

SHRI GURU NANAK DEGREE COLLEGE PREET VIHAR RUDRAPUR

MCOM 401 – Auditing and Corporate Governance

M.Com. Hons. - IV Semester

Section A: Long Answer Type Questions

Unit I: Introduction to Auditing

1. Define auditing. Discuss its objectives and significance in corporate governance.
2. Explain the various classifications of audit with examples.
3. Describe in detail the audit planning process.
4. What are internal controls? Explain their role in auditing.
5. Distinguish between internal audit and internal check with examples.
6. Describe the basic principles and techniques of auditing.
7. Discuss the importance of vouching and verification of assets and liabilities.
8. Explain the need and objectives of auditing in modern business.
9. Discuss in detail the classification of audit based on ownership and time.
10. Elaborate on the role of auditor in detecting and preventing frauds.

Unit II: Audit of Companies

1. Explain the procedure for appointment and removal of auditors under the Companies Act 2013.
2. Discuss the qualifications and disqualifications of a company auditor.
3. Write a detailed note on the rights and duties of a company auditor.
4. What is a statutory audit? Describe its scope and limitations.
5. Describe the structure and contents of an audit report.
6. Explain auditor's liabilities under the Companies Act.
7. What are the provisions regarding audit rotation and remuneration?
8. Discuss the audit procedures adopted for verifying assets and liabilities.
9. Explain the difference between a statutory and an internal audit in a company.
10. Elaborate on the role and importance of company auditors in financial reporting.

Unit III: Special Areas of Audit

1. Discuss the special features of cost audit and its relevance in modern business.
2. Explain the role and scope of tax audit.
3. What is management audit? Discuss its process and significance.
4. Describe the trends and challenges in auditing in an EDP (electronic data processing) environment.
5. Explain the considerations involved in auditing computerized accounts.
6. How are auditing standards useful for maintaining audit quality?
7. Write a note on audit planning in EDP systems.
8. Distinguish between cost audit and management audit.
9. Explain how special audits help in detecting financial mismanagement.
10. Analyze a case study highlighting audit failure due to negligence.

Unit IV: Corporate Governance

1. Define corporate governance. Explain its conceptual framework.
2. Describe the theories and models of corporate governance.
3. Discuss the structure and role of board committees in governance.
4. What are the key elements of corporate governance reforms?
5. Discuss major corporate scandals and the lessons learned from them.
6. Explain how poor governance leads to corporate failure.
7. Compare corporate governance in India and abroad.
8. Write an essay on the importance of independent directors.
9. Discuss the governance problems faced by multinational corporations.
10. Suggest measures for strengthening corporate governance in India.

Unit V: Corporate Social Responsibility (CSR)

1. Define CSR and explain its evolution and importance in India.
2. Discuss the components and strategic planning of CSR.
3. How does corporate philanthropy differ from CSR?
4. Explain the relationship between CSR and corporate sustainability.
5. Discuss CSR and its role in business ethics and corporate governance.
6. Analyze the CSR provisions under the Companies Act 2013.
7. Write a detailed note on the CSR Committee and its functions.
8. Describe various CSR models and standards applicable to companies.
9. Discuss the challenges in implementing CSR in developing countries.
10. How does CSR contribute to stakeholder value?

Section B: Short Answer Type Questions

Unit I

1. Define auditing.

2. State two objectives of an audit.
3. What is internal control?
4. Define internal audit.
5. What is meant by audit planning?
6. List two classifications of audits.
7. What is internal check?
8. Define vouching.
9. Write two functions of an auditor.
10. Name two techniques used in auditing.

Unit II

1. Who appoints a statutory auditor?
2. Mention two rights of an auditor.
3. Define disqualification of auditor.
4. What is rotation of auditor?
5. List two contents of an audit report.
6. What is statutory audit?
7. What are liabilities of auditors?
8. What is meant by removal of auditor?
9. Who can be appointed as a company auditor?
10. What is the tenure of a statutory auditor?

Unit III

1. Define cost audit.
2. What is management audit?
3. State two objectives of tax audit.
4. What is meant by EDP environment?
5. What is the role of audit in digital systems?
6. Define auditing standards.
7. Write any two features of management audit.
8. What is a tax audit report?
9. Mention one difference between cost audit and management audit.
10. Give two examples of recent audit issues.

