

# **SHRI GURU NANAK DEGREE COLLEGE PREET VIHAR RUDRAPUR**

**BCH 601 – Auditing & Corporate Governance**

**B.Com. Hons. - VI Semester**

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## **Section A: Long Answer Type Questions**

### **Unit I: Introduction to Auditing**

1. Define auditing. Explain its objectives and importance in modern business.
2. Discuss the principles and techniques of auditing in detail.
3. Elaborate on the classification of audits with suitable examples.
4. Explain the process of audit planning and its significance.
5. Differentiate between internal control, internal check, and internal audit.
6. Describe the audit procedure for vouching and verification of assets.
7. Discuss the steps involved in verifying liabilities during audit.
8. Evaluate the impact of internal control on the effectiveness of audit.
9. Explain the various stages involved in conducting an audit.
10. Analyze the importance of audit documentation and working papers.

### **Unit II: Audit of Companies**

1. Describe the qualifications and disqualifications of a company auditor.
2. Discuss the procedure for appointment and rotation of auditors in a company.
3. Explain the legal provisions regarding removal and remuneration of auditors.
4. Write a detailed note on the auditor's report and its types.
5. Describe the rights and duties of company auditors.
6. Discuss the liabilities of statutory auditors under Companies Act 2013.
7. Analyze the role of auditors in corporate accountability.
8. Examine the implications of non-compliance by auditors.
9. Discuss the procedures involved in conducting a statutory audit.
10. Explain how auditors maintain independence and objectivity.

### **Unit III: Special Areas of Audit**

1. Explain the features and importance of cost audit.
2. Discuss the relevance and process of tax audit.
3. Define management audit and explain its utility in decision making.
4. Analyze the auditor's role in EDP (Electronic Data Processing) environment.
5. Explain auditing standards and their significance.
6. Discuss the latest trends and developments in auditing.
7. Illustrate with examples the relevance of auditing in ERP systems.
8. Examine how auditing can address issues in automated accounting systems.
9. Evaluate the role of the auditor in fraud detection in special audits.
10. Discuss a recent case related to auditing failure and its consequences.

#### **Unit IV: Corporate Governance**

1. Define corporate governance. Discuss its need in today's corporate world.
2. Explain various theories and models of corporate governance.
3. Analyze the structure and role of broad committees in governance.
4. Discuss the reforms undertaken in India to strengthen corporate governance.
5. Evaluate corporate governance practices in India vs abroad.
6. Explain the common governance failures with real-life examples.
7. Discuss the importance of transparency and accountability in governance.
8. Analyze any major corporate scandal and the governance failure behind it.
9. Explain the role of independent directors in corporate governance.
10. Assess how corporate governance impacts stakeholder confidence.

#### **Unit V: Corporate Social Responsibility (CSR)**

1. Define CSR. Discuss its importance in today's business environment.
2. Explain the concept of corporate philanthropy and its relationship with CSR.
3. Discuss the role of strategic planning in CSR implementation.
4. Examine the provisions related to CSR under Companies Act 2013.
5. Discuss the components and functioning of a CSR Committee.
6. Analyze CSR models with relevant examples.
7. Compare CSR practices in India with those abroad.
8. Explain how CSR is linked with business ethics.
9. Discuss the relationship between CSR and corporate sustainability.
10. Evaluate the effectiveness of CSR codes and standards.

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## **Section B: Short Answer Type Questions**

#### **Unit I: Introduction to Auditing**

1. Define auditing.

2. What are the main objectives of auditing?
3. Write a note on audit planning.
4. Differentiate between internal check and internal audit.
5. List any four basic principles of auditing.
6. What is vouching? Give two examples.
7. Define verification in the context of audit.
8. Write a note on audit evidence.
9. Mention any two advantages of internal control.
10. What do you understand by audit procedure?

## **Unit II: Audit of Companies**

1. Who can be appointed as a company auditor?
2. What is rotation of auditors?
3. Write a short note on removal of auditors.
4. List any four rights of an auditor.
5. What is an audit report?
6. What are the contents of an audit report?
7. State two types of audit reports.
8. Define statutory auditor.
9. Mention any two liabilities of an auditor under Companies Act 2013.
10. What is meant by remuneration of auditors?

## **Unit III: Special Areas of Audit**

1. What is cost audit?
2. Define tax audit.
3. What is management audit?
4. Mention any two benefits of management audit.
5. What is EDP audit?
6. What is the need for auditing in automated systems?
7. What is the role of standards in auditing?
8. List two challenges in auditing EDP systems.
9. Define internal audit in the context of computerized environment.
10. Give one recent trend in auditing.

## **Unit IV: Corporate Governance**

1. Define corporate governance.
2. List any two models of corporate governance.
3. What are board committees?
4. What is the Cadbury Committee report?
5. Mention one governance reform in India.
6. What is the role of SEBI in governance?

