ACCTG 431: Auditing

Spring 2015
San Diego State University
College of Business Administration
Charles W. Lamden School of Accountancy

COURSE INFORMATION

Class Days: Tuesdays and Thursdays
Class Times: 4:00 p.m. – 5:15 p.m.; 5:30 – 6:45 p.m.
Class Location: EBA 347

Office Hours Times (and by appointment): Tuesday and
Office Hours Location: SSE 3447
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Office Hours Location: SSE 3447

Units: 3

Course Overview

Welcome to ACCTG 431. Auditing will focus on the major concepts of assurance services, risk, materiality, and the accountant’s role in applying these concepts. Much of what we do in this class will be based on your prior knowledge of accounting principles, business transactions, financial reporting, and managerial decision-making. And much of what we do will involve your use of critical thinking and judgment skills. This subject often appears easier than it is, so you must be vigilant, persistent, and willing to carefully analyze the evidence.

We will also learn how to recognize the ethical consequences of the choices and decisions that are part of accounting. It is important for us to see that an ethical dimension is part of every decision “the numbers” help inform. We cannot lose sight of our professional and personal responsibilities to do “the right thing.”

Student Learning Outcomes

BSBA students will graduate being:
• Effective Communicators
• Critical Thinkers
• Able to Analyze Ethical Problems
• Global in their perspective
• Knowledgeable about the essentials of business

ACCTG 431 contributes to these goals through the following student learning outcomes.

Learning Outcomes

Auditing will focus on the following learning outcomes. For each topic we cover, we will discuss how the related knowledge, skills, and attitudes fit into these larger goals and outcomes for your accounting program. But the more important discussion is one you need to have with yourself, by asking how these outcomes will help you achieve your professional goals. Bring your observations and questions to class. And another great benefit...you may also find these discussions about goals and outcomes helpful in your future interviews.

At the end of this course students should be able to:

1. Identify and define major concepts of assurance services, including risk, materiality, and professional standards.
2. Explain and model the accountants’ role in applying the concepts from (1).
3. Apply judgment and critical thinking to evaluate and communicate the reliability of financial information.
4. Analyze evidence for competency and relevancy in relation to management’s assertions.
5. Identify and analyze ethical consequences of choices and decisions made by management and accountants.

Source: http://cbaweb.sdsu.edu/assessment/slo/Accounting.pdf
Enrollment Information

PREREQUISITES:
Finance 323; minimum grade of C in Accountancy 333 and 334.

Adding/Dropping Procedures:
Please see me if you meet the prerequisites and need an add code.

Course Materials

TEXTBOOKS


Connect: We will utilize McGraw-Hill’s Connect resources in this course. Connect will be used to submit your homework assignments online, as well as to provide your practice questions for exam preparation. You must purchase a code for a semester’s use of Connect and register online. Our course website is:


Recommended, not required, text: Gleim, Auditing & Systems Exam Questions and Explanations.

Course Structure and Conduct

GETTING READY FOR CLASS

The schedule identifies specific problems from each chapter that you should prepare as you read and study the chapter materials. Use the problems to help you follow the readings and diagnose where you have questions or are confused. Be ready to discuss your results and/or questions in class. The solutions are will eventually be posted to Blackboard, as a tool for you to figure out what you know and, more important, still don’t know about the subject. If all you do is read the solutions, they will make perfect sense and you will feel that you “know” the materials. However, being familiar with the material, which you can get from just reading the solutions, is NOT the same as understanding the material, which you can only get from lots of hands-on practice.

Learning Style Resource: Please use this website to explore your learning style and use the results to help you be more successful in your life-long learning as an accounting professional: http://www.vark-learn.com/english/page.asp?p=questionnaire

Professionalism/Class participation: Students are expected to treat this course in an appropriate business manner which consists of two parts:

Being Prepared

• Students are expected to come to class prepared
• Students are expected not just to come to class but to also be prepared to ask and/or answer questions (including ones I ask you directly).

Acting Professionally

• Observe classroom policies
• Observe e-mail policies
• As far as grading of exams, use appropriate appeals process
• Acting professionally includes making appropriate comments, not reading a newspaper, not texting messaging, not using a laptop without permission, not having side conversations, not e-mailing professor inappropriately, and treating everyone with respect.

