國立成功大學 104 學年度碩士班招生考試試題

系所組別：會計學系甲組

考試科目：審計學

考試日期：0212，節次：2

※ 考生請注意：本試題不可使用計算機。 請於答案卷(卡)作答，於本試題紙上作答者，不予計分。

Part I: Multiple-Choice Questions: Select the best answer for each of the following question (3 points for each question) (60 points)

1. Which of the following is most correct with respect to the use of analytical procedures?

(A) Analytical procedures may be used in evaluating balances in the testing phase as long as the auditor also uses them in assessing the going concern assumption.

(B) Analytical procedures must be used throughout the audit.

(C) Analytical procedures used in the testing phase of the audit are primarily used to direct an auditor's attention so that the auditor's understanding of the business is improved.

(D) Analytical procedures are performed by studying plausible relationships between financial and nonfinancial data.

2. Attestation services on information technology include *WebTrust* services and *SysTrust* services. Which of the following statements most accurately describes *SysTrust* services?

(A) *SysTrust* services provide assurance on business processes, transaction integrity and information processes.

(B) *SysTrust* services provide assurance on system reliability in critical areas such as security and data integrity.

(C) *SysTrust* services provide assurance on internal control over financial reporting.

(D) *SysTrust* services provide assurance as to whether accounting personnel are following procedures prescribed by the company controller.

3. The AICPA's Code of Professional Conduct requires independence for all:

(A) attestation engagements.

(B) services performed by accountants in public practice.

(C) accounting and auditing services performed.

(D) professional work performed by CPAs.

4. Auditing standards require that the auditor evaluate whether there is a substantial doubt about a client's ability to continue as a going concern for at least:

(A) one quarter beyond the balance sheet date.

(B) one quarter beyond the date of the auditor's report.

(C) one year beyond the balance sheet date.

(D) one year beyond the date of the auditor's report.

5. When are auditors likely to encounter judgment problems in the use of analytical procedures?

(A) Whenever the auditor places reliance on management's explanations for unusual fluctuations in account balances without first developing independent expectations

(B) Whenever the auditor allows unaudited balances to unduly influence his/her expectations of current balances

(C) Whenever the auditor fails to consider the pattern reflected by several unusual fluctuations when trying to explain what caused them

(D) The auditor is likely to encounter judgment problems in each of the above instances.

6. An auditor should recognize that the application of auditing procedures may produce evidence indicating the possibility of errors or fraud and therefore should:

(A) plan and perform the engagement with an attitude of professional skepticism.

(B) not rely on internal controls that are designed to prevent or detect errors or fraud.

(C) design audit tests to detect unrecorded transactions.

(D) extend the work to audit the majority of the recorded transactions and records of an entity.

7. Companies are required to disclose in their proxy statement or annual filings with the SEC the total amount of audit and non-audit fees paid to the audit firm for the two most recent years. Which of the following is **not** one of the categories of fees that must be disclosed?

(A) Tax fees　(B) Consulting fees　(C) Audit-related fees　(D) All other fees

8. Which of the following statements is true as it relates to limited liability partnerships?

(A) Only senior partners are liable for the partnership's debts.

(B) Partners have no liability in a limited liability partnership arrangement.

(C) Partners are personally liable for the acts of those under their supervision.

(D) All partners must be AICPA members.

9. Under common law, an individual or company that (1) does not have a contract with an auditor, (2) is known by the auditor in advance of the audit, and (3) will use the auditor's report to make decisions about the client company has:

(A) no rights unless an auditor is grossly negligent.　(B) no rights unless an auditor is fraudulent.

(C) no rights against an auditor.　(D) the same rights against an auditor as a client.

10. Which of the following is a correct statement regarding performance materiality?

(A) Determining performance materiality is necessary because auditors accumulate evidence by segments.

(B) The level of performance materiality does not affect the amount of evidence needed.

(C) Performance materiality cannot vary for different classes of transactions.

(D) Performance materiality is required for public companies, but not for private companies.

11. Factors considered by an auditor to determine the possibility that the true population misstatement exceeds a tolerable amount in a nonstatistical sample include all of the following **except** for:
(A) the extent to which items in the population have been audited 100%.
(B) the difference between the point estimate and acceptable control risk.
(C) whether misstatements tend to be offsetting or in only one direction.
(D) the amounts of individual misstatements.

