1) Accounting Principles Generally Accepted in the United States of America are established by the AICPA. There are 10 standards, which break into three categories. Please list the standards which apply to each of the three categories:

   General Standards:

   Standards of Fieldwork:

   Standards of Reporting:

2) Until 2002, public accounting firms were self-regulated. Beginning in 2002, public accounting firms became subject to the oversight of what entity?

3) For your answer to number (2) above, which Governmental Body oversees this entity?

4) We agreed in Chapter 1 that an auditor is only required to detect Fraud if it has a material impact on the financial statements. Does this mean that the auditor is not responsible for obtaining a basic understanding of the fraud risks for an audit? (Yes or No)

5) Auditor John Doe is the partner on an audit engagement for which his wife is the President and CEO. John is able to maintain an independent mental attitude. Using the 2nd general standard of GAAS, indicate whether John is considered independent and briefly support your position.

6) An audit is performed without any reliance upon the client’s ability to properly record transactions (no internal controls reliance). Because there is no internal control reliance, the auditor does not plan to do anything relative to internal controls. Is this approach acceptable. Briefly explain why or why not.

7) Should an audit be designed to obtain absolute assurance that the financial statements are free of material misstatement? (Yes/NO) no explanation required.