1. (PUBLISHER)
The attestation standards of reporting
   a. Cover only the levels and forms of assurance that are less than those associated with an audit.
   b. Cover only nonfinancial statement presentations of assertions.
   c. Are applicable when users have established the criteria against which assertions are measured.
   d. Supersede Statements on Standards for Accounting and Review Services.

2. (CPA, adapted)
Which of the following professional services would be considered an attest engagement?
   a. A consulting service engagement to provide computer processing advice to a client.
   b. An engagement to report on compliance with statutory requirements.
   c. An income tax engagement to prepare federal and state tax returns.
   d. The compilation of financial statements from a client's accounting records.

3. (CPA, adapted)
Which of the following is the authoritative body designated to promulgate attestation standards?
   a. Auditing Standards Board.
   b. Governmental Accounting Standards Board.
   c. Financial Accounting Standards Board.
   d. General Accounting Office.

4. (PUBLISHER)
A practitioner may accept an agreed-upon procedures compliance attestation engagement as long as the
   a. Specified users participate in establishing the procedures to be applied and the practitioner takes responsibility for the sufficiency of such procedures.
   b. Specified users participate in establishing the procedures to be applied and take responsibility for the sufficiency of such procedures.
   c. Practitioner has the necessary competence to make a legal determination about compliance.
   d. Assertion by management about compliance is in a representation letter to the practitioner and in a separate report that will accompany the practitioner's report.

5. (CPA, adapted)
A CPA's report on agreed-upon procedures related to management's assertion about an entity's compliance with specified requirements should contain
   a. A statement of limitations on the use of the report.
   b. An opinion about whether management's assertion is fairly stated.
   c. Negative assurance that control risk has not been assessed.
   d. An acknowledgment of responsibility for the sufficiency of the procedures.

6. (PUBLISHER)
When supplementary information required by the FASB is presented outside the basic financial statements, the auditor should
   a. Apply normal auditing procedures to the information.
   b. Read the information for obvious inconsistencies only.
   c. Inquire of management about significant assumptions underlying the measurement of the information.
   d. Label the information as unaudited and include an additional explanatory paragraph in the report to disclaim any assurance on it.

7. (PUBLISHER)
When asked to report on condensed financial statements, the auditor should
   a. Include in the report that (s)he has expressed an opinion on the complete financial statements and the type of opinion expressed.
   b. Not express an opinion different from the one on the complete financial statements.
   c. Express an opinion only on the condensed statements without relation to the complete financial statements.
   d. Refuse the engagement.
8. (CPA, adapted)
When audited financial statements are presented in a document containing other information, the auditor
a. Has an obligation to perform auditing procedures to corroborate the other information.
b. Is required to express a qualified opinion if the other information has a material misstatement of fact.
c. Should read the other information to consider whether it is inconsistent with the audited financial statements.
d. Has no responsibility for the other information because it is not part of the basic financial statements.

9. (CPA, adapted)
What is an auditor’s responsibility for supplementary information required by the GASB that is placed outside the basic financial statements?
a. Label the information as unaudited and expand the auditor’s report to include a disclaimer on the information.
b. Add an explanatory paragraph to the auditor’s report and refer to the information as required supplementary information.
c. Apply limited procedures to the information and report deficiencies in, or the omission of, the information.
d. Audit the required supplementary information in accordance with generally accepted governmental auditing standards.

10. (CPA, adapted)
Which of the following best describes the auditor’s reporting responsibility concerning information accompanying the basic financial statements in an auditor-submitted document?
a. The auditor has no reporting responsibility concerning information accompanying the basic financial statements.
b. The auditor should report on the information accompanying the basic financial statements only if the auditor participated in its preparation.
c. The auditor should report on the information accompanying the basic financial statements only if the auditor did not participate in its preparation.
d. The auditor should report on all the information included in the document.

11. (Publisher)
According to AU 552, Reporting on Condensed Financial Statements and Selected Financial Data, an auditor should
a. Issue the same report on both the condensed statements and the complete statements from which they are derived.
b. Express no opinion on the condensed statements.
c. Not report on selected financial data derived from audited financial statements.
d. Express an opinion as to whether the selected financial data were fairly stated.

12. (CPA, adapted)
For reporting purposes, the independent auditor should consider each of the following types of financial presentation to be a financial statement, except the statement of
b. Operations by product lines.
c. Changes in the elements of working capital.
d. Cash receipts and disbursements.

13. (Publisher)
Which of the following items is included when reporting on audited statements prepared in accordance with a comprehensive basis of accounting other than GAAP?
a. A scope paragraph indicating that the audit was not in accordance with GAAS.
b. An opinion on the propriety of the basis of accounting used.
c. An opinion on whether the statements are fairly presented in accordance with the basis of accounting used.
d. A statement that the auditor cannot express an opinion because the statements were not prepared in accordance with GAAP.

