

ACCT A218: AUDITING

Item	Value
Curriculum Committee Approval Date	09/23/2020
Top Code	050200 - Accounting
Units	3 Total Units
Hours	54 Total Hours (Lecture Hours 54)
Total Outside of Class Hours	0
Course Credit Status	Credit: Degree Applicable (D)
Material Fee	No
Basic Skills	Not Basic Skills (N)
Repeatable	No
Open Entry/Open Exit	No
Grading Policy	Standard Letter (S)

Course Description

Examines the use of financial statement audits and details the audit process. Topics include professional responsibilities of auditors, audit design, sampling approaches, substantive testing, testing controls, and audit report formulation and communication. PREREQUISITE: ACCT A101 or ACCT A101H; ACCT A102 or ACCT A102H. ADVISORY: ACCT A212. Transfer Credit: CSU.

Course Level Student Learning Outcome(s)

1. Compare and contrast requirements, laws, and solutions to various auditing problems using past and current techniques.
2. Identify, discuss and analyze current issues in auditing.
3. Identify, apply and demonstrate audit skills and techniques used in the performance of an audit and preparation of the audit report.

Course Objectives

- 1. Describe the role of the audit process and responsibilities of auditors in accounting.
- 2. Distinguish among and prepare various types of audit reports.
- 3. Design and prepare an audit plan based on simulated facts.
- 4. Demonstrate proficiency in using a variety of audit sampling techniques.
- 5. Conduct tests of substantive data and explain the testing control mechanism utilized.
- 6. Explain the Sarbanes-Oxley Act and its application to audits.
- 7. Explain the application of materiality, audit risk, business risk and evidence to an audit.
- 8. Explore the role of the American Institute of Certified Public Accountants (AICPA) Code of Professional Conduct.

Lecture Content

Auditing and the Economy Increased Demand for Accountability Scope of Services; Assurance Services Requirements to enter public accounting profession Professional and Regulatory Organizations Corporate Governance, Audit Standards Sarbanes Oxley Act of 2002 Audit Committee Role Audit Standards and Audit Standards setting Understanding and Meeting Ethical Expectations The role of independence a foundational requirement Accounting Professional Code of Conduct Ethical Theories Identification and resolution strategies

Audit Risk and Client Business Risk Risk factors affecting the audit Materiality Issues Developing an understanding of enterprise and financial reporting risks Audit Evidence: A framework Assertion model for financial statement audits Gathering sufficient, appropriate evidence Documenting audit evidence Management estimates and the effect on auditing account balances Internal control over financial reporting COSO Integrated internal control Auditor evaluation of internal control Documentation of auditor s understanding of client internal controls The Integrated Audit Expanded audit requirements Planning and Conducting an integrated audit Computerized Systems, Controls, and Opportunities General and application controls Electronic commerce challenges, audit approaches for e-commerce Computer aided audit techniques Auditing for Fraud Fraud and auditor responsibilities Audit procedures when fraud risk is high Forensic accounting Audit Sampling g Testing control effectiveness and compliance Sampling to test for accounting balance misstatements Auditing Revenue and the Revenue Cycle Revenue recognition in relation to business risk and environment Analytical analysis for possible misstatements Auditing internal controls and account balances the integrated audit of revenue Linking internal controls and audit assertions Substantive testing in the revenue cycle Audit of Acquisition Cycle and Inventory Audit of the acquisition cycle Integrated audit of inventory and cost of goods sold Audit of Cash and Other Liquid Assets Auditing cash procedures Audit of marketable securities and financial instruments Audit of Long-Lived Assets and Related Expense Accounts Analytical analysis within fixed assets and related expenses Integrated audit of fixed assets and related expenses Intangible assets and natural resources Audit of leases Audit of Related Entity Transaction, Long Term Liabilities, and Equity Mergers and acquisitions Transactions with related entities Audit procedures for long-term liabilities and owner s equity Completing the Audit Assessing the quality of the audit Considerations in the final review stage of the audit Communication Audit and Attestation Results Types of audit reports Reviews and compilations Other types of reports on financial and non-financial information Professional Liability Legal concepts Approaches to mitigating liability exposure Quality control programs Effect of court cases on auditing standards and practice Internal Auditing Issues The internal auditing profession Breadth of internal auditing Internal audit standards and the Institute of Internal Auditors

Method(s) of Instruction

- Lecture (02)
- DE Live Online Lecture (02S)
- DE Online Lecture (02X)

Instructional Techniques

Lecture, power point slides, demonstration and problem solving (using whiteboard); interactive discussion between teacher and students; homework problems assigned and discussed during class meetings, group preparation of computerized audit case with teacher guidance.

Reading Assignments

Students will spend approximately 2 hours per week reading from the assigned text.

Writing Assignments

Students will spend approximately 2 hours per week completing written assignments (narratives, discussion, documentation of audit findings, and report preparation) as part of the audit case prepared throughout the semester. The audit case also requires the use of analytical skills in order

to interpret and communicate findings to the teacher (in the classroom) and to the appropriate users (in the audit case).

Out-of-class Assignments

Students will spend approximately 2 hours per week performing exercises and problems from the text.

Demonstration of Critical Thinking

Quizzes and exams, group real life audit case preparation, problem sets.

Required Writing, Problem Solving, Skills Demonstration

Students will complete written assignments (narratives, discussion, documentation of audit findings, and report preparation) as part of the audit case prepared throughout the semester. The audit case also requires the use of analytical skills in order to interpret and communicate findings to the teacher (in the classroom) and to the appropriate users (in the audit case).

Eligible Disciplines

Accounting: Master's degree in accountancy or business administration with accounting concentration OR bachelor's degree in business with accounting emphasis or business administration with accounting emphasis or economics with an accounting emphasis AND master's degree in business, business administration, business education, economics, taxation, or finance OR the equivalent. Master's degree required. (NOTE: A bachelor's degree in accountancy or business administration with accounting concentration, with a CPA license is an alternative qualification for this discipline)

Textbooks Resources

1. Required Johnstone, K., Gramling, A., Rittenberg, G.. Auditing: A Business Risk Approach, 11th ed. Mason: Cengage, 2019