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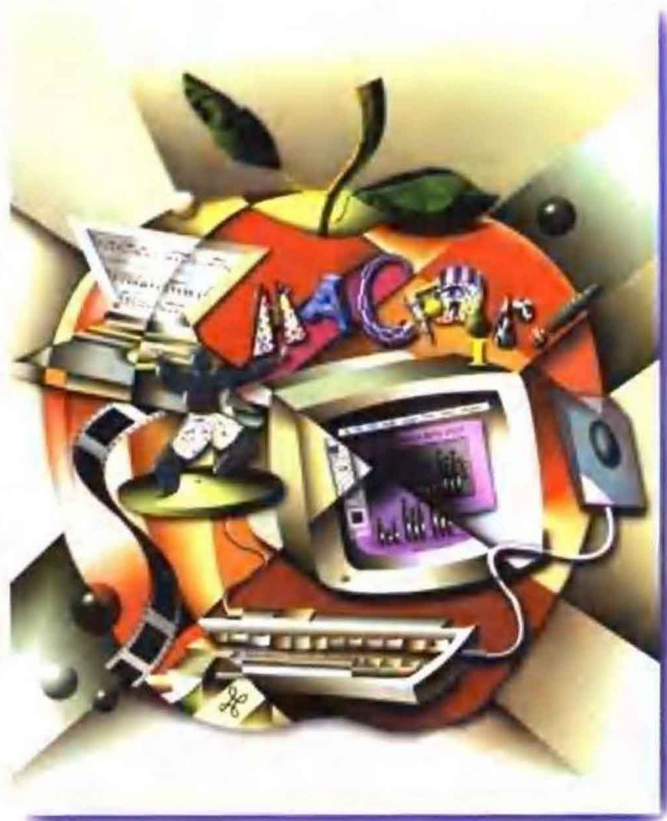
英文版

财务与会计系列

# 审计学：教程与案例

AUDITING TEXT & CASES

W. ROBERT KNECHEL



世界财经与管理教材大系



东北财经大学出版社

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财务与会计系列·英文版

# 审计学：教程与案例

**Auditing: Text & Cases**

W. 罗伯特·克涅科 著

*W. Robert Knechel*

东北财经大学出版社

### 图书在版编目 (CIP) 数据

审计学：教程与案例：英文 / (美) 克涅科 (Knechel, W.R.) 著 .—大连：东北财经大学出版社，1998.3

(世界财经与管理教材大系·财务与会计系列)

ISBN 7 - 81044 - 382 - 8

I . 审… II . 克… III . 审计学 - 英文 IV . F239.0

中国版本图书馆 CIP 数据核字 (98) 第 05806 号

辽宁省版权局著作权合同登记号：图字 06 - 1998 - 60 号

W.Robert Knechel: Auditing: Text & Cases

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东北财经大学出版社出版

(大连市黑石礁尖山街 217 号 邮政编码 116025)

东北财经大学出版社发行

北京万国电脑图文有限公司制版 东北财经大学印刷厂印刷

开本：787×1092 毫米 1/16 字数：1 054 千字 印张：42.25 插页：2

1998 年 4 月第 1 版

1998 年 4 月第 1 次印刷

策划编辑：方红星

封面设计：韩 波

定价：68.00 元

ISBN 7 - 81044 - 382 - 8/F·1067

## 出版者的话

但凡成事，均缘于势。得势则事成，失势则事不顺。顺势而行，如顺水行舟；借势而动，如假梯登高；造势而为，如太空揽月。治学、从政、经商、置业，均不可一日失势。势者，长处、趋势也。

今日中国，是开放的中国；当今世界，是开放的世界。改革开放，大势所趋，势不可挡。经济开放、文化开放、政治开放，世界需要一个开放的中国，中国更要融入开放的世界。借鉴国际惯例，学习他人之长，已经到了不可不为之时。

借鉴国际惯例，学习他人之长，已属老生常谈，但学什么、如何学、以何为蓝本为众多志士仁人所关注。可喜的是，由赤诚图文信息有限公司精心策划，ITP、McGraw-Hill 及 Simon & Schuster 等国际出版公司特别授权，东北财经大学出版社荣誉出版的“世界财经与管理教材大系”现已隆重面世！她以“紧扣三个面向，精选五大系列，奉献百部名著，造就亿万英才”的博大胸襟和恢弘气势，囊括经济学、管理学、财务与会计学、市场营销学、商务与法律等财经、管理类主干学科，并根据大学教育、研究生教育、工商管理硕士（MBA）和经理人员培训项目（ETP）等不同层次的需要，相应遴选了具有针对性的教材，可谓体系完整，蔚为大观。所选图书多为哈佛、斯坦福、麻省理工、伦敦商学院、埃维商学院等世界一流名校的顶尖教授、权威学者的经典之作，在西方发达国家备受推崇，被广为采用，经久不衰，大有“洛阳纸贵”之势。

