined to be able to recommend remedial measures w.r.to causes of under performance (d)All of the above</p>
Q.19	<p>The potential impact of the performance audit on economy is</p> <p>(a)better identification/justification of need (b)introducing sub objectives and targets (c)reduction in costs through better contracting bulk buying, etc., (d)none of the above</p>
Q.20	<p>The potential impact of Performance Audit on improved planning, control and management is</p> <p>(a)improved form of account, including commercial formats (b)improved external control and monitoring by departments (c)greater information on sectoral performance (d)target controls against fraud</p>

Q.21	<p>A Performance Audit in an IT environment should</p> <p>(a) assess whether the IT systems enhance economy, efficiency and effectiveness of the entity's/programme management</p> <p>(b) examine the IT system development and maintenance practices of the entity</p> <p>(c) determine whether system output meet entity quality and service delivery parameters</p> <p>(d) All of the above</p>
Q.22	<p>CAATs tools can be developed to</p> <p>(a) access and extract information from auditee databases</p> <p>(b) perform sampling, statistical processing and analysis</p> <p>(c) provide reports designed to meet particular audit needs</p> <p>(d) all of the above</p>
Q.23	<p>Which is the powerful software tool for evaluation of ongoing projects, particularly those with long gestation</p> <p>(a) crystal Ball</p> <p>(b) Teammate</p> <p>(c) Earned value Analysis (EVA)</p> <p>(d) none of the above</p>
Q.24	<p>To draw a sample of the beneficiaries E.g. sample states/districts within the selected state</p> <p>(a) cluster sampling is used</p> <p>(b) Systematic sampling is used</p> <p>(c) multi-stage sampling is used</p> <p>(d) none of the above</p>
Q.25	<p>What is true in respect of case study technique</p> <p>(a) It is an in-depth study of individual cases to explore the audit issues</p> <p>(b) Examining a small selection of cases is cheaper than studying a larger representative sample</p> <p>(c) case studies involve judgment in selection and is open to bias</p> <p>(d) All of the above</p>
Q.26	<p>The weakness/concern of using benchmarking technique is</p> <p>(a) It stimulates an objective review of processes, practices and systems</p> <p>(b) It supports recommendations for making changes</p> <p>(c) Bench Marking requires high degree of skill</p> <p>(d) none of the above</p>
Q.27	<p>Which among the following is correct w.r.to the measures of common tendency</p> <p>(a) <i>mean</i> is a good choice when the underlying data distribution is strongly asymatric</p> <p>(b) In <i>median</i> one need not look for a symmetric data distribution before application</p> <p>(c) <i>Mode</i> is the most common value of a variable</p> <p>(d) none of the above</p>

Performance auditing Guidelines

Answers

Q.1	(c) Para 1.26 Performance Auditing Guidelines
Q.2	(c) Para 1.33
Q.3	(c) Paras 2.6,2.7 & 2.8
Q.4	(d) Para 2.16
Q.5	(a) Para 2.23
Q.6	(a) Para 3.26
Q.7	(b) Para 3.30
Q.8	(d) Para 4.25
Q.9	(a) Para 5.10
Q.10	(b) Para 5.11
Q.11	(d) Para 5.20
Q.12	(c) Para 6.4
Q.13	(d) Para 7.19
Q.14	(a) Para 8.7
Q.15	(c) Para 9.5
Q.16	(c)
Q.17	(b) Para 10.14 Fundamental principles
Q.18	(d) Para 10.20
Q.19	(c) }
Q.20	(d) } Appendix A
Q.21	(d) Appendix B – Para 5
Q.22	(d) Appendix B – Para 14
Q.23	(c) Appendix B – Para 21
Q.24	(c) Appendix B – Para 20
Q.25	(d) }
Q.26	(c) } Appendix D
Q.27	(a) }

Audit of Autonomous Bodies

Q.1	<p>Which among the following provisions empower C&AG to conduct audit of bodies or authorities</p> <p>(a)Section 14 & 15 of the DPC Act (b)Section 14, 15, 19 & 20 of the DPC Act (c)Section 14, 19 & 20 of the DPC Act (d) none of the above</p>
Q.2	<p>The objectives of audit of Autonomous Bodies by CAG is to conduct</p> <p>(a)compliance audit (b)financial audit (c)Performance audit (d)all of the above</p>
Q.3	<p>Which among the following is incorrect as to Section 14 audit</p> <p>(a)If the grant or loan is from outside the consolidated fund, audit under section 14 is not possible (b)Payments of purely deposit nature should also be regarded as expenditure (c)The expenditure incurred on purchase of raw material, finished goods, disbursement of loans is treated as expenditure in respect of institutions running business (d)none of the above</p>
Q.4	<p>The parameter for examining the justification for Section 14(2) or 20(2) is</p> <p>(a)control by the sanctioning agency is adequate (b)the state of accounts is known to be satisfactory (c)there is arrangement for audit by an agency outside the control of the institution (d)these are persistent losses in respect of institutions undertaking manufacturing or trading activities</p>
Q.5	<p>The restriction with respect to right of access to the books and accounts under Section 15(2) is</p> <p>(a)the autonomous body is not a foreign state or an international organization (b)the President/Governor/Administrator relieve the CAG in public interest (c)the law under which the corporation is established provides for audit by someone other than C&AG (d)All of the above</p>

Q.6	<p>Which is incorrect as to audit of autonomous body under Section 15</p> <p>(a)It would be preferable to defer examination of accounts of the until its accounts are audited and certified</p> <p>(b)Grants given for maintenance, purchase of specific items like land & building shall not be treated as specific purpose grants</p> <p>(c)The objections should not be conveyed or corresponded with the autonomous body directly</p> <p>(d)none of the above</p>
Q.7	<p>Audit under Section 19(3) of the DPC Act can be entrusted to CAG</p> <p>(a)of a corporation established by a state or Union Territory Law</p> <p>(b)Not of a corporation established under a state or Union Territory Law</p> <p>(c)neither (a) nor (b)</p> <p>(d)none of the above</p>
Q.8	<p>Which among the following is incorrect as to the requirement under Section 19(3)</p> <p>(a)the decision to entrust audit will be of government</p> <p>(b)It is obligatory that the autonomous body should concur with the decision</p> <p>(c)It is necessary to convey to the Government the terms and conditions under which audit can be undertaken by CAG</p> <p>(d)None of the above</p>
Q.9	<p>Audit under Section 20(1) is taken up</p> <p>(a)for the purpose of certification of annual accounts</p> <p>(b)the certification of accounts also includes performance audit</p> <p>(c)To issue separate Audit, Report containing only comments on accounts?</p> <p>(d)All of the above</p>
Q.10	<p>The underlying assumption while preparing the common format of accounts is</p> <p>(a)Accrual system of accounting</p> <p>(b)The entity is viewed as a going concern</p> <p>(c)both (a) and (b)</p> <p>(d)none of the above</p>
Q.11	<p>Find out the correct statement</p> <p>(a)The going concern has the intention of curtailing materially the scale of its operation</p> <p>(b)The transactions and events shall be governed by merely by the legal form in the Balance Sheet</p> <p>(c) The excess of the provision over the amount of reasonably anticipated loss is treated as a reserve</p> <p>(d)none of the above</p>

