

# Look Beneath the Surface . . .

As auditors, we are trained to investigate beyond appearances to determine the underlying facts—in other words, to *look beneath the surface*. The recent financial crisis has made this skill even more crucial to the business community. As a result of this recent crisis and of the financial statement accounting scandals that occurred at the turn of the century, understanding the auditor’s responsibility related to fraud, maintaining a clear perspective, probing for details, and understanding the big picture are indispensable to effective auditing. The author team of Louwers, Ramsay, Sinason, Strawser, and Thibodeau has dedicated years of experience in the auditing field to this new edition of *Auditing & Assurance Services*, supplying the necessary investigative tools for future auditors.

## Cutting-Edge Coverage

The sixth edition of *Auditing & Assurance Services* is the most up-to-date auditing text on the market. The book has fully integrated the Clarified Statements on Auditing Standards. In addition, all chapters and modules in the sixth edition have been revised to incorporate the eight standards (AS 8–AS 16) adopted by the PCAOB that relate to the auditor’s assessment of and response to risk in a financial statement audit and that include guidance related to audit planning, supervision, materiality, and communication with audit committees. **All chapters and modules have also been revised to incorporate the latest updates from the international standards of auditing (ISAs) and the Auditing Standards Board (ASB).** In fact, each chapter now begins with a list of the AU/ISA sections that are covered from the Codification of Statements on Auditing Standards published by the AICPA. Fraud awareness, a thorough understanding of internal controls, and the ability to use technology effectively are the hallmarks of a successful auditor in the post-Sarbanes-Oxley auditing environment. With *Auditing & Assurance Services*, sixth edition, students are prepared to take on auditing’s latest challenges.

## Engage Your Students

An effective accounting textbook integrates real-world scenarios with theoretical discussion. *Auditing & Assurance Services* places the student in the role of decision maker, using situations from companies such as General Motors, General Electric, Time Warner, Disney, Hewlett-Packard, and Walmart to illustrate the application of auditing concepts. Importantly, the author team employs a rigorous monthly process by which they scrutinize leading business and academic publications (e.g., *The Wall Street Journal*) for relevant real-world auditing headlines. The result is that *each* chapter features relevant and recent examples, including infamous accounting scandals that occurred at Satyam, Enron, Siemens, HealthSouth, Adelphia Communications Corporation, and WorldCom. The Louwers author team uses a conversational, yet professional, tone—hailed by reviewers as a key strength of the book.

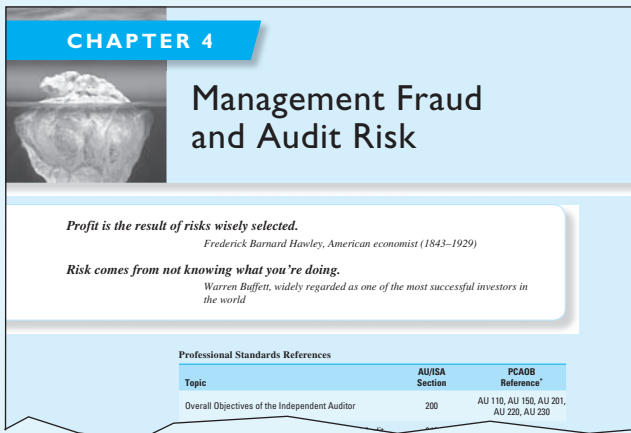
*“The tone of the textbook is in a conversational manner that allows for more student-friendly reading material.”*  
—Aretha Hill, Florida A&M University



## Market-Leading Technology

Auditing in modern business utilizes the latest technology. The author team of *Auditing & Assurance Services* has again included the educational version of **ACL software** in the sixth edition at no extra cost so students can benefit from the kind of cutting-edge software they'll use the first day on the job. Exercises to accompany ACL are included on the book's website, [www.mhhe.com/louwers6e](http://www.mhhe.com/louwers6e). In addition, the selection of **Kaplan CPA Review audit simulations** allows students to go online and complete simulations similar to those on the CPA exam—seamlessly integrating technology with the textbook.

