The exam will consist of between one-half and two-thirds multiple choice points and between one-third and one-half short answer and applied points. All questions will cover your understanding of the notes highlighted in this final exam preparation sheet.

**CUMULATIVE:**

**Introduction to Auditing and Assurance**
- Incentives for assurance involving contracts between two parties
- Motivations for a company to hire an auditor

**Managing Risk: The Role of Auditing and Assurance**
- Alternatives for managing risk

**Auditors and their Interaction with Corporate Governance**
- Role of the Audit Committee
- Responsibilities of parties surrounding Enron fraud
- Impact of Sarbanes-Oxley Act

**Adequate Training and Proficiency**
- Reasons for why auditors should understand their industry and business
- Process for understanding a business and its industry

**Independence in Mental Attitude**
- Cynthia Cooper’s Advice for Personal Ethics
- Conditions under which a CPA would not be considered independent

**Due Professional Care**
- Management Assertions for Transactions, Accounts, and Presentation & Disclosure
- Responsibilities for assessing fraud risk
- Materiality
- The audit risk model

**Adequate Planning and Supervision**
- Communications with Prior Auditors
- Process analysis template
- Persuasiveness of Evidence
- Types of substantive evidence

**Sufficient Understanding of Internal Control**
- Internal control structure (five elements), including control activities
- Control activities for Information Technology
- Required understanding of internal control
- Tests of controls
- Responsibilities of Management and Auditors under PCAOB AS 2 (SOX 404)
Analytical Procedures
  • Challenges associated with analytical procedures
  • Suggestions for overcoming challenges

Sufficient, Competent Evidence
  • Tests of accounts

*NEW MATERIAL SINCE EXAM 2*

 Completing the Audit
  • All Notes Relevant

 Reporting
  • All Notes Relevant

*The Auditor Novella (NOT COVERED ON EXAM)*