

ACC402 Auditing

Syllabus Overview

This syllabus contains all relevant information about the course: its objectives and outcomes, the grading criteria, the texts and other materials of instruction, and weekly topics, outcomes, assignments, and due dates. Consider this your roadmap for the course. Please read through the syllabus carefully and ask questions if you would like anything clarified. Please print a copy of this syllabus for reference.

Course Description

3 Credits

Prerequisite: ACC401 Advanced Accounting

This course introduces students to the principles, standards, and procedures of a financial statement audit. Topics discussed include professional ethics and legal responsibilities of auditors, the development of a risk-based audit program, accumulating audit evidence, and reporting in accordance with generally accepted auditing standards.

Course Outcomes

At the completion of this course, students should be able to:

- Describe the nature of an audit.
- Examine the CPA's legal liability to clients and third parties.
- Relate audit evidence and audit objectives to evidence-gathering data.
- Plan and design an audit approach including suitable sampling techniques.
- Analyze the concept of materiality in an audit.
- Describe the different type of audit reports and the conditions which require a departure from the standard unqualified report.

Communication with Your Instructor

You will receive a welcome email from your instructor prior to the start of class. This email will contain your instructor's contact information. Your instructor will also be communicating with you via several methods in the course, including:

- **Announcements** – This communication tool, located on the navigation menu within your course in Canvas, contains important updates. Be sure to check for new announcements from your instructor each time you access your course.

- **Q&A** – Use this discussion board, located on the Home screen in your course, to communicate with your instructor and classmates regarding general course questions (i.e. missing links, assignment clarification, etc.).
- **Inbox** – Use the Inbox, located in the top right corner of Canvas, to send a message to your instructor or classmates.

Materials and Resources

Textbook: Louwers, Ramsay, Sinason, Strawser and Thibodeau. (2015). *Auditing & Assurance Services*, 6th Edition, Irwin/McGraw-Hill. ISBN 978-0-07-786234-3

Lab: McGraw-Hill Connect Access

Bookstore Information

The bookstore can be located in the left-hand navigation of any Canvas course.

Library Services

Detailed information about the eLibrary can be found in the Student Resource Center. This is a course that all students have access to during their academic career.

Canvas Help Desk and Technical Questions

If you experience technical issues in your course, please contact the Canvas Help Desk by clicking the Help link (top right corner within Canvas). There are 3 ways to contact them:

- Phone (888-628-2749)
- Live chat
- Report a problem (submit a ticket)

Be sure to notify your instructor of any technical difficulties you are experiencing.

Additional resources are available in the Student Resource Center and the Canvas Guides website:
<https://community.canvaslms.com/docs/DOC-4121>

Weekly Schedule

Week 1	Auditing and Assurance Services Professional Standards
Outcomes	<ul style="list-style-type: none"> Define <i>information risk</i> and explain how the financial statement auditing process helps to reduce this risk. Describe and define the assertions that management makes about the recognition, measurement, presentation, and disclosure of the financial statements and explain why auditors use them as a focal point of the audit. Define professional skepticism and explain its key characteristics. List and explain the requirements for becoming a certified public accountant (CPA) and other certifications available to an accounting professional. Describe the fundamental principles of <i>responsibilities</i>, <i>performance</i>, and <i>reporting</i> and how these affect the qualifications of auditors, the major activities performed in an audit, and the content of the auditors' report.
Readings	<p>Louwers, Ramsay, Sinason, Strawser and Thibodeau. (2015). <i>Auditing & Assurance Services</i>, 6th Edition, Irwin/McGraw-Hill.</p> <ul style="list-style-type: none"> Chapter 1: Auditing and Assurance Services Chapter 2: Professional Standards (pp. 39 – 58 only)
Lectures	<p>Week 1: Lecture 1</p> <p>Week 1: Lecture 2</p>
Discussion	<p>Weekly discussion</p> <p>Initial discussion post Due Thursday (6:00AM, Eastern Time). Discussion closes Sunday (6:00 AM, Eastern Time).</p>
Assignments	<p>Connect Interactive Assignment Due Monday (6:00 AM, EST).</p> <p>Connect Assignment Due Monday (6:00 AM, EST).</p>
Quiz	<p>Connect Quiz</p> <p>Due Monday (6:00 AM, EST).</p>
Week 2	Engagement Planning & Risk Management
Outcomes	<ul style="list-style-type: none"> Define <i>materiality</i> and explain its importance in the audit planning process. List and describe the eight general types of audit procedures for gathering evidence and the proper form and content of audit documentation. List and discuss matters of planning that auditors should consider related to the client's computer environment.

