

ACTG 58: AUDITING

Foothill College Course Outline of Record

Heading	Value
Effective Term:	Summer 2022
Units:	5
Hours:	5 lecture per week (60 total per quarter)
Prerequisite:	ACTG 51A.
Advisory:	Elementary Algebra or equivalent; demonstrated proficiency in English by placement via multiple measures OR through an equivalent placement process OR completion of ESLL 125 & ESLL 249.
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:

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

Course Content

- d. Audit reports on comparative statements
- e. 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

Arens, Alvin. Auditing and Assurance Services. 2019.

Types and/or Examples of Required Reading, Writing, and Outside of Class Assignments

- 1. Reading of corporate annual reports
- 2. Reading of The CPA Journal: <http://www.cpajournal.com/>
- 3. Reading of latest development in Generally Accepted Auditing Standards
- 4. Reading of internet articles and incorporating the information into the written project
- 5. Reading of Auditing Journal of Theory and Practice, current editions
- 6. Reading of Wall Street Journal, Business Week, and Fortune

Discipline(s)

Accounting