

元智大學 101 學年度研究所 碩士班 招生試題卷

系(所)別： 管理學院商學碩士班

組別： 會計碩士學程

科目： 審計學

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I. Multiple Choice: Please choose *the best answer* for each of the following questions. (42 points; @2 points)

1. An attestation engagement is one in which a CPA is engaged to: (A) Issue, or does issue, a report on subject matter or an assertion about the subject matter that is the responsibility of another party. (B) Provide tax advice or prepare a tax return based on financial information the CPA has not audited or reviewed. (C) Testify as an expert witness in accounting, auditing or tax matters, given certain stipulated facts. (D) Assemble prospective financial statements based on the assumptions of the entity's management without expressing any assurance.
2. The primary purpose for obtaining an understanding of the entity's environment (including its internal control) in a financial statement audit is: (A) To determine the nature, timing, and extent of further audit procedures to be performed. (B) To make consulting suggestions to the management. (C) To obtain direct sufficient appropriate audit evidence to afford a reasonable basis for an opinion on the financial statements. (D) To determine whether the entity has changed any accounting principles.
3. Which of the following substantive procedures should auditors ordinarily perform regarding subsequent events? (A) Compare the latest available interim financial statements with the financial statements being audited. (B) Send second requests to the client's customers who failed to respond to initial accounts receivable confirmation requests. (C) Communicate material weaknesses in internal control to the client's audit committee. (D) Review the cutoff bank statements for several months after the year end.
4. Which of the following presumptions does not relate to the reliability of audit evidence? (A) The more effective the client's internal control, the more assurance it provides about the accounting data and financial statements. (B) The auditors' opinion, to be economically useful, is formed within reasonable time and based on evidence obtained at a reasonable cost. (C) Evidence obtained from independent sources outside the entity is more reliable than evidence secured solely within the entity. (D) The independent auditors' direct personal knowledge, obtained through observation and inspection, is more persuasive than information obtained indirectly.
5. Which of the following is most closely related to system of quality control regarding engagement performance? (A) Requiring all of the firm's personnel to provide a summary of their investments and other financial relationships. (B) Evaluating the firm's system of quality controls on a periodic basis. (C) Utilizing standardized audit plans and audit documentation on engagements in a particular industry. (D) Evaluating the firm's ability to provide a quality audit to a prospective client.
6. The audit objective that footnotes in the financial statements should be clear and expressed such that the information is easily conveyed to the readers of the financial statements is related most closely with which of the ASB presentation and disclosure assertions? (A) Occurrence. (B) Rights and obligations. (C) Comprehensibility. (D) Understandability.
7. The attestation standards of reporting do not require the attestation report to include a statement that: (A) Provides a conclusion whether the subject matter is presented in conformity with established or stated criteria. (B) Indicates that the practitioner has significant reservations about the engagement. (C) Identifies the subject matter or assertion being reported on. (D) Indicates that the accountant assumes no responsibility to update the report.
8. The likelihood that material misstatements may have entered the accounting system and not been detected and corrected by the client's internal control is referred to as: (A) Inherent risk. (B) Control risk (C) Detection risk (D) Risk of material misstatement.
9. The pre-engagement activities of an audit engagement for a public accounting firm do not include:

