

## I. Multiple choice questions (45%, 3% each):

Instructions: Select the best answer for each of the following questions.

1. Attestation risk is limited to a low level in which of the following engagement(s)?

- A. Both examinations and reviews.                      B. Examinations, but not reviews.  
C. Reviews, but not examinations.                      D. Neither examinations nor reviews.

2. As compared with the US nonpublic company audit report, the international audit report:

- A. Is shorter in length.  
B. Is dated as of year-end, whereas the US report is dated as of the last date of significant field work.  
C. Includes the name of the partner and managers on the audit, while the US report includes only the CPA firm name.  
D. Includes enhanced explanation of the audit process.

3. Independence is required of a CPA performing:

- A. Audits, but not any other professional services.  
B. All attestation services, but not other professional services.  
C. All attestation and tax services, but not other professional services.  
D. All professional services.

4. The burden of proof that must be proven to recover losses from the auditors under the Securities Exchange Act of 1934 is generally considered to be:

- A. Less than the Securities Act of 1933.  
B. The same as the Securities Act of 1933.  
C. Greater than the Securities Act of 1933.  
D. Indeterminate in relation to the Securities Act of 1933.

5. As planning materiality is decreased, the auditor should plan more work on individual accounts to:

- A. Find smaller misstatements.  
B. Find larger misstatements.  
C. Increase the tolerable misstatement in the accounts.  
D. Decrease the risk of assessing control risk too low.

6. To best test existence, an auditor would sample from the:

- A. General Ledger to source documents.

(背面仍有題目,請繼續作答)

- B. General Ledger to the financial statements.  
C. Source documents to the general ledger.  
D. Source documents to journals.
7. Which of the following is not a responsibility that should be assigned to a company's internal audit department?  
A. Evaluating internal control.  
B. Approving disbursements.  
C. Reporting on the effectiveness of operating segments.  
D. Investigating potential merger candidates.
8. During the final planning of the accounts receivable program a CPA specified a tolerable misstatement of \$30,000, instead of the \$20,000 contained in the preliminary audit program. What would be the impact of this change?  
A. A decrease in population standard deviation.  
B. An increase in sample standard deviation.  
C. An increase in required sample size.  
D. A decrease in the required sample size.
9. A practical and effective audit procedure for the detection of lapping is:  
A. Preparing an interbank transfer schedule.  
B. Comparing recorded cash receipts in detail against items making up the bank deposit as shown on duplicate deposit slips validated by the bank.  
C. Tracing recorded cash receipts to postings in customers' ledger cards.  
D. Preparing a proof of cash.
10. Which of the following is a likely procedure to test the adequacy of the allowance for doubtful accounts?  
A. Examine cash receipts received after year-end.      B. Confirm receivables.  
C. Examine dates of purchase orders.                      D. Foot the receivables lead schedule.
11. Which of the following audit procedures most likely would provide assurance that a manufacturing entity's inventory valuation is proper?  
A. Tracing test counts to the entity's inventory listing.  
B. Obtaining confirmation of inventories pledged under loan agreements.  
C. Reviewing a cutoff procedure for inventories.  
D. Testing the entity's computation of standard overhead rates.

12. The auditors are least likely to learn of retirements of equipment through which of the following?

- A. Review of the purchase returns and allowances account.
- B. Review of depreciation.
- C. Analysis of the debits to the accumulated depreciation account.
- D. Review of insurance policy riders.

13. For good internal control, a copy of a receiving report should be sent to all of the following departments except:

- A. Accounts payable. B. Purchasing. C. Stores. D. Shipping.

14. The auditors' primary means of obtaining corroboration of management's information concerning litigation is a:

- A. Confirmation of claims and assessments from the other parties to the litigation.
- B. Letter from the auditor's lawyer upon review of the legal documentation.
- C. Letter of audit inquiry to the client's lawyer.
- D. Confirmation of claims from an officer of the court presiding over the litigation.

15. Which of the following is most likely to be considered a material weakness in internal control?

- A. Inadequate controls over non-systematic transactions.
- B. Restatement of previously issued financial statements due to a change in accounting principles.
- C. An ineffective control environment.
- D. Weaknesses in risk assessment.

II. Problem Analysis (55%):

1. (SOX 25%) The Sarbanes-Oxley Act of 2002 made significant reforms for public companies and their auditors. Describe the events that led up to the passage of the Act (5%) and the major changes made by the Act (20%).

2. (WP 15%) Audit working papers are an integral part of an examination in accordance with generally accepted auditing standards.

- a. Describe major functions of the audit working papers.
- b. Discuss the relationship between Standards of Fieldwork and working papers.
- c. Distinguish between the permanent working paper file and the current working paper file.

(背面仍有題目,請繼續作答)

3. (Test 15%) Confirmation of accounts receivable is generally accepted auditing procedure. In performing this procedure, auditors use positive confirmations or negative confirmations or a combination of both.
- a. Describe three conditions which should exist for the auditors to use the negative form of request.
  - b. If a response is not received to an initial positive confirmation request, describe the action that should be taken by the auditors, including a discussion of alternative auditing procedures.