借鉴国际惯例，毕竟只是因势而动；推出国粹精品，才是造势而为。在借鉴与学习的同时，更重要的是弘扬民族精神，创建民族文化。“民族的，才是国际的”。我们提倡学他人之长，但更希望立自己之势。

势缘何物，势乃人为。识人、用人、育人、成人，乃人本之真谛。育人才、成能人，则可造大势。育人、成人之根本在教育，教育之要件在教材，教材之基础在出版。换言之，人本之基础在书本。

凡事均需讲效益，所谓成事，亦即有效。高效可造宏基，无效难以为继，此乃事物发展之规律。基于此，我们崇尚出好书、出人才、出效益！

东北财经大学出版社

1998年4月

*DEDICATION*

**This book is lovingly dedicated to my family,  
my wife Anna and my daughters Abigail and Martina.**

# Preface

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## AUDITING: A PROFESSION IN TRANSITION

The accounting profession has entered a period of rapid and extensive change and accountants are struggling to formulate a strategy for coping with the economic forces confronting the profession in the 1990s and beyond. The nature of information available to investors, and the rate at which new information influences investment decisions, has created new challenges for accountants and auditors who must meet the expectations of information producers and users. The threat of litigation and pressure from clients to minimize fee increases is causing many accounting firms to seriously rethink and reengineer how they plan and perform the audit and how they deliver their services to their clients. At the same time, accountants are investing in technology and skills that allow them to expand the set of services available to the client. One indication of this trend is the increased emphasis on specialization by focusing on industry issues and/or consulting skills. Information technology is impacting every facet of the practice of accounting and auditing as evidenced by a trend to paperless audits, the use of Internet communications and utilization of large databases.

One area where these forces are most potent and immediate is in the area of internal control. With the publication of *Internal Control: Integrated Framework* by the Committee of Sponsoring Organizations (COSO) of the Treadway Committee, accountants have acknowledged that they must be alert to the nature of internal control in all facets of a client's organization, not simply as it relates to the reliability of financial information. Issues of efficiency, effectiveness and compliance with laws and regulations must be adequately considered in designing and evaluating internal control within an organization. Uncontrolled business risks that confront an organization have a potential impact on the audit, even if the connection between the risk and the financial statements is indirect or delayed. Auditors can no longer close their eyes to issues of control and hide behind the idea that they are performing "substantive" audits.

The planning and execution of an audit is changing quickly. Risk assessment has become the driving force behind the way an audit is conducted. Auditors are being forced to more directly address the issue of fraud and the acceptability of clients is now closely examined. Controls are obviously critical to preventing and detecting fraud. Furthermore, the emphasis on controls and technology is causing the auditor to look more seriously at the internal controls that relate to audit planning. Voluminous, routine transactions tend to be processed accurately when appropriate information technology is in place and subject to good controls. By recognizing this fact in audit planning, the auditor can redirect his or her resources to risky areas that are nonroutine, uncommon and subjective. This perspective has led to a reduction in the tests of transactions and tests of account details performed by auditors. On the other hand, the use of analytical and computer-assisted procedures have increased because auditors have recognized the power of such tests at the same time that the technology for performing such tests has improved.

This book was written with many of these forces in mind. A textbook has the potential to influence the way that the next generation of professionals think about their responsibilities and abilities; it should not be limited to reciting current practice. It is hoped that the topics and structure of this book will strike an effective balance among the “why it is so” of auditing theory, the “how it is done” of current auditing practice and the “what’s next” of the profession’s future.

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## UNIQUE FEATURES

This book has numerous unique features:

**Comprehensive but streamlined coverage of the audit process:** A primary feature of this book is that it provides comprehensive coverage of the audit process, including some topics that are not well developed in most other textbooks, while remaining relatively short. This is accomplished by emphasizing the conceptual and judgmental nature of the audit process and minimizing the presentation of minutia that tends to obscure the essence of the process. Nevertheless, all key concepts and aspects of the audit are presented with realistic and practical illustrations.

**Emphasis on auditing as a judgment process:** The audit process is presented as a complex judgment and decision process, rather than a standards-driven mechanical process. The foundation for the audit process is presented in Chapter 2, where the key elements (assertions, objectives, procedures and evidence) and concepts (risk, materiality and evidence) are presented and illustrated. In virtually every chapter, key decisions are presented conditional on factors that must be evaluated using professional judgment. Chapter 13 develops the issues of professional judgment in greater detail by presenting auditing as a decision process subject to a set of individual (personal ethics), institutional (code of conduct) and economic constraints (legal liability).