12. You are auditing the company's purchasing process for goods and services. You are primarily concerned with the company not recording all purchase transactions. Which audit procedure below would be the most effective audit procedure in this case?
(A) Vouching from the accounts payable account to the vendor invoices
(B) Tracing vendor invoices to recorded amounts in the accounts payable account
(C) Confirmation accounts payable recorded amounts
(D) Reconciling the accounts payable subsidiary ledger to the accounts payable account

13. When the client fails to make adequate disclosure in the body of the statements or in the related footnotes, it is the responsibility of the auditor to:
(A) inform the reader that disclosure is not adequate, and to issue an adverse opinion.
(B) inform the reader that disclosure is not adequate, and to issue a qualified opinion.
(C) present the information in the audit report and issue an unqualified or qualified opinion.
(D) present the information in the audit report and to issue a qualified or an adverse opinion.

14. Which of the following is **not** a general control?
(A) Computer performed validation tests of input accuracy.
(B) Equipment failure causes error messages on monitor.
(C) There is a separation of duties between programmer and operators.
(D) There are adequate program run instructions for operating the computer.

15. The audit procedures for the subsequent events review can be divided into two categories: (1) procedures integrated as a part of the verification of year-end account balances, and (2) those performed specifically for the purpose of discovering subsequent events. Which of the following procedures is in the first category?
(A) Inquire of client regarding contingent liabilities.
(B) Obtain a letter of representation written by client.
(C) Subsequent period sales and purchases transactions are examined to determine whether the cutoff is accurate.
(D) Review journals and ledgers of year 2 to determine the existence of any transactions related to year 1.

16. If the balance sheet of a private company is dated December 31, 2011, the audit report is dated February 8, 2012, and both are released on February 15, 2012, this indicates that the auditor has searched for subsequent events that occurred up to:
(A) December 31, 2011.　　(B) January 1, 2012.
(C) February 8, 2012.　　(D) February 15, 2012.

17. An auditor should consider two key issues when obtaining an understanding of a client's internal controls. These issues are:
(A) the effectiveness and efficiency of the controls.
(B) the frequency and effectiveness of the controls.
(C) the design and operating effectiveness of the controls.
(D) the implementation and operating effectiveness of the controls.

18. A deficiency uncovered in the audit of internal control is explained by which of the following in relation to a financial statement misstatement?
(A) The amount of the misstatement
(B) The likelihood of the misstatement
(C) The amount, likelihood, and classification of the misstatement
(D) The amount and the classification of the misstatement

19. Your accounting firm has accepted a compilation engagement from a client in which your firm is not independent. In that case you:
(A) may not accept the engagement.
(B) may accept the engagement and disclose the lack of independence.
(C) may accept the engagement and not disclose the lack of independence.
(D) may accept the engagement and disclose the lack of independence and the reason for the lack of independence.

20. When dealing with revenue frauds:
(A) the most egregious form of revenue fraud involves premature revenue recognition.
(B) premature revenue recognition involves recognizing the revenue after the accounting standards requirements have been met.
(C) premature revenue recognition is the same as cutoff errors.
(D) side agreements can modify the terms of the sales transaction and should be analyzed carefully.

PART II: Problems and Analysis

1. (20 points) Whitehead, CPA, is planning the audit of a newly obtained client, Henderson Energy Corporation, for the year ended December 31, 2013. Henderson Energy is regulated by the state utility commission and because it is a publicly traded company the audited financial statements must be fi led with the Securities and Exchange Commission (SEC).

   Henderson Energy is considerably more profitable than many of its competitors, largely due to its extensive investment in information technologies used in its energy distribution and other key business processes. Recent growth into rural markets, however, has placed some strain on 2013 operations. Additionally, Henderson Energy expanded its investments into speculative markets and is also making greater use of derivative and hedging transactions to mitigate some of its investment risks. Because of the complexities of the underlying accounting associated with these activities, Henderson Energy added several highly experienced accountants within its financial reporting team. Internal audit, which has direct reporting responsibility to the audit committee, is also actively involved in reviewing key accounting assumptions and estimates on a quarterly basis.

   Whitehead's discussions with the predecessor auditor revealed that the client has experienced some difficulty in correctly tracking existing property, plant, and equipment items. This largely involves equipment located at its multiple energy production facilities. During the recent year, Henderson acquired a regional electric company, which expanded the number of energy production facilities.

   Whitehead plans to staff the audit engagement with several members of the firm who have experience in auditing energy and public companies. The extent of partner review of key accounts will be extensive.

