



Auditing & Assurance Services: A Systematic Approach, 11th ed.

Messier, Glover, and Prawitt

Hardcover / 2019©

ISBN: 9781259969447 / 1259969444

Changes to the 11th Edition:

A XX page Audit Data Analytics Appendix. This Appendix provides an overview of the confluence of events that has brought practice to its current state. It then goes into detailed discuss of the 5-step process of performing audit data analytics as proposed by the AICPA's Audit Data Analytics Guide. The Appendix also has detailed examples of how audit data analytics can be used in risk assessment and as substantive tests. Connect online also has new content that provides students with links to other web-based resources to help them learn and expand their analytics skills into new areas beyond the scope of the text. Given the importance of audit data analytics in practice, this Appendix will help instructors and students stay up-to-date on the latest trends.

In addition to the Appendix, the text now incorporates **audit data analytics throughout** in the form of examples, practice insights, and exhibits.

The **introduction of Tableau**, a market-leading visualization tool. Connect online has new audit data analytics problems in Tableau related to the majority of the textbook's chapters. Solution files and guides are also available online for instructors.

Updated IDEA content and questions.

Updated and streamlined discussion of audit assertions throughout the text.

Chapter 1 introduces **technology in the audit**, Chapter 2 presents a more **streamlined view of general**

audit standards, Chapter 10 reflects the **new revenue accounting standard**, Chapter 14 reflects the **new lease accounting standard**, and Chapter 18 reflects the **new PCAOB audit report with critical audit matters**.

Updated practice insights throughout the text that help students stay current.

Earthwear financial statements now reflect **new lease standards**.

Chapter by Chapter Changes

Chapter 1

- Introduction to the emerging audit technologies that are changing the financial statement audit in exciting ways, including audit data analytics, and a preview of the new audit data analytics material and resources that will be incorporated into the book and online.
- New, easier-to-understand framework of management assertions, which uses the two categories of balance- and transaction-related assertions, by incorporating the previous third category of presentation and disclosure-related assertions into the assertions relating to balances and transactions. The new framework is based on new ASB standards but is logically consistent with PCAOB, AICPA, and IAASB standards.
- Incorporates new PCAOB audit report format, which places the opinion first, includes a “Basis for Opinion” section, and addresses Critical Audit Matters (CAMs).

Chapter 2

- Updated coverage of recent changes to the format and nature of the CPA exam, including that the CPA exam now focuses on four separate skill levels to combine the knowledge and tasks required in the context of the work of a newly licensed CPA—remembering and understanding, application, analysis, and evaluation.
- Updated discussion of the role of risk in the business model presented in the chapter to be consistent with COSO’s new Enterprise Risk Management Framework.
- Introduction to and explanation of the PCAOB’s codification of Auditing Standards.
- Simpler, more streamlined focus on the AICPA’s *Principles Underlying an Audit of Financial Statements* allowed by the PCAOB’s rescinding of the “10 Generally Accepted Auditing Standards.”

Chapter 3

- New and updated practice insights and exhibits
- Updated discussion of client acceptance
- Updated discussion of consideration of laws and regulations

Chapter 4

- New and updated practice insights and exhibits
- Early incorporation of data analytics when discussing types of audit procedures

Chapter 5

- New organization and discussion of audit assertions, especially in reference to presentation and disclosure
- Discussion of audit data analytics in conjunction with substantive analytical procedures both in the body of the chapter and in Advanced Module 1
- Revised end-of-chapter questions

Chapter 6

- New and updated practice insights and exhibits
- Updated discussion of the IT environment in Advanced Module 1
- Updates to flowcharting techniques in Advanced Module 2

Chapter 7

- New and updated practice insights and exhibits
- Revised audit report on ICFR based on new PCAOB auditing standard
- Updated discussion of Service Organizations in Advanced Module 1
- Updated discussion of Computer-Assisted Auditing Techniques in Advanced Module 2 to incorporate audit data analytics and reference the new Appendix.
- Revised end-of-chapter questions

Chapter 8 and 9

- Considers how audit data analytics will affect auditors' use of sampling
- New references to academic research on the use of sampling
- Updated screenshots from new version of IDEA
- Clarification of existing examples

Chapter 10

- Integration of new revenue standard throughout the chapter, including a high-level overview of the standard itself
- New and updated practice insights and exhibits
- Revised end-of-chapter questions

Chapter 11

- New and updated practice insights and exhibits
- Updates to module on auditing the tax provision based on the effect of new tax laws

Chapter 12

- Updated terminology to reflect changes in HR practices
- New and updated practice insights and exhibits
- New references to academic research on stock option compensation
- Revised end-of-chapter questions

Chapter 13

- New and updated practice insights and exhibits

Chapter 14

- Updated discussion of impairment testing
- New and updated practice insights and exhibits
- Incorporation of new lease standards, including PP&E lead schedule and roll-forward disclosing new “right-to-use” operating lease assets

Chapter 15

- New discussion on how new lease standards affect debt ratios and the potential impact on debt covenants
- New discussion on changes in practice regarding detail testing of revenue
- Revised end-of-chapter questions

Chapter 16

- Reference to U.S. and international standard setting activities regarding the audit of fair value measures
- New and updated practice insights and exhibits

Chapter 17

- New references to Audit Data Analytics in the context of how they can be used in finalizing the audit.
- Added emphasis on the role of auditee policies and procedures over their accounting for such things as contingencies, commitments, and subsequent events as part of their internal control over financial reporting.
- Incorporation of FASB accounting standard relating to the requirement for companies to evaluate their own going-concern status and new AICPA ASB auditing standard guiding auditors in assessing the entity’s going-concern self-assessment and in making an independent assessment.

Chapter 18

- Updated to reflect new audit reporting standards, with focus on PCAOB audit report, including coverage of CAMs (Critical Audit Matters)
- Examples of ASB audit reports will be available online and in Connect
- Changed focus from audit reporting for non-public companies to audit reporting for public companies, with explanation of key differences
- Clearer, more understandable coverage of audit reporting when comparability issues arise due to changes in accounting principles, changes in accounting estimates, etc.

Chapter 19

- Increased emphasis on the importance of reputation for financial statement auditors, earned through integrity and reliability
- Minor updates and clarifications throughout the chapter

Chapter 20

- Updated for recent legal cases and research on litigation involving auditors.

Chapter 21

- Updated to reflect “clarified” AICPA Attestation and Accounting and Review standards
- Updated and expanded coverage of “System and Organization Controls” (formerly “Service Organization Controls”) for SOC 2, SOC 3, and SOC for Cybersecurity attestation engagements
- Replacement of now obsolete WebTrust and PrimePlus assurance services with expanded coverage of SOC 2 and SOC 3 attestation engagements, including illustrative SOC 2 examination report, based on updated AICPA Trust Services Criteria (in chapter appendix)
- Elimination of comparison between now obsolete “10 GAAS” and corresponding high-level Attestation Standards
- Updated and clarified coverage of attestation engagements relating to financial forecasts and projections
- Updated to reflect newly revised IIA *International Standards for the Professional Practice of Internal Auditing*