Part 1: Multiple Choice CPA Exam-Type Questions (40 points)

The questions for this part of the exam are based on the information included in the notes (and as added by the instructor) and the discussions in class based on readings and other assignments. Preparation for this part should be driven by knowing the concepts and how they can be applied.

Part 2: Applying Course Concepts to an Actual Company (40 points)

Setup (Verbatim to Exam)
For this part of the exam, assume that you are a manager for an international accounting firm located in Stamford, Connecticut. You have the opportunity to bid on the Starwood Hotels (Westin, Sheraton, W) audit engagement for December 31, 2006 fiscal year-end. *Starwood Hotels is publicly traded, subject to regulations set forth by the Securities and Exchange Commission.* The client has informed you that your firm is its preferred choice, and they are willing to let you come to their home office to gather information before submitting a bid on the engagement. Furthermore, the client has an active audit committee that will make the final decision regarding whether or not to hire your firm. Your assignment as manager is deciding whether there are any potential issues relating to the General Standards of GAAS that would impact your firm’s ability to bid on the engagement.

Handout
This exam is based on applying the concepts in class to an actual company. On February 14, you will be provided with a handout of information about Starwood Hotels. This information is for information purposes only. During the exam, you are allowed to use your handout to help answer questions. **You are allowed to mark symbols, highlight, and underline on the handout. You are NOT allowed to write any words or acronyms on the handout. The handout must be submitted with the exam and will be reviewed for adherence to this policy.** Please note that this exam is NOT a test of your understanding of the handout. The exam is testing your understanding of the concepts covered in class. The use of an actual company helps you when studying the concepts and helps me understand better the extent to which you know the material.
Format of Part 2 of the Exam

This part of the exam consists of four questions, some of which contain multiple parts, across three topics. The questions and weight correspond to coverage in class. None of the questions strictly are objective. You will be required to recall and define a few concepts during the exam, but you will mostly be applying the concepts to scenarios involving Starwood Hotels.

The title of the problems, their weightings, and suggested topics for review are as follows:

- **Adequate Training and Proficiency (12 points)**
  - Understanding a Client’s Business and Industry (subset of components applied to Macy’s in notes)

- **Independence in Mental Attitude and Code of Professional Conduct (9 points)**
  - Rules for Independence as Discussed in Class, Reflecting AICPA and Sarbanes-Oxley Act
  - AICPA Code of Professional Conduct
  - Problem Involving Potential Violations of Code

- **Due Professional Care (19 points)**
  - Assessing Fraud Risk, Including Types of Fraud and Fraud Triangle
  - Management Assertions and Applicability to Financial Reporting
  - Business Risk Assessments and Links to Business Processes
  - Business Processes and Links to Financial Reporting