

系所組別：會計學系甲組

考試科目：審計學

考試日期：0220，節次：2

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請勿在本試題紙上作答，否則不予計分

Part I: Multiple-Choice Questions: Select the best answer for each of the following question (2 points for each question) (60 points)

1. A client has a large number of small account balances, with an equal likelihood of over and understatement. Which of the following sampling techniques would be most appropriate?
(A) Monetary unit sampling. (B) Classical variables sampling.
(C) Attribute sampling. (D) All of the above, depending on the circumstances.
2. Which of the following is an assertion?
(A) A statement made by management regarding the collectability of accounts receivable.
(B) The audit firm's estimation of the client's inventory obsolescence.
(C) The statement by management regarding the appointment of auditors.
(D) The statement by management that the firm will close its branch office because of snow.
3. When using a statistical sampling plan, the auditor calculates a precision interval around the population estimate. This involves:
(A) setting the tolerable misstatement amount.
(B) differentiating between known and estimated misstatements.
(C) determining the amount of the adjustment.
(D) All of the above.
4. How would you detect that purchase transactions have not been properly recorded in the correct time period?
(A) Trace receiving reports to supplier invoices.
(B) Compare the dates on the receiving tickets.
(C) Trace unmatched receiving reports to the appropriate journal or ledger.
(D) Both A and C.
5. An auditor encounters an error and decides not to suggest an adjustment. This is an example of:
(A) professional skepticism. (B) professional judgment.
(C) materiality decision. (D) Both B and C.
6. Which of the following internal control activities most likely would assure that all billed sales are correctly posted to the accounts receivable ledger?
(A) Each sales invoice is supported by a prenumbered shipping document.
(B) The accounts receivable ledger is reconciled daily to the control account in the general ledger.

(背面仍有題目,請繼續作答)

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- (C) Each shipment on credit is supported by a prenumbered sales invoice.
- (D) The accounts payable ledger is reconciled weekly to the control account in the general ledger.
- (E) Daily sales summaries are compared to daily postings to the accounts receivable ledger.

7. The engagement letter:

- (A) must be generated before any audit work is performed.
- (B) cannot be generated until the audit firm communicates with the audit committee, in writing, about independence.
- (C) includes the names of staff and managers working on the engagement.
- (D) All of the above.

8. Which of the following is an appropriate substantive test of details of account balances for the inventory cycle for the verification of an accurate cutoff?

- (A) Test movements between raw materials, work-in-process, and finished goods by selecting transactions from the inventory records and examining supporting documents.
- (B) Reperform calculations testing mathematical accuracy including total extensions of price and quantity and unit or batch aggregations.
- (C) Examine shipping documents for a few days before and after year end and trace to inventory records, agreeing for proper inclusion and exclusion.
- (D) Review and recalculate client's analysis supporting adjustments resulting from the physical inventory count.

9. Rule 201, General Standards, of the AICPA Rules of Conduct, includes all of the following, except:

- (A) professional competence.
- (B) independence.
- (C) due professional care.
- (D) planning and supervision.

10. You are assigned to audit accounts payable for a manufacturing client. As part of the planning, your manager sets a tolerable misstatement amount of +/- \$125,000. Your review of unpaid invoices indicates an understatement error of \$25,253 from a sample of \$675,467. The population value of A/P is \$5,241,687 at October 31st. The estimate of true balance(rounded) is:

- (A) \$5,398,938. (B) \$5,266,940. (C) \$5,391,940. (D) \$5,241,940.

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11. If the auditor decides that the internal controls are not designed appropriately then:
- (A) the auditor tests those controls in-depth.
 - (B) the auditor performs tests of internal control for those transactions and accounts deemed risky.
 - (C) the auditor performs substantive procedures.
 - (D) All of the above.
12. Auditors of public companies are required by SOX to communicate certain matters to the client company's audit committee, including:
- (A) significant audit findings and adjustments made to the financial statements.
 - (B) identification of the auditor who will sign the SOX 302 certification.
 - (C) identification of the auditor who will sign the management representation letter.
 - (D) an explanation about whether the auditor chose to follow PCAOB or AICPA standards during the engagement.
13. Which of the following best describes the conclusions an auditor makes in an integrated audit that results in an audit report that is unqualified in U.S. ?
- (A) The financial statements are fair according to GAAP.
 - (B) The financial statements are free of material misstatement based on U.S. GAAP and management's report on internal control over financial reporting states that there are no material weaknesses.
 - (C) The financial statements and internal control over financial reporting are materially correct.
 - (D) The financial statements are free of material misstatement based on U.S. GAAP and based on the audit, the auditor agrees with management's report that internal control over financial reporting is effective and does not have any material weaknesses.
14. Which of the following matters would not be included in the terms of an engagement letter?
- (A) Audit fees and billing arrangements.
 - (B) Involvement of internal auditors and/or a predecessor auditor.
 - (C) Additional services to be provided in connection with the engagement.
 - (D) Conditions under which the auditor's independence requirement may be waived.
15. The balance sheet for a client shows a balance of \$5,000. This is an example of which assertion:
- (A) completeness.
 - (B) right and obligations.
 - (C) valuation and allocation.
 - (D) All of the above.

