



BAKER COLLEGE

STUDENT LEARNING OUTCOMES

ACC 3620 Auditing and Assurance I

3 Semester Hours

Student Learning Outcomes and Enabling Objectives

- 1 Evaluate the professional, legal, and ethical obligations related to planning, conducting, and documenting attestation engagements.
 - a. Distinguish between auditing and accounting.
 - b. Describe assurance services and distinguish them from audit services and non-assurance services.
 - c. Differentiate the three main types of audits.
 - d. Explain the nature and scope of the various types of attestation engagements.
 - i. Describe special engagements to review interim financial information for public companies.
 - ii. Describe engagements to report on internal controls at service organizations.
 - iii. Discuss special engagements to attest to prospective financial statements.
 - iv. Describe an agreed-upon procedures engagement.
 - v. Describe other audit and limited assurance engagements related to historical financial statements.
 - e. Discuss the Role of the Public Corporation Accounting Oversight Board (PCAOB) and the effects of the Sarbanes-Oxley Act on the CPA profession.
 - f. Distinguish PCAOB attestation standards from auditing standards and know the types of engagements to which they apply.
 - i. Summarize the principles, rules, and interpretations that comprise the Attestation Standards.
 - ii. Demonstrate an understanding of the level of assurance and evidence requirements for non-audit attestation engagements.
 - g. Describe the reporting required under AICPA auditing standards.
 - i. Discuss the types of auditing reports that can be issued, their components, and when they are used.
 - ii. Specify the conditions required to issue a standard, unmodified opinion audit report.
 - iii. Describe the parts of the standard unmodified opinion audit report for non-public entities
 - h. Apply the principles, rules and interpretations included in the AICPA Code of Professional Conduct to given situations.

- i. Explain ethical conduct for the accounting profession.
 - ii. Discuss the importance of independence and additional factors that influence auditor independence.
 - iii. Summarize the principles, rules and interpretations included in the AICPA Code of Professional Conduct.
 - 1. Discuss the concept of professional skepticism and professional judgment.
 - 2. Define personal bias and other impediments to acting with professional skepticism, such as threats, incentives and judgment-making shortcuts.
 - 3. Identify situations that present threats to compliance with the AICPA Code of Professional Conduct, including threats to independence.
 - iv. Interpret the Compliance with Standards Rule included in the AICPA Code of Professional Conduct for situations that could present threats to compliance with the rules included in the Code.
 - i. Distinguish management's responsibility for the financial statements from the auditor's responsibility for verifying those statements.
 - j. Describe the auditor's responsibility to identify significant risk.
 - k. Discuss the auditor's responsibility for assessing the risk of fraud and detecting material misstatements caused by fraud.
 - l. Discuss the components of the Committee of Sponsoring Organizations (COSO) framework and the importance of effective internal control.
 - i. Describe the primary objectives of effective internal control.
 - ii. Describe how the complexity of the IT environment impacts control risk assessment.
 - iii. Explain how general controls and application controls reduce IT risks.
 - m. Contrast management's responsibilities for maintaining the system of internal controls with the auditor's responsibility for evaluating and reporting on their effectiveness.
 - n. Describe the differences in evaluating, reporting, and testing internal control for non-public and smaller public companies.
 - 2. Analyze the professional responsibilities related to planning, conducting, and documenting an attestation engagement.
 - a. Explain the objectives of audits.
 - b. Explain the auditor's responsibility for discovering material misstatements due to fraud or error.
 - c. Link audit objectives to management assertions.
 - d. Explain the relationship between setting engagement objectives and accumulating evidence.
 - e. Discuss the types of evidence used in attestation engagements and the decisions about evidence that are needed to create an engagement program/plan.
 - f. Describe the types of analytical procedures and their purposes.
 - g. Discuss the purpose and importance of documentation of the engagement.
 - h. Discuss why adequate planning is essential.

