

Auditing and Attestation- Certified Public Accountant (CPA) Practice Exam - (Sample)

Study Guide



Everything you need from our exam experts!

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Introduction

Preparing for a certification exam can feel overwhelming, but with the right tools, it becomes an opportunity to build confidence, sharpen your skills, and move one step closer to your goals. At Examzify, we believe that effective exam preparation isn't just about memorization, it's about understanding the material, identifying knowledge gaps, and building the test-taking strategies that lead to success.

This guide was designed to help you do exactly that.

Whether you're preparing for a licensing exam, professional certification, or entry-level qualification, this book offers structured practice to reinforce key concepts. You'll find a wide range of multiple-choice questions, each followed by clear explanations to help you understand not just the right answer, but why it's correct.

The content in this guide is based on real-world exam objectives and aligned with the types of questions and topics commonly found on official tests. It's ideal for learners who want to:

- Practice answering questions under realistic conditions,
- Improve accuracy and speed,
- Review explanations to strengthen weak areas, and
- Approach the exam with greater confidence.

We recommend using this book not as a stand-alone study tool, but alongside other resources like flashcards, textbooks, or hands-on training. For best results, we recommend working through each question, reflecting on the explanation provided, and revisiting the topics that challenge you most.

Remember: successful test preparation isn't about getting every question right the first time, it's about learning from your mistakes and improving over time. Stay focused, trust the process, and know that every page you turn brings you closer to success.

Let's begin.

How to Use This Guide

This guide is designed to help you study more effectively and approach your exam with confidence. Whether you're reviewing for the first time or doing a final refresh, here's how to get the most out of your Examzify study guide:

1. Start with a Diagnostic Review

Skim through the questions to get a sense of what you know and what you need to focus on. Your goal is to identify knowledge gaps early.

2. Study in Short, Focused Sessions

Break your study time into manageable blocks (e.g. 30 - 45 minutes). Review a handful of questions, reflect on the explanations.

3. Learn from the Explanations

After answering a question, always read the explanation, even if you got it right. It reinforces key points, corrects misunderstandings, and teaches subtle distinctions between similar answers.

4. Track Your Progress

Use bookmarks or notes (if reading digitally) to mark difficult questions. Revisit these regularly and track improvements over time.

5. Simulate the Real Exam

Once you're comfortable, try taking a full set of questions without pausing. Set a timer and simulate test-day conditions to build confidence and time management skills.

6. Repeat and Review

Don't just study once, repetition builds retention. Re-attempt questions after a few days and revisit explanations to reinforce learning. Pair this guide with other Examzify tools like flashcards, and digital practice tests to strengthen your preparation across formats.

There's no single right way to study, but consistent, thoughtful effort always wins. Use this guide flexibly, adapt the tips above to fit your pace and learning style. You've got this!

Questions

- 1. Which of the following items must be included in an audit report expressing an unmodified opinion?**
 - A. An audit involves performing procedures to obtain audit evidence about amounts and disclosures.**
 - B. The procedures depend on management's approval, including fraud assessments.**
 - C. The audit was conducted in accordance with generally accepted accounting principles.**
 - D. The audit evidence is believed to be sufficient for reviewing the financial statements.**
- 2. For a CPA, acceptance of an engagement to prepare a report involves:**
 - A. Assessing potential conflicts of interest.**
 - B. Seeking approval from the previous CPA.**
 - C. Confirming that sufficient information is available.**
 - D. Documenting the consultation process thoroughly.**
- 3. How should auditors react if they encounter a significant doubt about a client's ability to continue as a going concern?**
 - A. Express an unmodified opinion.**
 - B. Include an emphasis of matter paragraph.**
 - C. Withdraw from the engagement.**
 - D. Ignore it if it was not addressed in management report.**
- 4. What role does professional skepticism play in auditing?**
 - A. It allows auditor flexibility in judgment.**
 - B. It minimizes the need for evidence collection.**
 - C. It encourages questioning of audit evidence and findings.**
 - D. It endorses acquiescence to management's assertions.**
- 5. Which opinion would an auditor most likely issue if they obtained insufficient evidence to support assertions?**
 - A. Unmodified opinion.**
 - B. Qualified opinion.**
 - C. Adverse opinion.**
 - D. Disclaimer of opinion.**

