ACTG 58: AUDITING

Foothill College Course Outline of Record

<table>
<thead>
<tr>
<th>Heading</th>
<th>Value</th>
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<tbody>
<tr>
<td>Effective Term:</td>
<td>Summer 2022</td>
</tr>
<tr>
<td>Units:</td>
<td>5</td>
</tr>
<tr>
<td>Hours:</td>
<td>5 lecture per week (60 total per quarter)</td>
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<tr>
<td>Prerequisite:</td>
<td>ACTG 51A</td>
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<tr>
<td>Advisory:</td>
<td>Elementary Algebra or equivalent; demonstrated proficiency in English by placement via multiple measures OR through an equivalent placement process OR completion of ESLL 125 &amp; ESLL 249.</td>
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| Degree & Credit Status:        | Degree-Applicable Credit Course            |
| Foothill GE:                   | Non-GE                                     |
| Transferable:                  | CSU                                         |
| Grade Type:                    | Letter Grade (Request for Pass/No Pass)    |
| Repeatability:                 | Not Repeatable                             |

Student Learning Outcomes

- A successful student will be able to explain auditing terminology, concepts, principles, and frameworks.
- A successful student will be able to perform related calculations and demonstrate the ability to use methods and /or procedures to solve auditing problems.

Description

Study of the contemporary auditing environment, auditing profession, and the principle and practices of financial statement audit. Topics include auditing, attestation and assurance services, Generally Accepted Auditing Standards (GAAS), attestation standards, professional ethics, Sarbanes-Oxley Act 2002 regulatory requirements, internal controls and audit risk, audit planning, procedures, evidence, documentation and report writing.

Course Objectives

The student will be able to:

a. Explain auditing
b. Understand the role of CPA firms, the Public Company Accounting Oversight Board, and Securities and Exchange Commission
c. Explain professional ethics
d. Explain the legal liabilities and responsibilities of auditors
e. Explain audit planning and analytical procedures
f. Define the concept of materiality and risk
g. Define audit evidence and prepare audit documentation
h. Prepare audit reports and explain types of auditor’s reports under different circumstances

Course Content

a. Explain auditing
   i. Nature of auditing
   ii. Distinction between auditing and accounting
   iii. Attestation engagements
   iv. Assurance services
   v. Types of auditors
b. Understand the role of CPA firms, the Public Company Accounting Oversight Board, and Securities and Exchange Commission as it relates to auditing
   i. Certified Public Accounting firms
   ii. Activities of CPA firms
   iii. Sarbanes-Oxley Act and Public Company Oversight Board
   iv. Securities and Exchange Commission
   v. American Institute of Certified Public Accountants
   vi. U.S. and international standards on auditing
   vii. Generally Accepted Auditing Standards
   viii. Statements of auditing standards
c. Explain professional ethics
   i. Define ethics
   ii. Ethical dilemmas
   iii. Importance of ethical conduct
   iv. Code of professional conduct
   v. Independence rule of conduct and interpretation
   vi. Enforcement
d. Explain the legal liabilities and responsibilities of auditors
   i. Changed environment
   ii. Distinguishing business failure, audit failure, and audit risk
   iii. Legal concepts affecting liabilities
   iv. Liability to clients
   v. Civil liabilities under federal courts
   vi. Criminal liabilities
e. Explain audit planning and analytical procedures
   i. Planning
   ii. Client acceptance decisions and initial planning
   iii. Understanding the client’s business and industry
   iv. Assess client business risk
   v. Five types of analytical procedures
f. Define the concept of materiality and risk
   i. Differences among frauds, errors, and illegal acts
   ii. Auditors responsibilities with respect to illegal acts
   iii. Conditions that can lead to fraud
   iv. Conceptual audit risk models
   v. Materiality and its relationships to audit risk models
   vi. Content and purpose of audit plan
g. Define audit evidence and prepare audit documentation
   i. Basic sources of audit evidence
   ii. Assertion containment in financial statements
   iii. Directional testing and its importance in achieving audit efficiency
   iv. Nature and purpose of audit programs
   v. Purposes and contents of good audit documents
   vi. Levels of assurance provided by auditors
   vii. Reporting on internal control over financial reporting
   viii. Expression of opinion on the financial statements
h. Prepare audit reports and explain types of auditor’s reports under different circumstances
   i. Levels of assurance provided by auditors
   ii. Reporting on internal control over financial reporting
   iii. Expression of opinion on the financial statements
iv. Audit reports on comparative statements  
v. Special reports

Lab Content
Not applicable.

Special Facilities and/or Equipment
1. Access to a computer lab and Excel software.
2. When taught as an online distance learning section, students and faculty need ongoing and continuous internet and email access.

Method(s) of Evaluation
Methods of Evaluation may include but are not limited to the following:

Examinations  
Quizzes  
Computerized assignments  
Written reports  
Group activities  
Class presentations

Method(s) of Instruction
Methods of Instruction may include but are not limited to the following:

Lecture  
In-class or electronic discussions  
Field visits  
Group work  
Case studies

Representative Text(s) and Other Materials

Types and/or Examples of Required Reading, Writing, and Outside of Class Assignments
a. Reading of corporate annual reports  
b. Reading of The CPA Journal: http://www.cpajournal.com/  
c. Reading of latest development in Generally Accepted Auditing Standards  
d. Reading of internet articles and incorporating the information into the written project  
e. Reading of Auditing Journal of Theory and Practice, current editions  
f. Reading of Wall Street Journal, Business Week, and Fortune

Discipline(s)
Accounting