Students with Disabilities

If you are a student with a disability and believe you will need accommodations for this class, it is your responsibility to contact Student Disability Services at (619) 594-6473. To avoid any delay in the receipt of your accommodations, you should contact Student Disability Services as soon as possible. Please note that accommodations are not retroactive, and that accommodations
based upon disability cannot be provided until you have presented your instructor with an accommodation letter from Student Disability Services. Your cooperation is appreciated.

**Academic Honesty**

The University adheres to a strict policy regarding cheating and plagiarism. These activities will not be tolerated in this class. Become familiar with the policy (http://www.sa.sdsu.edu/srr/conduct1.html). Any cheating or plagiarism will result in [insert your policy on cheating or plagiarism, e.g. failing this class and a disciplinary review by Student Affairs.]

Examples of Plagiarism include but are not limited to:

- Using sources verbatim or paraphrasing without giving proper attribution (this can include phrases, sentences, paragraphs and/or pages of work)
- Copying and pasting work from an online or offline source directly and calling it your own
- Using information you find from an online or offline source without giving the author credit
- Replacing words or phrases from another source and inserting your own words or phrases
- Submitting a piece of work you did for one class to another class

If you have questions on what is plagiarism, please consult the policy and this helpful guide from the Library

**Turnitin**

Students agree that by taking this course all required papers may be subject to submission for textual similarity review to Turnitin.com for the detection of plagiarism. All submitted papers will be included as source documents in the Turnitin.com reference database solely for the purpose of detecting plagiarism of such papers. You may submit your papers in such a way that no identifying information about you is included. Another option is that you may request, in writing, that your papers not be submitted to Turnitin.com. However, if you choose this option you will be required to provide documentation to substantiate that the papers are your original work and do not include any plagiarized material.

**Assessments and Grading**

Course grades will be assigned in accordance with San Diego State University policy (see General Catalog, pp. 468-470). Undergraduate grades shall be: A (outstanding achievement, available only for the highest accomplishment), B (praiseworthy performance, definitely above average), C (average, awarded for satisfactory performance, the most common undergraduate grade), D (minimally passing, less than the typical undergraduate achievement), F (failing).

*Table 1. Your course grade will be based on the following weighted components*

<table>
<thead>
<tr>
<th>Component</th>
<th>Weight</th>
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<tbody>
<tr>
<td>Exam 1</td>
<td>20%</td>
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<tr>
<td>Exam 2</td>
<td>20%</td>
</tr>
<tr>
<td>Exam 3</td>
<td>20%</td>
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<tr>
<td>Group Project</td>
<td>10%</td>
</tr>
<tr>
<td>Quizzes</td>
<td>10%</td>
</tr>
<tr>
<td>Homework</td>
<td>10%</td>
</tr>
<tr>
<td>Required Case</td>
<td>5%</td>
</tr>
<tr>
<td>In Class Writings</td>
<td>5%</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>100%</strong></td>
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**COURSE ASSIGNMENTS**

This course will include a variety of in and out-of-class assignments, individual cases, group cases, quizzes, and exams. Being prepared and actively participating are key ingredients to your success in this class. Graded assignments are noted on the course schedule and are briefly summarized as follows:
Exams: Three exams (each worth 20%), as noted on schedule. For the objective portions of the exams, you will need to have Scantron Form No. 882-E (the thin long green ones). No Make-up Exams.

Group Project: One out of class group project which your group will present on the last days of class, along with a written report due at the same time (worth 10%). A description of the project and example materials will be posted to BlackBoard.

Quizzes: Six multiple-choice quizzes (10 questions each quiz) will be given on the dates noted on the schedule. You can drop your lowest quiz score during the semester. Always have Scantron Form No. 815-E (the really small green ones) forms ready. No Make-up Quizzes.

Homework and Casework: Homework will be done through Connect and should be completed before the start of the 4:00 p.m. class for each respective assigned set of problems. I will set the deadline in Connect as such. Each homework will be worth 10 points and will be graded based on completeness and effort. Late work is not accepted. I will also not accept any hand-written homework, only what I have online via Connect at the due date/time.

Required Case: I will assign a case that is required to be submitted individually. The case will cover revenue recognition, and be due after we have covered that chapter in the text (Chapter 11).

