

National Chengchi University
Department of Accounting
Ph.D. Qualifying Examination – Auditing
March 28, 2008

PART 1

(1) After more than two years of discussions, negotiations, and compromises, the new *CPA Law* of R.O.C. was passed and publicly announced on December 26, 2007. Several of the most important modifications or amendments are classified and listed below:

(a) The Organizational Form:

第 15 條 會計師事務所之型態分為下列四種：

- 一、個人會計師事務所。
- 二、合署會計師事務所。
- 三、聯合會計師事務所。
- 四、法人會計師事務所。

第 31 條 法人會計師事務所應投保業務責任保險。

(b) Legal Liabilities and Auditor Sanctions:

第 42 條 會計師因前條情事致指定人、委託人、受查人或利害關係人受有損害者，負賠償責任。會計師因過失致前項所生之損害賠償責任，除辦理公開發行公司簽證業務外，以對同一指定人、委託人或受查人當年度所取得公費總額十倍為限。

第 61 條 會計師有下列情事之一者，應付懲戒：

- 一、有犯罪行為受刑之宣告確定，依其罪名足認有損會計師信譽。
- 二、逃漏或幫助、教唆他人逃漏稅捐，經稅捐稽徵機關處分有案，情節重大。
- 三、對財務報告或營利事業所得稅相關申報之簽證發生錯誤或疏漏，情節重大。
- 四、違反其他有關法令，受有行政處分，情節重大，足以影響會計師信譽。
- 五、違背會計師公會章程之規定，情節重大。
- 六、其他違反本法規定，情節重大。

第 62 條 會計師懲戒處分如下：

- 一、新臺幣十二萬元以上一百二十萬元以下罰鍰。
- 二、警告。
- 三、申誡。
- 四、停止執行業務二個月以上二年以下。
- 五、除名。

(c) Regulatory Investigations:

第 43 條 會計師執行業務所為之簽證，業務事件主管機關有疑問時，得向會計師查詢，或調閱有關簽證之文件及查核工作底稿，會計師不得拒絕或規避。前項關於簽證之文件或查核工作底稿，依契約或章程約定屬會計師事務所持有者，會計師事務所應提供予會計師，供業務事件主管機關查詢或調閱。

(d) Prohibition of Revolving Door Practice:

第 45 條 公務員於離職前二年所任職務，與財務報告或其他財務資訊之簽證、稅務案件代理人或營利事業所得稅相關申報之簽證、充任工商登記或商標註冊及其有關事件之代理人有關者，於離職後在任所所在地區執行會計師業務時，自離職之日起二年內，不得辦理各該事項之業務。

Criticize on each of the above four categories of the new provisions using basic auditing concepts, ethical codes of conducts, and prior studies you have read. Cite relevant papers to justify your comments or opinions. Please organize your answers in good format. **(20 points)**

(2) For almost 30 years, accounting researchers have examined whether auditors' providing non-audit services (NAS) impairs auditor independence *in fact* or *in appearance*. The provision of NAS by auditors is potentially beneficial. For example, some contend that NAS enhances auditors' knowledge of the clients, leading to more efficient and effective audits. Importantly, restricting NAS can inhibit the auditor's acquisition of task-specific knowledge capital, thereby reducing auditor competence and lowering audit quality. On the other hand, however, some argue that the value of NAS depends on the cost-benefit tradeoff, with compromises in auditor independence as one of the most critical potential costs. For example, NAS creates an economic bond between the auditor and client, causing the auditor to lose objectivity. This concern magnified in recent years as NAS fees increase substantially.

(a) Why does this issue important academically and practically? **(3 points)**

(b) What are the three major groups of stakeholders involved in this line of research? **(3 points)**

(c) What are the primary auditing issues for each of these three groups? **(2 points)**

(d) What are the major findings documented in prior studies regarding the issues you identify in (c) above? Please cite as many papers as possible to justify your answers. Please organize your answers in good format. **(12 points)**

(3) Please answer the following two questions related to the empirical methodology adopted by the auditing academics:

- (a) What is the “self-selection bias”? Is this bias the same as the “endogeneity problem” in auditing research? What kind of auditing issues are most likely to be subjected to this bias? How do auditing researchers handle this bias? Please cite prior studies to justify your answers. **(4 points)**
- (b) What kind of auditing issues are mostly suitable for using a “matched-sample” design? What are the advantages and disadvantages of using such a design? Please cite prior studies to justify your answers. **(4 points)**

(4) Please answer the following two questions related to auditor changes:

- (a) What are the key differences between a “forced” and a “normal” auditor change? Please discuss the differences from as many aspects as possible. **(5 points)**
- (b) What are the two most notable forced auditor changes occurred in the U.S. since the 1980’s? **(2 points)** What are the key reasons that gave rise to these two forced auditor changes? **(2 points)** Please cite and discuss prior studies that were motivated by these two forced auditor changes. What are the major findings of these studies? **(8 points)**

(5) In your opinion, does auditing research have any impacts on regulation and policy making? Why or why not? Please cite prior studies to justify your answers **(10 points)**