

Part I. Fundamentals of audit process – 3. Professional ethics

Quiz 1: The auditor with final responsibility for an engagement and one of the assistants has a difference of opinion about the client's application of an accounting method. If the assistant believes it is necessary to be disassociated with the matter's resolution, the audit firm's procedures should enable the assistant to:

- a) Refer the disagreement to IFAC's Quality Review Committee.
- b) Review the conflict with a senior partner in the audit firm.
- c) Discuss the disagreement with the entity's management or its audit committee.

Quiz 2: Which of the following statements is correct about independence?

- a) Independence is potentially affected by self-interest, self-review, advocacy, familiarity and intimidation threats.
- b) Independence is not an element that is considered in the audit process.
- c) Independence is immaterial to the financial statements.
- d) Independence is not a requirement of IFAC's Code of Ethics.

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.

Quiz 4: Before accepting an audit engagement a proposed (successor) auditor should make specific inquiries of the existing (predecessor) auditor regarding the existing auditor's:

- a) Opinion of any subsequent events occurring since the existing auditor's audit report was issued.
- b) Understanding as to the reasons for the change of auditors.
- c) Awareness of the consistency in the application of accounting principles between periods.
- d) Evaluation of all matters of continuing accounting significance.