- 6. Which statement best describes the auditor's obligation after issuing a report?**
- A. Auditors are responsible for all events that occurred post-report date.**
 - B. Auditors have no obligations unless new, significant events come to light.**
 - C. Auditors must re-audit if the financial statements change.**
 - D. Auditors are obligated to disclose all contingencies after the report.**
- 7. Which phrase should an auditor avoid when drafting a qualified opinion related to financial statement discrepancies?**
- A. Except for the matters described**
 - B. Do not present fairly**
 - C. With respect to certain omissions**
 - D. Subject to the disclosures above**
- 8. How are management's and auditor's responsibilities represented in the auditor's report for a nonissuer?**
- A. Explicitly VS. Explicitly.**
 - B. Implicitly VS. Explicitly.**
 - C. Implicitly VS. Implicitly.**
 - D. Explicitly VS. Implicitly.**
- 9. What action should the auditor take regarding a change in accounting principle that materially affects comparability?**
- A. Concur explicitly with the change**
 - B. Issue an "except for" qualified opinion**
 - C. Refer to the change in an emphasis-of-matter paragraph**
 - D. Not report on the change**

- 10. If a group auditor decides not to refer to a component auditor, what is the most likely action?**
- A. Determine the type of work needed on the component's financial information.**
 - B. Add an emphasis-of-matter paragraph about the subsidiary's financial statements.**
 - C. Obtain written permission from the component auditor to omit the reference.**
 - D. Document in the engagement letter that responsibility for the component's work is assumed.**

Answers

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1. A
2. C
3. B
4. C
5. D
6. B
7. B
8. A
9. C
10. A

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Explanations

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1. Which of the following items must be included in an audit report expressing an unmodified opinion?

- A. An audit involves performing procedures to obtain audit evidence about amounts and disclosures.**
- B. The procedures depend on management's approval, including fraud assessments.**
- C. The audit was conducted in accordance with generally accepted accounting principles.**
- D. The audit evidence is believed to be sufficient for reviewing the financial statements.**

An audit report expressing an unmodified opinion must include a description of the procedures performed to obtain audit evidence regarding the amounts and disclosures in the financial statements. This is crucial because it reassures users of the financial statements that a thorough and systematic approach was taken to gather evidence, reflecting the auditor's evaluation of the validity and accuracy of the information presented. By stating that an audit involves performing procedures to obtain audit evidence, the report emphasizes the auditor's responsibility in examining the financial records and demonstrates adherence to auditing standards, which enhances the credibility of the audit. This inclusion delineates the difference between an unmodified opinion and other types of opinions, emphasizing a thorough and professional audit process deemed necessary for trust in the financial report. The other items listed fail to encapsulate this critical aspect of the audit process and may either misrepresent the auditing standards or suggest lesser responsibilities that do not align with an audit conducted under an unmodified opinion. Thus, the correct choice effectively showcases an essential component of the audit report.

2. For a CPA, acceptance of an engagement to prepare a report involves:

- A. Assessing potential conflicts of interest.**
- B. Seeking approval from the previous CPA.**
- C. Confirming that sufficient information is available.**
- D. Documenting the consultation process thoroughly.**

Acceptance of an engagement to prepare a report necessitates confirming that sufficient information is available. This step is critical because the CPA must ensure that they have access to all relevant data and documentation needed to perform the work effectively and to compile a report that is accurate, complete, and in compliance with applicable standards. Without adequate information, the CPA may be unable to form a reliable conclusion or issue a report that fulfills professional standards. The process of confirming sufficient information involves evaluating the client's records and the potential for obtaining additional necessary data, which is essential for conducting the engagement in a professional manner. This due diligence helps in establishing that the CPA can fulfill the engagement's objectives and maintain the quality of the service provided. In this context, while assessing potential conflicts of interest is crucial in ensuring ethical compliance, and documenting the consultation process is important for maintaining clear and transparent communication, those steps are more aligned with professional ethics and internal procedures rather than the foundational requirement of having sufficient information for the engagement itself. Seeking approval from the previous CPA is typically relevant when transitioning engagements but does not directly relate to the initial acceptance of the engagement to prepare a report.

3. How should auditors react if they encounter a significant doubt about a client's ability to continue as a going concern?

- A. Express an unmodified opinion.**
- B. Include an emphasis of matter paragraph.**
- C. Withdraw from the engagement.**
- D. Ignore it if it was not addressed in management report.**

When auditors encounter significant doubt about a client's ability to continue as a going concern, it is essential to appropriately communicate this uncertainty to users of the financial statements. Including an emphasis of matter paragraph in the audit report serves this purpose effectively. This paragraph draws the reader's attention to the explanatory notes in the financial statements that discuss the going concern issue, thereby ensuring transparency about the potential risks and uncertainties related to the entity's ability to operate in the foreseeable future. The emphasis of matter paragraph does not alter the overall opinion on the financial statements but highlights critical information that users should be aware of. This approach aligns with the auditor's responsibility to provide a fair presentation of the financial statements while also addressing significant uncertainties that could affect the entity's operations. In contrast, expressing an unmodified opinion would imply that there are no significant issues affecting the client's ability to continue as a going concern, which would be misleading in this context. Withdrawing from the engagement would be an extreme response and not typically warranted unless the situation would lead to breach of independence or ethical standards. Additionally, ignoring the matter simply because it was not addressed in the management report neglects the auditor's responsibility to assess and reflect any significant concerns regarding going concern in their audit report. Therefore, highlighting the issue through

