

CONTENT

		Page
1.	The Role of the Auditor in the American Economy	1
	What Is the Attest Function?	2
	Financial Statement Audits	4
	The Public Accounting Profession	13
2.	Professional Standards	32
	Generally Accepted Auditing Standards (GAAS)	33
	The Auditors' Responsibility for Detecting Misstatements	37
	The Auditors' Report	39
	The Attestation Standards	45
	Quality Control in CPA Firms	47
	International Accounting and Auditing Standards	50
3.	Professional Ethics	61
	The Nature of Ethics	62
	The Need for professional Ethics	66
	The AICPA Code of Professional Conduct	68
	Section I – Principles	69
	Section II – Rules	70
	Ethics for Internal Auditors	86
4.	Legal Liability of Auditors	97
	Auditors' Liability to Their Clients under Common Law	101
	Auditors' Common Law Liability to Third Parties	103
	Liability to Third Parties under Statutory Law	106
5.	Audit Evidence	128
	The Relationship of Audit Risk to Evidence	129
	Audit Evidence	133
	Audit Procedures	141
6.	Planning the Audit; Designing Audit Programs	162
	Client Acceptance	163
	Obtaining the Engagement	165
	Audit Planning	167
	Designing Audit Programs	183
	Audit Process	191
	Appendix 6A : Selected Internet Addresses	205
	Appendix 6B : Illustrative Audit Case	205
7.	Internal Control	216
	The Meaning of Internal Control	217
	The Control Environment	219
	Risk Assessment	224
	The Accounting Information and Communication System	225
	Control Activities	225
	Monitoring	229
	Limitations of Internal Control	229
	The Auditors' Consideration of Internal Control	230
8.	Consideration of Internal Control in a Computer Environment	260
	Nature of computer Systems	261
	Internal Control in a Computer Environment	266
	The Auditors' Consideration of Internal Control in a Computer Environment	277

	Substantive Testing with Computers	286
	Computer Service Centers and Outsourced Computer Processing	287
9.	Audit Sampling	299
	Comparison of Statistical and Nonstatistical Sampling	300
	Audit Sampling for Tests of Controls	307
	Attributes Sampling	308
	Audit Sampling for Substantive Tests	320
	Classical Variables Sampling	321
	Nonstatistical Sampling for Substantive Tests	330
	Appendix 9A : Probability-Proportional-to-Size (PPS) Sampling	343
	Appendix 9B : Audit Risk	349
10.	Audit Working Papers ; Examination of the General Records	355
	What are Audit Working Papers?	356
	Examination of the General Records	368
11.	Cash and Marketable Securities	391
	Cash	392
	Audit Program for cash	403
	Marketable Securities	417
	Audit program for Securities	420
12.	Accounts Receivable, Notes Receivable, and Sales Transactions	436
	Receivables	437
	Audit Program for Receivables and Sales Transactions	445
	Appendix 12A Illustrative Audit Case : Keystone Computers & Networks, Inc	480
	Appendix 12B Illustrative Audit Case : Keystone Computers & Networks, Inc,	495
13.	Inventories and Cost of Goods Sold	499
	Audit Program for Inventories and Cost of Goods Sold	508
14.	Property, Plant, and Equipment : Depreciation and Depletion	540
	Audit Program for Property, Plant, and Equipment	545
	Depreciation	554
15.	Accounts Payable and Other Liabilities	567
	Accounts Payable	568
	Audit Program	571
	Other Liabilities	585
	Appendix 15A Illustrative Audit Case : Keystone Computers & Networks, Inc.	599
16.	Debt and Equity Capital	603
	Interest-Bearing Debt	604
	Audit Program for interest-Bearing Debt	606
	Equity Capital	614
	Audit Program – Capital Stock	617
	Retained Earnings and Deividends	620
	Audit of Sole Proprietorships and Partnerships	622
17.	Auditing Operations and Completing the Audit	633
	Auditing Operations	634
	Revenue	635
	Expenses	636
	The Audit of Payroll	638
	Completing the Audit	645
	Evaluating Audit Findings	655
	Post-Audit Responsibilities	660
18.	Auditors' Reports	674
	Expression of an Opinion	678

19.	Other Attestation and Accounting Services	710
	The Attestation Function	712
	Attestation Engagements – Historical Financial Information	713
	Attestation Engagements – Other Information	727
	Accounting Services	732
	Summary of Reporting	736
20.	Internal, Operational, and Compliance Auditing	749
	Internal Auditing	750
	Operational Auditing	756
	Compliance Auditing	759
	Index	781