Unit IV

1. What is corporate governance?
2. Define board committee.
3. Mention any two governance theories.
4. What is corporate governance reform?
5. What is the role of an independent director?
6. Give examples of two corporate scandals.
7. What is a governance model?

8. State two objectives of corporate governance.
9. What is the role of the board in governance?
10. Mention one failure due to poor governance.

Unit V

1. Define CSR.
 2. What is CSR committee?
 3. Mention two CSR models.
 4. What is corporate sustainability?
 5. What is corporate philanthropy?
 6. Define business ethics in relation to CSR.
 7. State two CSR standards.
 8. What is CSR strategy?
 9. Mention any two CSR laws under Companies Act.
 10. What is the CSR fund utilization rule?
-

Section C: Multiple Choice Questions

Unit I

1. Auditing is a ____ examination of books.
a) Partial
b) Systematic
c) Informal
d) None
Ans: b
2. Internal audit is conducted by ____
a) Government
b) External auditor
c) Employee of organization
d) Court
Ans: c
3. Internal check is related to
a) Prevention of errors
b) Forecasting
c) Budgeting
d) None
Ans: a

4. Main objective of auditing is
- a) Cost control
 - b) Fraud detection
 - c) Verification of accounts
 - d) Preparing financials

Ans: c

5. Vouching is the backbone of
- a) Accounting
 - b) Auditing
 - c) Taxation
 - d) Banking

Ans: b

6. Audit planning ensures
- a) Delay in audit
 - b) Audit effectiveness
 - c) High cost
 - d) Redundancy

Ans: b

7. Which is not a type of audit?
- a) Statutory audit
 - b) Cost audit
 - c) Planning audit
 - d) Internal audit

Ans: c

8. Internal control includes
- a) Control environment
 - b) Risk assessment
 - c) Control activities
 - d) All of these

Ans: d

9. Who is responsible for preparing audit plan?
- a) Client
 - b) Shareholder
 - c) Auditor
 - d) Government

Ans: c

10. The final report of an audit is called
- a) Audit file

- b) Audit plan
- c) Audit report
- d) Audit notice

Ans: c

Unit II: Audit of Companies

1. Under Companies Act 2013, an auditor is appointed for a term of:
- a) 1 year
 - b) 3 years
 - c) 5 years
 - d) 10 years

Ans: c

2. The auditor's report is addressed to:
- a) Government
 - b) Management
 - c) Board of Directors
 - d) Shareholders

Ans: d

3. Removal of auditor before term requires approval of:
- a) Audit committee
 - b) Board
 - c) Shareholders & Central Govt.
 - d) Statutory body

Ans: c

4. A company auditor must be:
- a) Lawyer
 - b) Chartered Accountant
 - c) Cost Accountant
 - d) MBA

Ans: b

5. Auditor's liability arises in case of:
- a) Genuine error
 - b) Fraud
 - c) Typing mistake
 - d) Miscommunication

Ans: b

6. The rotation of auditors applies to:

- a) Proprietorship firms
- b) Small companies
- c) Listed companies
- d) NGOs

Ans: c

7. Statutory auditor reports under which section of Companies Act 2013?

- a) Section 139
- b) Section 145
- c) Section 143
- d) Section 147

Ans: c

8. Which of the following is not a duty of an auditor?

- a) Examine books
- b) Detect fraud
- c) Manage staff
- d) Verify financial statements

Ans: c

9. Vouching is used to:

- a) Audit cash receipts
- b) Conduct internal audit only
- c) Finalize balance sheet
- d) File tax return

Ans: a

10. Liability of statutory auditors may arise due to:

- a) Forecast errors
- b) Technical changes
- c) Professional negligence
- d) HR policies

Ans: c

Unit III: Special Areas of Audit

1. Cost audit is applicable to:

- a) Service sector
- b) Manufacturing companies
- c) Partnership firms
- d) All organizations