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- (A)Evaluating the public accounting firm's independence with regard to the audit engagement. (B)Obtaining predecessor audit documentation. (C)Obtaining an engagement letter. (D)Ensuring that there are sufficient firm resources to complete the engagement on a timely basis.
10. Assume that application of analytical procedures revealed significant unexplained differences between recorded amounts and the expectations (estimates) developed by the auditor. If management is unable to provide an acceptable explanation, the auditor should: (A)Consider the matter a scope limitation. (B)Perform additional audit procedures to investigate the matter further. (C)Intensify the audit with the expectation of detecting management fraud. (D)Withdraw from the engagement.
11. When auditing Vandalay Jewelry, Costanza, CPA was not familiar with the quality and cut of the company's precious jewel inventory. To address this shortcoming, Costanza hired Benes, an expert in jewel valuation, to assist in the inventory valuation. Should Costanza refer to Benes's work in the audit report? (A)Yes, the auditors' report should mention the fact that a specialist was used. (B)The auditors' report should mention the use of the specialist only when the specialist's findings affect the auditors' conclusions. (C)The use of a specialist need not be mentioned if the auditors decide not to take responsibility for the specialist's findings. (D)The auditors' report should mention the specialist only if Vandalay agrees with the specialist's findings.
12. Which of the following control activities would best protect against the preparation of improper or inaccurate cash disbursements? (A)All checks must be signed by an officer designated by the Board of Directors. (B)All signed checks must be reviewed and compared with supporting documentation by the treasurer before mailing. (C)All checks must be sequentially numbered and accounted for by internal auditors. (D)All checks must be perforated or otherwise effectively canceled when they are returned with the bank statement.
13. Comparing data on separate files can be accomplished by computer assisted audit techniques (CAATs) to determine whether compatible information is in agreement. Examples of such comparisons would not include: (A)Payroll details with personnel records. (B)Current and prior inventory to details of purchases and sales. (C)Paid vouchers to disbursements. (D)Observation of inventory accounts.
14. Which of the following does not accurately summarize auditors' requirements regarding internal control?
- | | Public Company | Nonpublic Company |
|-----------------------------|----------------|-------------------|
| (A) Understanding | Yes | Yes |
| (B) Documenting | Yes | Yes |
| (C) Evaluating Control Risk | Yes | Yes |
| (D) Test of Controls | Yes | Yes |
15. Which of the following would ordinarily not be performed in the auditors' examination of litigation, claims, and assessments? (A)Inquire of client management with respect to litigation, claims, and assessment. (B)Examine documentary evidence maintained by the client with respect to litigation, claims, and assessments. (C)Read minutes of meetings of stockholders, directors, and appropriate committees. (D)Confirm litigation, claims, and assessments with parties bringing suit or action against the client.
16. Which of the following is a preventive control? (A)A reconciliation of a bank account. (B)Internal auditors recalculating a sample of payroll entries. (C)Separation of duties between the payroll and personnel departments. (D)Use of hash totals for the payroll input sheet.
17. How would the auditors' opinion on the entity's financial statements be affected if a material weakness in internal control over financial reporting is identified? (A)The auditors would need to disclaim an opinion on the entity's financial statements. (B)The auditors would need to issue either a qualified or adverse opinion on the entity's financial statements, depending on the significance of the material weakness. (C)The auditors' opinion

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on the entity's financial statements would not be affected by the material weakness, assuming sufficient appropriate evidence has been obtained for the financial statement balances. (D) The auditors would need to withdraw from the engagement and would not issue an opinion or other form of assurance on the financial statements.

18. The positive form of confirmation is best used when: (A) Account balances are relatively large. (B) Account balances are small in amount, but large in number. (C) Accounts are not in dispute. (D) Internal control is considered effective.

19. Which of these arrangements of duties could most likely lead to an embezzlement or theft? (A) Inventory warehouse manager has responsibility for making the physical inventory observation and reconciling discrepancies to the perpetual inventory records. (B) Cashier prepared the bank deposit, endorsed the checks with a company stamp, and delivered the cash and checks to the bank for deposit (no other bookkeeping duties). (C) Accounts receivable clerk received a list of payments received by the cashier so she could make entries in the customers' accounts receivable subsidiary accounts. (D) Financial vice president received checks made out to suppliers and the supporting invoices, signed the checks, and mailed the checks.

20. Which of the following would not ordinarily be performed in evaluating the fairness of the client's revenue and expense accounts? (A) Testing numerous transactions comprising revenue and expense accounts. (B) Considering the results of substantive procedures for related balance sheet accounts. (C) Comparing recorded revenue and expense accounts with prior-year balances. (D) Scanning "miscellaneous," "other," and "clearing" accounts for large entries.

