South Central College

ACCT 2847  Fraud, Auditing and Internal Controls

Course Outcome Summary

Course Information

Description
In this course students will learn about occupational fraud, basic auditing techniques and evaluation of internal controls. Covered topics include how and why fraud is committed, fraud detection, establishing and evaluating internal controls, and using internal auditing techniques to verify account balances. (Prerequisite: ACCT 1810)

Total Credits 4
Total Hours 64

Types of Instruction

Instruction Type Credits/Hours
Lecture 4/64

Pre/Corequisites

ACCT 1810

Institutional Core Competencies

Critical and Creative Thinking - Students will be able to demonstrate purposeful thinking with the goal of using a creative process for developing and building upon ideas and/or the goal of using a critical process for the analyzing and evaluating of ideas.

Course Competencies

1. Conceptualize the nature of fraud
   Learning Objectives
   Define fraud
   Classify frauds into various types
   Depict the differences between criminal and civil fraud laws and how they relate to fraud
   Acquaint self with the types of fraud-fighting careers available today

2. Determine who commits fraud
   Learning Objectives
   Identify who commits fraud
   Determine why people commit fraud
   Describe the fraud triangle
Identify controls that prevent and/or detect fraudulent behavior
Identify non-control factors that provide opportunities for fraud

3. **Describe how entities fight fraud**

   **Learning Objectives**
   - Determine the importance of fraud prevention
   - Identify the importance of early fraud detection
   - Distinguish between different approaches to fraud investigation

4. **Analyze fraud prevention techniques**

   **Learning Objectives**
   - Create a culture of honesty, openness, and assistance
   - Describe a system of good internal controls
   - Illustrate collusion between employees and outside parties
   - Describe the pros and cons of an employee hotline

5. **Recognize the symptoms of fraud**

   **Learning Objectives**
   - Describe how symptoms help in the detection of fraud
   - Identify and understand accounting fraud
   - Identify internal controls that help detect fraud
   - Identify and understand analytical systems of fraud
   - Explain how changes in lifestyle help detect fraud
   - Explain how behavioral symptoms help detect fraud
   - Recognize the importance of tips and complaints as fraud symptoms

6. **Describe financial statement fraud**

   **Learning Objectives**
   - Discuss the role that financial statements play in capital markets
   - Describe the nature of financial statement fraud
   - Acquaint self with financial statement fraud statistics
   - Outline the framework for detecting financial statement fraud
   - Identify financial statement fraud exposures.
   - Explain how information regarding a company's management and directors, nature of organization, operating characteristics, relationships with others, and financial results can help assess the likelihood of financial statement fraud.

7. **Investigate fraud against organizations**

   **Learning Objectives**
   - Determine the various ways in which corrupt employees, vendors, and customers steal assets.
   - Recognize how cash is stolen through larceny, skimming, and fraudulent disbursement.
   - Define the nature of thefts of inventory and other assets
   - Recognize the nature of bribery

8. **Apply internal controls over financial reporting**

   **Learning Objectives**
   - Discuss internal controls as an integral part of an organization's corporate governance and risk management processes and its effect on the financial statement audit
   - Articulate the underlying principles of an effective control environment
   - Integrate an understanding of computer based controls, including general computer and applications control to the evaluation of internal controls over financial reporting

9. **Perform an integrated audit**

   **Learning Objectives**
   - Describe the steps in performing an integrated audit
   - Identify the potential outcomes concerning the results of control testing and their implications for subsequent substantive tests of account balances
   - Discuss the factors that managers should consider in assessing control weakness, including distinguishing between a significant deficiency and a material weakness
Apply the decision analysis and ethical decision-making frameworks to situations involving an audit

10. **Characterize audit evidence**

   Learning Objectives
   - Identify the basic sources of audit evidence
   - Describe the assertions contained in financial statements
   - Explain the nature and purpose of audit programs
   - Discuss the issues surrounding auditing management’s estimates

11. **Acquire an understanding of tools used to gather audit evidence**

   Learning Objectives
   - Describe the tools used by auditors to gather and evaluate audit evidence
   - Explain the risks associated with sampling procedures and the nature of inferences required of all audit procedures
   - Describe how to use monetary unit sampling (MU) to test account balances
   - Describe how to use general audit software to analyze data, including sampling data

12. **Audit revenue and related accounts**

   Learning Objectives
   - Describe the approach an auditor would take to perform an integrated audit of the revenue cycle
   - Describe how to use preliminary analytical procedures to identify possible misstatements in the revenue cycle
   - Apply audit procedures for the revenue cycle

13. **Audit the payment cycle and inventory**

   Learning Objectives
   - Describe the approach an auditor would take to perform an integrated audit of the payment cycle
   - Describe the approach an auditor would take to perform an integrated audit of inventory
   - Explain the complexities inherent in auditing inventory and cost of goods sold
   - Describe the typical internal controls over inventory and cost of goods sold
   - Apply audit procedures for the payment cycle and inventory

14. **Audit cash and other liquid assets**

   Learning Objectives
   - Describe the approach an auditor would take to perform an integrated audit on cash and other liquid assets
   - Describe why cash is an inherently risky asset and identify risks related to cash
   - Articulate how auditors gain an understanding of internal controls over cash and other liquid assets and identify controls typically present in these accounts
   - Apply audit procedures for cash and other liquid assets

15. **Audit long lived assets, long term liabilities and equity**

   Learning Objectives
   - Describe the approach an auditor would take to perform an integrated audit on long-lived assets
   - Describe the approach an auditor would take to perform an integrated audit on long-term liabilities
   - Describe the approach an auditor would take to perform an integrated audit on equity
   - Identify risks to reliable financial reporting in the long-lived asset cycle and explain how management manages earnings through fixed-asset accounts
   - Discuss the risks associated with lease accounting and the audit approach for leases
   - Apply audit procedures for long lived assets, long term liabilities and equity

**SCC Accessibility Statement**

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Additional information and forms can be found at:  [www.southcentral.edu/disability](http://www.southcentral.edu/disability)
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