	<ul style="list-style-type: none"> • Explain auditors' responsibility for risk assessment, and define and explain the differences among several types of fraud and errors that might occur in an organization. • Describe the audit risk model and explain the meaning and importance of its components in terms of professional judgment and audit planning. • Identify how the use of an automated transaction processing system impacts the audit examination.
Readings	<p>Louwers, Ramsay, Sinason, Strawser and Thibodeau. (2015). <i>Auditing & Assurance Services</i>, 6th Edition, Irwin/McGraw-Hill.</p> <ul style="list-style-type: none"> • Chapter 3: Engagement Planning • Chapter 4: Management Fraud and Audit Risk (pp. 118 – 131 only) • Module H: Auditing and Information Technology (pp. 840 – 844 only)
Lectures	<p>Week 2: Lecture 1</p> <p>Week 2: Lecture 2</p>
Discussion	<p>Weekly discussion</p> <p>Initial discussion post Due Thursday (6:00AM, Eastern Time).</p> <p>Discussion closes Sunday (6:00 AM, Eastern Time).</p>
Assignments	<p>Connect Interactive Assignment Due Monday (6:00 AM, EST).</p> <p>Connect Assignment Due Monday (6:00 AM, EST).</p>
Quiz	<p>Connect Quiz</p> <p>Due Monday (6:00 AM, EST).</p>
Week 3	Risk Assessment and Fraud Considerations
Outcomes	<ul style="list-style-type: none"> • Understand sources of inherent risk factors including the client's business and environment. • Explain auditors' responsibilities with respect to a client's failure to comply with laws or regulations. • Distinguish between the responsibilities of management and auditors regarding an entity's internal control. • Define and describe the five basic components of internal control and specify some of their characteristics. • Identify and explain the three conditions (i.e., the fraud triangle) that often exist when a fraud occurs. • Describe techniques that can be used to prevent employee fraud.

Readings	<p>Louwers, Ramsay, Sinason, Strawser and Thibodeau. (2015). <i>Auditing & Assurance Services</i>, 6th Edition, Irwin/McGraw-Hill.</p> <ul style="list-style-type: none"> • Chapter 4: Management Fraud and Audit Risk (pp. 131 to end) • Chapter 5: Risk Assessment – Internal Control Evaluation (pp. 171 – 187) • Chapter 6: Employee Fraud and Audit of Cash (pp. 221 – 232)
Lectures	<p>Week 3: Lecture 1</p> <p>Week 3: Lecture 2</p>
Multimedia	<p>Association of Certified Fraud Examiners (2014, July 1). <i>Identifying procurement fraud schemes</i>. Retrieved from https://www.youtube.com/watch?v=RC_YLEbmnzA</p>
Discussion	<p>Weekly discussion</p> <p>Initial discussion post Due Thursday (6:00AM, Eastern Time).</p> <p>Discussion closes Sunday (6:00 AM, Eastern Time).</p>
Assignments	<p>Connect Interactive Assignment Due Monday (6:00 AM, EST).</p> <p>Connect Assignment Due Monday (6:00 AM, EST).</p>
Quiz	<p>Connect Quiz</p> <p>Due Monday (6:00 AM, EST).</p>
Week 4	Auditing Cash & Sampling Techniques
Outcomes	<ul style="list-style-type: none"> • Describe the control activities over the receipt and disbursement of cash. • Describe the types of substantive procedures that are conducted during the audit of cash. • Describe some extended procedures for detecting employee fraud schemes involving cash. • Understand the basic principles of sampling, including the differences between statistical and nonstatistical sampling and sampling and nonsampling risk. • Identify the objectives of attributes sampling, define deviation conditions, and define the population for an attributes sampling application. • Define variables sampling and understand when it is used in the audit examination.
Readings	<p>Louwers, Ramsay, Sinason, Strawser and Thibodeau. (2015). <i>Auditing & Assurance Services</i>, 6th Edition, Irwin/McGraw-Hill.</p> <ul style="list-style-type: none"> • Chapter 6: Employee Fraud and Audit of Cash (pp. 232 to end) • Module E: Overview of Sampling (pp. 719 – 724) • Module F: Attributes Sampling (pp. 753 – 756)

