

Messier/Glover/Prawitt:

In the wake of corporate scandals, significant changes have occurred and will continue to evolve within the auditing profession.

The 4th edition of *Auditing & Assurance Services: A Systematic Approach* has been revised to respond to this changing environment. Chapter concepts and topics acknowledge past fraudulent events and fully integrate material on Sarbanes/Oxley, the PCAOB, and the Audit of Internal Control over Financial Reporting.

Among all of this change, the 4th edition of *Auditing & Assurance Services* holds true to its fundamental values:

Student Engagement. The authors believe students are best served by understanding the basic concepts that underlie the audit process and how to apply those concepts to various audit and assurance services. The primary purpose for an auditing text is to facilitate student learning, and this text is written accordingly. The text is intended to be accessible to students through straightforward writing and through the use of engaging, relevant real-world examples, illustrations, and analogies. Additionally, the case for EarthWear Clothiers, a mail-order retailer, has been updated and integrated throughout the book and Online Learning Center.

A Systematic Approach. The text continues to take a systematic approach to the audit process by first introducing the three underlying concepts: audit risk, materiality, and evidence. These concepts are then applied to each major business process and related account balances using a risk-based approach. The text has been revised to include the risk assessment process proposed by the Auditing Standards Board and adopted by the International Auditing and Assurance Standards Board. The assessment of control risk is then described, followed by discussion of the nature, timing, and extent of evidence necessary to reach the appropriate level of detection risk.

Decision Making. In covering these important concepts and their applications, the book focuses on critical judgments and decision-making processes followed by auditors. Much of auditing practice involves the application of auditor judgment. If a student understands these basic concepts and how to apply them to an audit engagement, he or she will be more effective in today's dynamic audit environment.

Current in Times of Change

Times of Change

EarthWear Case.

The EarthWear Clothiers integrated case is based on a real-world company and is used to demonstrate important auditing concepts throughout the book. The company's 2005 Annual Report is bound into the book following Chapter 1, where the case is introduced. A home page for the company contains extensive information on EarthWear, and a home page for the company's auditors, Willis & Adams, CPAs, contains extensive audit-related information (mhhe.com/messier4e). The website will contain an assignment that allows students to perform risk analysis for EarthWear, including assessment of the five internal control components. Additionally, numerous problems and Internet assignments related to EarthWear are found throughout the text.

Expanded Student Supplement Package.

NEW! *ACL*TM audit software is packaged with every new copy of the 4th edition. Basic *ACL* assignments are found on the text Online Learning Center (mhhe.com/messier4e) for each chapter of the text. These assignments will allow students to test controls, perform audit sampling, and conduct other analysis. Some chapters will lend themselves better to *ACL*, depending on content, but every chapter will offer at least 1–2 assignments.

NEW! The Study Guide/Casebook, developed by Helen Roybark of Radford University, consists of two parts: Section I includes a detailed case study entitled "Townsend Office Supplies and Equipment, Inc.," and Section II includes a unit for each chapter in the textbook. Each chapter unit in Section II includes a chapter summary, true/false questions, multiple-choice questions, short essay questions, a crossword puzzle to test terminology, and a case activity for Townsend, Inc. Solutions are included.

Problem Material.

The end-of-chapter materials contain review questions, multiple-choice questions from CPA examinations, problems, Internet assignments, and discussion cases.

- Review questions allow students to quickly test their knowledge of the learning objectives for each chapter and provide a basis for meaningful in-class discussion.
- Multiple-choice questions provide a sound basis for testing understanding of the chapter material.
- Problems are drawn from the CPA and CIA examinations and require relatively in-depth application of chapter material.
- Internet assignments involve solving problems related to the EarthWear case and accessing various types of accounting and industry information online.
- Discussion cases are based on real-world examples and require the student to research solutions using various information sources.
- *ACL* *ACL* assignments are located on the text Online Learning Center (mhhe.com/messier4e).

What's NEW about 4e?

Chapter 1:

- Provides an overview of the recent events that are powerfully reshaping the profession.
- A new introduction to auditing and auditors allows students to develop an intuitive understanding of the demand for assurance and the characteristics of audits and auditors.
- The overview of the audit process and of fundamental auditing concepts (audit risk, materiality, and evidence) has been moved from Chapter 2 to Chapter 1 to give immediacy to the central focus of the text and to pique student interest.
- The chapter uses plain language, clear illustrations, and intuitive analogies to make a compelling case for auditing as a dynamic, challenging, and valuable service to society.

Chapter 2:

- Restructured to help students understand the context in which financial statement auditing takes place.
- Provides a high-level model of business (including governance, objectives, strategy, business processes, transactions, risk management, and control) as the primary context for the financial statement audit.
- Explains the responsibilities, standards, and key organizations affecting the auditor's work environment.
- Offers an overview of the various types of assurance services and assurance providers in the broader world of auditors and auditing.
- Gives an overview of the new CPA Exam.

Chapter 3:

- The chapter has been revised to present the risk assessment process before introducing the discussion of materiality.

