Title of Course: ADVANCED AUDITING
Code: BADM 6300
Credits: 3
Professor: Evangelina Vives Ph.D, CPA, JD
Email: evives@onelinkpr.net

Description of course: An advance course in auditing that reviews AICPA pronouncements governing the audit profession. An audit case is included to provide the student with practical situations that will increase the understanding and appreciation of auditing and the auditing environment.

Textbooks: AICPA Professional Standards - as of June 1, 2009

Research paper:
Auditing Cases - An Interactive Learning Approach
Authors: Beasley, Buckless, Glover, Prawitt
Publisher: Pearson - Prentice Hall
Edition: 4th or 4e

Recommended:
Auditing and Assurance Services - Thirteenth Edition
Authors: Arens, Elder and Beasley
Pearson Prentice Hall

Objectives
Distinguish between auditing and accounting
The importance of information risk when conducting an audit
List the causes of information risk and how this risk can be reduced
Distinguish audit services from other assurance and nonassurance services
Differentiate the three main types of audits
Identify the nature of CPA firms, what they do and their structure
Understand the role of the Public Company Accounting Oversight Board
Learn the importance of the role of the SEC in accounting and auditing
Describe the key functions performed by the AICPA
Discuss the relationship of the United States and International Auditing Standards
Learn the General Standards
Learn the Generally Accepted Auditing Standards
Identify the role of quality control standards and an accounting practice
Distinguish ethical from unethical professional behavior as well as personal behavior
and learn the importance of ethical conduct to the accounting profession
Learn the AICPA rule of independence and its importance
Understand the requirements of the AICPA Code of Professional Conduct
Differentiate between the objectives of conducting an audit of financial statements and an audit of internal control
Distinguish management's responsibility for the financial statements and internal control from the auditor's responsibility for his opinion and for discovering material misstatements
Explain the relationship between audit objectives and the accumulation of audit evidence
Learn to design audit programs
Learn the characteristics of persuasive evidence
Learn the importance and purpose of audit documentation
Explain the importance of audit planning
Explain the need and reason for understanding the client's business and industry
Learn how to assess the client business risk
Learn planned detection risk, inherent risk and control risk
Evaluation of management's integrity
Learn how to obtain and document an understanding of internal control
Learn how to design and perform tests of controls
Distinguish between fraudulent financial reporting and misappropriation of assets
Understand the auditor's responsibility for assessing the risk of fraud and detecting material misstatements due to fraud
Select the appropriate type of audit test
Learn how to audit the sales and collection cycle- test of controls and substantive tests of transactions
Learn audit sampling for tests of controls and substantive tests of transactions
Learn how to audit the acquisition and payment cycle - tests of controls, substantive
- tests of transactions, and accounts payable
- Learn how to audit the payroll and personnel cycle
- Learn how to audit the capital acquisition and repayment cycle
- Learn how to audit cash balances
- Learn all the procedures to complete the audit including the accountant's report

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| Part 2 - The Public Accounting Profession: Auditing and Other Functions | ET - 92 1651 | Definitions |
| | ET - 202 1703 | Compliance with Standards |
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| | AU - 150 47 | Generally Accepted Auditing Standards |
| | AU - 201 55 | Nature of the General Standards (GAAS) |
| | AU - 210 57 | Training and Proficiency of the Independent Auditor |
| | AU - 220 59 | Independence |
| | ET-100.01 1627 | Conceptual Framework for AICPA Independence Standards |
| | ET - 101 1635 | Independence |
| | AU - 230 61 | Due Professional Care in the Performance of Work |
| | AU - 110 41 | Responsibilities and Functions of the Independent Auditor |
| | AU - 504 603 | Association with Financial Statements |
| | VS 1961 | Statement on Standards for Valuation Services |
| | CS 2013 | Consulting Services |
| | QC 2021 | Quality Control |
| | PR 2049 | Standards for Performing and Reporting on Peer Reviews |
| | TS 2201 | Tax Services |
| | FFP 2241 | Personal Financial Planning |
| | CPE 2275 | Continuing Professional Education |
| | AT 1097 | Statements on Standards for Attestation Engagements |
| | AT 201 1177 | Agreed-Upon Procedures Engagements |
| | AT 301 1195 | Financial Forecasts and Projections |
| | AT 401 1231 | Reporting on Pro Forma Financial Information |
| | AT 501 1247 | Examination of an Entity’s Internal Control |
| | AT 601 1295 | Compliance Attestation |
| | AT 701 1317 | Management's Discussion and Analysis |
| | AR 1399 | Statements on Standards for Accounting and Review Services |

| Part 3 - Fraud and illegal acts | AU 316 167 | Consideration of Fraud in a Financial Statement Audit |
| | AU 317 219 | Illegal Acts by Clients |

| Part 4 - The standard audit report, modifications and other types of reports and letters | AU 311 81 | Planning and Supervision |
| | AU 315 159 | Communications Between Predecessor and Successor Auditors |
| | AU 508 613 | Reports on Audited Financial Statements |
| | AU 543 675 | Part of Audit Performed by Other Independent Auditors |
| | AU 341 505 | Letter of the Auditor's Consideration of an Entity's Ability to Continue as a Going Concern |
| | AU 337 443 | Inquiry of a Client's Lawyer Concerning Litigation, Claims and Assessments |
| | AU 431 595 | Adequacy of Disclosure in Financial Statements |
Tests

There will be a single all term inclusive final test that will be counted for 50% of the grade.