	<ul style="list-style-type: none"> Module G: Variables Sampling (pp. 796 – 798)
Lectures	<p>Week 4: Lecture 1</p> <p>Week 4: Lecture 2</p>
Discussion	<p>Weekly discussion</p> <p>Initial discussion post Due Thursday (6:00AM, Eastern Time).</p> <p>Discussion closes Sunday (6:00 AM, Eastern Time).</p>
Assignments	<p>Connect Interactive Assignment Due Monday (6:00 AM, EST).</p> <p>Connect Assignment Due Monday (6:00 AM, EST).</p>
Quiz	<p>Connect Quiz</p> <p>Due Monday (6:00 AM, EST).</p>
Exam	<p>Connect Exam</p> <p>Content on Weeks 1 through 4.</p> <p>Due Monday (6:00 AM, EST).</p>
Week 5	Auditing the Revenue and Collection Cycle
Outcomes	<ul style="list-style-type: none"> Discuss inherent risks related to the revenue and collection cycle with a focus on improper revenue recognition. Describe the revenue and collection cycle, including typical source documents and controls procedures. Give examples of tests of controls over customer credit approval, delivery, and recording of accounts receivable. Give examples of substantive procedures in the revenue and collection cycle and relate them to assertions about account balances at the end of the period. Describe some common errors and frauds in the revenue and collection cycle and design some audit and investigation procedures for detecting them.
Readings	<p>Louwers, Ramsay, Sinason, Strawser and Thibodeau. (2015). <i>Auditing & Assurance Services</i>, 6th Edition, Irwin/McGraw-Hill.</p> <ul style="list-style-type: none"> Chapter 7: Revenue and Collection Cycle
Lectures	Week 5: Lecture 1
Discussion	<p>Weekly discussion</p> <p>Initial discussion post Due Thursday (6:00AM, Eastern Time).</p>

	Discussion closes Sunday (6:00 AM, Eastern Time).
Assignments	<p>Connect Interactive Assignment Due Monday (6:00 AM, EST).</p> <p>Connect Assignment Due Monday (6:00 AM, EST).</p>
Quiz	<p>Connect Quiz Due Monday (6:00 AM, EST).</p>
Week 6	Auditing the Acquisitions and Expenditure Cycle
Outcomes	<ul style="list-style-type: none"> • Identify significant inherent risks, typical source documents, and controls in the acquisition and expenditure cycle. • Discuss audit procedures over purchase of inventory and services and accounts affected by the acquisition and expenditure cycle • Explain the importance of the completeness assertion for the audit of accounts payable, and list some procedures for a search for unrecorded liabilities. • Describe some common errors and frauds in the acquisition and expenditure cycle and design some audit and investigation procedures for detecting them, including a search for unrecorded liabilities. • Describe the payroll cycle, including typical source documents and controls.
Readings	<p>Louwers, Ramsay, Sinason, Strawser and Thibodeau. (2015). <i>Auditing & Assurance Services</i>, 6th Edition, Irwin/McGraw-Hill.</p> <ul style="list-style-type: none"> • Chapter 8: Acquisition and Expenditure Cycle
Lectures	<p>Week 6: Lecture 1</p> <p>Week 6: Lecture 2</p>
Discussion	<p>Weekly discussion</p> <p>Initial discussion post Due Thursday (6:00AM, Eastern Time).</p> <p>Discussion closes Sunday (6:00 AM, Eastern Time).</p>
Assignments	<p>Connect Interactive Assignment Due Monday (6:00 AM, EST).</p> <p>Connect Assignment Due Monday (6:00 AM, EST).</p>
Quiz	<p>Connect Quiz Due Monday (6:00 AM, EST).</p>