Q.12	<p>Revenue shall not be recognized unless</p> <p>(a)no significant certainty exists regarding the amount of the receivable consideration</p> <p>(b)the related performance has been achieved</p> <p>(c) it is not reasonable to expect realization and ultimate collection of the amount of revenue</p> <p>(d)none of the above</p>								
Q.13	<p>What is the common assertion underlying income statement items and Balance Sheet items</p> <p>(a)occurrence</p> <p>(b)ownership</p> <p>(c)Regularity</p> <p>(d)Disclosure</p>								
Q.14	<p>Find out the incorrect statement</p> <p>(a)Materiality should be determined with reference to overall audit assurance</p> <p>(b)Risk is concerned with the likelihood of error</p> <p>(c) materiality is concerned with the extent to which we can tolerate error</p> <p>(d)none of the above</p>								
Q.15	<p>Match the following</p> <table border="1" data-bbox="586 1010 1390 1360"> <tr> <td data-bbox="586 1010 959 1115">(A)Inherent Risk</td> <td data-bbox="959 1010 1390 1115">(A)will not be detected on a timely basis by the internal controls</td> </tr> <tr> <td data-bbox="586 1115 959 1188">(B) Internal Control Risk</td> <td data-bbox="959 1115 1390 1188">(B)is the inverse of overall audit assurance</td> </tr> <tr> <td data-bbox="586 1188 959 1262">(C)Detection Risk</td> <td data-bbox="959 1188 1390 1262">(C)is the material error occurring in first place</td> </tr> <tr> <td data-bbox="586 1262 959 1360">(D)Overall Audit Risk</td> <td data-bbox="959 1262 1390 1360">(D)is the inverse of the required assurance level from substantive tests</td> </tr> </table> <p>(a)A-B;B-A;C-D;D-C</p> <p>(b)A-C;B-A;C-D;D-B</p> <p>(c)A-C;B-D;C-B;D-A</p> <p>(d)A-B;B-D;C-A;D-C</p>	(A)Inherent Risk	(A)will not be detected on a timely basis by the internal controls	(B) Internal Control Risk	(B)is the inverse of overall audit assurance	(C)Detection Risk	(C)is the material error occurring in first place	(D)Overall Audit Risk	(D)is the inverse of the required assurance level from substantive tests
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(B) Internal Control Risk	(B)is the inverse of overall audit assurance								
(C)Detection Risk	(C)is the material error occurring in first place								
(D)Overall Audit Risk	(D)is the inverse of the required assurance level from substantive tests								
Q.16	<p>System based audit (SBA) is an audit approach</p> <p>(a)which may be used by an external auditor to express an opinion on the financial statements</p> <p>(b)where the auditor decides that he can not place some reliance on the internal controls</p> <p>(c) where the auditor do more substantive testing if he took no assurance at all from auditee's internal control</p> <p>(d)none of the above</p>								

Q.17	<p>Which among the following is the essential feature of statistical sampling</p> <p>(a)sampling should be predictable (b)The sample results need not be in accordance with the probability theory (c)the sample items should have known probability of selection (d)none of the above</p>								
Q.18	<p>Match the following w.r.to various types of sampling</p> <table border="1" data-bbox="586 562 1393 1119"> <tr> <td data-bbox="586 562 959 699">(A)Stratified sampling</td> <td data-bbox="959 562 1393 699">(A)the sample is chosen by selecting a random starting point and then picking every sample interval</td> </tr> <tr> <td data-bbox="586 699 959 842">(B) Cluster sampling</td> <td data-bbox="959 699 1393 842">(B)sampling assigns higher inclusion probability of selection for population units with higher sizes</td> </tr> <tr> <td data-bbox="586 842 959 978">(C)Probability proportional to size (PPS)</td> <td data-bbox="959 842 1393 978">(C)the target population is first divided into mutually exclusive and collectively exhaustive clusters</td> </tr> <tr> <td data-bbox="586 978 959 1119">(D)Systematic sampling</td> <td data-bbox="959 978 1393 1119">(D)is a two-step process in which the population is partitioned into sub-populations</td> </tr> </table> <p>(a)A-D;B-A;C-B;D-C (b)A-D;B-C;C-B;D-A (c)A-B;B-A;C-D;D-C (d)A-C;B-D;C-B;D-A</p>	(A)Stratified sampling	(A)the sample is chosen by selecting a random starting point and then picking every sample interval	(B) Cluster sampling	(B)sampling assigns higher inclusion probability of selection for population units with higher sizes	(C)Probability proportional to size (PPS)	(C)the target population is first divided into mutually exclusive and collectively exhaustive clusters	(D)Systematic sampling	(D)is a two-step process in which the population is partitioned into sub-populations
(A)Stratified sampling	(A)the sample is chosen by selecting a random starting point and then picking every sample interval								
(B) Cluster sampling	(B)sampling assigns higher inclusion probability of selection for population units with higher sizes								
(C)Probability proportional to size (PPS)	(C)the target population is first divided into mutually exclusive and collectively exhaustive clusters								
(D)Systematic sampling	(D)is a two-step process in which the population is partitioned into sub-populations								
Q.19	<p>What is true as to Analytical Review as substantive audit techniques</p> <p>(a)It is a substantive procedure used to reduce the overall audit risk (b)It is a form of deductive reasoning (c)to detect monetary errors in the financial statements given that they have occurred (d)All of the above</p>								
Q.20	<p>The certificate that the auditor should obtain from the management is</p> <p>(a)Stock in transit (b)contingent liabilities (c)work in progress with processors (d)all of the above</p>								

Q.21	<p>The separate Audit Reports (SAR) of Autonomous Bodies should contain</p> <p>(a)Introduction (b)Comments on accounts (c)Impact of comments on accounts (d) All of the above</p>
Q.22	<p>In addition to ‘comments on accounts’ the SAR may include</p> <p>(a)cases where assurances for rectification are fulfilled after a couple of years (b)corrections/rectifications carried out at the instance of audit (c)compliance of accounting standards/instructions contained in the common Format of Accounts (d)none of the above</p>
Q.23	<p>Management letter includes</p> <p>(a)Errors in annual accounts that are not considered material (b)Reconciliation between the balances as per broadsheets and as reflected in the accounts (c)classification errors within the accounting head where management has assured rectification (d)All of the above</p>
Q.24	<p>Find out the incorrect statement w.r.to performance audit of regulatory bodies</p> <p>(a)The audit of accounts of Electricity Regulatory Commissions and Audit Report thereon would include performance audit (b)The orders passed by the commissions in exercise of quasi-judicial functions would not be within the scope of Audit (c)The decisions of the Authority that are appealable to the Appellate tribunal are subject to audit by CAG (d)none of the above</p>
Q.25	<p>The broad objective of quality assurance is to ensure</p> <p>(a)controls are in place at all stages of the audit cycle including planning, execution and reporting (b)controls are properly implemented (c)inbuilt mechanism to constantly review and update the control exists (d)All of the above</p>

