

University College of the Cayman Islands

ASSOCIATE DEGREE SYLLABUS

COURSE NAME: AUDITING

COURSE #: ACC 241

COURSE DESCRIPTION

This course exposes students to the principles and objectives of auditing. Topics include ethical considerations, regulatory framework, planning the audit, evaluation of accounting system, internal controls, statistical sampling and the audit report.

Credits: 3

Prerequisite: AC 121

COURSE OBJECTIVES

1. To explain the nature, purpose and scope of an audit.
2. To outline and explain the purpose of the regulatory framework within which the auditor works, including the ethical and statutory considerations.
3. To describe the audit procedures undertaken in the planning stage of an audit.
4. To explain the methods for collecting and evaluating audit evidence.
5. To discuss the nature of internal controls, the procedures required to evaluate control risk and use of compliance testing.
6. To explain the nature of audit sampling.
7. To explain the significance of management letters.
8. To review subsequent events, going concern status, management representations and the truth and fairness of financial statements.
9. To prepare an audit report and understand the form and implications of audit qualifications.

COURSE OUTLINE

- I The Nature, Purpose and Scope of an Audit**
Development of auditing, The ethical base of auditing, Notion of accountability, stewardship and agency, The auditor's responsibility for the detection and reporting of fraud.
- II – III The Regulatory Framework of Auditing**
Auditing standards, their nature, scope and development, The role of the government and the regulatory bodies, Supervision and monitoring of auditors, The role and responsibilities of bodies which set Auditing

Standards and Guidelines.

- IV - VI Fundamental Principles and Concepts**
Independence, objectivity and integrity, Confidentiality, Audit evidence and documentation, Due care, skill and competence, Audit risk, Materiality and judgement, True and fair view, Audit reporting as a communication medium, Audit planning and supervision
- VII - X Audit Evaluation and Planning**
Establishing the objectives, scope and critical aspects of an audit, Developing the audit plan to meet those objectives, The identification of sources of audit evidence and its relationship to critical audit objectives, Establishing materiality levels, statistical sampling size, Determining the areas of audit risk and the consideration of inherent risk, control risk and detection risk, Analyzing the consistency of financial and related information by substantive analysis (including analytical review), Designing, documenting and re-evaluation of the audit plan
- XI – XIII Performance of an Audit**
Determining and evaluating internal controls, Applying substantive analysis, substantive sampling and the evaluation of test results, Evaluating the quality of the audit
- XIV Reporting Framework**
Reviewing subsequent events, going concern status, Formulating an audit opinion

ASSESSMENT

Course Assignments	-	20%
Mid-Semester Examination	-	20%
Final Examination	-	60%
Total		100%

REQUIRED TEXT

The following textbook(s) will be used for this course:

1. **Millichamp**, *Auditing 7th Edition*, DPP