New Course Proposal: ACC 5400—Advanced Auditing and Assurance Services

1. Catalog Description
   a. Course Number: ACC 5400
   b. Title: Advanced Auditing and Assurance Services
   c. Meeting times and credit (3-0-3)
   d. Terms to be offered: S
   e. Short Title: Adv Audit
   f. Course Description: This is the second of two integrated courses on auditing and assurance services. This course focuses on collection, analysis and evaluation of audit evidence, auditing procedures and tests, assessment of risks, required disclosures, reports, and case studies.
   g. Prerequisites: ACC 4700 with a grade of C or better or permission of the Coordinator, Graduate Business Studies.
   h. Initial term of course offering: Spring 2005

2. Student Learning Objectives and Evaluation
   a. Upon successful completion of this course, students will have:
      ? Obtained a solid understanding of the principles and processes used in obtaining evidence;
      ? Performed audit sampling, tests and procedures used for auditing the various accounts in the financial statements;
      ? Conducted the analytical procedures and prepared the required disclosures and reports;
      ? Applied audit standards and procedures in the sample audit of a business entity; and
      ? Enhanced oral and written communication skills, critical thinking, and problem-solving skills.
   b. The students’ achievement of the these objectives will be assessed and grades earned on the basis of activities such as examinations, quizzes, homework assignments, group projects, written reports, case analyses, oral presentations, and the preparation and presentation of a sample audit.
   c. N/A
   d. This is a graduate course.
   e. This is a writing-active course which requires frequent, brief writing activities and assignments such as short papers, case analyses, and reports.

3. Outline of the Course
   a. Obtaining Evidence to Form Basis for Conclusions 1.5
      A. Computer-Assisted Audit Techniques: Data Interrogation, Extraction, and Analysis
      B. Substantive Tests
      C. Analytical Procedures
   b. Use of Audit Sampling 2.0
      A. Audit Risks and Sampling
B. Determinants of Sample Size
C. Statistical Tests and Controls
D. Statistical Substantive Testing
E. Non-statistical Testing

III. Auditing Revenue and Expense Cycles 1.5
A. Typical Transactions
B. Controls
C. Audit Strategies and Tests

IV. Auditing Specific Accounts: Audit Objectives, Inherent Risks, Analytical Procedures, and Tests of Details 2.5
A. Cash and Cash Equivalents
B. Accounts Receivable and Related Revenue Cycle Accounts
C. Inventories and Cost of Good Sold
D. Investments in Debt and Equity Securities
E. Property, Plant, Equipment, Intangible Assets and Deferred Charges
F. Accounts Payable and Related Purchase Cycle Accounts
G. Tests for Estimates and Reserves
H. Tests of Unusual Year-End Transactions

V. Auditing Financial Statement Disclosures 2.0
A. Management’s Responsibility for and Report on Internal Control
B. Accounting Policies
C. Related Party Transactions
D. Earnings Per Share and Comprehensive Income
E. Segment Reporting
F. Disclosures on Financial Instruments
G. Disclosures on Risks, Uncertainties and Related Matters

VI. Final Analysis and Documentation 1.5
A. Evaluation of Contingencies
B. Assessing Lawyer’s Letters or Communications
C. Review of the Minutes of Board of Directors
D. Evaluation of Representations from Management
E. Identification of Reportable Conditions and Control Deficiencies
F. Standards and Procedures for Attestation Engagements

VII. Concluding the Audit Process 1.0
A. Evaluation of Sufficiency and Competence of Documents and Evidence
B. Evaluation of Freedom from Material Misstatements and Errors
C. Assessment of the Entity’s Ability to Continue as a Going Concern
D. Review of Other Information and Reports Issued as a Part of Financial Statements
E. Final Review of Audit

VIII. Issuance of Reports 1.0
A. Auditor’s Report on Financial Statements:
B. Standard Report: Organization, Wording, Meaning of Fair Presentation in Conformity with GAAP
C. Variations and Departures from Unqualified Report
D. Report on Reviewed and Compiled Financial Statements
E. Reports Required by GAS
F. Report on Internal Control
G. Report on Prospective Financial Information
H. Report on Supplementary Financial Information
I. Special Reports
J. Reports on Other Assurance Services
K. Re-issuance of Reports

IX. Required Communications with Audit Committee .5
   A. Nature and Role of Audit Committee
   B. Audit Committee Financial Expert
   C. Errors and Fraud
   D. Illegal Acts
   E. Violations or Waivers of Code of Ethics

X. Related Issues .5
   A. Subsequent Discovery of Facts Existing at the Date of Auditor’s Report
   B. Omitted Procedures
   C. Forensic Accounting

XI. Examinations, Reports and Case Analysis 1.0

b. N/A

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 4700 will replace ACC 4600. The new courses are designed to provide significantly expanded and detailed coverage of the audit area. Such extensive coverage has become necessary to address the greater emphasis on the auditing part of professional examinations as well as to meet expectations of students and needs of employers.

   b. Justification for the Level of the Course and Prerequisites: This is a graduate course in the MBA with Concentration in Accounting. The course is built on the concepts, principles and analytical tools and problem-solving skills learned by students in ACC 4700. This language will appear on the course syllabus: “A student who completes ACC 4700 with a grade of C or better may take ACC 5400 for undergraduate credit or for reserve graduate credit, but not for both. In order to take ACC 5400 for undergraduate credit, the student must meet the following requirements: (1) cumulative GPA of 2.75 or higher; (2) written permission from both the instructor of ACC 5400 and the graduate dean; (3) file
the application for taking ACC 5400 by the deadline published in the EIU Class Schedule. An undergraduate senior who wants to reserve ACC 5400 for graduate credit must meet the same requirements above and must indicate on the application form that the course is being reserved for graduate credit. More information and the application form may be found at the website http://www.eiu.edu/~graduate/studyoptions.htm.

c. Similarity to Other Courses: This course will replace ACC 5600. A lower level is recommended to permit undergraduate students to take this course in order to enhance their opportunities for employment and professional success. Also, ACC 4550 explores some of the topics covered in this course, but from an internal auditing and managerial perspective.

d. Impact on Program: This is a required course in the MBA Concentration in Accounting.

5. Implementation
a. Faculty Members to Whom the Course May Be Assigned: S. Laribee, R. Palmer
b. Additional Cost to Students: None

6. Community College Transfer: No credit granted for community college transfer of this course.

7. Date Approved by the Business Curriculum Committee: 12-1-03
8. Date Approved by the Business Graduate Committee: 12-3-03
9. Date Approved by College Curriculum Committee: 12-11-03
10. Date Approved by CGS: 2-3-04