Audit of Autonomous Bodies**Answers**

Q.1	(b) Para 1.01 of Manual of Instructions for Audit of Autonomous bodies – 2010 Education
Q.2	(d)
Q.3	(b) Para 2.06
Q.4	(d) Para 2.14
Q.5	(d) Para 3.02
Q.6	(b) Paras 3.05, 3.07 & 3.13
Q.7	(a) Para 4.03
Q.8	(b) Paras 4.05 & 4.07
Q.9	(d) Para 5.20
Q.10	(c) Para 7.07
Q.11	(c) Paras 7.07 & 7.09
Q.12	(b) Para 7.09
Q.13	(d) Para 8.06
Q.14	(a) Paras 8.08 & 8.09
Q.15	(b) Para 8.12
Q.16	(a) Para 8.21
Q.17	(c) Para 8.29
Q.18	(d) Para 8.30
Q.19	(d) Para 8.35
Q.20	(d)
Q.21	(d) Para 9.02
Q.22	(b) Para 9.15
Q.23	(d) Para 9.21
Q.24	(c) Para 11.05
Q.25	(d) Para 13.01

Public Private Partnerships (PPP) in infrastructure projects

Q.1	<p>The main characteristic of PPP is</p> <p>(a) long term (sometimes upto 30 years) service provisions</p> <p>(b) The transfer of risks to the private sector</p> <p>(c) different forms of long-term contracts drawn up between legal entities and public authorities</p> <p>(d) All of the above</p>
Q.2	<p>What is the common ingredient common to all types of PPP</p> <p>(a) The public sector transfers the overall responsibility to provide the public service</p> <p>(b) value for money will be the basic criterion for the public sector</p> <p>(c) No balanced sharing of the risks and gains between the public sector and private sector</p> <p>(d) none of the above</p>
Q.3	<p>The National highway projects contracted out by NHAI under PPP mode is an example of</p> <p>(a) LOT</p> <p>(b) BOOT</p> <p>(c) BoT</p> <p>(d) DBFO</p>
Q.4	<p>The common characteristic of Institutional PPPs and contractual PPPs is</p> <p>(a) The operation of a facility is contracted out to another private party</p> <p>(b) The users pay for the facility availed and such charges accrue to the private sector partner</p> <p>(c) The public sector usually designs, constructs and operate PPP</p> <p>(d) none of the above</p>
Q.5	<p>What distinguishes each type of PPP model from one another is</p> <p>(a) the degree of risk and responsibility borne by the private sector partner</p> <p>(b) the degree of risk and responsibility borne by the public sector</p> <p>(c) The private sector partner will bring in most of the investment requirements</p> <p>(d) none of the above</p>

Q.6	<p>The main difference between PPP and privatization is</p> <p>(a)There is no permanent transfer of ownership of assets to private partner</p> <p>(b)The responsibility and accountability to deliver the goods and services remains with the state/public sector</p> <p>(c)Besides the transfer of ownership to the private sector, the accountability is also shifted to the purchaser</p> <p>(d)none of the above</p>
Q.7	<p>Find out the incorrect statement</p> <p>(a)The private sector partner should equally gain from the innovation brought about by it</p> <p>(b)The private entrepreneurs come into the PPP arrangements primarily with profit motive</p> <p>(c)PPP projects are aimed to provide ‘improved’ public services by transferring the risks to the private sector</p> <p>(d)none of the above</p>
Q.8	<p>Viability Gap Funding (VGF) is available only</p> <p>(a)If the private company in which 51% shares or more of the subscribed and paid equity are owned and controlled by it</p> <p>(b)If the private company has been selected on the basis of competitive bidding</p> <p>(c)If the private company takes the responsibility of financing, construction and maintenance of the project during the concession period</p> <p>(d)All of the above</p>
Q.9	<p>In PPP audit, the emphasis would be</p> <p>(a)on the means to achieve the PPP arrangements</p> <p>(b)on the end results of the PPP arrangements</p> <p>(c)on the operational risks transferred to the private partner</p> <p>(d)none of the above</p>
Q.10	<p>Which among the following is not a consideration requiring intervention of public audit in PPP</p> <p>(a)The right to levy tolls/user charges gets shifted to the private sector partner</p> <p>(b)The contract is usually for a long term and thereby alienates the statutory right involved for a long period</p> <p>(c)The transfer of the public assets to a private body for long duration</p> <p>(d)The cost of execution met by the private partner is relatively higher</p>
Q.11	<p>Find out the incorrect statement w.r.to PPP audit</p> <p>(a)value for money is the driver for adopting the PPP approach rather than capital scarcity</p> <p>(b)there is conflicting and fundamentally differing approaches of two partners to the PPP agreement</p> <p>(c) The relevance of regularity and compliance audit is limited</p> <p>(d)The private partners are unlikely to resist the move on the plea of commercial confidentiality</p>

Q.12	<p>The impact of public audit of concession agreements PPP projects is that</p> <p>(a)The audit findings will have only academic value (b)The contractual clauses could be amended and altered based on the findings of the SAI (c)For ensuring accountability and for future probity/lessons learnt (d)Both (a) & (c)</p>
Q.13	<p>Find out the true statement</p> <p>(a)The DPC Act does not directly contemplate the audit of PPP projects with only minority participation in Government agency (b)Audit of PPP projects by CAG is possible by virtue of section 20(1) & 20(3) of the DPC Act (c)The best course of action would be to include a clause in the PPP agreement to provide for the audit oversight of the CAG (d)All of the above</p>
Q.14	<p>With regard to the risks, the public auditor has to ascertain</p> <p>(a)How each of the risks would impact the public sector participants and consumers (b)Whether risk allocations have been judicious and fair (c)Whether the risks envisaged by the all parties are in balance (d)All of the above</p>
Q.15	<p>Which among the following risk is borne by the public sector partner</p> <p>(a)Financing risk (b)Construction risk (c)operation Maintenance risk (d)Termination risk</p>
Q.16	<p>The factor irrelevant for the selection of a project for PPP audit is</p> <p>(a)Government guarantees and other state support elements provided in the contract (b)standards and quality norms/criteria build into the contract (c)The extent and value of the shareholding/participation of the private sector alone (d)none of the above</p>
Q.17	<p>In the audit of the project formulation, which among the following issue will be of no relevance</p> <p>(a)Are the cost estimates transparent (b)How was the pattern of state funding worked out (c)The residual value of assets at the time of closing the contract (d)none of the above</p>

