Test Bank For

Principles of Auditing & Other Assurance Services 21st Edition by Ray Whittington , Kurt Pany

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Chapter 1-21 Answers are at the End of Each Chapter

Chapter 01

The Role of the Public Accountant in the American Economy

True / False Questions

1. Independent audits of today place more emphasis on sampling than did the audits of the 19th century.

   True False

2. The American Institute of Certified Public Accountants issues CPA certificates and permits CPAs to practice.

   True False

3. A company is either audited by the GAO or internal auditors, but not both.

   True False

4. The SEC does not pass on the merits of the securities that are registered with the agency.

   True False

5. The American Institute of Certified Public Accountants has the primary authority to establish accounting standards.

   True False

6. An annual peer review is a requirement of the AICPA.

   True False

7. Many small companies elect to have their financial statements reviewed by a CPA firm, rather than incur the cost of an audit.

   True False

8. Staff assistants in CPA firms generally are responsible for planning and coordinating audit engagements.

   True False

9. The Sarbanes-Oxley Act requires that auditors of certain publicly traded companies in the United States perform an integrated audit that includes providing assurance on both the financial statements and on compliance with laws and regulations.

   True False

10. Auditing is frequently only a small part of the practice of local CPA firms.

   True False

Multiple Choice Questions

11. A summary of findings rather than assurance is most likely to be included in a(n):

A. Agreed-upon procedures report.

B. Compilation report.

C. Examination report.

D. Review report.

12. The Statements on Auditing Standards have been issued by the:

A. Auditing Standards Board.

B. Financial Accounting Standards Board.

C. Securities and Exchange Commission.

D. Federal Bureau of Investigation.

13. The risk associated with a company's survival and profitability is referred to as:

A. Business Risk.

B. Information Risk.

C. Detection Risk.

D. Control Risk.

14. Historically, which of the following has the AICPA been **most** concerned with providing?

A. Professional standards for CPAs.

B. Professional guidance for regulating financial markets.

C. Standards guiding the conduct of internal auditors.

D. Staff support to Congress.

15. The organization charged with protecting investors and the public by requiring full disclosure of financial information by companies offering securities to the public is the:

A. Auditing Standards Board.

B. Financial Accounting Standards Board.

C. Government Accounting Standards Boards.

D. Securities and Exchange Commission.

16. An engagement in which a CPA firm arranges for a critical review of its practices by another CPA firm is referred to as a(n):

A. Peer Review Engagement.

B. Quality Control Engagement.

C. Quality Assurance Engagement.

D. Attestation Engagement.

17. The serially-numbered pronouncements issued by the Auditing Standards Board over a period of years are known as:

A. Auditing Statements of Position (ASPs).

B. Accounting Series Releases (ASRs).

C. Statements on Auditing Standards (SASs).

D. Statements on Auditing Principles (SAPs).

18. The Government Accountability Office (GAO):