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Question 1

Question Type: MultipleChoice

The auditor responds to risks of material misstatements due to fraud in which of the following ways?

Options:

- A-** a response that has an overall effect on how the audit is conducted
- B-** a response to identified risks involving the nature, timing and extent of auditing procedures to be performed
- C-** a response involving the performance of certain procedures to further address the risk of material misstatement due to fraud involving management override of controls.
- D-** All of the above

Answer:

D

Question 2

Question Type: MultipleChoice

An estimate due to time lags in the receipt of reports from cedants is called reinsurance.

Options:

A- True

B- False

Answer:

A

Question 3

Question Type: MultipleChoice

Which of the following may NOT involve a high degree of management judgment and subjectivity and may present risks of material misstatement due to fraud?

Options:

- A- Investments
- B- Deferred acquisition costs
- C- Reinsurance
- D- key estimates

Answer:

D

Question 4

Question Type: MultipleChoice

Which are the types of misstatements relevant to the auditor's consideration of fraud in a financial statement audit?

Options:

- A- misstatements arising from fraudulent financial reporting
- B- misstatements arising from misappropriations of assets
- C- Both A & B

D- Neither A nor B

Answer:

C

Question 5

Question Type: MultipleChoice

An attitude that includes a questioning mind and a critical assessment of audit evidence is called:

Options:

A- Operational skepticism

B- Audit skepticism

C- Professional skepticism

D- None of the above

Answer:

C

Question 6

Question Type: MultipleChoice

Final approval should be obtained prior to placing a new system into operation is the activity that can be fall into which control?

Options:

A- Organizations and operations control

B- System development control

C- Access control

D- Procedural control

Answer:

B

Question 7

Question Type: MultipleChoice

Which control includes the procedures for system design, including the acquisition of software packages, should encourage active participation by the accounting department and internal auditors?

Options:

- A- Organizations and operations control
- B- System development control
- C- Access control
- D- Procedural control

Answer:

A

Question 8

Question Type: MultipleChoice

Which of the following is NOT the interrelated component of internal control?

Options:

- A- Control environment
- B- Risk assessment
- C- Control activities
- D- Planning control

Answer:

D

Question 9

Question Type: MultipleChoice

A process designed to provide reasonable assurance about the achievement of the entity's objectives with regard to reliability of financial reporting, effectiveness and efficiency of operations is called:

Options:

- A- External control
- B- Internal auditing
- C- Internal control
- D- None of the above

Answer:

C

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