

Course #: ACCT 4100-01	Asst. Prof.: Todd R. Hess, CPA, MAcc
Course Title: Auditing I - 41896	Office: Room 335, Udvar-Hazy Business Bldg.
Credit Hours: 3 semester hours	Phone: 435-231-4403 (cell)
Meeting time: T,R, 7:30 am to 8:45 am	Email: <a href="mailto:thess@dixie.edu">thess@dixie.edu</a>
Location: Hazy 230	Office Hours: T – 11:00 am to 1:00 pm
Term: Fall 2011	R – 1:00 pm to 4:00 pm

**REQUIRED TEXT:**

Auditing and Assurance Services – 14<sup>th</sup> Edition – Arens/Elder/Beasley

**COURSE DESCRIPTION:**

Study of auditing standards, internal accounting, control systems, compliance and substantive audit procedures applied to accounts and transaction cycles, and audit reports. Review of the auditing concepts of materiality and risk, types of evidence and documentation, and an introduction to the ethical and legal responsibilities of the Certified Public Accountant.

**Prerequisites:** ACCT 3400 and advanced standing in the business baccalaureate program. For those students pursuing a MAcc degree, Auditing II is a course requirement for most graduate programs.

**COURSE OBJECTIVES:** *Students successfully completing this course will be able to:*

- (1) Describe auditing and assurance services and distinguish audit services from other assurance and non-assurance services provided by CPA's.
- (2) Describe the nature of CPA firms and the role of the PCAOB and SEC, along with the effects of the Sarbanes-Oxley Act on the CPA profession.
- (3) Describe the parts of the standard unqualified audit report and the conditions required to issue the standard unqualified audit report. Identify the types of audit reports that can be issued when an unqualified opinion is not justified.
- (4) Explain the importance of ethical conduct for the accounting profession. Distinguish ethical from unethical behavior in personal and professional contexts. Describe the enforcement mechanisms.
- (5) Understand the litigious environment in which CPA's practice. Describe what the profession and the individual CPA can do, and what is being done to reduce the threat of litigation.
- (6) Explain the objectives of conducting an audit. Distinguish management's responsibility for the financial statements and internal control from the auditor's responsibility for verifying the financial statements and effectiveness of internal control.
- (7) Contrast audit evidence with evidence used by other professions. Understand the purposes of audit documentation and describe how technology affects audit evidence and audit documentation.
- (8) Assess client business risk and discuss why adequate audit planning is essential. Understand the purposes of analytical procedures and the timing of each purpose.
- (9) Discuss how materiality and risk are related and integrated into the audit process.
- (10) Describe the three primary objectives of effective internal control. Understand the process of evaluating, designing, performing and reporting tests of internal control.
- (11) Describe how IT improves internal control and the inherit risks that arise from using an IT-based accounting system. Explain how general controls and application controls reduce IT risks.
- (12) Design and perform the steps in the evidence-accumulation segment of the audit, and integrate the audit evidence gathered and evaluate the overall audit results.
- (13) Understand the level of assurance and evidence requirements for review and compilation services.

### **TEXT READING:**

Reading the text is crucial for understanding the concepts presented in this course. You are expected to read the chapters that will be discussed in class **prior** to the lecture. I present the lectures under the assumption that you have already read the assigned material. **Exam questions will be taken from a test bank of questions related to the material covered in the text.**

### **LECTURES/DISCUSSIONS:**

Lectures and discussions will be offered for each chapter assigned in the “Schedule & Assignments” section of the syllabus. The lectures and discussions serve to review the subject matter briefly and to bring real-time application and experience into the class. The goal is to extend the class beyond the reading and into the current profession. **Lectures will evolve into discussions and your participation is expected!**

### **QUIZZES:**

As listed in the “Schedule & Assignments” section of the syllabus, quizzes consisting of CPA exam questions will be administered throughout the semester. These multiple choice questions are compiled from actual previous CPA exams. The questions for each quiz will be given to you at least one class session in advance of the quiz. As such, students may use whatever research means necessary (in addition to the text) to study for each quiz. Quizzes will be closed book and individual effort. Quizzes will be graded and discussed in class as part of that day’s lecture. **The four lowest quiz scores will be dropped from your final grade.**

### **TEAM CASE ASSIGNMENTS:**

In addition to performing the required reading and CPA exam questions, cases are an effective means of keeping you sharp, giving you real-world application skills and preparing you for the upcoming exams. There will be cases assigned during the semester which must be completed in teams. Team assignments will be made randomly. Additional instructions for the case may be provided at the time each case is assigned. Only one copy of the case responses or work papers will need to be handed in. All cases must be presented in a professional type-written manner; format, organization, accuracy, and completeness are all considered during the grading process. **Late case assignments and hand-written assignments will NOT be accepted!** Case scores will consist of instructor, team leader, and self evaluations.