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16. The audit planning meeting must

- (A) take place before the client acceptance decision is made.
- (B) be attended by the entire core engagement team and the predecessor auditors.
- (C) establish an understanding among the members of the audit team about the objectives of the audit.
- (D) prepare the internal auditors for the work they will be asked to perform to supplement the auditor's procedures.

17. Substantive audit procedures are performed so that the auditor may identify

- (A) deficiencies in the design or operating effectiveness of internal controls.
- (B) weaknesses in the effectiveness of the client company's audit committee.
- (C) material misstatements in the client company's financial statements.
- (D) Calculations and controls that mitigate the risk of fraud.

18. An auditor expresses an unqualified opinion on the financial statements of a publically held client. Subsequent to the audit, the client files for bankruptcy protection. If the bankruptcy was caused by poor internal controls at a service provider, the auditor may use as a valid defense which of the following?

- (A) It relied on the work of another auditor.
- (B) It extended its testing of the client's internal control environment.
- (C) It extended its testing of client internal controls by performing tests of controls at the service provider.
- (D) Any of the above depending on the circumstances.

19. Which of the following is a personal characteristic associated with person who is considered a professional?

- (A) Specific body of knowledge.
- (B) Possess technical expertise and behave with integrity.
- (C) Self-discipline and self-regulation.
- (D) Recognizable individual characteristics.

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20. Professional skepticism means that the auditor:

- (A) should not trust the client.
- (B) should allow negative past opinions formed about the client to affect the current year under audit.
- (C) not be satisfied with less than persuasive evidence because of positive attitudes towards the client.
- (D) All of the above.

21. Which of the following is not a reason why auditors perform an investigation of potential clients as part of their client acceptance and continuance procedures?

- (A) It is important for auditors to establish good reputations, so they strive to accept clients that possess a high level of integrity.
- (B) They want to avoid business risks associated with potential litigation.
- (C) They want to be reasonably assured of their ability to earn a profit from the audit engagements they perform.
- (D) They want to assist their audit clients in recovering from financial decline.

22. Which of the following would be least likely to preclude an audit firm from proposing on a potential client due to independence concerns?

- (A) A recently-promoted partner in the audit firm holds a financial interest in the potential client company.
- (B) Someone who resigned from the audit firm three years ago is now the Chief Accounting Officer at the potential client company.
- (C) The audit firm provides internal audit outsourcing and certain nonaudit services to the client company.
- (D) The audit firm's pension plan holds securities of the potential client company.

23. If serious control deficiencies are detected prior to year-end and management implements changes to its systems to correct the deficiencies, the auditor:

- (A) must retest the ITGC again to ensure no additional deficiencies exist.
- (B) cannot rely on the ICFR in planning its financial statement audit.
- (C) must test the changes made to the system to determine if the deficiency was resolved.
- (D) All of the above.

(背面仍有題目,請繼續作答)

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24. An auditor tests a sample of transactions for proper authorization. Assume the auditor performs test of transactions and concludes that the authorization control is operating effectively when in fact it is not, this is termed:
(A) sampling error. (B) sampling risk. (C) detection error. (D) All of the above.
25. For an integrated audit to be possible:
(A) Established criteria must exist against which the financial statements and ICFR can be compared.
(B) The auditor must have sufficient knowledge of both the AICPA SAS and PCAOB AS.
(C) The entity must have sufficient books, records and other underlying evidence so that the auditor can determine whether there is a high degree of correspondence between the underlying evidence and the financial statements.
(D) A and C
26. Mary Ellen Dillon is an audit partner with a large public accounting firm. Recently, one of her long-standing clients suddenly filed for bankruptcy protection. Mary Ellen's firm had previously issued an unqualified opinion on the client's financial statements. As a result, Mary Ellen's firm is being sued for negligence. Mary Ellen's best defense would be:
(A) To challenge standing on the part of the defendant.
(B) To cite the professional standards and maintain that the firm met the "prudent person" standard.
(C) To cite the client's responsibility for the financial statements.
(D) All of the above.
27. Forensic auditors:
(A) Investigate only fraud.
(B) Look for specific and detailed information.
(C) Perform engagements that can result in a standard, clean audit report.
(D) May not be CPAs.

