

**Poll Question 1**

According to ISA 315, what is the **primary purpose** of an entity's internal control system in an audit?

- A. To eliminate all risks of material misstatement**
- B. To ensure financial statements are free from fraud**
- C. To provide reasonable assurance about the reliability of financial reporting**
- D. To ensure operational efficiency and cost savings**

**Correct Answer: C**

**Poll Question 2**

Which of the following best describes the relationship between internal controls and risk management?

- A. Internal controls are a key part of risk management, helping to mitigate risks.**
- B. Internal controls eliminate all risks, making risk management unnecessary.**
- C. Risk management and internal controls are completely separate and unrelated.**
- D. Internal controls only apply to financial reporting, not to other business risks.**

**Correct Answer: A**

**Poll Question 3**

Which of the following is an example of a control activity?

- A. Management setting an ethical tone at the top**
- B. Identifying risks of fraud in financial reporting**
- C. Requiring two levels of approval for high-value transactions**
- D. Communicating internal control policies to employees**

**Correct Answer: C**

**Poll Question 4**

What is the primary purpose of monitoring controls?

- A. To ensure internal controls are designed and operating effectively**
- B. To prevent all risks of fraud and errors**
- C. To record and process financial transactions accurately**
- D. To approve financial transactions before execution**

**Correct Answer: A**

**Poll Question 5**

Which component of internal control is responsible for identifying and assessing risks that may impact an organization's objectives?

- A. Control Activities**
- B. Monitoring Activities**
- C. Risk Assessment**
- D. Information and Communication**

**Correct Answer: C**

**Poll Question 6**

Which of the following best describes **inherent risk**?

- A. The risk that an auditor fails to detect a material misstatement**
- B. The risk that a material misstatement occurs due to the absence of internal controls**
- C. The risk that a misstatement occurs and is not prevented or detected by internal controls**
- D. The risk that financial statements are misstated despite strong internal controls**

**Correct Answer: B**

**Poll Question 7**

When evaluating an entity's internal control system, which of the following is **not** a method auditors typically use?

- A. Inquiry (asking management about controls)**
- B. Observation (watching how controls operate in practice)**
- C. Assumption (assuming controls work without testing them)**
- D. Inspection (reviewing policies, procedures, and records)**

**Correct Answer: C**

**Poll Question 8**

Which of the following best describes the auditor's objective in assessing risks related to internal controls?

- A. To identify risks of material misstatement and determine the appropriate audit approach**
- B. To ensure that management has no responsibility for internal controls**
- C. To guarantee that no fraud or errors exist in the financial statements**
- D. To replace the need for substantive audit procedures**

**Correct Answer: A**

**Poll Question 9**

Which of the following procedures is **not** commonly used when testing internal controls?

- A. Inquiry of personnel**
- B. Observation of control processes**
- C. Substantive analytical procedures**
- D. Reperformance of control activities**

**Correct Answer: C**

**Poll Question 10**

If an auditor finds that internal controls are ineffective, what is the **most appropriate** response?

- A. Rely on the ineffective controls and proceed with the audit as planned.
- B. Reduce substantive testing since controls exist, even if they are weak.
- C. Increase substantive testing to compensate for weak controls.
- D. Ignore the controls and base conclusions on management's representations.

Correct Answer: C

**Poll Question 11**

Which factor is most important when determining the extent of testing for a control?

- A. The experience level of the employees performing the control
- B. The effectiveness of the control in preventing or detecting misstatements
- C. The auditor's personal judgment about the control's usefulness
- D. Whether management believes the control is necessary

Correct Answer: B

**Poll Question 12**

Which of the following is a key risk of lacking segregation of duties?

- A. Increased efficiency in processing transactions
- B. Lower operational costs
- C. Higher risk of fraud and unauthorized transactions
- D. Improved communication between employees

Correct Answer: C

**Poll Question 13**

Which of the following is the **best** solution to weak authorization processes in financial transactions?

- A. Allowing employees to approve their own transactions
- B. Implementing a formal approval policy with defined authorization limits
- C. Relying on verbal approval from management
- D. Removing the approval process to speed up transactions

Correct Answer: B

**Poll Question 14**

Which of the following is an example of a **common internal control weakness**?

- A. Segregation of duties in cash handling
- B. Regular reconciliation of financial records
- C. Lack of oversight in approving financial transactions
- D. Implementation of automated access controls

Correct Answer: C

**Poll Question 15**

Under **ISA 265**, which control deficiencies **must** be communicated to those charged with governance?

- A. All identified control deficiencies, regardless of severity**
- B. Only deficiencies that auditors believe management can easily fix**
- C. Only significant deficiencies and material weaknesses**
- D. No control deficiencies need to be communicated unless requested**

**Correct Answer: C**

**Poll Question 16**

When would an auditor issue an adverse opinion on internal controls?

- A. When no control weaknesses are identified**
- B. When a material weakness exists that results in unreliable financial reporting**
- C. When minor deficiencies are found, but management has a remediation plan**
- D. When internal control weaknesses exist, but substantive procedures compensate for them**

**Correct Answer: B**

**Poll Question 17**

Which of the following is true about an auditor's report on internal controls?

- A. It only evaluates the design of internal controls, not their effectiveness.**
- B. It is required for all audits, regardless of the entity type.**
- C. It may identify significant deficiencies or material weaknesses.**
- D. It provides absolute assurance that no fraud has occurred.**

**Correct Answer: C**

**Poll Question 18**

Which of the following is an example of a preventive control?

- A. Bank reconciliation performed at the end of each month**
- B. Physical security measures restricting access to sensitive areas**
- C. An internal audit reviewing past transactions for errors**
- D. Investigation of unusual financial variances after month-end**

**Correct Answer: B**

**Poll Question 19**

Which of the following situations represents a significant internal control weakness?

- A. The company performs monthly financial reconciliations.**
- B. A single employee is responsible for authorizing and processing payments.**
- C. All journal entries require dual approval.**
- D. The organization has automated system access controls in place.**

**Correct Answer: B**

**Poll Question 20**

**Which of the following best describes the purpose of testing internal controls in an audit?**

- A. To ensure the company's internal controls are perfect**
- B. To assess whether controls are designed and operating effectively**
- C. To identify fraud and report it to law enforcement**
- D. To eliminate the need for substantive audit procedures**

**Correct Answer: B**