### **EXAMS:**

Four exams are scheduled during this semester. All exams except for the final will be taken in the testing center during the scheduled time as listed in the “Schedule & Assignments” section of the syllabus. Each exam will consist of multiple choice and true or false type questions and will require a scantron. You will be required to provide your own scantron during testing. The final exam will be comprehensive, taken in the classroom and will be timed. Questions will consist of questions from previous exams and quizzes. Any form of cheating may result in a Failing grade for the course. **No early or late Exams will be allowed!**

### **PARTICIPATION/PROFESSIONALISM/CLASS ATTENDANCE:**

This is your education. Take ownership of your investment by contributing in a positive manner in class discussions and lectures. Participation shows the instructor your concern for the subject matter and will directly affect your overall grade in this class. Disruptive or disrespectful behavior will cause students to lose all participation points. If a student does not show respect, maturity and professionalism in the classroom environment, he or she will most likely struggle in a post-academic environment. In addition, students who are tardy, inattentive or experience excessive absences will not receive full credit in this area.

Problems and cases will be used from time to time to enhance learning in the classroom and provide real-world experience with various audit issues. Your participation in and completion of the problems and cases will affect the number of participation points earned for that day.

**GRADING:**

Grading is not on a curve. Your grade will be based on the percentage of total points you earn. **There are NO grade improvement projects available in this class!**

Exams	400 Points	A	95.0 - 100%	C	73.0 - 76.9%
Quizzes	100 Points	A-	90.0 - 94.9%	C-	70.0 - 72.9%
Team Case Assignments	350 Points	B+	87.0 - 89.9%	D+	67.0 - 69.9%
Participation/Professionalism, etc.	<u>150 Points</u>	B	83.0 - 86.9%	D	63.0 - 66.9%
Total Points	1000 Points	B-	80.0 - 82.9%	D-	60.0 - 62.9%
		C+	77.0 - 79.9%	F	below 60.0%

**Note: All points are approximate and may change at the discretion of the instructor!**

**ACADEMIC INTREGRITY:**

The Accounting profession is well known for a reputation of honesty, integrity, and high ethical standards. As a result, scholastic dishonesty will not be tolerated and will be prosecuted to the fullest extent. Students are expected to have read and understand the current issue of the student handbook (published by Student Services) regarding student responsibilities and rights, and the intellectual property policy, for information and procedures about what constitutes acceptable on-campus behavior (See DSC Policy Links listed below).

**DISABILITY STATEMENT:**

Students with medical, psychological, learning or other disabilities desiring reasonable academic adjustment, accommodations, or auxiliary aids to be successful in this class will need to contact the **DISABILITY RESOURCE CENTER** Coordinator ( Baako Wahabu) for eligibility determination. Proper documentation of impairment is required in order to receive services or accommodations. DRC is located at the ground floor of the Financial Aid Office. Visit or call 652-7516 to schedule appointment to discuss the process. DRC Coordinator determines eligibility for and authorizes the provision of services.

**Dmail NOTICE:**

You are required to frequently check your dmail account. Important class and college information will be sent to your dmail account, including DSC bills, financial aid/scholarship notices, notices of cancelled classes, reminders of important dates and deadlines, and other information critical to your success at DSC and in your courses. If you do not know how to access your dmail account, go to [www.dixie.edu](http://www.dixie.edu) and click on “Log in to student services”.

**DSC POLICY LINKS:**

Reference to “Policy for Absences Related to College Functions”:

<http://www.dixie.edu/humanres/policy/sec5/523.html>

Disruptive behavior policy / classroom expectations:

<http://www.dixie.edu/humanres/policy/sec3/334.html>

Academic dishonesty / Academic integrity policy:

<http://www.dixie.edu/humanres/policy/sec3/334.html>

**RESOURCES:**

**Available Resources:** Library, Computer Lab, Writing Center, Testing Center, and Tutoring Center statements and links (as appropriate)

Library – <http://library.dixie.edu>

Computer Labs – located in the basement of the library. The Smith Computer Center, and the Hazy Building room 200.