   Based on the above information, identify factors that affect the risk of material misstatements in the December 31, 2013, financial statements of Henderson Energy. Indicate whether the factor increases or decreases the risk of material misstatements. Also, identify which audit risk model component is affected by the factor. Use the format below:

Factor	Effect on the Risk of Material Misstatement	Audit Risk Model Component
Henderson is a new client	Increases	Inherent risk

2. (20 points) Nefret Stores is a large discount cosmetic department store chain. The company has recently expanded from 5 to 15 stores by borrowing from several large financial institutions and from a public offering of common stock. A recent investigation has disclosed that Nefret materially overstated net income. The company understated their accounts payable and recorded fictitious supplier credits that further reduced accounts payable. As a result, an Income & Sales Tax Department investigation was critical of the evidence gathered by Nefret's audit firm, Abdul & El-Emir, in testing accounts payable and the supplier credits.

a. Nefret created a 250-page list of approximately 1,000 vendors, supporting advertising credits of $500,000. Nefret's auditors selected a sample of 8 of the 2,500 items for direct confirmation. One item was confirmed by telephone, one traced to cash receipts, one to a vendor's credit memo for part of the amount and cash receipts for the rest, and one to a vendor's credit memo. Two of the amounts confirmed differed from the amount on the list, but the auditors did not seek an explanation for the differences because the amounts were not material.

The rest of the credits were tested by selecting 30 items (several from each page of the list). Fourteen of the items were supported by examining the ads placed, and sixteen were supported by Nefret debit memos charging the vendors for the promotional allowances.

b. Nashwa Credits—Nefret created 28 fictitious credit memos totaling $363,000 from Nashwa Distributions, the main supplier of health and beauty aids to Nefret. Nefret's controller initially told the auditor that the credits were for returned goods, then said they were a volume discount, and fi nally stated that they were a payment so that Nefret would continue to use Nashwa as a supplier. However, an Abdul & El-Emir staff auditor noticed the amount and concluded that a $257,000 payment to retain Nefret's business was too large to make economic sense.

The credit memos indicated that the credits were for damaged merchandise, volume rebates, and advertising allowances. The audit fi rm requested a confirmation of the credits. In response, Ramses Abdullah, the president of Nefret Stores, placed a call to Saria Wasir, the president of Nashwa, and handed the phone to the staff auditor. In fact, the call had been placed to an officer of Nefret. The Nefret officer, posing as Wasir, orally confirmed the credits. Nefret refused to allow Abdul &El-Emir to obtain written confirmation supporting the credits. Although the staff auditor doubted the validity of the credits, the audit partner, Mufti Hussein, accepted the credits based on the credit memoranda, telephone confirmation of the credits, and oral representation of Nefret officers.

c. Zaki Credits—$130,000 in credits based on 35 credit memoranda from Zaki, Inc., were purportedly for the return of overstocked goods from several Nefret stores. An Abdul & El-Emir staff auditor noted the size of the credit and that the credit memos were dated subsequent to year-end. He further noticed that a sentence on the credit memos from Zaki had been obliterated by a felt-tip marker. When held to the light, the accountant could read that the marked-out sentence read, "Do not post until merchandise received." The staff auditor thereafter called Omar Zaki, treasurer of Zaki, Inc., and was informed that the $130,000 in goods had not been returned and the money was not owed to Nefret by Zaki. Abdullah, president of Nefret, advised Hussein, audit partner, not to have anyone call Zaki to verify the amount because of pending litigation between Nefret and Zaki, Inc.

d. Accounts Payable Accrual—Abdul & El-Emir assigned a senior with experience in the retail area to audit accounts payable. Although Nefret had poor internal controls, Abdul & El-Emir selected a sample of 50 for confirmation of the several thousand vendors who did business with Nefret. Twenty-seven responses were received, and 21 were reconciled to Nefret's records. These tests indicated an unrecorded liability of approximately $290,000 when projected to the population of accounts payable. However, the investigation disclosed that Nefret's president made telephone calls to some suppliers who had received confirmation requests from Abdul & El-Emir and told them how to respond to the request.

Abdul & El-Emir also performed a purchase cutoff test by vouching accounts payable invoices received for nine weeks after year-end. The purpose of this test was to identify invoices received after year-end that should have been recorded in accounts payable. Thirty percent of the sample ($150,000) was found to relate to the prior year, indicating a potential unrecorded liability of approximately $500,000. The audit firm and Nefret eventually agreed on adjustment to increase accounts payable by $260,000.

Identify deficiencies in the sufficiency and appropriateness of the evidence gathered in the audit of accounts payable of Nefret Stores.