7. Write a short note on independent directors.
8. Mention any two benefits of good governance.
9. Define whistle-blowing.
10. What is the role of ethics in governance?

## **Unit V: Corporate Social Responsibility (CSR)**

1. Define CSR.
  2. What is corporate philanthropy?
  3. Mention any two CSR activities.
  4. What is CSR Committee?
  5. Define corporate sustainability.
  6. Write a note on business ethics.
  7. Mention any two provisions under Companies Act 2013 related to CSR.
  8. What are CSR models?
  9. Define strategic CSR.
  10. What is the role of NGOs in CSR?
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## **Section C: Multiple Choice Questions (MCQs)**

### ***Unit I: Introduction to Auditing***

1. *Who is known as the father of auditing?*
  - a) Luca Pacioli
  - b) Arjun Singh
  - c) Kohler
  - d) Charles Babbage→ **a)**
2. *Which of the following is not a type of audit?*
  - a) Cost audit
  - b) Tax audit
  - c) Profit audit
  - d) Management audit→ **c)**
3. *Vouching means:*
  - a) Verifying books
  - b) Verifying transactions with supporting documents
  - c) Confirming balances
  - d) All of the above

→ **b)**

4. *Audit is a:*

- a) *One-time process*
- b) *Continuous process*
- c) *Future-focused process*
- d) *None of these*

→ **b)**

5. *Internal control is primarily concerned with:*

- a) *Assets*
- b) *Liabilities*
- c) *Efficiency and accuracy*
- d) *Reporting*

→ **c)**

6. *Which of the following is not an audit objective?*

- a) *Detection of fraud*
- b) *True and fair view*
- c) *Increase in profit*
- d) *Checking accuracy*

→ **c)**

7. *Who appoints statutory auditors in a company?*

- a) *Directors*
- b) *Shareholders*
- c) *SEBI*
- d) *Registrar of Companies*

→ **b)**

8. *Audit procedures include:*

- a) *Inquiry*
- b) *Observation*
- c) *Inspection*
- d) *All of the above*

→ **d)**

9. *The final stage of audit is:*

- a) *Planning*
- b) *Execution*
- c) *Report writing*
- d) *Verification*

→ **c)**

10. *Internal check is part of:*

- a) *Internal audit*
  - b) *Internal control*
  - c) *Tax audit*
  - d) *Management audit*
- **b)**

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## **Unit II: Audit of Companies**

1. *The Companies Act governing statutory audit in India is:*

- a) *Companies Act 1956*
  - b) *Companies Act 2013*
  - c) *Income Tax Act*
  - d) *Indian Audit Act*
- **b)**

2. *Auditor's report is addressed to:*

- a) *Company Secretary*
  - b) *Board of Directors*
  - c) *Shareholders*
  - d) *Registrar*
- **c)**

3. *Who removes an auditor before the expiry of the term?*

- a) *Board of Directors*
  - b) *Shareholders with Central Government approval*
  - c) *Registrar of Companies*
  - d) *SEBI*
- **b)**

4. *Remuneration of the auditor is fixed by:*

- a) *Board of Directors*
  - b) *Central Government*
  - c) *Audit Committee*
  - d) *Shareholders*
- **d)**

5. *Rights of an auditor include:*

- a) *Right to inspect books*
- b) *Right to receive notice of meetings*
- c) *Right to report fraud*

d) *All of the above*

→ **d)**

6. *A disqualification for appointment as auditor is:*

- a) *Being a cost accountant*
- b) *Being a shareholder*
- c) *Being an officer of the company*
- d) *Holding a CA degree*

→ **c)**

7. *Rotation of auditors is mandatory for:*

- a) *Private companies*
- b) *Small companies*
- c) *Listed companies*
- d) *NGOs*

→ **c)**

8. *An auditor who fails in duty is liable under:*

- a) *Income Tax Act*
- b) *Company Law Board*
- c) *Companies Act 2013*
- d) *RBI Act*

→ **c)**

9. *A qualified audit report indicates:*

- a) *Everything is correct*
- b) *Discrepancies exist*
- c) *No audit performed*
- d) *Tax compliance*

→ **b)**

10. *Who signs the auditor's report?*

- a) *Company Secretary*
- b) *Internal Auditor*
- c) *Statutory Auditor*
- d) *Director*

→ **c)**

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### **Unit III: Special Areas of Audit**