Writing Center – [http://new.dixie.edu/english/dsc\\_writing\\_center.php](http://new.dixie.edu/english/dsc_writing_center.php)

Testing Center – <http://new.dixie.edu/testing>

Tutoring Center – <http://dsc.dixie.edu/tutoring/>

<b>Schedule &amp; Assignments *</b>				
<b>Fall 2011</b>				
<b>Hazy 230 / 7:30-8:45 MW</b>				<b>Subject to change!</b>
<i>Last Revised: Aug 23, 2011</i>				
<b>Date</b>	<b>Discussion Topic in Class</b>	<b>Reading Schedule</b>	<b>Quizzes</b>	<b>Assignment Schedule</b>
<b>August</b>				
Mon. 22	Intro to Auditing 4100			
Wed. 24	Demand for Audit Services	Chapter 1		
Mon. 29	CPA Profession	Chapter 2	Quiz 1	
Wed. 31	Professional Ethics, Independence, Rules of Conduct	Chapter 4	Quiz 2	
<b>September</b>				
<b>Mon. 5</b>	<b>Holiday</b>			
Wed. 7	Legal Liability	Chapter 5	Quiz 3	
Mon. 12	Review for Exam #1	Chapters 1, 2, 4, 5		Case Assignment 3.1 Due
Wed. 14	Audit Reports	Chapter 3	Quiz 4	
Mon. 19	Audit Responsibilities and Objectives	Chapter 6	Quiz 5	Exam #1 (Testing Center) Due by 10:00 pm
Wed. 21	Audit Evidence	Chapter 7	Quiz 6	
Mon. 26	The Impact of IT on the Audit Process	Chapter 12	Quiz 7	
Wed. 28	Review for Exam #2	Chapters 3, 6, 7, 12		Case Assignment 6.1 Due
<b>October</b>				
Mon. 3	Audit Planning and Analytical Procedures	Chapter 8	Quiz 8	
Wed. 5	Materiality and Risk	Chapter 9	Quiz 9	Exam #2 (Testing Center) Due by 10:00 pm
Mon. 10	Internal Controls and Control Risk	Chapter 10	Quiz 10	Case Assignment 1.1 Due
Wed. 12	Fraud Auditing	Chapter 11	Quiz 11	
Mon. 17	Overall Audit Plan and Audit Program	Chapter 13	Quiz 12	
Wed. 19	Review for Exam #3	Chapters 8, 9, 10, 11, 13		Case Assignment 5.2 Due
Mon. 24	Tests of Controls and Transactions in the Sales and Collection Cycle	Chapter 14	Quiz 13	
Wed. 26	Audit Sampling for Tests of Controls and Substantive Tests of Transactions	Chapter 15	Quiz 14	Exam #3 (Testing Center) Due by 10:00 pm
Mon. 31	Completing the Tests in the Sales and Collection Cycle: Receivables	Chapter 16	Quiz 15	
<b>November</b>				
Wed. 2	Audit Sampling for Tests of Details of Balances	Chapter 17	Quiz 16	
Mon. 7	Audit of the Acquisition and Payment Cycle: Tests of Controls and Substantive Tests of Transactions and Accounts Payable	Chapter 18	Quiz 17	Case Assignment 9.2 Due
Wed. 9	Verification of Selected Accounts	Chapter 19	Quiz 18	
Mon. 14	Audit of the Payroll and Personnel Cycle	Chapter 20	Quiz 19	
Wed. 16	Audit of the Inventory and Warehousing Cycle	Chapter 21	Quiz 20	
Mon. 21	Audit of the Capital Acquisition and Repayment Cycle	Chapter 22	Quiz 21	Case Assignment 3.3 Due
<b>Wed. 23</b>	<b>Holiday</b>			
Mon. 28	Audit of Cash Balances	Chapter 23	Quiz 22	
Wed. 30	Completing the Audit	Chapter 24	Quiz 23	
<b>December</b>				
Mon. 5	Other Assurance Services	Chapter 25	Quiz 24	
Wed. 7	<b>Review for Exam #4</b>	Comprehensive		Case Assignment 12.3 Due
Wed. 14	<b>Final Exam</b>			Final Exam in Classroom

\* Note Schedule and Assignments are subject to change at the discretion of the instructor. The schedule may be changed if deemed necessary to better facilitate achievement of the course objectives.

Important Dates to Remember

Aug 22	Classwork Starts	Oct 13-14	Semester Break
Aug 24	Last Day to Add Without Signature	Oct 17	Last Day to DROP/AUDIT Classes
Aug 29	Drop/Audit Fee Begins (\$10 per class)	Nov 11	Last Day for Complete Withdrawal
Sep 5	Labor Day	Nov 14	Spring Registration open to Seniors (90+ credits)
Sep 6	\$50 Late Registration/Payment Fee	Nov 15	Career Day
Sep 12	Pell Grant Census	Nov 15	Spring Registration open to Juniors (60+ credits)
Sep 12	Last Day for Refund	Nov 16	Spring Registration open to Sophomores (30+ credits)
Sep 12	Last Day to drop without receiving a "W" grade	Nov 17	Spring Registration Open to All Students
Sep 13	Courses dropped for non-payment	Nov 23-25	Thanksgiving Break
Sep 16	Last Day to ADD Classes	Dec 9	Classwork Ends
Sep 30	Graduation Application Deadline	Dec 12-16	Final Exams
Oct 12	Mid-Term Grades Posted		