



AUDITING
COURSE SYLLABUS

Date 11/29/11

C - L - CR
3 - 0 - 3.0

COURSE NUMBER: ACC 260

PREREQUISITE(S): ACC 201 and ACC 230

CO-REQUISITE(S): None

COURSE DESCRIPTIONS This course is a study of the procedures for conducting audits and investigations of various enterprises.

TEXTBOOK(S): Messier, Glover, and Pruitt. Auditing and Assurance Services. 8th Edition. New York; McGraw Hill, 2012. ISBN: 978-0-07-802543-3

REFERENCE(S): None

OTHER REQUIRED MATERIALS, TOOLS, AND EQUIPMENT: None

METHOD OF INSTRUCTION: Instruction methods used in this course will include lecture, problem solving, demonstration, and individual and group project completion.

GRADING SYSTEM:

90	-	100	=	A
80	-	89	=	B
70	-	79	=	C
60	-	69	=	D
Below	-	60	=	F

The standard mathematical procedure of rounding will be applied to arrive at a whole number percentage in final grade calculation.

GRADE CALCULATION METHOD:

Unit Tests	=	60%
Projects, Case Studies	=	30%
Final Exam	=	10%
	=	100%

ATTENDANCE The student is responsible for punctual and regular

POLICY:

attendance in all classes, laboratories, clinical, practica, internships, field trips, and other required class activities. The College does not grant excused absences; therefore, students are urged to reserve their absences for emergencies. When illness or other emergencies occur, the student is responsible for notifying instructors and completing missed work if approved for late submission by instructors.

The student is tardy if not in class at the time the class is scheduled to begin and is admitted to class at the discretion of the instructor.

Instructors maintain attendance records. However, it is the student's responsibility to withdraw from a course. A student enrolling in and attending at least one course session remains enrolled until the student initiates a withdrawal.

Withdrawal Policy: During the first 75% of the course, a student may initiate withdrawal and receive a grade of W. A student cannot initiate a withdrawal during the last 25% of the course. Extenuating circumstances require documentation and approval by the appropriate department head and academic dean.

Absences for Religious Holidays: Students who are absent from class in order to observe religious holidays are responsible for the content of any activities missed and for the completion of assignments occurring during the period of absence. Students who anticipate their observance of religious holidays will cause them to be absent from class and do not wish such absences to penalize their status in class should adhere to the following guidelines:

1. Observance of religious holidays resulting in three or fewer consecutive absences: Discuss the situation with the instructor and provide written notice at least one week prior to the absence(s). Develop (in writing) and instructor-approved plan which outlines the make up of activities and assignments.
2. Observances of religious holidays resulting in four or more consecutive absences: Discuss the situation with the instructor and provide the instructor with written notice within the first 10 days of the academic term. Develop an instructor-approved plan with outlines the make up of activities and assignments.

**CLASSROOM
CONDUCT:**

ACADEMIC DISHONESTY: Students are expected to uphold the integrity of the College's standard of conduct, specifically in regards to academic honesty. All forms of academic dishonesty including, but not limited to, cheating on assignments/tests, plagiarism, collusion, and falsification of information will call for disciplinary action. Disciplinary action imposed may include one or more of the following: written reprimand, loss of credit for assignment/test, termination from course, and probation, suspension, or expulsion from the College. For further explanation of this and other conduct codes, please refer to the Student Handbook.

CELLULAR PHONES AND PAGERS/BEEPERS: Cellular phones, pagers and beepers are not permitted to be turned on or used within the classroom. Use of these devices during classroom time will be considered a violation of the student code as it relates to “disruptive behavior.”

**CLASS/LAB
PROCEDURES:**

The Learning Center, located in the rooms E-2 & E-5 of the East Building, provides computers for your use. Check the website <http://www.sccsc.edu/resources/tutoring/tlc> or call 592-4968 for current semester operating hours.

ACCOMMODATIONS:

Students who need special accommodations in this class because of a documented disability should notify Student Disability Services by calling (864) 592-4818, toll-free 1-800-922-3679; via email through the SCC web site at www.sccsc.edu/resources/disabilities; or by visiting the office located in the East Building Room 30-B on the SCC Central campus. Contacting Student Disability Services early in the semester gives the College an opportunity to provide necessary support services and appropriate accommodations.

ACCOMMODATIONS:

Students who need special accommodations in this class because of a documented disability should notify Student Disability Services. You may contact Student Disability Services by calling, (864) 592-4811, toll-free 1-800-922-3679; via email through the Spartanburg Community College web site at <http://www.stcsc.edu/SDS/> or by visiting the office located in the Dan Lee Terhune Student Services Building, room 112 of the Spartanburg Community College campus. By contacting Student Disability Services early in the semester, students with disabilities give the College an

opportunity to provide necessary support services and appropriate accommodations.

