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| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| **1) Rule 102, Integrity and Objectivity, applies to**

|  | A. all professional services. |
| --- | --- |
|  | B. all accounting and audit services.  |
|  | C. all attestation services. |
|  | D. only audit services. |
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| **2) The fundamental issues in independence require that the auditor avoid**

|  | A. financial connections with the firm and acting as management. |
| --- | --- |
|  | B. responsibility for the client's internal control and subordinating judgment concerning audit issues.  |
|  | C. acting as management and representing the shareholder’s interests. |
|  | D. financial connections with the client and financial connections with the client's competitors. |
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| **3) The ethical philosophy that considers the consequences of similar persons acting under similar circumstances is called**

|  | A. generalization argument. |
| --- | --- |
|  | B. categorical imperative.  |
|  | C. imperative principle. |
|  | D. utilitarian principle. |
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| **4) Mike wants to assert a claim against an auditor because he sold product on credit to MUT Company in reliance on MUT's financial statements, and MUT went bankrupt. For Mike to be successful, he must be in a jurisdiction that allows lawsuits for negligence by**

|  | A. contributory negligence. |
| --- | --- |
|  | B. foreseen parties. |
|  | C. primary beneficiaries. |
|  | D. parties that are in privities of the contract.  |
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| **5) Auditors have greater liability under the Securities Act of 1933. Which is the reason that this greater liability exists?**

|  | A. The plaintiff does not have to prove that there were damages. |
| --- | --- |
|  | B. The plaintiff does not have to prove that they relied on the financial statements. |
|  | C. The plaintiff does not have to prove that the financial statements were misstated. |
|  | D. The auditor is liable for treble damages under the Securities Act of 1933. |
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| **6) As a direct response to Enron and WorldCom, the Sarbanes-Oxley Act of 2002**

|  | A. Dictates that all annual and quarterly financial information requires an audit. |
| --- | --- |
|  | B. requires that audit committees be made up entirely of individuals with accounting and auditing experience.  |
|  | C. prohibits CEOs from being chairman of the board of directors. |
|  | D. requires CEOs and CFOs to certify financial statements and related disclosures. |

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