**Emphasis on understanding the client’s operations and risks:** An effective audit requires a thorough understanding of the client’s operations and the industry in which it operates. This perspective is mentioned in all textbooks but other texts rarely provide guidance on how such an understanding should be obtained. Chapter 4 presents an in-depth, structured approach for identifying the critical processes and risks within the client’s organization that may have an impact on audit planning. This approach is based on models of strategic planning that have been adapted to the concerns of the auditor and provide an excellent foundation for understanding the forces that affect the client. Also, Chapter 3 discusses understanding the client in the context of engagement acceptance.

**Heavy emphasis on the role of internal control:** Auditors are becoming more sensitive to the need for good internal control in all organizations, as well as the impact of internal control on good audit planning. This is partially due to the nature of many unfortunate audit failures that have occurred in the past. This book adopts the broad approach to internal control that is embodied in the COSO report and has been accepted as part of the professional standards of

auditing (Statement on Auditing Standards No. 78). Broad-based discussions of internal control appear throughout the book. Controls used by management to increase the effectiveness and efficiency of the organization are discussed in Chapter 4 as part of understanding the client's operations. Process controls related to transaction flows are discussed in Chapter 5. Furthermore, internal controls are presented and discussed in the context of audit planning for each segment of the audit (Chapters 8 through 10).

**In-depth discussion of analytical procedures:** The approach to audit planning and evidence gathering presented in this book presumes that auditors will utilize analytical procedures as a significant source of audit evidence whenever possible. Chapter 6 is devoted to preliminary analytical procedures that are used for risk assessment prior to audit planning. This chapter presents a comprehensive and in-depth illustration of how an auditor can use such procedures to identify risk areas in the audit. Substantive analytical procedures are also discussed in each audit segment (Chapters 8, 9 and 10).

**Integration of information technology in the discussion of client processes:** There are very few organizations that do not rely to some extent on information technology. The distinction between "manual" and "computer" systems is becoming meaningless and artificial as organizations adopt information technology throughout their processes. One of the presumptions underlying the audit process as presented in this book is that the auditor must be comfortable in a wide range of technology environments, ranging from simple desktop systems to fully integrated mainframe systems. The attributes and concepts of auditing apply to the entire range of information systems. This book does not make an explicit distinction between manual systems and computer-based systems. This perspective is reflected in the numerous examples of transaction processing and internal controls presented throughout the text which intermingle manual and computer-based activities.

**Integration of audit research results where appropriate:** The results from various lines of auditing research have been integrated into the text where appropriate. All chapters include a list of suggested readings of appropriate academic articles. Of particular interest is the discussion of bankruptcy prediction models in Chapter 11 and auditor judgment research in Chapter 13. Appreciation of this material does not require a research background, however.

**Introduction of expanded assurance services:** Many accounting firms are working to expand their revenue base by offering assurance services that go beyond the traditional audit of financial statements. Attestation in general may provide many such opportunities. The expansion of such services and the general characteristics that make attestation feasible are the specific topics of Chapter 14.

**Integration of original cases:** Since this book emphasizes auditing as a judgment and decision process, numerous complex cases have been provided that cover virtually all of the major topics in the book. These cases are designed to be integrative, often simultaneously drawing on material presented in different chapters. The instructor's manual cross-references each case to the appropriate chapters and provides many suggestions on how the cases may be used effectively. Unlike many auditing cases that are currently available, these cases do



not emphasize audit failures but focus on specific decisions within the audit process. Many of the cases include facsimile workpapers for the student to evaluate.

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## ORGANIZATION

The organization of this book is based on the logical flow of the audit process and has four main sections:

- An overview of the conceptual structure of the audit process
- Risk assessment in the audit process
- Evidence gathering and evaluation
- Special topics

Chapters 1 and 2 present the conceptual structure of the audit process and highlight the logical approach to audit planning, evidence gathering and evidence evaluation that is the foundation for any attest engagement. These chapters introduce the significant elements of the audit process: assertions, objectives, audit procedures and audit evidence. They also define and illustrate the three key concepts of audit judgment that influence all auditor decisions: risk, materiality and evidence.

Chapters 3 through 7 cover the risk assessment procedures of the audit, culminating with the audit plan for gathering substantive evidence. Specifically, Chapter 3 discusses the auditor's responsibilities, evaluation of prospective clients and preliminary risk assessment procedures. Chapter 4 illustrates techniques for obtaining an understanding of the client's industry and operations and, in conjunction with Chapter 5, addresses the critical issue of evaluating internal control. The discussion of internal control incorporates the COSO perspective. An appendix to Chapter 5 discusses the relationship of information technology to internal control in detail. Chapter 6 introduces analytical techniques for assessing risks. An appendix to this chapter introduces the use of regression modeling as an analytical audit technique. Finally, Chapter 7 discusses how to integrate the auditor's understanding of risk and materiality so as to prepare an audit plan for obtaining substantive evidence.

