BAKER COLLEGE
STUDENT LEARNING OUTCOMES

ACC4620 Auditing and Assurance II
3 Semester Credit Hours

Student Learning Outcomes and Enabling Objectives

1. Evaluate the professional, legal, and ethical obligations related to planning, conducting, and documenting audit engagements.
    a. Apply the ethical requirements and independence rules of the Securities and Exchange Commission and the Public Company Accounting Oversight Board to situations that could present threats to compliance during an audit.
        i. Explain the ethical requirements of the Securities and Exchange Commission and the Public Company Accounting Oversight Board.
        ii. Recognize situations that present threats to compliance with the ethical requirements of the Securities and Exchange Commission and the Public Company Accounting Oversight Board.
    b. Differentiate among business failure, audit failure, and audit risk and discuss why an inability to make these distinctions has resulted in lawsuits.
    c. Evaluate the legal liability of auditors and related defenses.
        i. Describe an accountant's liability to clients and third parties, and the related defenses.
        ii. Describe an accountant's civil liability under federal securities law and the related defenses.
        iii. Specify what constitutes criminal liability for an accountant.
    d. Apply Generally Accepted Auditing Standards (GAAS) to an audit engagement. (PCAOB Auditing Standards)

2. Analyze the professional responsibilities related to planning, conducting, and documenting an audit engagement.
    a. Integrate and apply the four phases of the audit process.
        i. Describe each of the four phases and the objectives of each.
        ii. Identify the types of tests performed in each of the phases.
        iii. Discuss the types of evidence decisions made and types of evidence gathered in each of the phases.
    b. Develop an overall strategy and operational plan for the engagement.
    c. Compare and contrast transaction-related objectives with balance-related objectives.
    d. Explain the relationship between setting engagement objectives and accumulating evidence.

   e. Explain the concept of evidence mix and how it should be varied based on circumstances.
   f. Discuss the types of evidence used in audit engagements and the decisions about evidence that are needed to create an engagement program/plan.
   g. Select the appropriate types of audit tests.

3. Implement the general principles for planning, conducting, and documenting an audit engagement.
   a. Develop an overall engagement strategy.
      i. Develop or modify a detailed engagement plan for an audit engagement based on planning inputs and constraints.
      ii. Perform analytical procedures during engagement planning.
      iii. Prepare supporting planning related materials (e.g., client assistance request listings, time budgets) for a detailed engagement plan.
   b. Prepare presentation materials and supporting schedules for use in communicating the planned scope and timing and other matters of an audit engagement to management and those charged with governance.
   c. Prepare documentation of all work performed.
   d. Prepare appropriate presentation materials for use in communicating with the company's audit committee and management.

4. Perform procedures to obtain appropriate evidence that is sufficient to meet objectives and form an opinion.
   a. Using a cycle approach, perform and document procedures relevant to each cycle.
      i. Identify the accounts and classes of transactions in the cycle.
      ii. Describe the business functions and related documents and records in the cycle.
      iii. Demonstrate an understanding of internal control.
      iv. Design and perform tests and controls and substantive tests of transactions.
      v. Determine the effects of tests of controls and substantive tests of transactions on substantive tests of details of balances.
      vi. Explain and integrate the 5 parts of the audit of the inventory and warehousing cycle.
      vii. Identify and address the primary concerns in the audit of owners' equity transactions.
   b. Use sampling techniques to extrapolate the characteristics of a population from a sample of items using probabilistic and non-probabilistic methods.
      i. Explain the concept of representative sampling.

    ii. Distinguish between statistical and non-statistical sampling and between probabilistic ad non-probabilistic sample selection.
    iii. Differentiate audit sampling for tests of details of balances and substantive tests of transactions.
c. Describe the methodology for designing tests of details of balances using the audit risk model.
d. Design and perform tests of details of balances.
    i. Apply non-statistical sampling to tests of details of balances.
    ii. Apply monetary unit sampling.
    iii. Describe variables sampling.
    iv. Use difference estimation in test of details of balances.
e. Design and perform substantive analytical procedures.
f. Analyze external confirmation responses to determine the need for follow-up or further investigation.
    i. Prepare external confirmation requests to obtain relevant and reliable evidence in an audit engagement of an issuer or non-issuer, including considerations when using electronic confirmations.
    ii. Use external confirmation requests to obtain relevant and reliable evidence in an audit engagement of an issuer or non-issuer, including considerations when using electronic confirmations.
g. Analyze management's instructions and procedures for recording and controlling the results of an entity's physical inventory counting.
h. Test management's assumptions, conclusions and adjustments related to the valuation of investments in securities and derivative instruments.

5. Perform the procedures necessary to complete the engagement.
    a. Integrate the evidence gathered and evaluate overall results.
        i. Investigate evidence that either contradicts or corroborates management explanations, expectations and other hypotheses.
        ii. Evaluate the reliability of data from which an expectation of recorded amounts or ratios is developed when performing analytical procedures.
            1. Determine the suitability of substantive analytical procedures to provide evidence to support an identified assertion.
            2. Develop an expectation of recorded amounts or ratios when performing analytical procedures and determine whether the expectation is sufficiently precise to identify a misstatement in the entity's financial statements or disclosures.
        iii. Evaluate the significance of the differences of recorded amounts from expected values when performing analytical procedures.

        iv. Analyze responses obtained during structured or informal interviews with management and others, including those in non-financial roles, and ask relevant and effective follow-up questions to understand their perspectives and motivations.
        v. Evaluate the significance of internal control deficiencies on the risk of material misstatement of financial statements in an audit of an issuer or non-issuer.
            1. Prepare a summary of corrected and uncorrected misstatements.
            2. Determine the effect of uncorrected misstatements on an entity's financial statements.
            3. Determine the effect of identified misstatements on the assessment of internal control over financial reporting.
        vi. Test whether prior-period closing balances have been correctly brought forward to the current period or restated in the audit.
        vii. Evaluate the reasonableness of significant accounting estimates.
    b. Design and perform audit tests related to presentation objectives.
    c. Conduct a review for contingent liabilities and commitments.
    d. Conduct a post-balance sheet review for subsequent events.
        i. Perform procedures to identify subsequent events that could affect an entity's financial statements or the auditor's report, including
            1. events that occur between the date of the financial statements and the date of the auditor's report and
            2. facts that become known to the auditor after the date of the auditor's report.
        ii. Determine whether identified subsequent events are appropriately reflected in an entity's financial statements and disclosures.
    e. Perform procedures related to the assessment of management's evaluation and conclusion regarding an entity's ability to continue as a going concern.

6. Prepare a draft auditor's report starting with a report example (e.g., an illustrative audit report from professional standards).
    a. Identify the factors that an auditor should consider when forming an opinion on an entity's financial statements.
    b. Identify the appropriate form and content of an auditor's report for an audit of an issuer or non-issuer's financial statements, including the appropriate use of emphasis-of- matter and other-matter (i.e., explanatory) paragraphs.
    c. Identify the type of opinion that an auditor should render on the audit of an issuer or non-issuer's financial statements, including unmodified (or unqualified), qualified, adverse or disclaimer of opinion.
    d. Identify the factors that an auditor should consider when it is necessary to

modify the audit opinion on an issuer or non-issuer’s financial statements, including when the financial statements are materially misstated and when the auditor is unable to obtain sufficient appropriate audit evidence.

These SLOs are not approved for experiential credit.

Effective: Spring 2020