

**Northern Marianas College**  
**CURRICULUM ACTION REQUEST**

**Effective Semester / Session:** Spring 2021

**Type of Action:**

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

**Course Alpha and Number:** AC330

**Course Title:** Auditing

**Reason for initiating, revising, or canceling:**

This course is being updated to reflect the updated textbook for this course.

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Larfisa Larson

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Proposer Date

  
Velma Deleon Guerrero 4/9/2021

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Interim Director, School of Business Date

  
Adam Walsh 04.08.21

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Language & Format Review Specialist Date

Ajani Burrell  4.8.21

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Academic Council Chair Date

  
Charlotte Cepeda 4/12/2021

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Dean of Learning & Student Success Date

# Northern Marianas College Course Guide

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Course: AC330 Auditing

## 1. Department

School of Business

## 2. Purpose

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

## 3. Description

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

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

Required:

Johnstone, K., Gramling, A., & Rittenberg, L. (2019). Auditing: A Risk-Based Approach. *Cengage*.

Recommended: N/A

### B. Contact Hours

1. **Lecture:** 3 per week / 45 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 students 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. Fraud discovery as required by the Sarbanes-Oxley Act is also introduced to students. Prerequisite: Must complete 60-credit hours to maintain junior level. English Placement Level: EN202. Math Placement Level: MA161. (Offered: Fall).

**E. Degree or Certificate Requirements Met by Course**

A "C" grade or better in this course satisfies a core course requirement at Northern Marianas College Bachelor of Science in Business Management Accounting Concentration. This course can also be used as an elective for the Bachelor of Science in Business Management.

**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**

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

Concurrent Course Enrollment: N/A

**Required English/Mathematics Proficiency Level(s)**

English Placement Level: EN202

Mathematics Placement Level: MA161

**5. Estimated Cost of Course; Instructional Resources Needed**

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

Cost to the College: Instructor's salary

Instructional resources needed for this course include: multi-media system, whiteboard and dry-erase markers.

**6. Method of Evaluation**

Student learning will be evaluated based on quizzes and exams, homework, research assignments, and an oral presentation. 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 Introduction to Taxation
  - 1.1 Auditing theory
  - 1.2 The art of auditing
  
- 2.0 Client Acceptance and Understanding the Business
  - 2.1 Evaluation of business risk
  - 2.2 Understanding the client's business environment
  
- 3.0 Profession and Ethical Issues
  - 3.1 Professional pressures of a staff auditor
  - 3.2 Dealing with fraud by a client
  
- 4.0 Fraud Giant Companies and 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 an audit
  - 8.2 Using analytical procedures in substantive tests
  
- 9.0 Auditing Cash, Fair Value, and Revenues
  - 9.1 Audit of cash
  - 9.2 Auditing revenue and related receivables
  - 9.3 Auditing expenditures
  - 9.4 Audit of fair value

10.0 Documentation and Completion of an Audit

10.1 Going concern questions

10.2 Lawyer's confirmation

10.3 Obtaining CEO and CFO agreements with all issues in an audit report

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**8. Instructional Goals**

The course will introduce students to:

- 1.0 Concepts and procedures involved in an audit;
- 2.0 Preparation of a client acceptance letter;
- 3.0 Standards of professional conduct concerning an audit;
- 4.0 Sarbanes-Oxley Act established in response to widespread fraud;
- 5.0 Importance of assessing a company's internal control environment vis-à-vis the audit;
- 6.0 Importance of Information Technology in a company and its impact on auditing procedures;
- 7.0 Tolerance of immaterial errors on financial statements;
- 8.0 Prepare segment and interim financial statements;
- 9.0 Audit procedures for cash, revenues, related receivables, and the presentation of fair values; and
- 10.0 Audit procedures required for documentation and completion of an audit.

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**9. Student Learning Outcomes**

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

**10. Assessment Measures of Student Learning Outcomes**

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; and
- 4.0 Oral Presentation.