- i. Determine whether to accept or continue an engagement.
 - j. Gain an understanding of the client's business and industry.
 - k. Apply the concept of materiality to an audit.
 - l. Explain the risk of expressing an inappropriate opinion or conclusion when the subject matter or assertion is materially misstated.
 - m. Discuss the different types of risk assessment procedures.
 - n. Discuss the relationship of audit risks to audit evidence.
 - o. Prepare organized documentation of all work performed.
 - p. Identify, prepare, and issue an appropriate report.
 - q. Describe a CPA firm's responsibilities for its accounting and auditing practices' system of quality control.
3. Assess risk and develop a planned response.
- a. Describe the audit risk model and its components.
 - b. Assess acceptable audit risk.
 - c. Describe the fraud triangle and identify conditions that enable fraud.
 - d. Recognize specific fraud risk areas and develop procedures to detect fraud.
 - e. Assess control risk by linking key controls and control deficiencies to transaction-related audit objectives.
4. Implement the general principles for planning and documenting an engagement.
- a. Perform procedures to determine whether the preconditions needed for accepting or continuing an attestation engagement are present.
 - b. Document the terms of an engagement in a written engagement letter or other suitable form of written agreement.
 - i. Identify the factors to consider when management requests a change in the type of engagement (e.g., from an agreed-upon procedures to a review).
 - ii. Perform procedures to confirm that a common understanding of the terms of an engagement exist with management and those charged with governance.
 - c. Analyze the internal and external environment of a client.
 - i. Identify and document the relevant industry, regulatory and other external factors that impact an entity and/or the inherent risk of material misstatement, including the applicable financial reporting framework.
 - ii. Identify and document the relevant factors that define the nature of an entity, including the impact on the risk of material misstatement (e.g., its operations, ownership and governance structure, investment and financing plans, selection of accounting policies and objectives and strategies).
 - iii. Describe the accountant's responsibilities with respect to laws and regulations that have a direct effect on the determination of material amounts or disclosures in an entity's financial statements and perform tests of compliance.

- iv. Describe the accountant's responsibilities with respect to laws and regulations that are fundamental to an entity's business but do not have a direct effect on the entity's financial statements.
 - v. Analyze the potential impact of related party relationships and transactions on the risk of material misstatement for an attestation engagement, including consideration of significant unusual transactions and transactions with executive officers. Perform further procedures to obtain sufficient, appropriate evidence.
 - d. Document the procedures that were performed to obtain an understanding of the relevant factors that define the nature of an entity, including the impact on the risk of material misstatement (e.g., its operations, ownership and governance structure, investment and financing plans, selection of accounting policies, and objectives and strategies).
 - i. Identify and document the relevant factors that define the nature of an entity, including the impact on the risk of material misstatement (e.g., its operations, ownership and governance structure, investment and financing plans, selection of accounting policies and objectives and strategies).
 - ii. Determine the nature and scope of the work of the internal audit function that can be used.
 - iii. Discuss when it's appropriate to utilize the work of a specialist to obtain evidence.
 - e. Perform and document preliminary analytical procedures.
 - f. Prepare presentation materials and supporting schedules for use in communicating the planned scope and timing and other matters of an engagement to management and those charged with governance.
 - i. Identify the matters related to the planned scope and timing of an attestation engagement that should be communicated to management and those charged with governance.
 - ii. Identify matters, other than those related to the planned scope and timing or deficiencies, and material weaknesses in internal control that should be communicated to management and those charged with governance for an attestation engagement.
 - g. Prepare documentation of the procedures performed for risk assessment.
- 5. Perform procedures to obtain appropriate evidence that is sufficient to meet objectives and form an opinion.
 - a. Document an understanding of a company's internal control.
 - b. Assess control risk by linking key controls and control deficiencies to transaction-related audit objectives.
 - c. Design and perform tests of controls.
 - d. Demonstrate how control risk impacts detection risk and the design of substantive tests.

6. Prepare a draft report for an audit of internal control starting with a report example (e.g., an illustrative report from professional standards).
 - a. Identify the factors that an auditor should consider when forming an opinion on the effectiveness of internal control in an audit of internal control.
 - b. Identify the appropriate form and content of a report on the audit of internal control, including report modifications and the use of separate or combined reports for the audit of an entity's financial statements and the audit of internal control.

These SLOs are not approved for experiential credit.

Effective: Spring 2020