Eastern Illinois University  
New Course Proposal  
ACC 4700, Auditing and Assurance Services  

1. **Catalog Description**  
   a. Course Number: ACC 4700  
   b. Title: Auditing and Assurance Services  
   c. Meeting times and credit (3-0-3)  
   d. Terms to be offered: F, S  
   e. Short Title: Audit  
   f. Course Description: This is the first of two integrated courses on auditing and assurance standards and practices. This course focuses on the audit function, nature and scope of audit engagement, professional auditing standards and procedures, assessment of engagement risk, planning for audit, and analysis of internal control. No credit will be granted for students who have completed ACC 4600 or its equivalent with a grade of C or better. Students who plan to take the Uniform CPA Examination should take this course and ACC 5400.  
   g. Prerequisites: ACC 3250 and ACC 3900, each with a C or better, a declared Accounting major or Accounting minor, or permission of the Associate Chair, School of Business.  
   h. Initial Term of Course Offering: Fall, 2004  

2. **Student Learning Objectives and Evaluation**  
   a. Upon successful completion of this course, students will:  
      ▪ Obtain a solid understanding of the ethical and professional environment of audit and attestation functions;  
      ▪ Achieve a command of audit standards and procedures;  
      ▪ Understand the nature and scope of audit engagement and risk assessment;  
      ▪ Plan for audit and conducted analysis of internal control; and  
      ▪ Enhance oral and written communication skills, critical thinking and problem-solving skills.  
   b. The student’s achievement of learning objectives will be evaluated and grades will be earned on the basis of examinations, quizzes, homework assignments, group projects, written reports, and oral presentations.  
   c. N/A  
   d. N/A  
   e. This is a writing-active course which requires short papers, reports, case analysis, and other written homework assignments.  

3. **Outline of the Course**  
   I. The Audit Function  
      A. Historical Development of External Auditing  
      B. Definition of Auditing  
      C. Role of Independent Auditor  
      D. Expectations and Limitations of Auditing
II. Ethical and Professional Standards of Audit
   A. Assurance Standards and Standard-Setting Bodies
   B. Generally Accepted Auditing Standards
   C. Standards for Attestation Services
   D. AICPA Code of Professional Conduct
   E. Examples of Audit Failures

III. Nature and Scope of Audit
   A. Audit Engagements
   B. Accounting and Review Services
   C. Attestation Engagements
   D. Compliance Audits of Governmental Entities
   E. Other Assurance Services

IV. Assessing Engagement Risks and General Planning
   A. Understanding the Client
   B. Knowledge of Client’s Business
   C. Appropriateness of Engagement
   D. Engagement Responsibilities
   E. Staffing and Supervision Requirements
   F. Quality Control Considerations and Procedures
   G. Evaluation of Management’s Integrity
   H. Information Sources for Planning and Performing the Engagement

V. Audit Planning
   A. Communications with predecessor accountant or auditor
   B. Terms of engagement
   C. Engagement Letter
   D. Preliminary Analytical Procedures
   E. Overview of Financial Statements
   F. Work Papers
   G. Materiality Considerations
   H. Assessment of Inherent Risks for Error, Fraud, Illegal Acts by Client.

VI. Preliminary Procedures and Decisions
   A. Use of Other Independent Auditors
   B. Use of Specialists
   C. Internal Audit Reports and Analysis
   D. Related Parties

VII. Evidentiary Processes and Audit Objectives
   A. Electronic Records and Accounts
   B. Risks of Auditing Around EDS
   C. Special Problems due to E*Commerce
   D. Identification of Audit Objectives
VIII. Preparation of Audit Work Program  
A. Nature, Timing and Extent of Procedures to Be Applied  
B. Significant Financial Statement Balances  
C. Classes of Transactions  
D. Accounting for Estimates, Reserves, and Contingencies  
E. Required Disclosures  

IX. Analysis of Internal Control  
A. Internal Control Structure and Computerized Accounting  
B. Understanding Business Controls and Information Flows  
C. Identification of Effective Controls for the Prevention or Detection of Misstatements  
D. Documentation of Internal Control  
E. Limitations of Internal Control  
F. Performance of Tests for Internal Control and Computer Assisted Audit Techniques  
G. Assessment of Risks and Breaches of Internal Control  
H. Assessment of Management’s Report on Internal Control  

X. Examinations, quizzes, and case studies  

4. Rationale  
   a. Purpose and Need: Based on internal assessment by the accounting faculty and review and recommendations by the EIU Accounting Advisory Board, the accounting faculty determined that a major overhaul of the auditing section of the accounting curriculum is necessary. This course and ACC 5400 will replace ACC 4600. These two courses provide a significantly expanded coverage of the audit area to address the greater emphasis placed on the auditing part of professional examinations and to meet expectations of students and requirements of employers.  
   b. Justification for the Level of the Course and Prerequisites: Because of the complexity of the materials, the course should be offered at the 4000 level. This course is built on the concepts, principles, applications, and analytical and problem-solving skills learned by students in ACC 3250 and ACC 3900.  
   c. Similarity to Other Existing Courses: ACC 4550 explores some of the topics covered in this course, but from internal auditing and managerial perspectives.  
   d. Impact on Program. This is a required course in the accounting major. Students who plan to take the Uniform CPA Examination or to work in the auditing area of a public accounting firm should also ACC 5400, a sequence to this course.  

5. Implementation  
   a. Faculty Members to Whom the Course May Be Assigned: S. Laribee and R. Palmer  
   b. Additional Cost to Students: None  
   c. Textbooks and Supplementary Materials:
6. **Community College Transfer**: No credit for this course will be granted if transferred from a community college.

7. **Date Approved by the Department or School**: 12-01-03

8. **Date Approved by the College Curriculum Committee**: 12-11-03

9. **Date Approved by the CAA**: 1-22-04