I. RATIONALE:

Accountants must understand the nature and economic purpose of audit and assurance services; professional standards and conduct; legal liability; internal control; and audit planning, evidence, and working papers.

II. MAJOR INSTRUCTIONAL GOALS:

GOAL A:
The student will describe the role of the public accountant in the American economy.

Learning Outcomes: The student will:

A-1 Describe assurance services.
A-2 Identify assurance services that involve attestation.
A-3 Describe the nature of financial statement audits.
A-4 Explain why audits are demanded by society.
A-5 Contrast the various types of audits and auditors.
A-6 Discuss the effects that major professional and regulatory organizations have had on the accounting profession.

GOAL B:
The student will demonstrate an understanding of the professional standards.

Learning Outcomes: The student will:

B-1 Describe the 10 generally accepted auditing standards.
B-2 Discuss the auditors’ responsibility for detecting errors, fraud, and illegal acts.
B-3 Explain the key elements of the auditors’ standard report.
B-4 Discuss the other types of reports that issued by auditors.
B-5 Describe the attestation standards.
B-6 Describe the nature of assurance services.
B-7 Describe the quality control standards and their purposes.
B-8 Explain the status of international auditing standards.
GOAL C: The student will obtain knowledge of the professional ethics required of auditors.

Learning Outcomes: The student will:

- C-1 Describe the nature of ethics and ethical dilemmas.
- C-2 Describe the reasons that professions establish professional ethics.
- C-3 Identify two parts of the AICPA Code of Professional Conduct.
- C-4 Discuss the Principles section of the AICPA Code of Professional Conduct.
- C-5 Discuss the Rules contained in the AICPA Code of Professional Conduct.
- C-6 Explain the concept of independence and identify circumstances in which independence is impaired.
- C-7 Discuss the Institute of Internal Auditors Code of Ethics.

GOAL D: The student will demonstrate an understanding of the legal liability of auditors.

Learning Outcomes: The student will:

- D-1 Define the major legal concepts that relate to CPAs’ liability.
- D-2 Distinguish between CPAs’ liability under common law and statutory law.
- D-3 Explain the factors that must be proven by clients and third parties to be successful in actions against CPAs under common law and their defenses.
- D-5 Describe CPAs’ legal liability for accounting and review services.

GOAL E: The student will demonstrate an understanding of what constitutes evidential matter.

Learning Outcomes: The student will:

- E-1 Explain the relationship between evidence and audit risk.
- E-2 Identify and explain the components of audit risk.
- E-3 Explain the characteristics of accounts with high inherent risks.
- E-4 Distinguish between the concepts of competence and sufficiency as they apply to audit evidence.
- E-5 List and describe types of evidential matter.
- E-6 Describe the functions of audit working papers.
- E-7 Describe the types of working papers.
- E-8 Describe techniques used in performing analytical procedures.
- E-9 Describe the difference between tests of control & substantive testing.
GOAL F:
The student will plan an audit and learn how to design an audit program.

**Learning Outcomes:** The student will:

F-1 Identify the factors considered by auditors in accepting new clients.
F-2 Explain a CPA’s responsibilities when planning an audit.
F-3 Describe how an audit is affected by the auditors’ assessment of audit risk and materiality.
F-4 Explain the CPAs’ responsibilities for the assessment of the risk of material misstatement due to fraud.
F-5 Describe conditions that may indicate fraud and the auditor’s responses.
F-6 Distinguish between the systems portion of the audit program and the substantive test portion.
F-7 Describe the general objectives of audit programs for asset accounts.
F-8 Explain how the general objectives of audit programs are used to develop the specific objectives that are used to determine the audit procedures to be applied to an account.
F-9 Discuss the major steps in the audit process.

GOAL G:
The student will be able to explain internal control, the structure of internal control, and describe safeguards over assets and records.

**Learning Outcomes:** The student will:

G-1 Define what is meant by “Internal Control”.
G-2 Distinguish among the major components of a client’s internal control: the control environment, risk assessment, the accounting/communication information system, control activities, and monitoring.
G-3 Describe the auditors’ consideration of internal controls.
G-4 Discuss how auditors obtain an understanding of internal control and report the results in their working papers.
G-5 Describe the auditors’ responsibility for communicating internal control related matters.

GOAL H:
The student will demonstrate an understanding of how internal control relates to EDP activities.

**Learning Outcomes:** The student will:

H-1 Contrast the characteristics of a computer system with those of a manual system.

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H-2 Describe the segregation of duties within Information System departments.
H-3 Distinguish among general control activities, application control activities, and user control activities in a computer information system.
H-4 Explain the manner in which the auditors obtain an understanding of internal control in a computer environment.
H-5 Discuss the ways in which the auditors may test controls in a computer environment.
H-6 Describe the nature of generalized audit software programs and the ways that they are used by the auditors.

**GOAL I:**
The student will compare statistical and non-statistical sampling, test controls and perform substantive tests by audit sampling.

**Learning Outcomes:** The student will:

- I-1 Distinguish between statistical and non-statistical sampling.
- I-2 Describe the basic sampling concepts as they apply to audit sampling.
- I-3 Explain the effects of changes in various population characteristics and changes in sampling risk on required sample size.
- I-4 Evaluate sampling risk for tests of controls.
- I-5 Evaluate sampling risk for substantive tests.

**GOAL J:**
The student will explain the auditing procedures for Cash and Financial Investments.

**Learning Outcomes:** The student will:

- J-1 Describe the nature of cash and financial investments.
- J-2 Explain the nature of the cash receipts and disbursement cycles.
- J-3 Identify and explain the fundamental controls over cash receipts, cash disbursements, and financial investments.
- J-4 Discuss typical tests of controls used by the auditors to assess control risk for the financial statement assertions related to cash and financial investments.
- J-5 Describe the auditors’ objectives for the audit of cash and financial investments.
- J-6 Explain the nature of the appropriate audit procedures to accomplish the objectives for the audit of cash and financial investments.