# KAPLAN CPA REVIEW



## Fraud Awareness

The fraud coverage in *Auditing & Assurance Services* is the most extensive available and is complemented by real-world examples chosen to engage students. The authors use short “**Auditing Insight**” boxes to provide real-life (and often humorous!) examples of fraud as well as examples of how auditors contributed to solving the case. Extended discussions of fraud cases at Satyam, Parmalat, HealthSouth, KPMG, Andersen, General Motors, and the PTL Club, just to name a few, give students an inside view of fraud detection. Chapters 4 and 6 cover management and employee fraud, respectively, and Module D focuses on the Certified

Fraud Examiner Exam. With the **Apollo Shoes Case**, the only stand-alone fraud audit case on the market (available online), *Auditing & Assurance Services* is truly the leading auditing textbook for fraud coverage.

## Comprehensive Cases

Eight comprehensive cases are included: Arthur Andersen, PTL Club, General Motors, HealthSouth Corporation, KPMG, Parmalat, General Electric, and Satyam Computer Services Ltd.

*“The format allows you to integrate the modules into the chapter material in any way you would find useful.”*

—Frank J. Beil, University of Minnesota

## Flexible Organization

*Auditing & Assurance Services* teaches students auditing concepts by emphasizing real-life contexts when describing the auditing process. The authors use chapters and modules to achieve this goal. Although the chapters follow a logical sequence that we recommend professors consider for their classes, **the modules have been written to be used on a stand-alone basis**. In essence, the modules have been deliberately prepared for entirely flexible

implementation of these topics without excessive reliance on chapter sequencing. We encourage you to integrate these modules into your syllabi in a manner that best suits your approach to the auditing course.

Chapters	Modules
The 12 chapters cover the auditing process extensively with a multitude of cases designed to give students a better understanding of how a best-practice concept developed from real-world situations.	Modules A–H provide instructors additional material that can be used throughout the course. Topics such as fraud, ethics, sampling, and technology are covered in the modules, which are designed to be taught whenever instructors want to introduce the topic in their course.

## Highlights of Auditing & Assurance Services, 6e

- Once again, this book features **Connect<sup>®</sup> Accounting!** See pages xxiv–xxv for details.
- This edition has fully integrated the **Clarified Statements on Auditing Standards**. Each chapter begins with a list of the AU/ISA sections from the PCAOB, the international standard of auditing (ISAs), and the Auditing Standards Board (ASB) covered in that chapter.
- **Auditing Insight boxes** have been added and updated throughout the textbook.
- New multiple-choice questions have been added to each chapter’s test bank, including a significant number of questions that appeared on the **CPA exam** from 2010–2013.
- This edition includes substantial coverage of **sustainability assurance and reporting**. The topic is now featured in Chapter 1, Module A, and Module D and includes example sustainability reports for UPS and Starbucks.
- Chapter 1 has been revised to incorporate more extensive coverage of professional skepticism and the auditor’s professional judgment process.
- The book has expanded its coverage of the importance of auditing the completeness and accuracy of data produced by the entity’s information system in both Chapter 5 and Module H.
- Chapters 6 and 7 have been revised to increase coverage of electronic confirmations. An end-of-chapter problem that asks students to complete a tutorial of a leading electronic confirmation platform (i.e., Confirmation.com) has been added to Chapter 6.
- Recent pronouncements and the new format for written representations (Chapter 11) are incorporated.
- Chapter 12 has been extensively revised to focus on the auditors’ report and modification to the auditors’ report for nonpublic entities.
- Module B (Professional Ethics) now begins with a discussion of the Scott London insider trading scandal. The module also now includes a discussion of virtue ethics.
- Module H has been revised to more clearly focus on how the use of automated transaction processing affects the audit team’s study and assessment of internal control.
- **All chapters and modules have been revised to incorporate professional standards adopted through December 2013.**

### **Association to Advance Collegiate Schools of Business (AACSB) Statement**

The McGraw-Hill Companies is a proud corporate member of AACSB International. Understanding the importance and value of AACSB accreditation, *Auditing and Assurance Services, 6e*, recognizes the curricula guidelines detailed in the AACSB standards for business accreditation by connecting selected questions in the text and test bank to the six general knowledge and skill guidelines in the AACSB standards. The statements contained in *Auditing and Assurance Services, 6e*, are provided only as a guide for the users of this textbook. The AACSB leaves content coverage and assessment within the purview of individual schools, their mission, and their faculty. Although *Auditing and Assurance Services, 6e*, and the teaching package make no claim of any specific AACSB qualification or evaluation, we have within *Auditing and Assurance Services, 6e*, labeled selected questions according to the six general knowledge and skills areas.