

Texas A & M University - Commerce
College of Business and Entrepreneurship
Department of Accounting
Accounting 427/527 81E: Auditing¹
Spring 2014

Professor: Julia Bristor, Ph.D., CPA, CIA

Format: This is a face-to-face course. It meets the TSBPA's "traditional method" requirements for exam eligibility. Chapter-related material posted to eCollege. It is your responsibility to download and print this material for class use, or use a laptop/tablet/etc.

Office hours: I have no set office hours. You may see me after class, or schedule an appointment at another time or when I am on the TAMUC campus.

How to ask questions: If you have course, or course material questions, post them to the appropriate eCollege discussion thread. This way other students may join in and benefit from the discussion. If I do not respond to a posting within 24 hours, send me an email asking me to check eCollege. Otherwise, please do not email me unless you have a personal/private matter to discuss. If you do, make sure any email has the course number (e.g. ACCT 527) in the header or it will be routed to a junk folder and I won't see it. If you send me an email from eCollege, this will automatically be included.

Email: My email is julia.bristor@tamuc.edu.

Cell: 214.662.0672 (text first and identify yourself)

Note: Read this document carefully. You are responsible for its contents.

Course Description

This course is designed to provide an introduction to auditing. The objectives include principles and practices used by public accountants and internal auditors in examining financial statements and supporting data. This course is a study of techniques available for gathering, summarizing, analyzing and interpreting the data presented in financial statements and procedures used in verifying the fairness of the information. Not all of you will take the CPA exam, but this course is taught at the level needed to pass the audit section of the CPA exam, should you choose to do so. Further, it's highly likely that as an accountant, you will be exposed to audit activities.

Prerequisites

You should have taken Intermediate Accounting or its equivalent. Intermediate accounting knowledge is assumed and it is your responsibility to ensure that you have met this requirement.

Course Embedded Assessment Objectives

Your achievement level for each objective will be measured by your success in completing assignments regarding the following key objectives:

- Discuss the nature of auditing and assurance services including the impact of various statutes and regulations.
- Demonstrate knowledge of basic auditing standards.
- Demonstrate an understanding of the linkages between financial statement (FS) information and auditing objectives.
- Identify the stages of an audit from planning to conclusion.
- Apply standard audit procedures such as analytical procedures, detail tests, and tests of controls.

¹ This syllabus is subject to change as needed to meet the objectives or administration of the course at the discretion of the professor. It is not anticipated that there will be any substantive changes

Required Textbooks and Other Resources

Textbook:

Louwers, T., Ramsay, et al, (2013). *Auditing & Assurance Services* (5th ed.). Boston, MA: McGraw-Hill. ISBN: 0078025443.

The access code is strictly optional. You do not need to purchase it. If you wish to purchase the code the link is http://connect.mcgraw-hill.com/class/j_bristor_live_ucd (live course).

You do not need the ACL cd that comes with a new text.

You **do** need to access the (free) Apollo Shoe case the Student Edition on MGH's Online Learning Center site: <http://www.mhhe.com/louwers5e>. Go to "student edition" and download the case and word document. Later you will need to download some of the electronic working papers.

Accounting and Auditing Standards:

See the document in the DropBox for access instructions.

Technology:

The following hardware, software and other technology are necessary to use eCollege². Connectivity, hardware and software are your responsibility.

- Internet access/connection – high speed recommended (not dial-up)
- Word Processor (i.e. MS Word or Word Perfect)
- Our campus is optimized to work in a Microsoft Windows environment. This means our courses work best if you are using a Windows operating system (XP or newer) and a recent version of Microsoft Internet Explorer (6.0, 7.0 or 8.0).
- eCollege will also work with Macintosh OS X along with a recent version of Safari 2.0 or higher. Along with Internet Explorer and Safari, eCollege also supports the Firefox browser (3.0) on both Windows and Mac operating systems.
- I strongly recommend that you perform a "Browser Test" prior to the start of your course. To launch a browser test, login to eCollege, click on the "My Courses" tab and then select the "Browser Test" link under Support Services.