**GOAL K:**
The student will explain the auditing procedures for Accounts Receivable, Notes Receivable, and Revenue.

**Learning Outcomes:** The student will:

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K-1 Describe the nature of receivables.
K-2 Describe the documents, records, and accounts that comprise the revenue (sales) transaction cycle.
K-3 Identify and explain the fundamental controls over receivables and revenue.
K-4 Design typical tests of controls used by auditors to assess control risk for the financial statement assertions related to receivables and revenue.
K-5 Describe the auditors’ objectives for the audit of receivables and revenue.
K-6 Explain the nature of the audit procedures used to accomplish the auditors’ objectives for the audit of receivables and revenue.

GOAL L:
The student will explain the auditing procedures for Inventories and Cost of Goods Sold.

Learning Outcomes: The student will:

L-1 Describe the nature of inventories and cost of goods sold.
L-2 Describe the documents, records, and accounts that comprise the purchases and production (conversion) cycles.
L-3 Identify and explain the fundamental controls over inventories, purchasing, and production.
L-4 Discuss typical tests of controls used by the auditors to evaluate the effectiveness of the controls over inventories and cost of goods sold.
L-5 Explain the auditors’ objectives for the audit of inventories and cost of goods sold.
L-6 Describe the nature of the audit procedures to accomplish the auditors’ objectives for the audit of inventories and cost of goods sold.

GOAL M:
The student will explain the auditing procedures for Property, Plant, and Equipment and Depreciation and Depletion.

Learning Outcomes: The student will:

M-1 Describe the nature of property, plant, and equipment, and depreciation.
M-2 Explain the fundamental controls over property, plant, and equipment.
M-3 Discuss typical tests of controls used by auditors to evaluate the effectiveness of the controls over property, plant, and equipment.
M-4 Identify the auditors’ objectives for the audit of property, plant, and equipment.
M-5 Describe the nature of appropriate substantive audit procedures to accomplish the objectives for the audit of property, plant, and equipment.
GOAL N:
The student will explain the auditing procedures for Accounts Payable and Other Liabilities.

**Learning Outcomes:** The student will:

- N-1 Describe the nature of accounts payable and other liabilities.
- N-2 Identify and explain the fundamental controls over payables.
- N-3 Discuss typical tests of controls used by auditors to evaluate the effectiveness of the controls over payables.
- N-4 Identify the auditors’ objectives for the audit of accounts payable and other liabilities.
- N-5 Describe the nature of appropriate substantive audit procedures to accomplish the objectives for the audit of accounts payable and other liabilities.

GOAL O:
The student will explain the auditing procedures for Debt and Equity Capital.

**Learning Outcomes:** The student will:

- O-1 Describe the nature of debt and equity capital.
- O-2 Identify and explain the fundamental controls over the financing cycle.
- O-3 Discuss typical tests of controls used by auditors to evaluate the effectiveness of the controls over debt and equity capital.
- O-4 Identify the auditors’ objectives for the audit of debt and equity capital.
- O-5 Describe the nature of appropriate substantive procedures to accomplish the auditors’ objectives for the audit of debt and equity capital.

GOAL P:
The student will explain the auditing procedures for Income Statement Accounts and completing the audit.

**Learning Outcomes:** The student will:

- P-1 Identify the audit objectives for revenue and expense accounts.
- P-2 Describe the nature of appropriate substantive audit procedures to accomplish the objectives of the audit of revenue and expense accounts.
- P-3 Explain the types of procedures that are necessary to complete the audit.
- P-4 Discuss the nature of the auditors’ responsibilities for loss contingencies.
- P-5 Describe the auditors’ responsibilities for the detection and evaluation of various types of subsequent events.
- P-6 Explain the steps involved in evaluating audit findings.
- P-7 Discuss the auditors’ post-audit responsibilities.

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GOAL Q:
The student will evaluate an Auditor’s Report and be able to explain the types opinions expressed on the fair presentation of financial statements.

Learning Outcomes: The student will:

Q-1 Describe the standard audit report.
Q-2 Discuss how materiality affects the consideration of the type of audit report to be issued.
Q-3 Identify the circumstances that may result in qualified opinions, adverse opinions, and disclaimer of opinion.
Q-4 Explain the circumstances that result in the addition of explanatory language to the auditors’ standard report.
Q-5 Describe the auditors’ responsibilities for reporting on comparative financial statements.

GOAL R:
The student will explain other types of auditing activities such special reports and accounting and review services.

Learning Outcomes: The student will:

R-1 Identify and describe the types of special reports that auditors issue.
R-2 Describe the auditors’ responsibilities when auditing financial statements for use in other countries.
R-3 Explain the special considerations involved in auditing personal financial statements
R-4 Describe the nature of a review of financial statements for both public and nonpublic companies.
R-5 Explain the accountants’ responsibilities when performing accounting services.
R-6 Discuss the issuance of letters for underwriters.

GOAL S:
The student will describe the purpose of internal auditing, operational auditing, and compliance auditing.

Learning Outcomes: The student will:

S-1 Distinguish among internal, operational, and compliance auditing.
S-2 Describe the functions performed by internal auditors.
S-3 Identify the standards for the professional practice of internal auditing.
S-4 Explain the nature and the purpose of an operational audit.
S-5 Distinguish among the various types of compliance audits.
S-6 Describe the auditing and reporting requirements of Government Auditing Standards and the Single Audit Act.