

# ACCT-2510: AUDITING

## Cuyahoga Community College

### Viewing: ACCT-2510 : Auditing

#### Board of Trustees:

January 2023

#### Academic Term:

Fall 2023

#### Subject Code

ACCT - Accounting

#### Course Number:

2510

#### Title:

Auditing

#### Catalog Description:

Audit regulatory environment, approach, planning, and procedures; compliance and substantive testing; treatment of audit adjustments, subsequent events, and discovered irregularities; preparing various audit worksheets and final product, the auditor's report.

#### Credit Hour(s):

4

#### Lecture Hour(s):

4

## Requisites

#### Prerequisite and Corequisite

ACCT-1341 Managerial Accounting and FIN-2100 Financial Management.

## Outcomes

#### Course Outcome(s):

Perform a financial audit of a business, preparing all required workpapers and analysis with completion of the final audit report, based on the outcome of standard audit testing methods and procedures as required by the Generally Accepted Auditing Standards.

#### Essential Learning Outcome Mapping:

Critical/Creative Thinking: Analyze, evaluate, and synthesize information in order to consider problems/ideas and transform them in innovative or imaginative ways.

#### Objective(s):

- a. Discuss the why, what, when, and how of auditing as they relate to today's business and professional auditing realms.
- b. Identify and prepare the appropriate final audit report based upon the outcomes of various audit testing methods and procedures that auditors perform
- c. Discuss the current issues in the auditing field and be familiar with the necessary tools for continued research and guidance as they continue or begin their chosen career and professional certification pathways.
- d. Explain the audit process and the Professional Standards, Ethics, and Laws that comprise the audit environment.
- e. Demonstrate and apply knowledge of current auditing standards and acceptable practices.
- f. Identify and assess audit risk factors including inherent risk, control risk, and detection risk.
- g. Evaluate compliance with regulatory agencies and recent legislation.
- h. Discuss the meaning of 'materiality' and its effect on the planning of the audit and the work to be performed.
- i. Evaluate the control environment and identify material weaknesses that may affect the system of internal controls and the fair presentation of financial statements.
- j. Identify the principles and standards of ethical professional practice and the procedure for resolution of ethical conflicts.

**Methods of Evaluation:**

- a. Research and prepare written analyses regarding current audit issues and topics to display an understanding of the current domestic and global auditing environment.
- b. Completion of auditing project to include one or more of the following: 1) preparing audit planning documents, 2) preparing business risk analysis, 3) evaluating and reporting of audit findings and 4) providing appropriate written audit opinion.
- c. Chapter assignments reinforcing chapter content and assessing student understanding and application of auditing concepts, procedures and regulations.
- d. Examinations covering chapter content assessing student understanding of auditing concepts and regulations.
- e. Discussion board and/or oral presentations in the area of Internal Control (GAAS) and current audit issues and topics.

**Course Content Outline:**

- a. Introduction to Assurance and Financial Statement Auditing
  - i. Auditing and assurance
  - ii. The financial statement auditing environment
- b. Audit Planning and Basic Auditing Concepts
  - i. Audit planning, types of audit tests, and materiality
  - ii. Risk assessment
  - iii. Evidence and documentation
- c. Understanding and Auditing Internal Control
  - i. Internal control in a financial statement audit
  - ii. Auditing internal control over financial reporting
- d. Statistical and Nonstatistical Sampling Tools for Auditing
  - i. Audit sampling: an overview and application to tests of controls
  - ii. Audit sampling: an application to substantive tests of account balances
- e. Auditing Business Processes
  - i. Auditing the revenue process
  - ii. Auditing the purchasing process
  - iii. Auditing the human resource management process
  - iv. Auditing the inventory management process
  - v. Auditing the financing/investing process
- f. Completing the Audit and Reporting Responsibilities
  - i. Completing the audit engagement
  - ii. Reports on audited financial statements
- g. Professional Responsibilities
  - i. Professional conduct, independence, and quality management
  - ii. Legal liability

**Resources**

Arens, Alvin A, Randal J Elder, Mark Beasley, Chris E. Hogan. *Auditing and Assurance Services*. 17th ed. Prentice Hall Publishing, 2020.

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Knapp, Michael C. *Contemporary Auditing*. 12th ed. Boston, MA; Cengage Publishing, 2022.

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Rittenberg, Larry E., Karla Johnstone and Audrey Gramling. *Auditing: A Business Risk Approach*. 11th ed. Boston, MA; Cengage Publishing, 2019.

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William F. Messier, Jr., Steven M. Glover, and Douglas F. Prawitt . *Auditing and Assurance Services: A Systematic Approach*. 12th. McGraw Hill Education, 2022.

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**Resources Other**

American Institute of Certified Public Accountants; Clarified Statements on Auditing Standards: <https://us.aicpa.org/research/standards/auditattest/clarifiedsas> (<https://us.aicpa.org/research/standards/auditattest/clarifiedsas/>)

Public Company Accounting Oversight Board; Auditing Standards: <https://pcaobus.org/oversight/standards/auditing-standards>

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