Technical support: TAMUC provides students with 24/7 eCollege technical support via:

- **Chat Support:** Click on "Live Support" on the tool bar within your course to chat with an eCollege Representative.
- **Phone:** 1-866-656-5511 to speak with an eCollege Technical Support Representative
- **Email:** helpdesk@online.tamuc.org to initiate a support request with an eCollege Technical Support Representative. (Not recommended due to time lags.)
- **Help:** Click on the "Help" button on the toolbar for information regarding working with eCollege.

Student Responsibilities

Learning is every student's responsibility. My role as your professor is to facilitate your learning process. Each student is required to:

1. Check email and eCollege daily. You are responsible for all information.
2. Read assigned material listed on schedule before class.
3. Review other material in eCollege each week, if applicable.
4. Complete assignments within the posted time frames.
5. Participate in class online forums by posting and answering questions. Note: I do not monitor the Student Lounge. Use the Virtual Office or other discussion threads if you want my input.
6. Prepare diligently for weekly assignments and exams

² If you are new to TAMUC, you should complete the Student Tutorial in eCollege.

7. Respect the e-learning environment by being prepared and observing net-etiquette.

Evaluation

Grades are based upon total points received. I do not offer extra credit or quiz/exam re-takes. Additionally, I don't respond to requests for a higher grade unless you use the appeals process (see below). I have the option to curve final grades. If you violate the Academic Honesty policy you will automatically be ineligible for any curves.

| Item | Graduate/Undergraduate* | | Final Grading Scale | |
|--|-------------------------|--------|---------------------|--------|
| | Max Points | Weight | Percent | Letter |
| Exam 1 | 100 | 20% | 90 – 100% | A |
| Exam 2 | 100 | 20% | 80 – 89% | B |
| Exam 3 (Comprehensive Final) | 100 | 20% | 70 – 79% | C |
| Team assignments (simple average) | 100 | 25% | 60 – 69% | D |
| Homework (simple average) ³ | 100 | 15% | < 60% | F |
| Total | 500 | 100% | | |

***Note: Undergraduate** students will cover fewer units than **graduate** students. Homework assignments and exam coverage will be adjusted accordingly. See the course schedule for details.

| Course Grading Rubric | | | | |
|---|---|---|--|--|
| Criteria | Unsatisfactory | Emerging | Proficient | Exemplary |
| Discuss the nature of auditing and assurance services including the impact of various statutes and regulations. | Student is unable to discuss nature of these services. | Student is able to discuss the nature of some of these services. | Student is able to discuss the nature of many of these services. | Student is able to discuss the nature of most of these services. |
| Demonstrate knowledge of basic auditing standards | Student cannot demonstrate knowledge of basic accounting standards. | Student demonstrates limited knowledge of basic accounting standards. | Student demonstrates some knowledge of basic accounting standards. | Student demonstrates adequate knowledge of basic accounting standards. |
| Demonstrate an understanding of the linkages between financial statement (FS) information and auditing objectives | Student demonstrates little/no understanding of the linkages between FS information and auditing objectives | Student demonstrates limited understanding of the linkages between FS information and auditing objectives | Student demonstrates some understanding of the linkages between FS information and auditing objectives | Student demonstrates adequate understanding of the linkages between FS information and auditing objectives |
| Identify the stages of an audit from planning to conclusion. | Student is unable to identify the stages of an audit. | Student is able to identify some of the stages of an audit. | Student is able to identify most of the stages of an audit. | Student is able to identify all the stages of an audit. |
| Apply standard audit procedures such as analytical procedures, detail tests, and tests of controls. | Student is unable to apply standard audit procedures. | Student is able to apply some standard audit procedures. | Student is able to apply most of the standard audit procedures. | Student is able to apply all the standard audit procedures. |

³ I encourage you to discuss chapter assignments with your Apollo group members because active discussion fosters learning. If all you do is copy someone else's answers, you won't learn the material and your course grade will reflect this.

