

ACC 645 Milestone Two Guidelines and Rubric

Overview: For the final project, you will work through components of a case study in which you will assume the role of a lead auditor at [Willis & Adams](#). Your firm has been approached by [EarthWear Clothiers](#) to perform an audit. In your role as lead auditor, you will perform management duties. You will evaluate internal and external factors to determine client engagement, develop an audit plan, determine recommendations for improving internal controls, and communicate the audit opinion. For this milestone, you will develop the audit plan.

Prompt: Your organization has decided to move forward with the audit of EarthWear Clothiers. As lead auditor, you will select one of EarthWear Clothiers' business objectives and create an audit plan of their financial statements. The business objectives are:

- Expand further into the global market by launching internet sites into South American countries
- Increase customer base by introducing a new extreme sports product line to attract younger consumers
- Reduce pricing to be more competitive in the marketplace by seeking out additional vendor relationships to lower costs of goods sold
- Implement an employee stock purchase plan to increase productivity and employee morale
- Reduce delivery and distribution time of products and services by adding additional warehouse locations

You will use the information from your preliminary review and auditing standards to support your plan. Using your selected business objective, you will create an audit plan of the organization's financial statements that addresses the following: business risks, management assertions, audit risk, internal controls, and the effect on audit procedures. You will support your plan with the appropriate auditing standards. You will also determine materiality by conducting a preliminary risk assessment, and you will explain which factors were used in making this determination. You can obtain [the ICFR and materiality guidelines](#) on the Willis & Adams website. (Clicking the link initiates an automatic download of a ZIP file. You will need a utility to unzip the archive before you can use it as intended.)

Specifically, the following **critical elements** must be addressed:

- II. **Planning the Audit:** You will select one of the organization's business objectives and create an audit plan of the organization's financial statements. Use the information from your preliminary review and auditing standards to support your plan.
 - A. Using your selected business objective, create an audit plan of the organization's financial statements that addresses the following, and support each with the appropriate auditing standards:
 1. **Business risks**
 2. **Management assertions**
 3. **Audit risk**
 4. **Internal controls**
 5. Effect on **audit procedures**
 - B. Determine **materiality** by conducting a preliminary risk assessment, and explain which factors were used in making this determination.

Rubric

Guidelines for Submission: Your audit plan must be 2 to 3 pages in length (plus a cover page and references), with double spacing, 12-point Times New Roman font, and one-inch margins. You should use current APA style guidelines for your citations and reference list.

Critical Elements	Proficient (100%)	Needs Improvement (70%)	Not Evident (0%)	Value
Planning the Audit: Business Risks	Creates an audit plan of the organization's financial statements that addresses business risks, and supports it with the appropriate auditing standards	Creates an audit plan of the organization's financial statements that addresses business risks and supports it with auditing standards, but the auditing standards are inappropriate or irrelevant	Does not create an audit plan of the organization's financial statements that addresses business risks	15
Planning the Audit: Management Assertions	Creates an audit plan of the organization's financial statements that addresses management assertions, and supports it with the appropriate auditing standards	Creates an audit plan of the organization's financial statements that addresses management assertions and supports it with auditing standards, but the auditing standards are inappropriate or irrelevant	Does not create an audit plan of the organization's financial statements that addresses management assertions	15
Planning the Audit: Audit Risk	Creates an audit plan of the organization's financial statements that addresses audit risk, and supports it with the appropriate auditing standards	Creates an audit plan of the organization's financial statements that addresses audit risk and supports it with auditing standards, but the auditing standards are inappropriate or irrelevant	Does not create an audit plan of the organization's financial statements that addresses audit risk	15
Planning the Audit: Internal Controls	Creates an audit plan of the organization's financial statements that addresses internal controls, and supports it with the appropriate auditing standards	Creates an audit plan of the organization's financial statements that addresses internal controls and supports it with auditing standards, but the auditing standards are inappropriate or irrelevant	Does not create an audit plan of the organization's financial statements that addresses internal controls	15

Planning the Audit: Audit Procedures	Creates an audit plan of the organization's financial statements that addresses the effect on audit procedures, and supports it with the appropriate auditing standards	Creates an audit plan of the organization's financial statements that addresses the effect on audit procedures and supports it with auditing standards, but the auditing standards are inappropriate or irrelevant	Does not create an audit plan of the organization's financial statements that addresses the effect on audit procedures	15
Planning the Audit: Materiality	Determines materiality by conducting a preliminary risk assessment and explains which factors were used in making this determination	Determines materiality by conducting a preliminary risk assessment and explains which factors were used in making this determination, but explanation is cursory or contains inaccuracies	Does not determine materiality by conducting a preliminary risk assessment	15
Articulation of Response	Submission has no major errors related to citations, grammar, spelling, syntax, or organization	Submission has major errors related to citations, grammar, spelling, syntax, or organization that negatively impact readability and articulation of main ideas	Submission has critical errors related to citations, grammar, spelling, syntax, or organization that prevent understanding of ideas	10
Total				100%