

Northern Marianas College
CURRICULUM ACTION REQUEST

Effective Semester / Session: Spring 2016

Type of Action:

- New
- Modification
- Move to Inactive (Stop Out)
- Cancellation

Course Alpha and Number: AC 330

Course Title: Auditing

Reason for initiating, revising, or canceling:

This course is being introduced to the business department to complete the educational requirements of a professional accountant. This course deals with the auditing theory and procedures for various reports of a small company. This course is required material for an accountant to become a Certified Public Accountant in an international Certified Public Accounting firm, or a Chief Financial Officer in a multinational company.

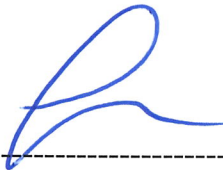

Richard Waldo

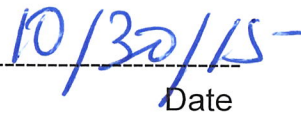


Proposer

Date

Chavel Green

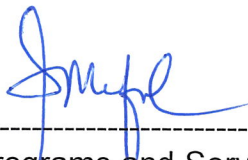




Department Chair

Date

Barbara K. Merfalen





Dean of Academic Programs and Services

Date

Northern Marianas College

Course Guide

Course: AC 330 Auditing

1. Department

Business

2. Purpose

This course is being introduced to the business department to complete the educational requirements of a professional accountant. This course deals with the auditing theory and procedures for various reports of a small to a multinational company. This course is required material for an accountant to become a Certified Public Accountant in an international Certified Public Accounting firm, or a Chief Financial Officer in a multinational company.

3. Description

This course introduces the student to auditing theory and procedures. Actual examples of audit procedures are presented as practice sets for the student. This course covers topics which are required for the preparation of an audit. Auditor's legal liability, materiality, internal control, and analytical procedures are among the topics presented.

A. Required/Recommended Textbook(s) and Related Materials

Required:

Beasley, M.; Buckless, F.; Glover, S; and Prawitt, D.; (2014)
Auditing Cases: An Interactive Learning Approach, 6th Edition;
Prentice Hall.

Readability Level: College Level

B. Contact Hours

1. **Lecture:** 3 hours per week / 45 hours per semester
2. **Lab:** None
3. **Other:** None

C. Credits

1. **Number:** 3
2. **Type:** Regular degree credits

D. Catalogue Course Description

This course introduces the student to the auditing standards and procedures used by external and internal auditors. Information technology, internal control, audit evidence, professional responsibilities and legal liabilities are also presented to the student. Fraud discovery as required by the Sarbanes-Oxley Act is also introduced to the student. Prerequisite: Must complete 60 credit hours to maintain junior level, Course in Major: AC 230; English Placement Level: EN 202. Math Placement Level: MA 161.

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(Offered: Spring).

E. Degree or Certificate Requirements Met by Course

A "C" grade or better in this course satisfies a core course requirement in Northern Marianas College Bachelor of Science in Business Management; Accounting Emphasis.

F. Course Activities and Design

Course activities include lectures, discussions, homework-assignments, tests, quizzes, financial report analysis, and a final exam.

4. Course Prerequisite(s); Concurrent Course Enrollment; Required English/Mathematics Placement Level(s)

Prerequisites: Must complete 60 credit hours to enter junior level.

Prerequisite: AC 230.

English Placement Level: EN 202

Math Placement Level: MA 161

5. Estimated Cost of Course; Instructional Resources Needed

Cost to the College: Instructor's salary.

Cost to the Student: Tuition for a 3-credit hour course and the cost of the textbook.

Instructional resources needed for this course include overhead projector, TV/VCR, videotaped programs, library books, and dry-erase board/markers.

6. Method of Evaluation

Student's grades will be based on the regular letter grade system as described below:

A: Excellent-grade points:	4.0
B: Above average-grade points:	3.0
C: Average-grade points:	2.0
D: Below average-grade points:	1.0
F: Failure-grade points:	0.0

NMC's grading and attendance policies will be followed.

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7. Course Outline

This is a topical outline and does not necessarily indicate the sequence in which the material will be presented.

- 1.0 Professional Judgment
 - 1.1 Auditing theory
 - 1.2 The art of auditing

- 2.0 Client Acceptance & Understanding the Business
 - 2.1 Evaluation of business risk
 - 2.2 Understanding the client's business environment

- 3.0 Professional and Ethical Issues
 - 3.1 Professional pressures of a staff auditor
 - 3.2 Dealing with fraud by a client

- 4.0 Fraud Giant Companies & Misstatements by Others
 - 4.1 Fraudulent activities by Enron
 - 4.2 Fraudulent activities by Arthur Andersen
 - 4.3 Misleading financial statements by other multinationals

- 5.0 Internal Control and Financial Reporting
 - 5.1 Evaluation of internal control environment
 - 5.2 Impact of internal control over financial reporting

- 6.0 Impact of Information Technology (IT) on Financial Reporting
 - 6.1 Auditing an e-commerce company
 - 6.2 Audit risk in a high IT environment

- 7.0 Planning Materiality
 - 7.1 A tolerable misstatement

- 8.0 Analytical Procedures
 - 8.1 Using analytical procedures in planning the audit
 - 8.2 Using analytical procedures in substantive tests

- 9.0 Auditing Cash, Fair Value, and Revenues
 - 9.1 The audit of Cash
 - 9.2 Auditing Revenue and related receivables
 - 9.3 Auditing expenditures
 - 9.4 The audit of fair value

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- 10.0 Documentation and Completion of the Audit
 - 10.1 Going concern question
 - 10.2 Lawyer's confirmation
 - 10.3 Obtaining the CEO and CFO's agreement with all issues in audit report

8. Instructional Goals

This course will introduce students to:

- 1.0 Concepts and procedures involved in an audit;
- 2.0 The Preparation of a Client Acceptance letter;
- 3.0 The Standards of Professional Conduct concerning an audit;
- 4.0 The Sarbanes-Oxley Act established in response to the widespread fraud;
- 5.0 The importance of the assessment of the company's internal control environment vis-à-vis the audit;
- 6.0 The importance of the presence of Information Technology in the company and its impact on auditing procedures;
- 7.0 The tolerance of immaterial errors on the financial statements;
- 8.0 Prepare segment and interim financial statements;
- 9.0 Audit procedures for cash, revenues and related receivables, and the presentation of fair value; and
- 10.0 Audit procedures required for the documentation and completion of the audit.

9. Student Learning Outcomes

Upon successful completing of this course, students will be able to:

- 1.0 Understand the concepts and procedures used in an audit;
- 2.0 Prepare a Client Acceptance Letter;
- 3.0 Understand and use the Professional Standards of Conduct in an audit;

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- 4.0 Perform an audit and be cognizant of the increased responsibility of fraud discovery due to the enactment of the Sarbanes-Oxley Act;
- 5.0 Understand and perform the audit procedures involved in a comprehensive review of Internal Control and how the results of the Internal Control Review influence the fairness of the financial statements;
- 6.0 Understand the Information Technology and its impact on the preparation of financial statements;
- 7.0 Understand and use the concept of materiality as it applies to the fairness of the financial statements;
- 8.0 Prepare and review the segment and interim financial statements;
- 9.0 Perform the audit procedures involved in the audit of cash, revenues and related receivables, and fair value; and
- 10.0 Prepare the required documentation required for the completion of the audit.

10. **Assessment Measures**

Assessment of student learning may include, but not be limited to the following:

- 1.0 Quizzes and exams;
- 2.0 Homework;
- 3.0 Research assignments;
- 4.0 Class participation; and
- 5.0 Oral presentation.