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Course Information

Course Title: *How to Conduct an Audit Engagement* #373124

Number of continuing education credit hours recommended for this course:

In accordance with the standards of the National Registry of CPE Sponsors CPE credits have been granted based on a 50-minute hour.

CPA: 17 (Accepted in all states)

National Registry of CPE Sponsors ID Number: 107615.

Sponsor numbers for states requiring sponsor registration

Florida Division of Certified Public Accountancy: 0004761 (Ethics #0011467)

Hawaii Board of Accountancy: 14003

New York State Board of Accountancy (for ethics): 002146

Ohio State Board of Accountancy: CPE.51 PSR

Pennsylvania Board of Accountancy: PX178025

Texas State Board of Accountancy: 009349

Course Description

The auditor needs to conduct audits as efficiently and thoroughly as possible. In *How to Conduct an Audit Engagement*, we describe every aspect of an audit engagement, including the engagement letter, audit planning, audit sampling, audit evidence, fraud considerations, audit documentation, auditor reports, and much more. Throughout, there is an emphasis on the practical aspects of auditing. This course is derived in part from the *Statements on Auditing Standards*.

Course Content

Publication/Revision date: 8/23/2022.

Author: Steven M. Bragg, CPA.

Final exam (online): Eighty-five Questions (multiple-choice).

Program Delivery Method: NASBA QAS Self-Study (interactive)

Subject Codes/Field of Study

NASBA (CPA): Auditing

Course Level, Prerequisites, and Advance Preparation Requirements

Program level: Overview

Prerequisites: None.

Advance Preparation: None

Instructions for Taking This Course

- Log in to your secure account at www.bhfe.com. Go to "My Account."
- You must complete this course within one year of purchase (If the course is "Expired," contact us and we will add the latest edition of the course to your account (no charge).
- **To retain the course-PDF after completion (for future reference) and to enable enhanced navigation:** From "My Account," Download and save the course-PDF to your computer. This will enable the search function (Menu: Edit>Find) and bookmarks (icon on left side of document window).
- **Complete the course by** following the learning objectives listed for the course, studying the text, and, if included, studying the review questions at the end of each major section (or at the end of the course).
- **Once you have completed studying the course** and you are confident that the learning objectives have been met, answer the final exam questions (online).

Instructions for Taking the Online Exam

- Log in to your secure account at www.bhfe.com. Go to "My Account."
- A passing grade of at least **70%** is required on the exam for this course.
- You will have three attempts to pass the exam (call or email us after three unsuccessful attempts for instructions).
- The exam is not timed, and it does not need to be completed in one session.
- For a printed copy of the exam questions, open the exam and press "Print Exam."
- Once you pass the exam, the results (correct/incorrect answers) and certificate of completion appear in "My Account." A confirmation email is also sent.
- CFP Board and IRS credit hours, if applicable, are reported on Tuesdays and at the end of the month.

Have a question? Call us at 800-588-7039 or email us at contact@bhfe.com.

Learning Objectives

Learning Objectives:

- Recognize the situations in which engagement risk increases.
- Identify the situations in which an auditor could be charged with negligence.
- Specify how to reduce audit risk to an acceptably low level.
- Define a material misstatement.
- Identify detection risk reduction strategies.
- Specify how to determine when an audit objective has been achieved.
- Recognize the different planning documents used in an audit.
- Recognize the activities involved in gaining an understanding of the client.
- Identify the circumstances under which a client's accounting policies are a particular concern.
- Identify the circumstances under which the auditor might use a client's internal audit function.
- Specify the different types of risk assessment procedures.
- Describe the use of prior audit information by the auditor.
- Recognize the different types of risks of material misstatement.
- Specify the indicators of risks of material misstatement.
- Recognize the various types of benchmarks that could be used as a materiality threshold.
- Identify the types of service auditor reports on the effectiveness of a service organization's controls.
- Identify the contents of and best practices for an engagement letter.
- Specify how tests of controls can reduce the need for substantive procedures.
- Specify the uses to which computer assisted audit techniques can be put.
- Identify the characteristics of nonstatistical sampling.
- Recognize the components of audit risk.
- Specify the nature of attribute sampling.
- Describe how to use a sampling unit to maximize sampling efficiency.
- Specify the nature of the tolerable rate of deviation.
- Recognize how sequential sampling works.
- Cite the proper documentation for tests of controls.
- Identify the various indicators of fraud.
- Specify the situations in which a misstatement should not be extended to an entire population.
- Recognize the various alternative sources of audit evidence.
- Describe the nature of the relevance and reliability concepts.
- Identify the audit procedures pertaining to the audit of cash.
- Specify the audit procedures pertaining to the audit of investments.
- Recognize the audit procedures pertaining to the audit of receivables.
- Identify the audit procedures pertaining to the audit of inventory.
- Identify the audit procedures pertaining to the audit of fixed assets.
- Specify the audit procedures pertaining to the audit of liabilities.
- Recognize the phrases used by attorneys to indicate the outcomes of lawsuits.

- Specify the audit procedures pertaining to the audit of equity.
- Identify the situations in which negative and positive confirmations should be used.
- Recognize the situations in which analytical procedures should be used.
- Recognize the issues that can impact the precision of an analytical procedure.
- Identify the precision levels of the various types of audit testing.
- Identify the probable causes of unexpected variances.
- Describe the situations in which an accounting estimate may have high estimation uncertainty.
- Identify the components of the fraud triangle.
- Specify who is responsible for fraud prevention and detection.
- Recognize the pressures for a client to falsify its financial statements.
- Describe the appropriate staffing for an engagement where the presence of fraud is suspected.
- Identify the characteristics of fraudulent journal entries.
- Specify the signs that a document has been altered.
- Specify who should sign off on the written representations document.
- Define the unique characteristics of the liquidation basis of accounting.
- Identify the types of laws or regulations that could impact a client's financial statements.
- Recognize the procedures that may be used by a client to ensure its compliance with laws and regulations.
- Recognize how one might identify which components are significant at the group level of a group audit.
- Cite the circumstances under which there could be a risk of material misstatement in a group audit.
- Specify the situations in which an auditor may elect to use the work of a specialist.
- Recognize which documents should be included in audit working papers.
- List the auditor's objectives in relation to subsequent events.
- Identify the indicators of a related party relationship.
- Recognize the characteristics of an arm's length transaction.
- Recognize the various elements of independence for the auditor.
- Cite the different types of financial interest that an auditor may have in a client.
- Identify the circumstances under which an employment arrangement could impact an auditor's independence.
- Recognize the issues for an auditor when accepting a gift from a client.
- Specify the different types of audit opinions.
- Identify the situations in which it may be difficult to identify those charged with governance of a client.
- Identify the different designations for control weaknesses and deficiencies.
- Recognize the situations in which an engagement team relies on a system of quality control in the conduct of an audit.

About the Author

Steven Bragg, CPA, has been the chief financial officer or controller of four companies, as well as a consulting manager at Ernst & Young. He received a master's degree in finance from Bentley College, an MBA from Babson College, and a Bachelor's degree in Economics from the University of Maine. He has been a two-time president of the Colorado Mountain Club, and is an avid alpine skier, mountain biker, and certified master diver. Mr. Bragg resides in Centennial, Colorado. He has written more than 250 books and courses, including *New Controller Guidebook*, *GAAP Guidebook*, and *Payroll Management*.

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