Ans: b

2. Tax audit is conducted under which section of Income Tax Act?

- a) 143
- b) 44AB
- c) 80C
- d) 194J

Ans: b

3. Management audit is concerned with:

- a) Cost control
- b) Tax liability
- c) Managerial efficiency
- d) Inventory

Ans: c

4. Which audit is used to examine efficiency and effectiveness?

- a) Internal audit
- b) Statutory audit
- c) Management audit
- d) Tax audit

Ans: c

5. In EDP audit, data security is a:

- a) Secondary issue
- b) Legal concern only
- c) Primary consideration
- d) External factor

Ans: c

6. Which of the following is a limitation of auditing in EDP?

- a) Access to records
- b) Time saving
- c) Manual entry
- d) Remote accessibility

Ans: a

7. Audit standards are issued by:

- a) SEBI
- b) ICAI
- c) RBI
- d) CAG

Ans: b

8. Which audit type detects wastage of resources?

- a) Cost audit
- b) Financial audit
- c) Statutory audit
- d) Tax audit

Ans: a

9. Recent audit trends focus on:

- a) Manual ledgers
- b) Non-financial data
- c) EDP systems
- d) Debtors analysis

Ans: c

10. A tax audit ensures:

- a) Increased profits
- b) Lower prices
- c) Compliance with Income Tax Act
- d) Avoidance of GST

Ans: c

Unit IV: Corporate Governance

1. Corporate governance deals with:

- a) Company promotion
- b) Internal marketing
- c) Control and direction of companies
- d) HR policies

Ans: c

2. A key stakeholder in corporate governance is:

- a) Workers only
- b) Shareholders
- c) Society only
- d) Government only

Ans: b

3. Who ensures transparency and accountability in a company?

- a) Marketing head
- b) Board of Directors
- c) Clerk
- d) Customers

Ans: b

4. One of the theories of corporate governance is:

- a) Game theory
- b) Stakeholder theory
- c) Logic theory
- d) Rule theory

Ans: b

5. Corporate governance reforms in India were initiated after:

- a) Reliance merger
- b) Satyam scam
- c) Vodafone deal
- d) GST Act

Ans: b

6. Role of independent directors includes:

- a) Marketing
- b) Financial reporting
- c) Conflict resolution
- d) Share valuation

Ans: c

7. Corporate governance promotes:

- a) Corruption
- b) Transparency
- c) Speculation
- d) Conflict

Ans: b

8. Board committees include:

- a) Audit committee
- b) Sales committee
- c) Fest committee
- d) PR committee

Ans: a

9. One common governance failure is:

- a) High salaries
- b) Unethical conduct
- c) Staff absenteeism
- d) Product returns

Ans: b

10. Corporate failures result from:

- a) Strong leadership
- b) Weak governance
- c) High profit
- d) Digital innovation

Ans: b

Unit V: Corporate Social Responsibility (CSR)

1. CSR is related to:

- a) Company sales
- b) Business philanthropy
- c) Share prices
- d) CEO salary

Ans: b

2. CSR is mandatory under:

- a) SEBI Act
- b) Companies Act 2013
- c) GST Act
- d) FEMA

Ans: b

3. CSR applies to companies with net worth of:

- a) ₹1 crore
- b) ₹100 crore
- c) ₹500 crore
- d) ₹50 lakh

Ans: c

4. CSR is governed by which section?

- a) 135
- b) 140
- c) 125
- d) 165

Ans: a

5. CSR funds should be spent on:

- a) Staff bonus
- b) Govt taxes
- c) Social development
- d) Office rent

Ans: c

6. CSR includes which of the following?

- a) Employee incentives
- b) Shareholder benefits
- c) Education and sanitation
- d) Manager bonus

Ans: c

7. Business ethics are part of:

- a) Product pricing
- b) CSR
- c) Advertisement
- d) Logistics

Ans: b

8. CSR committee must have at least ____ directors.

- a) 1
- b) 2
- c) 3
- d) 4

Ans: c

9. Strategic CSR refers to:

- a) Random donations
- b) Business-aligned social projects
- c) Tax evasion
- d) Salary cuts

Ans: b

10. A CSR model provides:

- a) Pricing strategy
- b) Organizational ethics framework
- c) HR policy
- d) Compensation plan

Ans: b