Ethics and Academic Honesty Policy

“All students enrolled at the University shall follow the tenets of common decency and acceptable behavior conducive to a positive learning environment.” (See Student’s Guide Handbook, Policies and Procedures, Conduct.)

Integrity is the hallmark of the accounting profession and will be stressed throughout the course. Any type of student breach of ethics, will result in failure on the assignment and/or further academic sanctions (i.e. failure of the course, dismissal from class and/or referral to the Dean of the College of Business and Entrepreneurship). This includes, but is not limited to:

- **Illegal activity** – Violation of any local, state, or federal laws that prohibit the offender from performance of his or her duty.
- **Dishonest Conduct:** Seeking or obtaining unfair advantage by stealing or receiving copies of tests or intentionally preventing others from completing their work. In addition, falsifying of records to enter or complete a program will also be considered dishonest conduct.
- **Cheating:** The unauthorized use of another’s work and reporting it as your own.
- **Plagiarism:** Using someone else’s ideas and not giving proper credit. Collusion: Acting with others to perpetrate any of the above actions regardless of personal gain.

You will be required to sign my Academic Honesty Policy (see doc sharing in eCollege) and submit it within the first week of class or within 2 days of registration. Be sure you read and understand it before signing. *Failure to submit signed policy on time will cause a 50 point deduction from your overall score for the class.*

Students with Disabilities

The Americans with Disabilities Act (ADA) is a federal anti-discrimination statute that provides comprehensive civil rights protection for persons with disabilities. Among other things, this legislation requires that all students with disabilities be guaranteed a learning environment that provides for reasonable accommodation of their disabilities. If you have a disability requiring an accommodation, you must make necessary arrangements at the beginning of the course. Please contact:

Office of Student Disability Resources and Services
TAMUC, Gee Library, Room 132
(903) 886-5150 or (903) 886-5835, Fax (903) 468-8148, or
studentDisabilityServices@tamuc.edu

Withdrawals

University policy will be followed in regards to withdrawals during the semester. It is the student’s responsibility to conform with the university rules relating to dropping or withdrawing from the course.

Incompletes

Students who, because of *circumstances beyond their control*, are unable to attend classes during or after review week will, upon my approval, receive a mark of “X” in the course *if they were maintaining passing grades*. A grade of “X” (incomplete) will not be counted in the calculation of the grade point average for one semester. If the “X” has not been removed at the end of one semester, it automatically changes to an “F.”

If you request an incomplete, obtain and complete the university form and develop a completion plan before submitting it to me for my signature. This form is available online and from the registrar’s office. You are responsible for completing the work according to the completion plan outlined on your request form.

Grade Appeals

eCollege is set up to track assignment scores and weight them according to the grading scheme listed above. Contact me if there is an error. If you believe you have not received the grade you earned, you must follow this process **in the following order**:

1. *File an appeal with me.* Submit a written analysis to me documenting why you believe you received the wrong grade. You must include your scores and use the course weighting scheme in your analysis. I do not review appeals unless required documentation is provided.
2. *File an appeal with the accounting department head.* If you do not accept my review and explanation, you may file an appeal with the accounting department head using the form obtainable from the accounting administrative assistant, Melanie Curtis (melanie.curtis@tamuc.edu).
3. *File an appeal with the dean of the COBE.* If you do not accept the department head's review and explanation, you may file an appeal with the dean of the COBE. Include all prior documentation and correspondence in your appeal.

Student Conduct and Civility in the Academic Environment

All students enrolled at the University shall follow the tenets of common decency and acceptable behavior conducive to a positive learning environment.⁴ Under university policy, I reserve the right to administratively drop a student from the course for excessive absences in eCollege or violations of the Student code of Conduct.

Civility in the classroom/online course and respect for the opinions of others is very important in an academic environment. It is likely you may not agree with everything that is said or discussed in the classroom/online course. Everyone is expected to treat each other respectfully both in word and deed. Offensive humor and aggressive personal advances are specifically forbidden. Students are expected to conduct themselves at all times in a manner that does not disrupt teaching or learning. Faculty have the authority to request students who exhibit inappropriate behavior to leave the class/online course and may refer serious offenses to the University Police Department and/or the Dean of Students for disciplinary action. If you are uncomfortable about a situation, contact me for help in solving the problem. I reserve the right to "administratively" drop students for repeated absences, lateness or other inappropriate behaviors.