21. Which of the following controls would be most effective in assuring that the proper custody of assets in the investing cycle is maintained? (A) Direct access to securities in the safety deposit box is limited to only one corporate officer. (B) Personnel who post investment transactions to the general ledger are not permitted to update the investment subsidiary ledger. (C) The purchase and sale of investments are executed on the specific authorization of the board of directors. (D) The recorded balances in the investment subsidiary ledger are periodically compared with the contents of the safety deposit box by independent personnel.

II. Match each of the terms (A-Z) with the definitions provided below ((1)-(10)): (20 points; @2 points)

A. Management letter	B. Engagement letter	C. Statistical sampling	D. Judgmental sampling	E. Haphazard selection
F. Significant deficiency	G. Input controls	H. Risk assessment	I. Letter of representation	J. Control environment
K. Control activities	L. Monitoring	M. Material weakness	N. Processing controls	O. Output controls
P. General controls	Q. Application controls	R. Specific authorization	S. Unasserted claim	T. General authorization
U. Pilot testing	V. Parallel testing	W. Dual-dated audit report	X. Parallel simulation	Y. Test data approach
Z. Pending claim				

(1) Management's ongoing and periodic assessment of the quality of internal control performance to determine that controls are operating as intended and are modified when needed.

(2) A non-probabilistic method of sample selection in which items are chosen without regard to their size, source, or other distinguishing characteristics.

(3) Company-wide policies for the approval of all transactions within stated limits.

(4) A method of auditing IT systems which uses data created by the auditor to determine whether the client's computer program can correctly process valid and invalid transactions.

(5) Controls such as review of data for reasonableness, designed to assure that data generated by the computer is valid, accurate, complete, and distributed only to authorized people.

(6) A new system is implemented in one part of the organization while other locations continue to rely on the old system.

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- (7) A potential legal claim against a client where the condition for a claim exists but no claim has been filed.
- (8) The use of one audit report date for normal subsequent events and a later date for one or more subsequent events.
- (9) A written communication from the client to the auditor formalizing statements that the client has made about matters pertinent to the audit.
- (10) A control deficiency, by itself, or in combination with other control deficiencies, results in a reasonable possibility that internal control will not prevent or detect material financial statement misstatements on a timely basis.

III. You are evaluating the results of a nonstatistical sample of 85 accounts receivable confirmations for the Yuan-Ze Company. Information on the sample and population are included below. An overstatement or understatement of more than \$100,000 is considered material.

Stratum	Sample		Population	
	# of Accounts	Recorded Value	# of Accounts	Recorded Value
1 >\$75,000	8	\$1,287,643	8	\$1,287,643
2 \$10,000-\$74,999	40	1,349,678	257	4,348,268
3 <\$10,000	25	94,637	712	947,682
	73	\$2,731,958	977	\$6,583,593

The confirmation responses were received without exception, other than the following items:

Account No.	Recorded Value	Confirmation Response	Auditor Follow-up
147	\$24,692	\$23,597	Customer was charged the wrong price.
228	183,219	157,216	\$26,003 shipment recorded on December 30 th ; goods were not shipped until January 3 rd .
278	7,546	5,546	Customer sent \$2,000 payment on December 29 th ; received on January 2 nd .
497	15,319	0	\$15,319 shipment recorded on December 30 th ; goods were not shipped until January 2 nd .
564	8,397	7,858	Customer received less than the full quantity ordered.
653	32,687	19,328	\$13,359 shipment recorded on December 30 th ; goods were not shipped until January 2 nd .
830	5,286	0	\$5,286 shipment made December 30 th ; goods were received by the customer on January 4 th .