Q.18	<p>The audit of concessions and concession period includes review of</p> <p>(a)the concession granted to the concessionaire in terms of the quantum and the period of concession</p> <p>(b)Reasonableness of the concessions granted,</p> <p>(c) Appropriateness of the area of land transferred for the purpose of project and commercial development</p> <p>(d)All of the above</p>
Q.19	<p>The audit of concession agreements does not include to ascertain</p> <p>(a)was the competitive bidding process adopted?</p> <p>(b)Is the concession agreement fashioned faithfully on the pattern of relevant model concession Agreement?</p> <p>(c)Technical issues at the risk of neglecting the social and economic effects of PPP?</p> <p>(d)Is the concession agreement drafted without giving room for unintended gains to private partner?</p>
Q.20	<p>The 'Rate of Return'(ROR) is</p> <p>(a)a function of the equity support given by the partners for the project</p> <p>(b)a user charge reasonably linked to the total project cost</p> <p>(c)a critical input into several aspects of the contracting agreements between the partners to a PPP</p> <p>(d)none of the above</p>
Q.21	<p>In Audit of Total Project Cost (TPC) the public auditor should</p> <p>(a)see that the TPC is not padded up</p> <p>(b)eschew the temptation of expecting the public authority to transfer most of the risks to the private partner</p> <p>(c)see how is any cost accruing due to 'change of scope' to be included in the TPC?</p> <p>(d)All of the above</p>
Q.22	<p>Which among the following is incorrect as to auditing PPP for value for money (VFM)</p> <p>(a)public auditor should evaluate whether PPP has met intended social and economic objectives</p> <p>(b)public auditors should look only from the angle of safeguarding the interests of public sector partner</p> <p>(c) the concession granted proportionate to the risks allocated to the private partner</p> <p>(d)none of the above</p>

Q.23	The important principle that the public auditor to bring out in their reports is (a)what has been achieved rather than how it was achieved by the private partner (b)the review of end results rather than the ‘how’ of achieving them (c)the auditing do not focus only on technical issues at the risk of neglecting the social and economical effects of PPPs (d)All of the above
Q.24	Financial close means (a)fulfillment of all conditions subsequent to the initial availability of funds for PPP project (b)fulfillment of all conditions precedent to the initial availability of funds for PPP project (c)a facility given by the public sector to the private sector to operate the PPP for a certain period of time (d) none of the above
Q.25	Viability Gap Funding is (a) a one-time grant provided by the GOI to PPP with the objective of making such projects commercially viable (b)a deferred grant provided by the GOI to PPP with the objective of making such projects commercially viable (c)either (a) or (b) (d)none of the above

PPP – Public Auditing Guideline 2009

Answers

Q.1	(d)Para 1.2.1
Q.2	(b)Para 1.2.6
Q.3	(c)
Q.4	(b)Para 1.3
Q.5	(a)Para 1.3.4
Q.6	(b)Para 1.5.1
Q.7	(c)
Q.8	(d)Para 2.5.1
Q.9	(b)Para 3.1.1
Q.10	(d)Para 3.1.2
Q.11	(d)
Q.12	(d)
Q.13	(d)Please see paras 4.1.2 to 4.1.4
Q.14	(d)
Q.15	(d)
Q.16	(c)Para 4.5.5
Q.17	(c)
Q.18	(d)Paras 5.4.1 & 5.4.2
Q.19	(c)Para 5.4.3
Q.20	(a)Para 5.8.2
Q.21	(d)Paras 5.9.1 & 5.9.2
Q.22	(b)
Q.23	(d)Paras 6.1.1 to 6.1.3
Q.24	(b)glossary of terms given at the end of the manual
Q.25	(c)glossary of terms given at the end of the manual

INTOSAI

This section covers only the following areas viz., basic Principles in Government auditing, General standards in Government Auditing, Field and Reporting standards in Government Auditing, Fundamental Principle of Financial Auditing, Compliance Auditing and Performance Auditing. For other areas you are advised to read all the relevant INTOSAI guidelines

Q.1	<p>In diverse situations that arise in the course of Government auditing</p> <p>(a)SAI should apply its own judgement (b)SAI should rely upon the system of internal control (c)SAI should rely upon legislative enactments (d)none of the above</p>
Q.2	<p>Cooperation of audited entities in maintaining and providing access to all relevant data can be achieved</p> <p>(a)by the system of internal control (b)by legislative enactments (c)by the development of adequate information, control, evaluation and reporting systems within the Government (d)none of the above</p>
Q.3	<p>Which among the following is a non-audit work</p> <p>(a)computer processing functions (b)gathering data without conducting substantial analysis (c)legal work (d)evaluation of internal control</p>
Q.4	<p>Which among the following is incorrect as to the INTOSAI standards</p> <p>(a)INTOSAI standards are external to the SAI (b)INTOSAI standards are prescriptive (c) INTOSAI standards do not have a mandatory application (d)none of the above</p>
Q.5	<p>Find out the correct statement</p> <p>(a)Private sector standards for financial statements auditing promulgated by regulatory bodies is not applicable to Government auditor (b)Management is responsible for correctness and sufficiency of the form and content of the financial reports (c)Internal control cannot minimize the risk of errors and irregularities (d)none of the above</p>

Q.6	<p>In Auditor should not consider compliance with accounting standards as a definitive proof because</p> <p>(a)Going beyond the accounting standards is for the auditors judgement</p> <p>(b)A fair auditor's opinion goes beyond the limits of consistent application of accounting standards</p> <p>(c)The auditing standards are no more than the minimum requirements for an auditor's obligation</p> <p>(d)All of the above</p>
Q.7	<p>Which among the following is incorrect w.r.to 'internal control'</p> <p>(a)It is the responsibility of the audited entity to develop adequate internal control systems</p> <p>(b)It is for the audited entity to ensure that probity propriety are observed in decision making</p> <p>(c)The system of internal controls relieves the auditor from submitting recommendations to the audited entity</p> <p>(d)none of the above</p>
Q.8	<p>Which type of audit brings an immediate sanction</p> <p>(a)preventive audit</p> <p>(b)a posteriori audit</p> <p>(c)a priori audit</p> <p>(d)none of the above</p>
Q.9	<p>The general standards of INTOSAI prescribe that the SAI should establish systems and procedures to</p> <p>(a)conform that internal quality assurance processes have operated satisfactorily</p> <p>(b)ensure quality of audit report</p> <p>(c) secure improvements and avoid repetition of weaknesses</p> <p>(d)All of the above</p>
Q.10	<p>The close link between the legislative body and the SAI can be achieved by</p> <p>(a)Budgetary enquiry</p> <p>(b)technical assistance to the work of parliamentary committees</p> <p>(c)giving members of the legislature factual briefing on audit reports</p> <p>(d)All of the above</p>
Q.11	<p>All adequate degree of independence of SAI from both legislature and executive is essential to</p> <p>(a) to the conduct of audit and to the credibility of it results</p> <p>(b)to obtain sufficient resources from the legislature for which the SAI is accountable</p> <p>(c)to advise the executive in such matters as accounting standards and policies</p> <p>(d)none of the above</p>

