WILMINGTON UNIVERSITY

COLLEGE OF BUSINESS

BASIC COURSE INFORMATION

COURSE TITLE: **Auditing**

COURSE NUMBER: **BAC 423**

PRE-REQUISITE(S): **BAC 202 and GPA 2.0 in that course**

COURSE DESCRIPTION:

This course is an introduction to generally accepted auditing standards, concepts of internal control, analysis and tracing of financial transactions, and opinions expressed on the fair presentation of financial statements by certified public accountants.

MAJOR INSTRUCTIONAL GOALS:

GOAL A:

The student will describe the role of the public accountant in the American economy.

Learning Objectives: The student will:

A-1 Describe assurance services.

A-2 Identify assurance services that involve attestation.

A-3 Describe the nature of financial statement audits.

A-4 Explain why audits are demanded by society.

A-5

B-5 Describe the attestation standards.

B-6 Describe the nature of assurance services.

B-7 Describe the quality control standards and their purposes.

B-8 Explain the status of international auditing standards

GOAL C:

The student will obtain knowledge of the professional ethics required of auditors.

Learning Objectives: The student will:

C-1 Describe the nature of ethics and ethical dilemmas.

C-2 Describe the reasons that professions establish professional ethics.

C-3 Identify two parts of the AICPA Code of Professional Conduct.

C-4 Discuss the Principles section of the AICPA Code of Professional Conduct.

C-5 Discuss the Rules contained in the AICPA Code of Professional Conduct.

C-6 Explain the concept of independence and identify circumstances in which independence is impaired.

C-7 Discuss the Institute of Internal Auditors Code of Ethics.

GOAL D:

The student will demonstrate an understanding of the legal liability of auditors.

Learning Objectives: The student will:

D-1 'HILQH WKH PDMRU OHJDO FRQFHSWV WKDW UHODW

D-2 Distinguish EHWZHHQ &3$V¶ OLDELOLW\ XQGHU FRPPRQ

D-3 Explain the factors that must be proven by clients and third parties to be successful in actions against CPAs under common law and their defenses.

D-4 Contrast liability under the Securities Act of 1933 and the Securities Exchange Act of 1934.

D-5

E-1 Explain the relationship between evidence and audit risk.

E-2 Identify and explain the components of audit risk.

E-3 Explain the characteristics of accounts with high inherent risks.

E-4 Distinguish between the concepts of competence and sufficiency as they apply to audit evidence.

E-5

Learning Objectives: The student will:

L-1 Describe the nature of inventories and cost of goods sold.

L-2 Describe the documents, records, and accounts that comprise the purchases and production (conversion) cycles.

L-3 Identify and explain the fundamental controls over inventories, purchasing, and production.

L-4 Discuss typical tests of controls used by the auditors to evaluate the effectiveness of the controls over inventories and cost of goods sold.

L-5 ([SODLQ WKH DXGLWRUV¶ REMHFWLYHV IRU WKH DX goods sold.

L-6 'HVFULEH WKH QDWXUH RI WKH DXGLW SURFHGXUHV objectives for the audit of inventories and cost of goods sold.

GOAL M:

The student will explain the auditing procedures for Property, Plant, and Equipment and Depreciation and Depletion.

Learning Objectives: The student will:

M-1 Describe the nature of property, plant, and equipment, and depreciation.

M-2 Explain the fundamental controls over property, plant, and equipment.

M-3 Discuss typical tests of controls used by auditors to evaluate the effectiveness of the controls over property, plant, and equipment.

M-4 ,GHQWLI\ WKH DXGLWRUV¶ REMHFWLYHV IRU WKH D roperty, plant, and equipment.

M-5 Describe the nature of appropriate substantive audit procedures to accomplish the objectives for the audit of property, plant, and equipment.

GOAL N:

The student will explain the auditing procedures for Accounts Payable and Other Liabilities.

Learning Objectives: The student will:

N-1 Describe the nature of accounts payable and other liabilities.

N-2 Identify and explain the fundamental controls over payables.

N-3 Discuss typical tests of controls used by auditors to evaluate the effectiveness of the controls over payables.

Learning Objectives: The student will:

Q-1 Describe the standard audit report.

Q-2 Discuss how materiality affects the consideration of the type of audit report to be issued.

Q-3 Identify the circumstances that may result in qualified opinions, adverse opinions, and disclaimer of opinion.

Q-4 Explain the circumstances that result in the addition of explanatory ODQJXDJH WR WKH DXGLWRUV¶ VWDQGDUG UHSRUW

Q-5 'HVFULEH WKH DXGLWRUV¶ UHVSRQVLELOLWLHV IRU reporting on comparative financial statements.

GOAL R:

The student will explain other types of auditing activities such special reports and accounting and review services.

Learning Objectives: The student will:

R-1 Identify and describe the types of special reports that auditors issue.

R-2 'HVFULEH WKH DXGLWRUV¶ UHVSRQVLELOLWLHV ZKH for use in other countries.

R-3 Explain the special considerations involved in auditing personal financial statements

R-4 Describe the nature of a review of financial statements for both public and nonpublic companies.

R-5 ([SODLQ WKH DFFRXQWDQWV¶ UHVSRQVLELOLWLHV services.

R-6 Discuss the issuance of letters for underwriters.

GOAL S:

The student will describe the purpose of internal auditing, operational auditing, and compliance auditing.

Learning Objectives: The student will:

S-1 Distinguish among internal, operational, and compliance auditing.

S-2 Describe the functions performed by internal auditors.

S-3 Identify the standards for the professional practice of internal auditing.

S-4 Explain the nature and the purpose of an operational audit.

S-5 Distinguish among the various types of compliance audits.

S-6 Describe the auditing and reporting requirements of Government Auditing Standards and the Single Audit Act.