Chapters 8 through 11 cover the substantive portion of the audit, ending with a discussion of evidence evaluation and the auditor's reporting requirements. Each major area of the client is discussed in a separate chapter: revenue processes (Chapter 8), resource acquisition processes (Chapter 9) and inventory and financing processes (Chapter 10). Chapter 11 discusses wrapping up the audit and reporting the results to interested parties. An appendix to Chapter 11 discusses the auditor's evaluation of going concern issues in detail, including predictive modeling approaches.

The final section of the book covers a number of topics in greater depth. In Chapter 12, we discuss the use of statistical methods for evaluating audit evidence including sampling for tests of controls (attribute sampling), sampling for tests of account details (dollar unit sampling) and judgmental sampling. Chapter 13 reexamines the issue of auditing as a judgment process. This chapter presents the audit process as a sequence of judgments and decisions subject to constraints imposed by personal ethics, the professional code of conduct and responsibilities

imposed by the legal system. The final chapter, Chapter 14, addresses the expansion of attestation services to other areas beyond the traditional audit of financial statements.

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## ACKNOWLEDGMENTS

For a project of the size and scope of this book to be successful, many people must lend their assistance and support. I have been extremely fortunate in having such support from a broad range of individuals, both professionally and personally.

First, I would like to express my gratitude to the many people who have helped me refine my thinking about the practice of auditing. These include Frank Marrs, Timothy Bell, Michael Flynn, Gavin Tipper and Samuel Fogleman of the accounting firm of KPMG Peat Marwick. It was through my experiences with the firm that many of the ideas expressed in this book first began to be formulated. My academic peers who have commented on my ideas and presentation are even more numerous, starting with my auditing colleagues at the University of Florida, William Messier, Stephen Asare and Karl Hackenbrack, and continuing across the country: William Felix (University of Arizona), Ira Solomon (University of Illinois), Urton Anderson (University of Texas), Karen Pincus (University of Arkansas), Hugh Hoyt (Miami University), Al Arens (Michigan State University), William Kinney (University of Texas), Jeff Payne (University of Mississippi), Bob May (University of Texas) and Michael Baurber (University of Georgia). Of course, the reactions of a number of generations of auditing students at the University of Florida were instrumental in guiding my presentation of various topics, especially Huber Cooney who provided substantial creative assistance.

Second, I would also like to thank the many individuals who reviewed portions of this text: Jane F. Mutchler (The Pennsylvania State University), William N. Dilla (University of Missouri–St. Louis), Ceil M. Pillsbury (University of Wisconsin–Milwaukee), Peggy D. Dwyer (Southern Illinois University), Marcia S. Niles (University of Idaho), Jay M. Smith (Emeritus, Brigham Young University), Robert D. Allen (University of Utah), Richard S. Rand (Tennessee Technological University), Laura R. Ingraham (California State University–San Marcos), Joseph V. Carcello (University of Tennessee), Douglas F. Prawitt (Brigham Young University) and Richard G. Brody (Central Connecticut State University).

Third, a number of people at South-Western College Publishing have provided valuable assistance and support, particularly Dave Shaut and Marci Dechter.

Finally, I would like to express my deepest appreciation to the people in my life who have shown infinite patience during the many years that this book was a work in process. My friends have politely listened as I tried out new ideas and approaches on them and wrestled with the inevitable challenges of constructing an integrated, comprehensive, logical and rational approach. To all, I offer a heartfelt sense of appreciation and gratitude.

Even more important, however, are the members of my family who have tolerated my distraction, absence and moods while this manuscript was being

formulated. To my family, all I can say is thank you for the support and affection that made it all possible.

---

## ABOUT THE AUTHOR

W. Robert Knechel is the Ernst and Young LLP Professor of Accounting in the Fisher School of Accounting at the University of Florida. Professor Knechel holds a B.B.A. from the University of Delaware and a Ph.D. from the University of North Carolina at Chapel Hill. He has served as the resident auditing research fellow at KPMG Peat Marwick LLP. He holds a CPA in the state of Florida and is an active member of the American Institute of CPAs, the Florida Institute of CPAs and the Institute of Internal Auditors.

Professor Knechel has served as the Chairman of the Auditing Section of the American Accounting Association and was responsible for initiating the Biannual Auditing Education Conference and the Auditing Section Mid-Year Meeting. He also served as the Director of Education for the Auditing Section.

Professor Knechel has written extensively on auditing issues in research and education for over 15 years, having published over 30 articles during that time in respected academic journals. He has actively pursued the development of case materials for auditing classes. He has also made presentations on auditing research, practice and education at numerous forums in the United States, Australia and Europe. Most recently, Professor Knechel has revised the *Excellence in Audit Education* program sponsored by Coopers & Lybrand LLP.

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