- The discussion of the auditor's risk assessment process has been substantially revised based on standards proposed by the ASB and adopted by the IAASB.
- Expanded coverage of fraud.
- The description for establishing and evaluating materiality has been revised to better reflect current audit practice and to be clearer to students.
- New real world cases (Tyco and Nortel) included to illustrate concepts.

Chapter 4:

- Chapter 4 has been revised in accordance with the new standard on audit evidence proposed by the ASB and adopted by the IAASB.
- The chapter presents the new categories for management assertions and types of audit evidence.
- Expanded coverage of audit documentation requirements by the PCAOB.
- For simplicity and to better reflect current practice, rather than elaborate on both "assertions" and "audit objectives," the text now focuses only on assertions.

Chapter 5:

- The discussion of the audit planning process has been revised and updated.
- The discussion of analytical procedures has been substantially revised to better reflect current audit practice.
- To help students better understand the various testing methods, we introduce two conceptual aids: the "Audit Testing Hierarchy" and "Assurance Buckets."

Chapter 6:

- Updated for recent changes in internal controls.
- Presents a base for assessing internal control for financial statement audits and audits of internal control over financial reporting.

Chapter 7:

- This is a new chapter containing a detailed presentation of audits of internal control over financial reporting based on the PCAOB's Auditing Standard No. 2.

Chapter 8:

- Before getting into the statistical terms and technical concepts, we now illustrate the fundamental concepts of sampling in a nontechnical, intuitive, and interactive manner using straightforward illustrations and analogies.
- The discussion of attributes sampling has been simplified and updated to better reflect current practice.

Chapter 9:

- The discussion of monetary unit sampling has been simplified and updated to better reflect practice.
- Classical variables sampling now begins with a review of the theory of sampling distributions.

Chapters 10–16:

- The business process chapters (cycles) have been updated to reflect the changes made in Chapters 3–5 for the auditor's risk assessment process, management assertions, and types of evidence.

- Several new real world cases have been inserted to illustrate concepts.

Chapter 17:

- Added completion procedures and communications associated with an audit of internal controls over financial reporting.
- New working paper with archiving and retention requirements outlined.

Chapter 18:

- Updated to include reports for an integrated audit and the audit of internal controls over financial reporting.

Chapter 19:

- Clarified discussion of fundamental ethical and moral theories.
- Updated to reflect new independence rules imposed by the SEC and PCAOB after the Sarbanes-Oxley Act of 2002.
- Reorganized presentation for enhanced clarity.

Chapter 20:

- New Advanced Module provides an in-depth look at an actual trial where auditors are convicted on fraud charges.
- Some of the historical cases are now covered on the book's website (mhhe.com/messier4e).
- General updating to reflect new auditor liability cases (e.g., Andersen and Enron) as well as the new requirements and liability under Sarbanes Oxley.

Chapter 21:

- New section on internal auditing and the Institute of Internal Auditors.

Supplements

For Instructors...

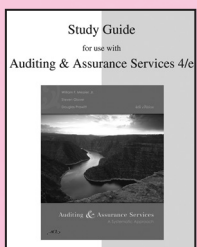
Instructor's Resource CD-ROM (ISBN 0072946245): Contains all essential course supplements including:

- Solutions Manual, revised by William F. Messier, Jr., Steven M. Glover, and Douglas F. Prawitt
- Instructor's Manual, revised by Jane Kapral of Boston University
- Test Bank Word files, revised by Mark Taylor of Creighton University
- Computerized Test Bank by Brownstone
- PowerPoint Presentations, prepared by Jon A. Booker, Charles W. Caldwell, and Susan C. Galbreath



Online Learning Center (OLC): mhhe.com/messier4e

The Instructor Edition of the Auditing & Assurance Services, 4e OLC is password-protected and another convenient place for instructors to access essential course supplements. Additional resources include: Links to Professional Resources, Sample Syllabi, Text Updates, and Solutions to *ACL* assignments.



For Students...

Study Guide/Casebook for use with Auditing & Assurance Services: A Systematic Approach, 4e (ISBN 0073024899): developed by Helen Roybark of Radford University. New to the 4th edition, this companion resource offers students the opportunity to practice chapter material, reinforce key terms, and complete activities relating to the case study, "Townsend Office Supplies and Equipment, Inc."

Online Learning Center (OLC): mhhe.com/messier4e



The Student Edition of the Auditing & Assurance Services, 4e OLC contains tools designed to enhance students' learning experience: Chapter Learning Objectives, Relevant Accounting and Auditing Pronouncements by Chapter, Multiple-Choice Quizzes, Key Term Flash Cards, PowerPoint Presentations, Auditing Web Links, and text updates. Should the instructor choose to integrate *ACL* into his or her course, assignment material, which requires students to use the software issued for free with their text, is located on the OLC. The home pages for EarthWear Clothiers and Willis & Adams, CPAs are also located here.

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We have received extensive feedback from users and nonusers of the 3rd edition. Our market research includes surveys and in-depth reviews; the valuable feedback provided by these processes helped us develop and enhance the 4th edition text. Thank you to the following colleagues for their invaluable advice:

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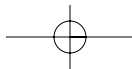
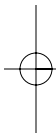
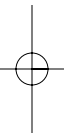
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