Q.12	<p>The term ‘competence’ that the auditor and the SAI must possess includes</p> <p>(a)duty of forming and reporting audit opinions, conclusions and recommendations</p> <p>(b)Discussion within the SAI to promote the objectivity and authority of opinions and decisions</p> <p>(c)Equipping itself with the full range of up-to-date audit methodologies</p> <p>(d)All of the above</p>
Q.13	<p>The field standards applicable to all types of audit does not include</p> <p>(a)an audit of high quality is carried out</p> <p>(b)Including all significant instances of non-compliance in the report</p> <p>(c)The auditor should study and evaluate the reliability of internal control</p> <p>(d)The auditor should obtain competent, relevant and reasonable evidence</p>
Q.14	<p>In case of regularity (compliance)audit the study and evaluation of internal control is made on</p> <p>(a)Controls that assist in safeguarding assets and resources</p> <p>(b)controls that assist management in complying with laws and regulations</p> <p>(c)Controls that assist in conducting the business of the audited entity</p> <p>(d)none of the above</p>
Q.15	<p>The form and content of all audit opinions and reports does not include</p> <p>(a)the reference to the objectives and scope of audit</p> <p>(b)identification of the legislation or other authority providing for the audit</p> <p>(c)confidential or sensitive material in the same report</p> <p>(d)none of the above</p>
Q.16	<p>When there is uncertainty affecting financial statements</p> <p>(a)the auditor may not be able to express an unqualified opinion</p> <p>(b)a disclaimer is given</p> <p>(c)an adverse opinion is given</p> <p>(d)none of the above</p>
Q.17	<p>Find out the incorrect statement</p> <p>(a)Performance report may be free standing</p> <p>(b)Performance audit is more open to judgement and interpretation</p> <p>(c)Reports on irregularities may not be prepared irrespective of a qualification of the auditors opinion</p> <p>(d)none of the above</p>

Q.18	<p>The overall objectives of the auditor in conducting an audit of financial statement is</p> <p>(a)To obtain reasonable assurance about whether the financial statements as a whole are free from instatement</p> <p>(b)to express an opinion on whether the financial statements are prepared in a accordance with an applicable financial reporting framework</p> <p>(c)To report on the financial statements, and communicate in accordance with the auditor’s findings</p> <p>(d)All of the above</p>
Q.19	<p>Name the type of audit carried out in environments where compliance with authorities is the main focus</p> <p>(a)It is a compliance audit</p> <p>(b)It is a Regulatory audit</p> <p>(c)It is a Performance audit</p> <p>(d)none of the above</p>
Q.20	<p>The financial reporting provisions established by an internal funding organization is</p> <p>(a)General purpose frame works</p> <p>(b)special purpose frame works</p> <p>(c)Neither (a) or (b)</p> <p>(d)none of the above</p>
Q.21	<p>An audit of financial statements is</p> <p>(a)an assurance engagement</p> <p>(b)assertion-based engagement</p> <p>(c)attestation engagement</p> <p>(d)none of the above</p>
Q.22	<p>Performance materiality is determined for the purpose of</p> <p>(a)assessing the risks of material misstatement</p> <p>(b)determining the nature, timing and extent of further audit procedures</p> <p>(c)both (a) & (b)</p> <p>(d)none of the above</p>
Q.23	<p>In an audit of special purpose financial statements, the auditor should obtain an understanding of</p> <p>(a)The purpose for which the financial statements are prepared</p> <p>(b)The intended users</p> <p>(c)The steps taken by management to determine that the applicable financial reporting frame work is acceptable</p> <p>(d)All of the above</p>

Q.24	<p>Match the following w.r.to performance auditing approaches</p> <table border="1" data-bbox="586 285 1390 667"> <tr> <td data-bbox="586 285 959 390">(A) a system-oriented approach</td> <td data-bbox="959 285 1390 390">(A)assesses whether the outcome objectives have been achieved as intended</td> </tr> <tr> <td data-bbox="586 390 959 527">(B) a result-oriented approach</td> <td data-bbox="959 390 1390 527">(B)examines, verifies and analysis the causes of particular problems or deviations from criteria</td> </tr> <tr> <td data-bbox="586 527 959 667">(C)a problem-oriented approach</td> <td data-bbox="959 527 1390 667">(C)examines the proper functioning of Management systems especially financial management systems</td> </tr> </table> <p>(a)A-A;B-B;C-C (b)A-B;B-C;C-A (c)A-C;B-A;C-B (d)none of the above</p>	(A) a system-oriented approach	(A)assesses whether the outcome objectives have been achieved as intended	(B) a result-oriented approach	(B)examines, verifies and analysis the causes of particular problems or deviations from criteria	(C)a problem-oriented approach	(C)examines the proper functioning of Management systems especially financial management systems
(A) a system-oriented approach	(A)assesses whether the outcome objectives have been achieved as intended						
(B) a result-oriented approach	(B)examines, verifies and analysis the causes of particular problems or deviations from criteria						
(C)a problem-oriented approach	(C)examines the proper functioning of Management systems especially financial management systems						
Q.25	<p>What is true with respect to problem oriented performance audit</p> <p>(a)The starting point is not known or suspected deviation from what should or could be (b)The main objective is to find the causes and not to verify the problem (c)The criteria's reliability and objectivity are not very important (d)none of the above</p>						
Q.26	<p>The recommendations of the Performance Audit should seek to provide</p> <p>(a)constructive operational or structural recommendations (b)The recommendations must fit with the responsibilities of the addressee (legislative, executive authorities) (c)The recommendations could be allowed by the mandate (d)All of the above</p>						
Q.27	<p>Which among the following is incorrect as to the follow-up of performance audit reports</p> <p>(a)A follow-up is restricted to the implementations of recommendations (b)It encourages the user of the reports (c)The follow-up can contribute to analyze the added value by the performance audit itself (d)none of the above</p>						
Q.28	<p>The objective of compliance auditing</p> <p>(a)does not encompass the assessment of compliance with regularity (b)propriety aspects would not be part of the audit scope (c)enables the SAI to report to the appropriate bodies on the audited entity's compliance with a particular set of criteria (d)none of the above</p>						

Q.29	<p>Compliance auditing promotes good stewardship by</p> <p>(a) contributing to improved transparency of the division of responsibility within the state</p> <p>(b) revealing obvious gaps in legislation</p> <p>(c) reporting deviations and violations from law and regulations</p> <p>(d) none of the above</p>
Q.30	<p>Compliance auditing performed</p> <p>(a) related to the audit of financial statements</p> <p>(b) separately from audit of financial statements</p> <p>(c) To gather with performance auditing</p> <p>(d) either (a) or (b) or (c)</p>
Q.31	<p>When compliance auditing is performed as a part of a performance audit</p> <p>(a) compliance is one of many aspects of economy, efficiency and effectiveness</p> <p>(b) non-compliance might be a consequence of the state of the activities under scrutiny in a performance audit</p> <p>(c) Auditors use professional judgement to decide whether performance or compliance is the primary purpose of audit</p> <p>(d) All of the above</p>
Q.32	<p>Find out the incorrect statement w.r.to assurance in compliance auditing</p> <p>(a) In attestation engagements a party other than the auditor measures and evaluates the underlying subject matter</p> <p>(b) In direct engagements the subject matter information is provided by the auditor</p> <p>(c) In a limited assurance audit the risk is lower than in a reasonable assurance audit</p> <p>(d) none of the above</p>