1. *Cost audit is compulsory for:*
  - a) *All companies*
  - b) *Select manufacturing companies*
  - c) *Retail companies*
  - d) *NGOs*→ **b)**
2. *Which audit helps in tax compliance?*
  - a) *Cost audit*
  - b) *Tax audit*
  - c) *Management audit*
  - d) *Social audit*→ **b)**
3. *Management audit focuses on:*
  - a) *Cash flows*
  - b) *Management efficiency*
  - c) *Assets*
  - d) *Tax returns*→ **b)**
4. *Auditing standards in India are issued by:*
  - a) *ICAI*
  - b) *RBI*
  - c) *SEBI*
  - d) *Ministry of Finance*→ **a)**
5. *Audit in EDP environment requires:*
  - a) *Manual checks*
  - b) *Specialized software tools*
  - c) *Only financial reports*
  - d) *HR data*→ **b)**
6. *Which of the following is a recent trend in auditing?*
  - a) *Manual vouchers*
  - b) *Surprise audits*
  - c) *Data analytics*
  - d) *Annual verification*→ **c)**
7. *EDP audit deals with:*
  - a) *Offline accounts*



- b) Hardware maintenance*
- c) Digital records and controls*
- d) Only tax calculations*
- **c)**

8. *One of the main purposes of management audit is:*

- a) Profit calculation*
- b) Evaluating internal processes*
- c) Calculating depreciation*
- d) Cost control*
- **b)**

9. *Cost audit examines:*

- a) Wages*
- b) Financial position*
- c) Cost records and cost control*
- d) Sales revenue*
- **c)**

10. *Auditing in automated systems needs:*

- a) Traditional vouching*
- b) Control testing and risk analysis*
- c) No audit at all*
- d) Fixed reports*
- **b)**

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## **Unit IV: Corporate Governance**

1. *Corporate governance relates to:*

- a) Company's marketing*
- b) Accounting procedures*
- c) Ethical business practices and board accountability*
- d) None of these*
- **c)**

2. *SEBI stands for:*

- a) Securities and Economic Board of India*
- b) Securities and Exchange Board of India*
- c) Stock and Equity Board of India*
- d) Standard Exchange Board of India*

→ **b)**

3. *A key element of governance structure is:*

- a) Internal auditor*
- b) Company secretary*
- c) Board of Directors*
- d) HR Manager*

→ **c)**

4. *Independent directors are appointed to:*

- a) Manage business*
- b) Ensure impartial governance*
- c) Increase sales*
- d) Maintain payroll*

→ **b)**

5. *One of the major corporate scandals in India:*

- a) Tata Group*
- b) Infosys*
- c) Satyam Computers*
- d) Wipro*

→ **c)**

6. *The Cadbury Committee is related to:*

- a) Auditing*
- b) Accounting*
- c) Corporate Governance*
- d) Ethics*

→ **c)**

7. *Common problem in poor governance:*

- a) Low sales*
- b) High employee turnover*
- c) Lack of transparency*
- d) Market growth*

→ **c)**

8. *Corporate governance aims at protecting:*

- a) Employees*
- b) Government*
- c) Stakeholders' interests*
- d) Tax authorities*

→ **c)**

9. *Corporate failures are often linked to:*  
a) *Employee strikes*  
b) *Weak governance mechanisms*  
c) *Poor HR policies*  
d) *Low production*  
→ **b)**
10. *One objective of corporate governance is:*  
a) *Sales growth*  
b) *Tax reduction*  
c) *Ethical business conduct*  
d) *Advertising*  
→ **c)**
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## ***Unit V: Corporate Social Responsibility (CSR)***

1. *CSR stands for:*  
a) *Central Social Regulation*  
b) *Corporate Social Responsibility*  
c) *Corporate System Review*  
d) *None*  
→ **b)**
2. *CSR became mandatory in India in:*  
a) *2000*  
b) *2013*  
c) *2017*  
d) *2020*  
→ **b)**
3. *The Companies Act mandates CSR for companies with:*  
a) *Net worth of ₹100 crore or more*  
b) *Revenue over ₹100 crore*  
c) *Paid-up capital of ₹100 crore*  
d) *None of the above*  
→ **a)**
4. *One example of CSR activity is:*  
a) *Product marketing*  
b) *Employee recruitment*  
c) *School funding*

d) *Tax planning*  
→ **c)**

5. *CSR Committee must consist of at least:*

- a) *1 member*
  - b) *2 members*
  - c) *3 directors (one independent)*
  - d) *All directors*
- **c)**

6. *CSR promotes:*

- a) *Tax avoidance*
  - b) *Legal compliance*
  - c) *Sustainable development*
  - d) *Product pricing*
- **c)**

7. *CSR relates to:*

- a) *Government welfare*
  - b) *Public service only*
  - c) *Social and environmental welfare*
  - d) *HR practices*
- **c)**

8. *A major pillar of CSR:*

- a) *Profit maximization*
  - b) *Environmental concern*
  - c) *Data security*
  - d) *Inventory control*
- **b)**

9. *CSR under Companies Act applies to:*

- a) *All companies*
  - b) *Listed companies only*
  - c) *Companies meeting financial criteria*
  - d) *MNCs only*
- **c)**

10. *One benefit of CSR:*

- a) *Market dominance*
- b) *Positive public image*
- c) *Lower wages*
- d) *Tax exemption*

→ ***b)***

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