4. What role does professional skepticism play in auditing?

- A. It allows auditor flexibility in judgment.**
- B. It minimizes the need for evidence collection.**
- C. It encourages questioning of audit evidence and findings.**
- D. It endorses acquiescence to management's assertions.**

Professional skepticism is a critical mindset that auditors must maintain throughout the audit process. It involves an attitude of questioning and a critical assessment of audit evidence. By encouraging auditors to consistently question the validity and reliability of information presented, professional skepticism plays a pivotal role in identifying potential misrepresentations, biases, or errors. This level of scrutiny helps to ensure that the evidence collected is robust and that the conclusions drawn are sound. For instance, when auditors approach financial statements or management assertions, professional skepticism prompts them to evaluate the evidence with a discerning eye, rather than accepting information at face value. This practice ensures that the auditor performs thorough due diligence, which is essential for providing a high-quality audit opinion. In contrast, the other options either misrepresent the essence of professional skepticism or suggest practices that could undermine its importance. Professional skepticism is about being critical and questioning, rather than providing flexibility to the auditor's judgment without the basis of evidence, reducing the necessity of evidence collection, or acquiescing to management's claims without proper verification.

5. Which opinion would an auditor most likely issue if they obtained insufficient evidence to support assertions?

- A. Unmodified opinion.**
- B. Qualified opinion.**
- C. Adverse opinion.**
- D. Disclaimer of opinion.**

When an auditor is unable to obtain sufficient appropriate evidence to support the financial statements' assertions, they are faced with a significant limitation in their ability to perform an adequate audit. In such scenarios, the auditor may issue a disclaimer of opinion. This indicates that the auditor does not express an opinion on the financial statements due to the lack of evidence necessary to form a basis for an audit opinion. A disclaimer of opinion communicates to users of the financial statements that the auditor has not been able to gather sufficient information and, as a result, cannot provide any assurance regarding the fairness of the statements. This situation often arises when there are significant uncertainties or restrictions imposed by the client that prevent the auditor from collecting appropriate evidence. This differs from other types of opinions: an unmodified opinion indicates that the auditor believes the financial statements are free of material misstatement; a qualified opinion is given when there is a specific area of concern but the financial statements as a whole are fairly presented; an adverse opinion is issued when the financial statements contain material misstatements that are pervasive. In summary, a disclaimer of opinion serves to inform stakeholders that the auditor could not obtain enough evidence to support any opinion, highlighting the critical nature of evidence in the audit process.

6. Which statement best describes the auditor's obligation after issuing a report?

- A. Auditors are responsible for all events that occurred post-report date.**
- B. Auditors have no obligations unless new, significant events come to light.**
- C. Auditors must re-audit if the financial statements change.**
- D. Auditors are obligated to disclose all contingencies after the report.**

The statement that auditors have no obligations unless new, significant events come to light accurately reflects the responsibilities of auditors after they have issued their report. Once the audit report is issued, the auditor's obligation related to the audited financial statements generally ceases, unless there are subsequent events or significant changes that could affect the accuracy or reliability of the audit report. Auditors are expected to review events that occur after the report date up until the date the financial statements are issued. However, their primary obligation is to ensure that they are aware of any material events that could potentially alter their opinion on the financial statements. If nothing significant arises, the auditor is not required to conduct further work or issue additional reports. In addition, circumstances requiring communication to stakeholders post-report date usually involve new information that was not known at the time of the audit, particularly if that information is significant enough to impact the users' understanding of the financial statements. Thus, this option accurately captures the nature of the auditor's obligation after report issuance within the framework of auditing standards.