INTOSAI**Answers**

Q.1	(a)
Q.2	(b)
Q.3	(d)
Q.4	(c)
Q.5	(b)
Q.6	(d)
Q.7	(c)
Q.8	(c)
Q.9	(d)
Q.10	(d)
Q.11	(a)
Q.12	(d)
Q.13	(b)
Q.14	(b)
Q.15	(c)
Q.16	(a)
Q.17	(c)
Q.18	(d)
Q.19	(a)
Q.20	(b)
Q.21	(a)
Q.22	(c)
Q.23	(d)
Q.24	(b)
Q.25	(b)
Q.26	(d)
Q.27	(c)
Q.28	(c)
Q.29	(b)
Q.30	(d)
Q.31	(d)
Q.32	(c)

Information Technology Audit

- 1. IT audit is the process of collecting and evaluating evidence to determine**
 - a) Whether a computer system safeguards assets
 - b) Whether maintains data integrity
 - c) Whether allows organisational goals to be achieved effectively and uses resources efficiently
 - d) All of the above

- 2. The objectives of IT audit include**
 - a) Ensures asset safeguarding
 - b) Ensures that the attributes of data or information are maintained
 - c) Both (a) and (b)
 - d) None of the above

- 3. Which is not an attribute of data or information**
 - a) Compliance
 - b) Integrity
 - c) Confidentiality
 - d) Technology

- 4. Which among the following does not encompass organisational and management controls within the information processing facility (IPF)**
 - a) Sound human resource policies and management practices
 - b) Methods to assess effective and efficient operations.
 - c) The regulatory frame work within which the business is carried out
 - d) Separation of duties within the information processing environment

5. The essential aspect to be understood about the organisation subject to IT audit is

- a) Organisation's business and its strategic goals and objectives
- b) The number of operating units / locations and their geographic dispersion
- c) Major pending projects in progress
- d) All of the above

6) While understanding the type of software used in the organisation the IT auditor has to

- a) See the policy decision on developing software inhouse or to buy commercial products.
- b) Collect details of operating systems, application system and database management system
- c) Collect information relating to network architecture and technology to establish connectivity.
- d) All of the above

7) The security goals of the organisation does not cover

- a) Confidentiality
- b) Integrity
- c) Probability and impact of occurrence
- d) Availability

8) Find out the incorrect statement with reference to Risk assessment

- a) The detailed audit is needed where the risk assessment is low and the risk management is high
- b) An independent assessment is necessary whether threats have been countered / guarded against effectively and economically
- c) The assessment of the soundness of IT system will necessarily have to study the policies and process of risk management
- d) None of the above

9. Consider the following statement and find out the correct one w.r.t. IT audit

- a) In inherent risk there is an assumption that there are related internal controls.
- b) In control risk errors will not be prevented or detected and corrected by the internal control system.
- c) The control risk associated with computerised data validation procedures is ordinarily high.
- d) None of the above

10. What is the characteristic of 'detective control'

- a) Minimise the impact of a threat
- b) Use controls that detect and report the occurrence of an error, omission or malicious act.
- c) Detect problems before they occur
- d) None of the above

11. Which among the following is not characteristic of 'preventive control'

- a) Monitor both operation and imports
- b) Prevent error, omission or malicious act from occurring
- c) Correct errors from occurring
- d) None of the above

12. IT access is not controlled or regulated though password it indicates

- a) Poor security control
- b) High risk of the system getting hacked
- c) High risk of the system getting breached
- d) All of the above

13. Basic risk areas which the external Govt. auditor may come across when reviewing internal audit's work include

- a) Availability of sufficient resources, in terms of finance, staff and skills required
- b) Involvement of internal audit with IT system and under development
- c) Management not required to act on internal audit's recommendations
- d) None of the above

14. Which is the common audit objectives for an IT audit

- a) Review of the security of the IT system
- b) Evaluation of the performance of a system
- c) Examination of the system development process and the procedures followed at various stages involved
- d) All of the above.

15. **The type of audit evidence which the auditor should consider using in IT audit includes**

- a) Observed process and existence of physical items
- b) Documentary audit evidence excluding electronic records
- c) Analysis excluding IT enabled analysis using
- d) None of the above

16. **Match the following w.r.t interviews to be conducted with staff and purpose interviewing**

	Kinds of staff / personnel		Purpose of interview
A)	System analysis of programmers	A)	To determine whether any application system to consume abnormal amounts of resources.
B)	Clerical / Data entry staff	B)	To determine their perception of how the system has affected the quality of working life
C)	Users of an application systems	C)	To determine how they contribute input data.
D)	Operation staff	D)	To obtain a better understanding of the functions and controls embedded within the system

- a) A - B; B - A; C - D; D - C
- b) A - D; B - C; C - A; D - A
- c) A - C; B - D; C - A; D - B
- d) None of the above

17. Which of the following type of questions need to be included in the questionnaire(s)

- a) Ambiguous questions
- b) Leading questions
- c) Presumptuous questions
- d) Specific questions

18. Analytical procedures are useful in the following way in collecting audit evidence in IT audit

- a) Use comparisons and relationships to determine whether account balances appear reasonable
- b) To decide which accounts do not need further verification
- c) To decide which audit areas should be more thoroughly investigated
- d) All of the above

19. What is the commonly used example of generalised audit software?

- a) CAAT
- b) IDEA
- c) COBIT
- d) None of the above

20. A higher risk of system violation happens where

- a) The audit module is not operational
- b) The audit module has been disabled
- c) The audit module is not periodically reviewed
- d) All of the above

- 21. Which among the following is not a compliance test as related to IT environment**
- a) Determining whether passwords are changed periodically.
 - b) Determining whether systems logs are reviewed
 - c) Determining whether program changes are authorised.
 - d) Reconciling account balances
- 22. Substantive tests as they relate to the IT environment does not include**
- a) Conducting system availability analysis
 - b) Conducting system outage analysis
 - c) Performing system storage media analysis
 - d) Determining whether a disaster recovery plan was tested
- 23. Find out the incorrect statement w.r.t. attribute sampling used by IT auditors**
- a) Attribute sampling is used in substantive testing situations
 - b) Attribute sampling deals with the presence or absence of the attribute
 - c) It provides conclusions that are expressed in rates of incidence
 - d) None of the above

- 24. Variable sampling is used and deals with and provide**
- a) Applied in substantive testing situations
 - b) Deals with population characteristics that vary
 - c) Provides conclusions related to deviations from the norm
 - d) All of the above
- 25. Which among the following is true as to Audit Reporting**
- a) Normal reporting format is not adhered to in the case of IT Audit
 - b) In IT audit, the base of the focus is the system
 - c) In IT audit the audience for the report should normally be ignored
 - d) None of the above
- 26. The conclusions of the IT audit report does not include**
- a) Sweeping conclusions regarding absence of controls and risks
 - b) A mismatch between hardware procurement and software development in the absence of IT policy
 - c) Haphazard development which cannot be ascribed to lack of IT policy
 - d) All of the above
- 27. Which among the following is not a limitation in IT Audit**
- a) Data used not from production environment
 - b) If these is only production environment and audit could not test dummy data
 - c) "Read only Access" given to audit
 - d) None of the above