14. (CPA, adapted)
An auditor should provide a list of procedures performed and related findings but should not provide an opinion or negative assurance about fair presentation when (s)he is requested to report on the
a. Compilation of prospective financial statements.
b. Compliance with the provisions of the Foreign Corrupt Practices Act.
c. Results of applying agreed-upon procedures to an account within unaudited financial statements.
d. Audit of historical financial statements.
15. (PUBLISHER)
An auditor has been engaged to audit only specified elements, accounts, or items of a financial statement. In this case, the auditor should
a. Express an adverse opinion because reporting is not in accordance with GAAS.
b. Disclaim an opinion because of the inherent scope limitation.
c. Express the appropriate opinion, although the first standard of reporting (conformity with GAAP) may not apply in this audit.
d. Express a piecemeal opinion regarding the specified elements, accounts, or items and the unaudited portions of the financial statement.

16. (CPA, adapted)
When an auditor reports on financial statements prepared on an entity's income tax basis, the auditor's report should
a. Disclaim an opinion on whether the statements were examined in accordance with generally accepted auditing standards.
b. Not express an opinion on whether the statements are presented in conformity with the other comprehensive basis of accounting (OCBOA) used.
c. Include an explanation of how the results of operations differ from the cash receipts and disbursements basis of accounting.
d. State that the basis of presentation is a comprehensive basis of accounting other than GAAP.

17. (CPA, adapted)
Which of the following statements is correct with respect to an auditor's report expressing an opinion on a specific item on a financial statement?
   a. Materiality must be related to the specified item rather than to the financial statements taken as a whole.
   b. Such a report can only be issued if the auditor is also engaged to audit the entire set of financial statements.
   c. The attention devoted to the specified item is usually less than it would be if the financial statements as a whole were being audited.
   d. The auditor who has expressed an adverse opinion on the financial statements as a whole can never express an opinion on a specified item in these financial statements.

18. (CPA, adapted)
Whenever a special report, filed on a printed form designed by authorities, calls upon the independent auditor to make an assertion that the auditor believes is not justified, the auditor should
a. Reword the form or attach a separate report.
b. Submit a standard report with explanations.
c. Submit the form with questionable items clearly omitted.
d. Withdraw from the engagement.

19. (Publisher)
A report may be based upon applying agreed-upon procedures to specified elements, accounts, or items of a financial statement. The users of the report should be specified and should participate in establishing the procedures to be performed. If the auditor cannot discuss the procedures directly with all specified users who will receive the report, (s)he may
a. Discuss the procedures to be applied with appropriate representatives of the users involved.
b. Review relevant correspondence from the specified users.
c. Compare the procedures to be applied with written requirements of the specified users.
d. All of the answers are correct.

20. (PUBLISHER)
Lorenc Corp., a client, has received a research grant from the federal government. As a condition of the grant, the government requires a report on management's assertion about the effectiveness of the company's internal control using a prescribed form that addresses only certain criteria. If the accountant discovers a material weakness not addressed by the government form, (s)he should
a. Not assume responsibility for the comprehensiveness of the agency's criteria.
b. Not include this information because it is outside the established criteria.
c. Not include this information but inform management of the weakness.
d. Include all information in a standard report based on an audit in accordance with GAAS because the government's criteria are too limited.
21. (Publisher)
A practitioner may accept an engagement to examine and report on management's assertion about the effectiveness of an entity's internal control over financial reporting only if certain conditions are met. Which of the following is not such a condition?
   a. Management accepts responsibility for the effectiveness of internal control.
   b. Management evaluates the effectiveness of the entity's internal control using reasonable criteria.
   c. Management provides assurance that inherent limitations in the existing internal control have been eliminated.
   d. Management presents its written assertion about the effectiveness of internal control.

22. (Publisher)
When an independent auditor reports on management's assertion about internal control based on criteria established by a regulatory agency, the report should
   a. State that the practitioner assumes responsibility for the comprehensiveness of the criteria if they have not been subjected to due process procedures.
   b. Modify the inherent limitations paragraph.
   c. Limit the distribution of the report if the criteria have not been subjected to due process procedures.
   d. Identify the control criteria in the introductory paragraph if they have been subjected to due process procedures.

23. (Publisher)
A practitioner's client is subject to the jurisdiction of a regulatory agency. The client has requested the practitioner to examine and report on its separate written assertion about internal control based on criteria established by the agency. These control criteria have not been subjected to due process procedures. The auditor completes the examination but discovers a material weakness in control not covered by the criteria. Which of the following statements about the engagement is true?
   a. The practitioner should include the weakness in the report.
   b. The practitioner assumes responsibility for the comprehensiveness of the criteria.
   c. The practitioner need not limit the distribution of the report.
   d. Because the criteria were not subject to due process procedures, the practitioner should not accept the engagement.