7. Which phrase should an auditor avoid when drafting a qualified opinion related to financial statement discrepancies?

- A. Except for the matters described**
- B. Do not present fairly**
- C. With respect to certain omissions**
- D. Subject to the disclosures above**

When drafting a qualified opinion regarding financial statement discrepancies, the phrase "Do not present fairly" should be avoided because it implies a more severe level of issue with the financial statements than a qualified opinion typically conveys. A qualified opinion indicates that, except for specific issues identified in the report, the financial statements present fairly. This phrase strongly suggests that the overall financial statements are fundamentally flawed or misrepresented, which would in fact lean towards an adverse opinion rather than a qualified one. The essence of a qualified opinion is that while there are some discrepancies or areas of concern, the majority of the financial statements are in accordance with generally accepted accounting principles (GAAP) or applicable financial reporting frameworks. The other phrases, such as "Except for the matters described," "With respect to certain omissions," and "Subject to the disclosures above," properly indicate limitations or specific areas of concern without undermining the overall integrity of the financial statements as a whole. These phrases align with the purpose of a qualified opinion which acknowledges certain issues while still allowing for an overall positive assertion regarding the sufficiency of the financial statements.

8. How are management's and auditor's responsibilities represented in the auditor's report for a nonissuer?

- A. Explicitly VS. Explicitly.**
- B. Implicitly VS. Explicitly.**
- C. Implicitly VS. Implicitly.**
- D. Explicitly VS. Implicitly.**

In the auditor's report for a nonissuer, the responsibilities of management and the auditor are articulated in a clear manner, which is crucial for conveying the distinct roles each party plays in the financial reporting and auditing process. Management is tasked with preparing the financial statements and ensuring their fairness and accuracy, and this responsibility is explicitly stated. The report clearly outlines that management has the responsibility for the preparation and presentation of the financial statements in accordance with the applicable financial reporting framework. Conversely, the auditor's responsibilities are also explicitly stated in the report. The auditor indicates their role in conducting the audit and providing an opinion on whether the financial statements are free from material misstatement, whether due to fraud or error. This distinction highlights the independent and evaluative role of the auditor, which underscores the objectivity and integrity of the audit process. The clarity in the auditor's report serves to inform users of the financial statements about who is accountable for what, enhancing transparency and understanding of the audit's nature and scope.

9. What action should the auditor take regarding a change in accounting principle that materially affects comparability?

- A. Concur explicitly with the change**
- B. Issue an "except for" qualified opinion**
- C. Refer to the change in an emphasis-of-matter paragraph**
- D. Not report on the change**

When an auditor encounters a change in accounting principle that materially affects comparability, the appropriate action is to refer to the change in an emphasis-of-matter paragraph in the audit report. This approach allows the auditor to highlight the significance of the change while not detracting from the overall opinion on the financial statements. The emphasis-of-matter paragraph serves to inform readers that a significant change has occurred, which may affect their understanding of the financial statements. It does not imply that the financial statements are misstated or that there are issues with them; rather, it presents essential contextual information to the users of the financial statements. By utilizing an emphasis-of-matter paragraph, the auditor acknowledges the impact of the change on comparability without modifying their opinion regarding the fairness of the financial statements as a whole. This approach aligns with auditing standards that emphasize transparency and clarity in communication with users about significant transactions or changes that could influence their decision-making.

10. If a group auditor decides not to refer to a component auditor, what is the most likely action?

- A. Determine the type of work needed on the component's financial information.**
- B. Add an emphasis-of-matter paragraph about the subsidiary's financial statements.**
- C. Obtain written permission from the component auditor to omit the reference.**
- D. Document in the engagement letter that responsibility for the component's work is assumed.**

The most appropriate action for a group auditor who decides not to refer to a component auditor is to determine the type of work needed on the component's financial information. This is essential because the group auditor must assess how much reliance can be placed on the component auditor's work or whether additional procedures are needed to evaluate the financial information of that component adequately. By determining the type of work needed, the group auditor can ensure that the overall audit objectives are met and that there is adequate evidence to support the audit opinion on the consolidated financial statements. This approach aligns with the responsibilities outlined in auditing standards, where the group auditor remains responsible for the audit opinion on the consolidated financial statements, even when parts of that opinion rely on the work performed by component auditors. The other options are less relevant in this context. For instance, adding an emphasis-of-matter paragraph is not typically necessary unless specific circumstances warrant it, such as the need to draw attention to a particular aspect of the financial statements. Obtaining written permission from the component auditor to omit the reference may not be required, as the component auditor's work can simply be assessed independently by the group auditor. Additionally, documenting in the engagement letter that responsibility for the component's work is assumed may not directly relate to the decision.

Next Steps

Congratulations on reaching the final section of this guide. You've taken a meaningful step toward passing your certification exam and advancing your career.

As you continue preparing, remember that consistent practice, review, and self-reflection are key to success. Make time to revisit difficult topics, simulate exam conditions, and track your progress along the way.

If you need help, have suggestions, or want to share feedback, we'd love to hear from you. Reach out to our team at hello@examzify.com.

Or visit your dedicated course page for more study tools and resources:

<https://cpa-aud.examzify.com>

We wish you the very best on your exam journey. You've got this!