28. With the help of what tools, IT auditor can plan for 100% substantive testing

- a) CAATs tools
- b) CMM (Software)
- c) COBIT
- d) None of the above

29. The reason for management 's failure to use information properly is

- a) Failure to identify significant information
- b) Failure to interpret the meaning and value of the acquired information
- c) Failure to communicate information to the decision maker
- d) All of the above

30. Find out the incorrect statement

- a) Distributed networks may decrease the risk of data inconsistencies
- b) Application software developed inhouse may have lower inherent risk than vendor supplied software
- c) Peripheral access devices or system interfaces can increase inherent risk
- d) None of the above

31. Categories of general control do not include

- a) Logical access controls
- b) Acquisition and program change controls
- c) Control over standing data and master files
- d) None of the above

32. Application controls includes

- a) IT operational controls
- b) Control over processing
- c) Physical controls
- d) None of the above

33. What legal protection is available to prevent theft illegal copying of software

- a) Computer misuse legislation
- b) Data protection and privacy legislation
- c) Copyright laws
- d) None of the above

34. Match the following w.r.t. the following critical elements and its impact

A)	Poor reporting structures	A)	Cannot satisfactorily review computer systems and associated controls
B)	Inappropriate or no IT planning	B)	Leads to security breaches data loss fraud and errors
C)	Security policies not in place or not enforced	C)	Leads to business growth constrained by a lack of IT resources
D)	Ineffective internal audit function	D)	Leads to inadequate decision making and affect the future a going concern

- a) A - D; B - A; C - B; D - C
- b) A - D; B - C; C - B; D - A
- c) A - B; B - A; C - D; D - C
- d) None of the above

35. The risk areas associated with poorly controlled computer operations include

- a) Applications not run correctly
- b) Loss or corruption of financial applications
- c) lack of backups and contingency planning
- d) All of the above

36. In case of outsourcing IT activities the IT auditor should

- a) Review the policies and procedures which ensure the security of the financial data
- b) Obtain a copy of the contract to determine if adequate controls have been specified
- c) Ensure that audit needs are taken into account and included in the contracts
- d) All of the above

37. While reviewing the network management and control the IT auditor is required to

- a) Review the security and controls in non financial systems
- b) Review the security and controls in financial system'
- c) Either (a) or (b) depending upon scope of audit and SAI's mandate
- d) None of the above

38. Which among the following is not true w.r.t. logical access controls

- a) Logical access control usually depend on the in – built security facilities
- b) The importance of logical access controls is increased where physical access control is more effective
- c) logical access control exists at both an installation and application level
- d) None of the above

39. Weak input control may increase the risk of

- a) Entry of an authorised data
- b) incomplete data entry
- c) Entry of duplicate / redundant data
- d) All of the above

40. Weak process controls would lead to :

- a) Unauthorised changes or amendments to the existing data
- b) Absence of audit trail rendering, sometimes the application unauditible
- c) Inaccurate processing of transactions leading to wrong outputs / results
- d) All of the above

Note: The IT Audit methodology of computer Assisted Audit techniques are prescribed for stage 2 of the CPD therefore your are requested to concentrate on section I the IT Audit process .

Information Technology Audit

Answers

1. (d) Para 1.5 of IT Audit Manual vol – I
2. (c) Para 1.7
3. (c) Para 1.7
4. (c) Para 3.6
5. (d) Para 3.5
6. (d) Para 3.10
7. (c) Para 4.1
8. (a) Para 4.2 to 4.5
9. (b) Para 4.8 to 4.9
10. (b) Para 4.14
11. (c) Para 4.14
12. (d) Para 4.15
13. (c) Para 4.18
14. (d) Para 4.25
15. (a) Para 5.4
16. (b) Para 5.9
17. (d) Para 5.11
18. (d) Para 5.14
19. (d) Para 5.16
20. (d) Para 5.22
21. (d) Para 5.27
22. (d) Para 5.29
23. (a) Para 5.34
24. (d) Para 5.34
25. (b) Para 6.14
26. (d) Para 6.31
27. (c) Para 6.37 & 6.38

- 28. (a) Para 7.5
- 29. (d) Para 7.6
- 30. (b) Para 7.6
- 31. (c) Para 7.8
- 32. (b) Para 7.12
- 33. (c) Para 8.39
- 34. (b) Para 8.6
- 35. (d) Para 8.69
- 36. (d) Para 8.75
- 37. (c) Para 8.95
- 38. (b) Para 8.113 to 8.115
- 39. (d) Para 9.5
- 40. (d) Para 9.28

Environment and Climate change Auditing Guidelines

Q.1	<p>Meeting of the needs of the present without compromising the ability of future generations to meet their own needs is called</p> <p>(a)waste management (b)sustainable Development (c)clean Development mechanism (d)forest management strategy</p>								
Q.2	<p>As per the Based convention ‘waste’ include all substances that</p> <p>(a)have no longer any use for people (b)are either discarded or intended to be discarded (c)are need to be disposed (d)All of the above</p>								
Q.3	<p>The sum of all emissions of carbon dioxide which were induced by an entity’s activities in a given timeframe is called</p> <p>(a)Carbon Footprint (b)Carbon Intensity (c)Carbon sinks (d)none of the above</p>								
Q.4	<p>‘Carbon Intensity’ denotes which of the following</p> <p>(a)the amount of greenhouse gas emissions produced to support human activities (b)the linkage of carbon footprint with economic growth and implies growth with equity (c)certified emission reductions (d)none of the above</p>								
Q.5	<p>Match the following w.r.to international protocols and the objects for which they were created</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="padding: 5px;">(A)CARTAGENA Protocol</td> <td style="padding: 5px;">(A)conservation and wise use of wetlands</td> </tr> <tr> <td style="padding: 5px;">(B) Vienna convention</td> <td style="padding: 5px;">(B)control of Transboundary movements of Hazardous wastes and disposal</td> </tr> <tr> <td style="padding: 5px;">(C)RAMSAR convention</td> <td style="padding: 5px;">(C)binding agreement governing international movement of genetically modified organisms</td> </tr> <tr> <td style="padding: 5px;">(D)Basel convention</td> <td style="padding: 5px;">(D)Protection of ozone layer</td> </tr> </table> <p>(a)A-D;B-A;C-B;D-C (b)A-B;B-A;C-D;D-C (c)A-C;B-D;C-A;D-B (d)none of the above</p>	(A)CARTAGENA Protocol	(A)conservation and wise use of wetlands	(B) Vienna convention	(B)control of Transboundary movements of Hazardous wastes and disposal	(C)RAMSAR convention	(C)binding agreement governing international movement of genetically modified organisms	(D)Basel convention	(D)Protection of ozone layer
(A)CARTAGENA Protocol	(A)conservation and wise use of wetlands								
(B) Vienna convention	(B)control of Transboundary movements of Hazardous wastes and disposal								
(C)RAMSAR convention	(C)binding agreement governing international movement of genetically modified organisms								
(D)Basel convention	(D)Protection of ozone layer								