⁴ See Code of Student Conduct from Student Guide Handbook.

Class Schedule & Assignments

| Wk/ Unit | Date | Topic | Graded Assignment⁵ |
|---------------------|----------------------|--|--|
| 1 | 1/13/14 – 1/19/14 | Chapter 1: Auditing and Assurance Services | Academic Honesty Policy & Student Information Sheet (available in Doc Sharing) MC 1.23-46; 1.49 Download AU-508 (Instructions in Doc Sharing under resources). Print a copy of the standard audit report contained within. |
| 2 | 1/20/14 – 1/26/14 | Chapter 2: Professional standards | 2.26-51 MC; 2.57 Download the Apollo Shoe materials and use the discussion thread to indicate that you have done so. Form groups (3 people max) use the discussion thread to list your group names (one per group). Use the student lounge to find group members. If you don't have a group by the due date, I will assign you to one. |
| 3 | 1/27/14 – 2/2/14 | Chapter 3: Engagement Planning | MC 3.27-47; 3.55 |
| 4 | 2/3/14 – 2/9/14 | Chapter 4: Management Fraud and Audit Risk | MC 4.20-45; 4.53 - Prelim Analytics (OLC) |
| 5 | 2/10/14 – 2/16/14 | Chapter 5: Risk Assessment: IC Evaluation | MC 5.34-57; 5.59 |
| 6 | 2/17/14 – 2/23/14 | Module H: ⁶ IT Auditing | H. 35-54 Exam 1(Chapters 1-5) Use discussion thread to sign up for exam window. |
| 7 | 2/24/14 – 3/2/14 | Module B: ⁷ Professional Ethics | B. MC 18-44 |
| | 3/3/14 – 3/9/14 | Spring Break – No Class | |
| 8 | 3/10/14 – 3/16/14 | Module C: ⁶ Legal Liability | C. MC 29-60 |
| 9 | 3/17/14 – 3/23/14 | Chapter 6: Employee Fraud and Audit of Cash | MC 6.24-42; 6.48 - Proof of Cash (OLC) |
| 10 | 3/24/14 – 3/30/14 | Chapter 7: Revenue and collection cycle | MC 7.29-7.56; 7-61 |

⁵ Submit all assignments to the appropriate DropBox by 11:59 pm central time by the last day of the week, i.e., Sunday unless a different date is noted. Example: Week one assignments are due by 11:59 pm, 1/19/14. Late assignments will not be accepted unless approved by me in advance of the due date.

⁶ Reading and homework are not required for Undergraduate students. Material will not be covered on the exam.

⁷ Only pages 587-597 and related homework are required for Undergraduate students. Exam material will adjusted accordingly.

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|----|----------------------|---|--|
| 11 | 3/31/14 – 4/6/14 | Module E: Overview of Sampling | E. MC 25-30, 39-44, 46-47, 49-50 |
| 12 | 4/7/14 – 4/13/14 | Chapter 8: Acquisition and Expenditure Cycles | Exam 2 (Chapters 6-7; Modules B-C, E, H) Use discussion thread to sign up for exam window. MC 8.23-38 |
| 13 | 4/14/14 – 4/20/14 | Chapter 9: ⁶ Production Cycle | MC 9.20-41 |
| 14 | 4/21/14 – 4/27/14 | Chapter 10: Finance & Investment Cycle | MC 10.22-46 |
| 15 | 4/28/14 – 5/4/14 | Chapter 11: Completing the Audit Chapter 12: Reports on Audited FS | MC 11.31-51; 11.70 MC 12.25-37; 12.42 |
| 16 | 5/5/14 – 5/9/14 | Final Exam | Exam 3: (Cumulative with an emphasis on Chapters 8-12) Use discussion thread to sign up for exam window. |