Term Paper

The term paper will be the other 50% of the final grade.

Attendance

The attendance to class is required. For every three absences the grade will be reduced once.

Additional sections that you must use and refer to in your answer to your research paper when applicable:

AU 312  95 Audit Risk and Materiality in Conducting an Audit
AU 314  115 Understanding the Entity and Its Environment and Assessing the Risks of Material Misstatement
AU 318  229 Performing Audit Procedures in Response to Assessed Risks and Evaluating the Audit Evidence Obtained
AU 322  253 The Auditor's Consideration of the Internal Audit Function in an Audit of Financial Statements
AU 324  263 Service Organizations
AU 325  291 Communicating Internal Control Related Matters Identified in an Audit
AU 326  317 Audit Evidence
AU 328  333 Auditing Fair Value Measurements and Disclosures
AU 329  347 Analytical Procedures
AU 330  355 The Confirmation Process
AU 331  367 Inventories
AU 332  373 Auditing Derivative Instruments, Hedging Activities, and Investments in Securities
AU 333  399 Management Representations
AU 334  419 Related Parties
AU 336  429 Using the Work of a Specialist
AU 339  487 Audit Documentation
AU 342  515 Auditing Accounting Estimates
AU 350  525 Audit Sampling
AU 552  707 Reporting on Condensed Financial Statements and Selected Financial Data
AU 558  713 Required Supplementary Information
AU 634  795 Letters for Underwriters and Certain Other Requesting Parties

TERM PAPER

Case Assigned: Auditing Cases - An Interactive Learning Approach
Authors: Beasley, Buckless, Glover, Prawitt
Publisher: Pearson - Prentice Hall Fourth Edition or Fourth Edition E

The Term Paper is considered to be an independent study to be submitted the last day of class. Students may elect to work alone or with one other student only. The term paper must be accompanied by all the members of the group indicating the contribution to the term paper of each member of the group. When addressing solutions to problems, the student should indicate the source used preferably the Statements on Auditing Standards when applicable. Please do not use a textbook as reference because they are not authoritative guidelines.
CASES ASSIGNED

Client Acceptance
1.1 Ocean Manufacturing, Inc.

Understanding the Client's Business and Assessing Risk
2.2 Dell Computer Corporation
2.4 Asher Farms Inc.

Professional and Ethical Issues
3.1 A Day in the Life of Brent Dorsey
3.3 The Anonymous Caller
3.4 WorldCom
3.5 Hollinger International

Accounting Fraud and Auditor Legal Liability
4.2 Comptronics Corporation
4.3 Cendant Corporation
4.4 Waste Management
4.5 Xerox Corporation

Internal Control over Financial Reporting
5.1 Simply Steam, Co.
5.2 Easy Clean, Co.
5.3 Red Bluff Inn & Café
5.5 Collins Harp Enterprises
5.6 Sarbox Scooter, Inc.

The Impact of Information Technology
6.1 Harley-Davidson, Inc.

Planning Materiality
7.1 Anne Taylor, Inc.

Analytical Procedures
8.1 Laramie Wire Manufacturing
8.2 Northwest Bank
8.3 Burlington Bees

Auditing Cash and Revenues
9.1 Wally's Billboard & Sign Supply
9.2 Henrico Retail, Inc.
9.3 Longeta Corporation
9.4 Bud's Big Blue Manufacturing

Planning and Performing Audit Procedures in the Revenue and Expenditure Cycles
10.1 Southeast Shoe Distributor, Inc.
10.2 Southeast Shoe Distributor, Inc.
10.3 Southeast Shoe Distributor, Inc.
10.4 Southeast Shoe Distributor, Inc.
10.5 Southeast Shoe Distributor, Inc.

Developing and Evaluating Audit Documentation
11.1 The Runners Shop

Completing the Audit, Reporting to Management, and External Reporting
12.2 Auto Parts, Inc.
12.4 Surfer Dude Duds, Inc.
12.5 Murchison Technologies, Inc.

Special Notes
A. Special Accommodations
   Students who require special accommodations must request these services at the beginning of the course as soon as they notice that they need help. Students can access the service with Professor Jose Rodriguez, Coordinator of Students with Special Needs at the Guidance and counseling office on the first floor at Metro's Student Center.
B. Plagiarism, dishonesty, fraud and any other type of manipulation or inappropriate behavior related with academic performance are unacceptable in our institution. Disciplinary actions will be taken on students found guilty of such practice as established in Chapter V, Article 1, Section B.2 of the Student’s Rules and Regulations Handbook.

Inter-American University has very strict regulations regarding plagiarism (using the ideas or words of others without giving proper credit), so it is important that you specifically read Chapter V, Article 1, Section B.2C of the Student’s Rules and Regulations Handbook. This section clearly explains what plagiarism is. In addition, it explains the types of sanctions students are exposed to when they commit it.

C. Use of Electronid Devices
   Cellular (mobile) telephones and any other electronic device that could interrupt the teaching-learning process or disrupt a milieu favorable for academic excellence will be deactivated. Critical situations will be dealt with an appropriate manner. The use of electronic devices that permit the accessing, storing or sending of data during tests or examinations is prohibited.