Program Director

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Program Department Chair

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Inclement Weather Schedule:

- Check SCC Web Site: www.sccsc.edu
- Tune to **Channel-7** Local T.V. Station (CBS)
- Tune to an FM/AM Local radio station

**COURSE OUTCOMES
& OBJECTIVES:**

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

- I. Identify the concepts involved in auditing
 1. Explain the basic financial statement auditing process and the phases in which an audit is carried out
 2. Explain what an audit report is and the nature of an unqualified report
 3. Identify why auditing demands logic, reasoning and resourcefulness
 4. Describe the relationships among auditing, attestation and assurance services
 5. Explain general accepted auditing standards (GAAS)
 6. Explain ethical behavior and the code of professional conduct
- II. Identify risk assessment and materiality
 1. Explain the concept of audit risk
 2. Describe the documentation requirements for risk assessment and responses
 3. Explain the concept of materiality

- III. Evaluate audit planning, audit documentation, and types of audit tests
 - 1. Explain the basic concepts of audit evidence
 - 2. Describe the objectives of audit documentation and how to obtain audit evidence
 - 3. Explain the types of information that are included in an engagement letter
 - 4. Explain the steps that are performed in planning an audit engagement
 - 5. Describe the types of audit tests
 - 6. Describe the audit test hierarchy and how financial ratios are used in the analytical procedures

- IV. Identify internal control in a financial statement audit
 - 1. Define and explain internal control
 - 2. Explain the tools available for documenting and assessing internal controls
 - 3. Describe general and application controls and the types of tests of controls
 - 4. Describe management responsibility for reporting on internal controls under Section 404 of the Sarbanes Oxley Act
 - 5. Explain the differences between a control deficiency, a significant deficiency, and a material weakness
 - 6. Describe management's and auditor's responsibility for controls that provide reasonable assurance for safe guarding company assets

- V. Identify the concept of audit sampling and application to tests of controls
 - 1. Explain the basic concepts of sampling terminology
 - 2. Explain non-statistical sampling to tests of control
 - 3. Describe monetary-unit sampling
 - 4. Explain the similarities and differences between audit sampling for tests of control and substantive tests of details of account balances

- VI. Evaluate auditing of the revenue process
 - 1. Describe the functions of the revenue process
 - 2. Explain how to assess control risk for a revenue process
 - 3. Explain the key internal controls and develop relevant tests of controls for revenue, cash receipts, and sales returns transaction

4. Describe the substantive analytical and tests of details used to audit accounts receivable and revenue related accounts
 5. Explain how to evaluate the audit findings and reach a final conclusion on accounts receivable and revenue-related accounts
- VII. Evaluate auditing the purchasing process
1. Describe the functions of the purchasing process
 2. Explain what documents, records, and segregation of duties that are used in the purchasing process
 3. Explain how to assess control risk for a purchasing process
 4. Describe the relevant tests of controls for purchasing, cash disbursements, and purchase returns transactions
 5. Describe the substantive analytical procedures used to audit accounts payable and accrued expenses
 6. Explain how to evaluate the audit findings and reach a final conclusion on accounts payable and accrued expenses
- VIII. Evaluate auditing the human resource management process
1. Describe the human resources management process and the documents/records used in the payroll process
 2. Explain how to assess control risk for a human resource management process
 3. Describe the substantive analytical procedures used to audit payroll expense and related payroll expenses
 4. Explain the internal controls and develop relevant tests of controls for payroll and human resource transactions
 5. Explain how to evaluate the audit findings and reach a final conclusion on payroll expense and payroll related accrued expenses
- IX. Evaluate auditing the inventory management process
1. Describe the inventory management process
 2. Explain what documents, records, and segregation of duties that are used in the inventory management process

3. Explain how to assess control risk for a inventory management process
 4. Describe the substantive analytical procedures used to audit inventory and related accounts
 5. Explain how to evaluate the audit findings and reach a final conclusion of inventory and related accounts
- X. Evaluate auditing: prepaid expenses, property plant and equipment and intangible assets
1. Explain the various types of prepaid expenses, deferred charges, intangible assets and property plant ant equipment
 2. Explain how to assess control risk for prepaid expenses, intangible assets and property plant and equipment
 3. Describe the tests of details of account balances and disclosures used to audit prepaid expenses, intangible assets, a d property plant and equipment
 4. Explain how to evaluate audit findings and reach a final conclusion on prepaid expenses, intangible assets and property plant and equipment
- XI. Describe professional conduct, independence, and quality control
1. Discuss the definitions and general importance of ethical behavior, basic theories of ethical behavior, and the professional ethics standards for auditors
 2. Explain the rules of conduct that apply to independence, integrity, and objectivity
 3. Describe the definition of a system of quality control and the AICPAs Peer Review Program
 4. Describe the PCAOB Inspection Program for accounting firms that audit public companies
- XII. Evaluate legal liability
1. Explain the stages in an audit related legal dispute
 2. Explain the auditor's liability to clients, third parties, Security Exchange Act of 1934, and Sarbanes Oxley
 3. Explain how an auditor can be held criminally liable under various federal and state laws

- XIII. Apply the prescribed behaviors of behaviors of problem solving, relating interpersonally and oral/written communication skills
1. Apply an organized process for solving complex problem
 2. Demonstrate the ability to effectively interact with individuals possessing different abilities to reach desired goals
 3. Demonstrate ability to convey information to others with clarity using both written and oral communications