Q.6	<p>Which protocol that laid down individual emission limitations and reduction commitment of greenhouse gases?</p> <p>(a)UN convention on Environment and Development (b)Kyoto protocol (c) World summit on sustainable development (d)none of the above</p>
Q.7	<p>The objective of CBD is to ensure</p> <p>(a)conservation of biological diversity (b)sustainable use of its components (c)promotion of a fair and equitable sharing of the benefits from the utilization of genetic sources (d)All of the above</p>
Q.8	<p>Central and state pollution control Boards have been established by</p> <p>(a)The Environment (Protection) Act 1986 (b)The Air(Pollution and control of Pollution) Act 1986 (c)The water (Prevention and control of Pollution) Act, 1974 (d) none of the above</p>
Q.9	<p>Which among the following has been enacted in line with the objectives of Stockholm conference, 1972</p> <p>(a)The Biological Diversity Act, 1972 (b)The National Environment Tribunal (c)The Air (Pollution and control of Pollution) Act, 1981 (d)None of the above</p>
Q.10	<p>Find out the incorrect statement w.r.to “The National Green Tribunal”</p> <p>(a)The Tribunal is the sole adjudicator of all green laws (b)The Tribunal allows ‘any person aggrieved, including any representative body organizations to file application for the grant of relief (c)Adjudication by the green tribunal is final and no appeal is allowed (d)none of the above</p>
Q.11	<p>Which among the following is correct as to Environmental Audit</p> <p>(a)Environmental audit is different from the audit approach practiced by the SAI (b)The criteria is based on local, national standards but not on global standards (c)It is an systematic process of obtaining and evaluating information about environmental aspects (d)none of the above</p>

Q.12	<p>Performance audit of environmental issues include</p> <p>(a) Identification of risks caused by pollution to health and environment</p> <p>(b) existence or adequacy of environmental policies and laws or strategies</p> <p>(c) compliance with commitments, if entered into or legally obligated with international treaties</p> <p>(d) All of the above</p>
Q.13	<p>The performance audit of environmental issues enable the entities</p> <p>(a) to improve upon their performance</p> <p>(b) assist policy matters and legislators to rectify the omissions and shortfalls</p> <p>(c) Contribute to good governance</p> <p>(d) All of the above</p>
Q.14	<p>The success of audit of environmental issues would be possible only when the SAI does</p> <p>(a) the evaluation of the performance entity with reference to established standards and indicators</p> <p>(b) the evaluation against authentic criteria</p> <p>(c) both (a) and (b)</p> <p>(d) either (a) or (b)</p>
Q.15	<p>Find out the incorrect statement</p> <p>(a) It is not necessary to have a separate performance audit mandate to conduct environmental audit</p> <p>(b) Environmental audit is not significantly different from other audits practiced by SAI</p> <p>(c) The mandate of SAI to undertake environmental audit is w.r.to the provision of the constitution and not the CAG's DPC Act</p> <p>(d) none of the above</p>
Q.16	<p>The type of organizations and institutions which are subject to environment audit are</p> <p>(a) Those whose operations directly or indirectly affect the environment positively or negatively</p> <p>(b) Those with powers to make or influence environment policy formulation and regulation</p> <p>(c) Those with powers to monitor and control the environmental actions of the others</p> <p>(d) All of the above</p>
Q.17	<p>Audit Risk for the environmental audit does not include</p> <p>(a) Challenge of the samples selected for verification</p> <p>(b) challenge of the selected criteria on grounds of inapplicability or bias</p> <p>(c) Technical nature of the activities of the entity</p> <p>(d) none of the above</p>

Q.18	<p>While conducting the environmental audit SAI should avoid</p> <p>(a)using the findings and conclusions on their internal environmental controls to put the entities in a negative light (b)Doubts about the capability of the audit team in view of the technical nature of the audit (c)doubts about the competence and independence of the external experts selected to support the audit (d)none of the above</p>
Q.19	<p>Present owners being held liable for environmental damage caused by the previous owners: Match with the following</p> <p>(a)consequences of violation of environmental rules and regulations (b)Initiative to prevent, reduce and abate damages to the environment (c)consequences of vicarious liability imposed by a regulatory body (d)none of the above</p>
Q.20	<p>Conservation of components of Bio Diversity out side the natural habitat is</p> <p>(a)'In-situ' conservation (b) 'ex-situ' conservation (c)Biosphere reserves (d)none of the above</p>
Q.21	<p>The water quality monitoring established by CPCB is</p> <p>(a)Global Environment Monitoring System (GEMS) (b)Monitoring of Indian National Aquatic Resources System (MINARS) (c)Yamuna Action Plan (YAP) (d)All of the above</p>
Q.22	<p>The Mantra 'reduce, reuse and recycle' is associated with</p> <p>(a)Effective waste Management (b)Environment Impact Assessment (c)Air quality monitoring programme (d)none of the above</p>
Q.23	<p>'Adaptation' and 'Mitigation' are associated with</p> <p>(a)water Pollution (b)Global warming (c)Sustainable Forest Management (d)none of the above</p>

Q.24	Carbon Dioxide Equivalent is (a)The emission of a gas, by weight, multiplied by its ‘global warming potential’ (b)How much global warming, a greenhouse gas may cause, using carbon dioxide as the base unit (c)Both (a) and (b) (d)none of the above
Q.25	Consider the following statement and find out the incorrect one (a)MITIGATION tackles the causes of climate change (b)ADAPTATION seeks to tackle the impacts of climate change (c)sustainable development refers to non-declining human well-being over time (d)India has ratified the London convention dealing with prevention of marine pollution by dumping wastes

Environment and Climate change Auditing Guidelines

Answers

Q.1	(b) para 1.6 Environment of climate change Auditing Guidelines
Q.2	(d) Para 1.18
Q.3	(a) Para 1.57
Q.4	(b) Para 1.60
Q.5	(c) Para 2.5
Q.6	(b) Para 2.3
Q.7	(d) Para 2.5
Q.8	(c) Para 3.4
Q.9	(c) Para 3.4
Q.10	(c) Para 3.13
Q.11	(b) Para 4.2
Q.12	(d) Para 4.5
Q.13	(d) Para 4.5
Q.14	(c) Para 4.5
Q.15	(c) Para 4.6 & 4.7
Q.16	(d) Para 4.19
Q.17	(c) Para 4.36
Q.18	(a) Para 4.39
Q.19	(c) Para 5.3
Q.20	(b) Para 1.15 chapter on Audit of Biodiversity
Q.21	(d) Para 3.9 Chapter of Audit of Water Pollution
Q.22	(a) Para 4.3 Chapter on Audit of waste Management
Q.23	(b)
Q.24	(c)
Q.25	(d)

