

Part I. Fundamentals of audit process – 1.-2. Audit market, CPA

Quiz 1: An auditor concludes that there is substantial doubt about an entity's ability to continue as a going concern for a reasonable period of time. If the entity's financial statements adequately disclose its financial difficulties, the auditor's report is required to include an explanatory paragraph that specifically uses the phrase(s):

	"Reasonable period of time , not to exceed one year"	"Going concern"
a)	Yes	Yes
b)	Yes	No
c)	No	Yes
d)	No	No

Quiz 2: Which of the following statements best describes an auditor's responsibility to detect errors and fraud?

- a) An auditor should design an audit to provide reasonable assurance of detecting errors and fraud that are material to the financial statements.
- b) An auditor is responsible to detect material errors, but has no responsibility to detect fraud that is concealed through employee collusion or management override of internal control.
- c) An auditor has no responsibility to detect errors and fraud unless analytical procedures or tests of transactions identify conditions causing a reasonably prudent auditor to suspect that the financial statements were materially misstated.
- d) An auditor has no responsibility to detect errors and fraud because an auditor is not an insurer and an audit does not constitute a guarantee.

Quiz 3: An auditor strives to achieve independence in appearance to:

- a) Appear to an independent third party not to have compromised their integrity.
- b) Become independent in fact.
- c) Comply with the international auditing standards of fieldwork.
- d) Evaluation of all matters of continuing accounting significance.