

# Minnesota State University Moorhead

## ACCT 461: Audit II

### A. COURSE DESCRIPTION

Credits: 3

Lecture Hours/Week: 3

Lab Hours/Week: 0

OJT Hours/Week: \*.\*

Prerequisites:

This course requires the following prerequisite  
ACCT 460 - Audit I

Corequisites: None

MnTC Goals: None

Coverage includes the concepts of testing balances, auditing by cycles, audit sampling and applications, and compilation and review engagements. There will be additional coverage of generally accepted auditing standards, audit reports, quality control, fraud detection audit objectives and procedures, management assertions, audit planning, analytical review, risk analysis, internal control evaluation, and tests of controls. The course will include an integrated audit case.

**B. COURSE EFFECTIVE DATES:** 04/14/2003 - Present

### C. OUTLINE OF MAJOR CONTENT AREAS

1. Sampling.
2. Audit planning.
3. Revenue cycle.
4. Purchasing cycle.
5. Human resource management.
6. Inventory management.
7. Capital assets.
8. Long-term debt and stockholders equity.
9. Cash transactions.
10. Completion of the audit.
11. Assurance services.

#### **D. LEARNING OUTCOMES (General)**

1. Explain how the financial statement assertions relate to audit objectives.
2. Use information given in the Big Moo audit case to make an overall assessment of audit risk; make materiality decisions for various accounts.
3. Use analytical procedures to identify potential areas of risk regarding specific accounts.
4. State the reasons for having an engagement letter and list the essential elements of an engagement letter.
5. List seven control objectives of the expenditure cycle; document the flow of transactions in the expenditure cycle using a flowchart.
6. Test controls in the purchasing function and conclude as to the effectiveness of the controls.
7. Audit a bank reconciliation following steps outlined in the audit program.
8. Perform a price test for inventory.
9. Audit PP&E following steps outlined in the audit program.
10. Discuss the purpose of the accounts payable confirmation procedure.
11. List some procedures for a search for unrecorded liabilities.
12. Discuss the purpose of the accounts receivable confirmation procedure.
13. Audit accounts payable; long-term debt and related accounts; accounts receivable and related accounts. Document procedures and conclude as to fairness of presentation for these accounts.
14. Thoroughly document audit procedures, use cross-referencing, and write conclusions in the audit work papers.

#### **E. Minnesota Transfer Curriculum Goal Area(s) and Competencies**

None

#### **F. LEARNER OUTCOMES ASSESSMENT**

As noted on course syllabus

#### **G. SPECIAL INFORMATION**

None noted