

QUESTION 1

Which of the following provides the most authoritative guidance for an audit of an issuer?

- A.** General guidance provided by the Public Company Accounting Oversight Board Auditing Standards.
- B.** An article in the AICPA CPA Letter addressing frequently asked questions on a new auditing standard.
- C.** Specific guidance provided by the Statement on Auditing Standards.
- D.** Audit disclosure checklists obtained from a continuing professional education class.

QUESTION 2

When a PCAOB auditing standard indicates that an auditor "could" perform a specific procedure, how should the auditor decide whether and how to perform the procedure?

- A.** By evaluating whether the audit is likely to be subject to inspection by the PCAOB.
- B.** By soliciting input from the issuer's audit committee.
- C.** By exercising professional judgment in the circumstances.
- D.** By comparing the PCAOB standard with related AICPA auditing standards.

QUESTION 3

Which of the following accurately depicts the auditor's responsibility with respect to Statements on Auditing Standards?

- A.** The auditor is generally required to follow the guidance provided by the Standards, and should be able to justify any departures.
- B.** The auditor is generally required to follow the guidance provided by the Standards, unless following such guidance would result in an audit that is not cost-effective.
- C.** The auditor is required to follow the guidance provided by the Standards, without exception.
- D.** The auditor is generally required to follow the guidance provided by Standards with which he or she is familiar, but will not be held responsible for departing from provisions of which he or she was unaware.

QUESTION 4

An auditor of a nonissuer must conduct the audit in accordance with:

I. ASB standards.

II. PCAOB standards.

A. II.

B. Either I or II, but not both.

C. Both I and II.

D. I.

QUESTION 5

Which of the following provides the most authoritative guidance for the auditor of a nonissuer?

- A.** Specific guidance provided by an interpretation of a Statement on Auditing Standards.
- B.** A *Journal of Accountancy* article discussing implementation of a new standard.
- C.** General guidance provided by a Statement on Auditing Standards.
- D.** An AICPA audit and accounting guide that provides specific guidance with respect to the accounting practices in the client's industry.

QUESTION 6

Which of the following terms used within standards indicates a presumptively mandatory requirement?

- A.** May
- B.** Might
- C.** Should
- D.** Must

QUESTION 7

The phrase "U.S. generally accepted accounting principles" is an accounting term that:

- A.** Includes broad guidelines of general application but not detailed practices and procedures.
- B.** Provides a measure of conventions, rules, and procedures governed by the AICPA.
- C.** Encompasses the conventions, rules, and procedures necessary to define U.S. accepted accounting practice at a particular time.
- D.** Is included in the audit report to indicate that the audit has been conducted in accordance with generally accepted auditing standards (GAAS).

QUESTION 8

Which of the following best describes what is meant by the term generally accepted auditing standards?

- A.** Measures of the quality of the auditor's performance.
- B.** Procedures to be used to gather evidence to support financial statements.
- C.** Pronouncements issued by the Auditing Standards Board.
- D.** Rules acknowledged by the accounting profession because of their universal application.