

Updates and New Features

Auditing & Assurance Services Second International Edition

Eilifsen, Messier, Glover, and Prawitt

Don't ask your students to invest their time studying obsolete material! The Eilifsen, Messier, Glover, and Prawitt text and complete learning and teaching package provide the most up-to-date coverage available for you and your auditing students.

The new clarified ISAs are easier to understand, clearer and consistent. Readers will experience that the standards naturally blend in with the conceptual and systematic approach in the book. This synergy substantially enhances the understanding of the basic concepts that underlie the audit process and the application of the standards.

All chapters include the following important enhancements:

- Full integration of the clarified ISAs and the clarified ISQC
- Discussion of the revised and more stringent Code of Ethics for Professional Accountants
- Updated for reference to the current EU regulations and recommendations
- 'Stop and Think' and 'Test your Intuition' phrases to encourage students to more fully internalize key concepts
- New 'Practice Insight' boxes provide students with engaging snippets of auditing in real life to help them understand the practical nature of the subject
- Increased coverage of corporate governance, auditor's legal liability, the impact of the global credit crunch on auditors, auditing of accounting estimates, and auditing of group financial statements
- Improved and many new end-of-chapter questions and problems
- User-focused, user-friendly improvements
 - Enhanced focus on key concepts
 - Coherent and systematic use of conventions and terminology in line with IAASB
 - Clarifying meaning of technical business and accounting jargon
 - Updated and improved Tables, Exhibits and Figures
 - Updated and new easy-to-understand examples
 - Improved linkage between chapter content and end-of-chapter material
- All chapters revised for enhanced clarity and brevity

Here is a more detailed list of the changes made in the second edition to improve each chapter:

Chapter 1 *An Introduction to Assurance and Financial Statement Auditing*

- Increased emphasis on enhancing students' motivation to learn auditing and stimulation of students' curiosity and creativity
- Decreased emphasis on a broader set of assurance services to sharpen focus on introduction to financial statement auditing
- Overall audit process model modified by deleting the 'establish materiality and assess risks' step. This is now treated as part of the 'planning the audit' component
- The presentation of the major phases of the audit now includes an overview of auditors' reporting and the nature of an audit report with an unmodified opinion
- Updated Annual Report EarthWear Clothier

Chapter 2 *The Financial Statement Auditing Environment*

- Substantially reorganized the chapter to enhance the presentation by more logically going from the broader environment in which financial statement audits take place (regulation, legal liability, international organizations, IFAC, IAASB, ISAs, society's expectation and auditor's responsibilities, professional ethics and independence, audit firms and their services, and types of auditors) to the context in which an audit is performed (the audit *client's* economic environment, industry, business, corporate governance, objectives, strategies, business processes, controls, transactions, and management assertions in the financial statements)
- Shortened and simplified to enhance focus on key concepts by eliminating or shortening discussion of non-central detail
- Increased emphasis on presentation of IFAC, IAASB and the clarified ISAs
- Updated to reflect changes in the auditing environment
- New sections on auditors' legal liability and client's corporate governance

Chapter 3 *Risk Assessment and Materiality*, and Chapter 4 *Audit Evidence and Audit Documentation*

- Improved integration with the IAASB risk assessment standards
- Simplified discussion of fraud and the fraud risk assessments
- Materiality judgements discussion fully in line with the new materiality standards
- New *Advanced Module*: Auditing of Accounting Estimates, including Fair Value Accounting Estimates

Chapter 5 *Audit Planning and Types of Audit Tests*

- Improved integration with the IAASB risk assessment standards
- More detailed discussion on the use of auditor's experts
- New *Advanced Module*: Special Considerations in the Audit of Group Financial Statements

Chapter 6 *Internal Control in a Financial Statement Audit*

- Substantially reorganized to present the auditing of internal control with enhanced clarity
- Improved integration with the IAASB risk assessment standards
- Updated for the new ISA on auditors' communication of deficiencies in internal control
- Included *Advanced Module*: Computer-Assisted Auditing Techniques

Chapter 7 *Auditing Internal Control over Financial Reporting*

- Updated for the most recent PCAOB requirements, including PCAOB risk assessment standards
- Substantially revised to present material more concisely

Chapter 8 *Audit Sampling: An Overview and Application to Tests of Controls*

- Improved readability by integrating the example on attribute-sampling application in the text when each of the steps of attribute-sampling is discussed
- Added more guidance and a table on ‘small population sample sizes’ for controls that occur infrequently (e.g. quarterly, monthly, weekly)

Chapter 9 *Audit Sampling: An Application to Substantive Tests of Account Balances*

- Simplified discussion and related computation for manually evaluating monetary-unit sample results

Chapter 10 *Auditing the Revenue Process*, Chapter 11 *Auditing the Purchasing Process*

- Revised for enhanced clarity and brevity

Chapter 12 *Auditing the Human Resource Management Process*

- Added coverage of auditing third-party providers of payroll and HR processes
- Updated discussion of scandals related to options backdating

Chapter 13 *Auditing the Inventory Management Process*

- Added discussion of inventory observation ‘cycle counts’
- New in-chapter practice problem on analytical procedures and inventory turnover

Chapter 14 *Auditing the Financing/Investing Process: Prepaid Expenses; Intangible Assets and Goodwill; and Plant, Property, and Equipment*

- Clearer reference to international accounting standards
- Increased emphasis on auditing of fair value accounting estimates
- New in-chapter practice problem relating to prepaid insurance
- Updated examples of recent large impairment losses

Chapter 15 *Auditing the Financing/Investing Process: Long-Term Liabilities, Stockholders’ Equity, and Income Statement Accounts*

- Added discussion of AIG derivatives scandal and housing meltdown

Chapter 16 *Auditing the Financing/Investing Process: Cash and Investments*

- Added discussion of the inherent risk associated with investments

Chapter 17 *Completing the Audit Engagement*

- Revised for greater conciseness and clarity, enhanced focus on key concepts
- Several enhanced explanations and examples to illustrate key concepts in chapter
- Revised to concisely reflect clarified ISA 560 *Subsequent Events*

Chapter 18 *Reports on Audited Financial Statements*

- Substantial updated for all developments in the set of clarified and new IAASB reporting standards, including update of the numerous examples of reporting

Chapter 19 *Professional Ethics, Independence and Quality Control*

- Chapter shortened and simplified to enhance focus on key professional ethics concepts by eliminating or shortening discussion of non-central detail, e.g. discussion of the developmental stages of moral reasoning, detailed tables of rules, etc., thereby enhancing the chapter's focus on essential content
- Updated and simplified discussion of the (revised) *Code of Ethics for Professional Accountant*, including the discussion of restrictions on the provision of non-assurance services to audit clients
- Updated the discussion of quality control, including clarified ISQC, and quality assurance programmes for recent developments

Chapter 20 *Assurance, Related Services and Internal Auditing*

- Updated and more stringent discussion of standards relating to assurance engagements
- Extended coverage of assurance on sustainability reporting
- More real-world examples of assurance reports
- Deleted the section on AICPA Web Trust services
- Updated internal auditing standards to reflect IIA's recent major revision

Supporting Website

Revised and updated PowerPoint slides, instructors' manuals and solutions to questions and problems.