24. (Publisher)
A service organization's internal control may interact with that of the client. The user auditor
   a. Is not required to evaluate the service organization's controls.
   b. Should obtain absolute assurance that the service organization's internal control will prevent or detect errors or fraud.
   c. Should not consider weaknesses in the service organization's internal control to be weaknesses in the client's system.
   d. Need not be concerned with the service organization's internal control if the client has effective controls related to service organization processing.

25. (PUBLISHER)
A typical letter for underwriters
   a. Need not include a statement regarding the accountant's independence.
   b. Contains an opinion as to whether audited financial statements comply in form with applicable accounting requirements of the Securities Act of 1933.
   c. Contains an opinion as to whether changes in capital stock or long-term debt have occurred.
   d. Contains an opinion as to whether unaudited condensed interim financial statements are in conformity with GAAP.

26. (CMA 694 2-16)
Regarding financial accounting for public companies, the role of the Securities and Exchange Commission (SEC) is to
   a. Make rules and regulations regarding filings with the SEC but not to regulate annual or quarterly reports to shareholders.
   b. Regulate financial disclosures for corporate, state, and municipal reporting.
   c. Make rules and regulations pertaining more to disclosure outside the financial statements than to the setting of accounting recognition and measurement principles.
   d. Develop and promulgate generally accepted accounting principles.

27. (CPA, adapted)
The Securities and Exchange Commission has authority to
   a. Prescribe specific auditing procedures to detect fraud concerning inventories and accounts receivable of companies engaged in interstate commerce.
   b. Deny lack of privity as a defense in third-party actions for gross negligence against the auditors of public companies.
   c. Determine accounting principles for the purpose of financial reporting by companies offering securities to the public.
   d. Require a change of auditors of governmental entities after a given period of years as a means of ensuring independence.
28. (Publisher)
Underwriters or other requesting parties occasionally request the accountants to repeat in the comfort letter their report on
the audited financial statements included in the registration statement. They may also request negative assurance regarding
the accountants' report. When these requests are made, the accountants should
a. Honor both requests.
b. Not honor either request.
c. Honor the request to repeat the report, but not provide negative assurance.
d. Provide negative assurance, but not repeat the report.

29. (CPA, adapted)
Which of the following matters is covered in a typical comfort letter?

a. Negative assurance concerning whether the entity's control activities operated as designed during the period audited.
b. An opinion regarding whether the entity complied with laws and regulations under Government Auditing Standards
   and the Single Audit Act.
c. Positive assurance concerning whether unaudited condensed financial information complied with GAAP.
d. An opinion as to whether the audited financial statements comply in form with the accounting requirements of the
   SEC.

30. (Publisher)
Which of the following is a true statement about the accountant's responsibility for letters to underwriters and certain other
requesting parties?

a. An accountant who states in the letter that (s)he is independent may have an interest of the type requiring disclosure
   in the prospectus or registration statement.
b. An accountant may comment in the letter on compliance as to form in regard to any information contained in a
   registration statement.
c. An accountant may issue a draft comfort letter regarding a single shelf registration statement filed to cover delayed
   offerings of securities over an extended period.
d. Certain reports previously issued by an accountant may be repeated in the letter if they are not included in the
   registration statement.

31. (CPA, adapted)
An independent accountant's report is based on a review of interim financial information. If this report is presented in a
registration statement, a prospectus should include a statement clarifying that the

a. Accountant's review report is not a part of the registration statement within the meaning of the Securities Act of 1933.
b. Accountant assumes no responsibility for subsequent events.
c. Accountant's review was performed in accordance with standards established by the Securities and Exchange
   Commission.
d. Accountant obtained corroborating evidence to determine whether material modifications are needed for such
   information to conform with GAAP.

32. (CMA, adapted)
Form 10-K is filed with the SEC to update the information a company supplied when filing a registration statement under the
Securities Exchange Act of 1934. Form 10-K is a report filed

a. Within 90 days of the end of a company's fiscal year.
b. Within 45 days of the end of each quarter.
c. Within 2 weeks of the end of each month.
d. Within 5 days of significant events.

33. (CMA, adapted)
In an effort to consolidate the registration process, the SEC has adopted new security forms. However, these forms do not
cover all circumstances. A registrant would use Form S-4 to register securities

a. In connection with mergers and related business-combination transactions.
b. When the registrant does not qualify for Form S-1.
c. When the registrant has not had to file Form 8-K during the most recent 2-year period.
d. Of real estate investment trusts