Week 7 Auditing the Production & Finance and Investment Cycles	
Outcomes	<ul style="list-style-type: none"> Describe the production cycle, including typical source documents and controls, and examples of tests of controls over conversion of materials and labor in a production process. Identify and describe considerations involved in the observation of physical inventory and tests of inventory pricing and compilation. Describe some common errors and frauds in the accounting for production costs, and related cost of goods sold and design some audit and investigation procedures for detecting these errors and frauds. Describe the finance and investment cycle, including typical source documents and controls, and examples of tests of controls over debt and owners' equity transactions and investment transactions. Describe common errors and frauds in the accounting for capital transactions and investments, and design audit and investigation procedures for detecting them.
Readings	<p>Louwers, Ramsay, Sinason, Strawser and Thibodeau. (2015). <i>Auditing & Assurance Services</i>, 6th Edition, Irwin/McGraw-Hill.</p> <ul style="list-style-type: none"> Chapter 9: Production Cycle Chapter 10: Finance and Investment Cycle
Lectures	<p>Week 7: Lecture 1</p> <p>Week 7: Lecture 2</p>
Discussion	<p>Weekly discussion</p> <p>Initial discussion post Due Thursday (6:00AM, Eastern Time).</p> <p>Discussion closes Sunday (6:00 AM, Eastern Time).</p>
Assignments	<p>Connect Interactive Assignment Due Monday (6:00 AM, EST).</p> <p>Connect Assignment Due Monday (6:00 AM, EST).</p>
Quiz	<p>Connect Quiz</p> <p>Due Monday (6:00 AM, EST).</p>
Week 8 Finalizing the Audit & Reporting	
Outcomes	<ul style="list-style-type: none"> Identify major activities performed by auditors in completing the substantive procedures following the date of the financial statements, including evaluating litigation and claims, and obtaining representations from management. Identify the final steps in the completion of an audit including the auditors' responsibility for subsequent events and discovered facts. Identify important activities and communications following the completion of the audit and audit report release date.

	<ul style="list-style-type: none"> Understand the types of reports that accompany an entity's financial statements and the content of the auditors' standard (unmodified) report. Identify situations in which language in the standard (unmodified) report is modified and the type of opinions issued in those situations.
Readings	<p>Louwers, Ramsay, Sinason, Strawser and Thibodeau. (2015). <i>Auditing & Assurance Services</i>, 6th Edition, Irwin/McGraw-Hill.</p> <ul style="list-style-type: none"> Chapter 11: Completing the Audit Chapter 12: Reports on the Audited Financial Statements (pp. 501 – 514 only)
Lectures	<p>Week 8: Lecture 1</p> <p>Week 8: Lecture 2</p>
Discussion	<p>Weekly discussion</p> <p>Initial discussion post Due Thursday (6:00AM, Eastern Time).</p> <p>Discussion closes Friday (6:00 AM, Eastern Time).</p>
Assignments	<p>Connect Interactive Assignment Due Friday (6:00 AM, EST).</p> <p>Connect Assignment Due Friday (6:00 AM, EST).</p>
Quiz	<p>Connect Quiz</p> <p>Due Friday (6:00 AM, EST).</p>
Exam	<p>Connect Exam</p> <p>Content on Weeks 5 through 8.</p> <p>Due Friday (6:00 AM, EST).</p>

Grading and Evaluation

Your grades will reflect the way in which you present and support your topics and positions in the various learning activities used in this course. The grades will be based on the quality and quantity of your comments and responses in the various activities.

Be sure to review the discussion and assignment rubrics in the course for specific grading criteria.

The various graded activities are weighted as follows:

Course Element	% of Final Grade
Assignments	15%
Discussions	25%
Quizzes	15%
Exams	25%
Interactive Learning Activities	20%
Total	100%

Students will be expected to meet all the deadlines of the class as indicated throughout the course and in the syllabus. This is primarily so we don't get behind in the course. In addition, discussions cannot overlap from one week to the next. This is to ensure that all discussions and submissions take place within the week they are scheduled in order to be of value to the entire class as well as to help you not get behind. If there are extenuating circumstances, you will need to communicate that to the instructor and make arrangements accordingly, if appropriate.

Late Assignments: Exceptions are to be determined by the instructor on a case-by-case basis. There will be no opportunities for extra credit.

Learner Success Guidelines

These guidelines are provided to help you succeed in your coursework:

- Participate in the class introduction activity on the first day of class.
- Submit ALL assignments by the posted due dates and times.
- Check your emails daily.
- Contact Portal Help for logon problems or Canvas Help for technical issues with Canvas.
- Participate fully in all threaded discussions.
- Contact your instructor if you have questions about an assignment or need additional help completing your work successfully.

Academic dishonesty is grounds for dismissal from the program.

Academic Policies

The following Academic Policies can be found in the [Student Resource Center](#).

ACC402 Auditing

- Grading Criteria
- Reasonable Accommodations Policy
- Student Attendance Policy
- Academic Honesty and Integrity Policy
- Student Engagement and the Granting of Academic Credit
- Copyright Policy

Caveat

The above schedule, content, and procedures in this course are subject to change. All policies are superseded by the latest College Catalog available on our website:

<https://www.cambridgecollege.edu/student-rights-complaints-grievances/student-code-conduct>