

COURSE OUTLINE

ACCT-219 Principles of Auditing 3 Semester Hours

HOWARD COMMUNITY COLLEGE

Description

Upon completion of this course, the student will be able to discuss the philosophy and environment of auditing. This will include an overview of the public accounting profession with special attention to auditing standards, professional ethics, the legal liability inherent in the attest function, the study and evaluation of internal control, the nature of evidence, the growing use of statistical sampling, the impact of electronic data processing (EDP), and the basic approach to planning an audit. Prerequisite: ACCT-112. (3 hours weekly)

Overall Course Objectives

Upon completion of this course, the student will be able to:

1. Describe the nature of an audit.
2. Distinguish between the different types of audit reports and the conditions which require a departure from the standard unqualified report.
3. Assess the need for professional ethics and review the main components of the AICPA Code of Professional Conduct.
4. Examine the CPA's legal liability to clients and third parties.
5. Differentiate between the role of management and the role of the auditor in the preparation and verification of financial statements.
6. Relate management assertions to general and specific audit objectives.
7. Examine the criteria that determine the persuasiveness of audit evidence and evaluate the different types of audit evidence gathered.
8. Relate audit evidence and audit objectives to evidence-gathering decisions.
9. Plan and design an audit approach. Include preplanning procedures and procedures to obtain information about the client's background and legal obligations.
10. Analyze the concept of materiality in an audit.
11. Diagram the audit risk model and its components. Calculate the effect that changes in assessed inherent risk, control risk, and acceptable audit risk have on planned detection risk.
12. Examine the three elements of an internal control structure and their components. Describe the seven objectives of a system of internal control.
13. Distinguish between the different types of audit tests performed to determine the fairness of financial statements.
14. Apply the concepts of audit planning, risk assessment, and obtaining an understanding of the internal control structure to the sales and collection cycle and the acquisition and payments cycle.
15. Differentiate between statistical and non-statistical sampling.
16. Examine the relationship between cash and the other transaction cycles.
17. Describe the procedures required for completing the audit, including reviews for contingent liabilities and subsequent events.
18. Compare and contrast compilations and review the different levels of assurance expressed with each.
19. Compare and contrast operational and compliance auditing versus financial auditing.

Major Topics

- I. Introduction
 - A. An Overview of Auditing
 - B. Audit Reports
 - C. Professional Ethics
 - D. Legal Liability
- II. The Auditing Process
 - A. Audit Objectives
 - B. Types of Evidence and Documentation
 - C. Audit Planning and Analytical Procedures
 - D. Materiality and Risk
 - E. Internal Control Structure
 - F. Overall Audit Plan and Audit Program
- III. Sales and Collection Cycle
 - A. Audit of Sales and Collection Cycle
 - B. Audit Sampling for Tests of Transactions
 - C. Accounts Receivable Testing
- IV. Acquisition and Payment Cycle
 - A. Audit of Acquisition and Payment Cycle
 - B. Acquisition and Payment Cycle/Verification of Selected Accounts
- V. Cash Cycle
 - A. Audit of Cash Balances
- VI. Completing the Audit and Miscellaneous
 - A. Completing the Audit
 - B. Other Engagements, Services and Reports
 - C. Operational and Compliance Auditing
- VII. Optional: Complex EDP Audits

Course Requirements

Grading/Exams: Grading procedures will be determined by the individual faculty member but will include the following:

Exams: Four Exams

Grading: Four exams will be worth approximately 80% of total grade.

Writing: A three- to five-page paper covering internal control documentation, identification of key internal controls and weaknesses, and preparation of audit procedures and an audit program will also be required.