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28. According to the PCAOB Guidance for Auditors of Smaller Public Companies, which of the following important control characteristics is likely to exist in smaller companies?
- (A) Risk of management override.
 - (B) Use of entity-level controls to achieve control objectives.
 - (C) Limited opportunities for segregation of duties.
 - (D) All of the above are important control characteristics existing in small company environments.
29. A client acquires a company on January 12, 20X1 while its auditor is preparing the audit report for 20X0. Plans for this acquisition began in late December, 20X0, although the auditor was unaware of them. GAAS requires the auditor to:
- (A) include the purchase transaction in its audit work.
 - (B) include the purchase transaction in the footnotes.
 - (C) disclose the purchase transaction in the audit report.
 - (D) depending on the circumstances, the auditor may choose any of the above.
30. Which of the following is not true regarding the performance of a walkthrough?
- (A) It is a type of ICFR consisting of a set of related procedures that are performed together for the purpose of identifying important control points or deficiencies in controls.
 - (B) The auditor follows a transaction from origination through the processes and information systems until it is recorded in the accounting books.
 - (C) It combines the audit procedures of tracing, inquiry, and observation.
 - (D) It is an efficient way for an auditor to test the operating effectiveness of controls.

PART II: Problems

1. For the following tests, list the assertion(s) it addresses. Answers may have more than one assertion.

(8 points)

ASSERTIONS:

- | | | |
|-----------------------------|---------------------------------|----------------------------|
| (1) Existence or occurrence | (2) Completeness | (3) Rights and obligations |
| (4) Valuation or allocation | (5) Presentation and disclosure | (6) Authorization |
| (7) Cut-off | | |

Tests:

- a. Examine a sample of document packages for inclusion of appropriate supporting documents.
- b. Examine a sample of documents supporting paid invoices and trace to the appropriate journal/ledger.

(背面仍有題目,請繼續作答)

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- c. Trace entries in the general ledger to the appropriate subsidiary ledger and to the supporting documentation.
 - d. Account for the numeric sequence of purchase orders.
 - e. Review how overhead is calculated, paying particular attention to product versus period costs.
 - f. Review a sample of ACH transactions (electronic payments) to determine who can release such transactions for payment.
 - g. Trace receiving reports and supplier invoices to the accounts payable subsidiary ledger.
 - h. Use CAAT to check the clerical accuracy of the cash disbursements journal and trace these amounts to the general ledger.
2. What is a top down approach to planning an audit? What are the steps? How does this approach link the financial statements to ultimate audit program steps? Why does AS 5 direct the auditor to use this approach in assessing materiality? (8 points)
3. You are on an engagement to provide an integrated audit on the financial statements of Carson's Orthopedic Shoes. This company is a small-size online retailer that sells custom shoes to the public. All orders are processed, packaged, and shipped by company employees at a small warehouse. At the beginning of the audit engagement, the company provided your senior with the process diagram related to the shipping process. After reviewing the diagram, you have identified two "omissions" in the diagram. First, the diagram does not identify how the shipping department receives the signal to ship the product. Second, the diagram indicates that no invoice is included with the shipped shoes. You are assigned by your senior to conduct inquiries of the shipping process. Prepare a list of questions that will provide you with an understanding of the controls that are in place. In addition, what documentation would you ask management for? (8 points)

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4. Jacoby & Ricks, CPAs, is responding to a request for proposal from Z-Berr Industries, a privately held company located near Milwaukee. Z-Berr is a rapidly growing company engaged in the manufacture and distribution of bicycle wheels and tires. The company recently expanded its product offerings into the areas of motor scooters and other small vehicles used for sports and recreation. Because of its recent growth, Z-Berr is in need of a great deal of assistance in improving its financial reporting systems. It indicates that it needs assistance with some nonaudit services, including its income tax planning and tax return preparation, computer systems upgrade and the hiring and training of a systems administrator, and implementation of an internal audit function, including the hiring and training of internal audit staff. In addition, the company has requested an integrated audit, as it suspects that an initial public offering is on the horizon. (10 points)

Required:

- (a) Assuming that Jacoby & Ricks desires to bid on Z-Berr's audit engagement, which of the additional nonaudit services can the firm include in its proposal? Explain.
- (b) How would your answer to part (a) change if Z-Berr was already a public company?

5. Jose is a senior auditor in charge of testing controls over financial reporting. The audit procedures require that Jose "maintain professional skepticism in assessing controls for fraud risk." In the course of his testing, Jose finds a transaction that occurred on January 5 at 11:30 P.M. that decreased the bad debts reserve account enough to increase earnings per share to \$.20, which met analysts' predictions. Jose has a bad feeling about this transaction. For documentation purposes, he must articulate the red flags for fraud risk for this transaction. (6 points)

Required:

- (a) What are the red flags for fraud risk demonstrated by this transaction?
- (b) For each red flag state (a) why it is important, in other words what it suggests to the auditor and (b) the follow-up procedure that Jose might use.