Required: (12 points; @4 points)

- Evaluate each of the confirmation exceptions to determine whether they represent misstatements.
- Estimate the total amount of misstatement in accounts receivable population using ratio estimation. Ignore sampling risk in the calculation.
- Is the population acceptable? If not, indicate what follow-up action(s) should be appropriate in the circumstances.

IV. The following situations involve a possible violation of the AICPA's *Code of Professional Conduct*. For each situation, ①determine the applicable rule number from the *Code*, ②decide whether or not the *Code* has been violated, and ③briefly explain how the situation violates (or does not violate) the *Code*.

- Janel, CPA, works for Gilgamesh Practice. As part of his job, he is in charge of the audit, tax return, bookkeeping, and management services work for the Uthman Decorating Company. Makin Uthman relies on Jamal's advice before making any business decisions that could significantly affect the taxes or financial statements of his company. Jamal also attends all meetings of the company's board of directors. Because he doesn't know too much about the industry, Jamal attends some professional development courses in interior

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decorating. Recently, it was announced that Uthman's vice president will be retiring soon, and Uthman has hinted that he would like Jamal to join his company with a higher pay than his currently receiving at Gilgamesh.

- (2) After the auditor of a construction company suddenly quit, Basil, CPA, was hired to do the accounting for the company. The audits are due within two weeks, and there are several discrepancies between bank statements and the general ledger. He spoke to his supervisor, who told him to reconcile the two books as quickly as possible, and the company then will engage Basil as the new auditor.
- (3) John Woods is an audit manager with Calden & Co., CPAs, a one-office CPA firm. John owns 100 shares of common stock in one of the firm's audit clients, but he does not provide any audit or non-audit services to the company.
- (4) Brian DePalie has a successful dentistry practice in Wasagee. Brian has recommended one of his patients to Katie Balance, CP(A). To show gratitude for the referral, Katie has agreed to pay Brian a token gift of \$50. Katie discloses the payment arrangement to her new clients.
- (5) The accounting firm of Bayer & Peng, CPAs, is negotiating a fee with a new audit client. They agree the client will pay \$75,000 if Bayer & Peng issues a clean, unqualified opinion, \$50,000 if a qualified opinion is issued, \$40,000 if an adverse opinion is issued, and \$10,000 if a disclaimer of opinion is issued.

Please answer in the following format: (10%; @2 points)

Situation	The applicable rule number from the Code	Violation?	Explanation
(1)			

- V. Several types of opinions are describes in (1) through (8) below. For each opinion, select the appropriate description of that opinion from the list numbered A through I below that corresponds with the type of opinion.

(16%; @2 points)

Types of Opinion

- (1) Unqualified opinion with an explanatory for change in consistency
- (2) Disclaimer of opinion due to scope limitation
- (3) Qualified opinion due to inadequate disclosure and report includes a going concern explanatory paragraph
- (4) Shared report with other auditors
- (5) Qualified opinion due to scope limitation
- (6) Adverse opinion for departure from accounting standards
- (7) Disclaimer of opinion due to lack of independence
- (8) Unqualified opinion with an explanation paragraph for a change in consistency and an explanatory paragraph for emphasis of a matter

Description of Opinions (each item in list can be used only once)

- A. One paragraph report containing the words "we do not express an opinion"
- B. Three paragraph report with no change in wording
- C. Three paragraph report; the wording in all three paragraphs has been modified
- D. Three paragraph report in which the opinion includes "we do not express an opinion"
- E. Four paragraph report in which the explanatory fourth paragraph precedes the opinion; opinion includes "except for the effects of such adjustments, if any, as might have been determined had we been able to examine"
- F. Four paragraph report in which the explanatory fourth paragraph precedes the opinion; opinion includes "financial statements do not present fairly"
- G. Four paragraph report in which the explanatory fourth paragraph follows the opinion
- H. Five paragraph report with two explanatory paragraphs preceding and following the opinion
- I. Five paragraph report with two explanatory paragraphs following the opinion

End of Exam!
試題結束！