

Q.1 a) Define Test Checking. What are the merits of test checking? (8)

b) Distinguish between Vouching and Verification. (7)

Q.2 a) Rewrite the sentences with appropriate choices (5)

1) Good Internal control system requires.

a) Effective managerial supervision and review.

b) Effective Control.

c) Competent auditor.

d) Incompetent people.

2) Auditor is verifying valuation of building which has been self constructed by client. Which of the following documents is least relevant to the auditor for verification purposes?

a) Bills of Contractor.

b) Minutes of board meeting.

c) Certificate of engineer and architect.

d) Loan agreement.

3) Checking the amount in words during vouching of cash transaction helps auditor to

a) Detect error of Principle.

b) Detect error of Commission.

c) Detect misappropriation.

d) None of above.

4) Routine checking can ensure

a) Arithmetic accuracy.

b) Agreement of balance Sheet.

c) Recording of transactions.

d) Fraud free

5) Non-Profit organization are set up to

a) earn profit

b) raise of funds

c) welfare of society

d) none of above

b) Match the following

(5)

A

B

- | | |
|--------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 1) Audit Sampling
2) Internal Check
3) Internal Auditor
4) Debtors
3) Co-operative Society | 1) Can appeal to register of membership is rejected.
2) Confirmation.
3) Audit of less than 100% of items.
4) Appointment by management.
5) System of allocation of responsibility. |
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c) State whether the following statement is true or false

(5)

- 1) Internal auditor must be qualified Chartered Accountant.
- 2) Once Internal control is implemented there is no errors and frauds.
- 3) Audit Sampling is important audit technique.
- 4) Valuation is no part of auditor's duty.
- 5) One of the sources of funds of non trading organization is Subscription.

Q.3 a) What are the objectives of Internal Audit? (8)

b) How will you vouch cash sales. (7)

OR

Q.4 a) What do you mean by Internal Control? What are the duties of auditor relating to internal control? (10)

b) What are the steps taken by the auditor to check the receipts of educational institutions during course of audit? (5)

Q.5 Explain the meaning and definition of Internal check. What are the general points to be considered while framing a system of internal check? (15)

OR

Q.6 Answer the following (Any 3) (15)

- a) Verification of Investments.
- b) Audit programme of Non-Profit organization.
- c) Basis of valuation.
- d) Distinguish between Internal Control and Internal Audit.
- e) Techniques of Auditing