In-Class Writing Assignments: You will be asked to complete 2 in-class writing assignments during the semester. Each assignment is worth 12.5 points and will be primarily graded based on effort. These in-class writing assignments may be done at the beginning of class to lead us into discussion of a certain topic, or they may be done at the end of class to help me assess your understanding of material/case study that we have covered in class. You can drop your lowest in-class writing assignment score.

As you can calculate, 90% of your points are earned from individual effort and 10% from group effort.

Grade of Incomplete. A grade of Incomplete (I) indicates that a portion of required coursework has not been completed and evaluated in the prescribed time period due to unforeseen, but fully justified, reasons and that there is still a possibility of earning credit. It is your responsibility to bring pertinent information to the instructor and to reach agreement on the means by which the remaining course requirements will be satisfied. The conditions for removal of the Incomplete shall be reduced to writing by the instructor and given to you with a copy placed on file with the department chair until the Incomplete is removed or the time limit for removal has passed. A final grade is assigned when the work agreed upon has been completed and evaluated. An Incomplete shall not be assigned when the only way you could make up the work would be to attend a major portion of the class when it is next offered. Contract forms for Incomplete grades are available at the Office of the Registrar website.

Tentative Course Schedule

Table 2. The course schedule, including topics and class activities listed by week, is presented in the following table.

<table>
<thead>
<tr>
<th>Week</th>
<th>Topics</th>
<th>Activities</th>
</tr>
</thead>
</table>
| 1: January 22 | Introduction  
| 2: January 27, 29 | Chapter 2: Professional Standards  
Chapter 3: Professional Ethics  
**Quiz 1 ( Chapters 1, 2, and 3)** | 2-1, 2-2, 2-5, 2-8, 2-15, 2-16, 2-19, 2-22, 2-30, 2-31, 2-32, 2-33, 2-34  
3-2, 3-5, 3-7, 3-9, 3-12, 3-24, 3-26, 3-27, 3-29, 3-32, 3-33, 3-35, 3-38, 3-43, 3-45 |
| 3: February 3, 5 | Quiz 1 Review  
Chapter 4: Legal Liability  
Chapter 5: Audit Evidence and Documentation | 4-2, 4-5, 4-6, 4-12, 4-18, 4-28, 4-34, 4-37  
5-8, 5-10, 5-11, 5-14, 5-17, 5-20, 5-33, 5-35, 5-38, 5-39, 5-41, 5-43, 5-47, 5-53 |
<table>
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<tr>
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</table>
| 4: February 10, 12 | Chapter 5 cont.  
Chapter 6: Audit Planning, Understanding the Client, Assessing Risk, and Responding  
**Quiz 2 (Chapters 4, 5, and 6)**  
Quiz 2 Review  
Exam 1 Preview | 6-1, 6-3, 6-6, 6-8, 6-13, 6-18, 6-19, 6-20, 6-21 6-24, 6-31, 6-32, 6-38, 6-39, 6-43 |
| 5: February 17, 19 | Exam 1  
Chapter 7: Internal Control | **Chapters 1-6**  
7-1, 7-4, 7-8, 7-13, 7-17, 7-18, 7-19, 7-22, 7-24, 7-29, 7-33, 7-35, 7-36, 7-40, 7-42 |
| 6: February 24, 26 | Exam 1 Review  
Chapter 7 cont.  
Chapter 9: Audit Sampling  
**Quiz 3 (Chapters 7 and 9)** | 9-1, 9-2, 9-13, 9-26, 9-28, 9-29, 9-37 |
| 7: March 3, 5 | Quiz 3 Review  
Chapter 10: Cash and Financial Investments  
Chapter 11: Accounts Receivables, Notes Receivable, and Revenues | 10-2, 10-7, 10-12, 10-13, 10-16, 10-23, 10-26, 10-27, 10-31, 10-35, 10-37, 10-40, 10-43  
| 8: March 10, 12 | Chapter 11 cont.  
Chapter 12: Inventories and Cost of Goods Sold  
**Quiz 4 (Chapters 10, 11, and 12)** | 12-2, 12-6, 12-7, 12-9, 12-10, 12-17, 12-21, 12-23, 12-29, 12-30, 12-33, 12-34, 12-37, 12-39 |
| 9: March 17, 19 | Quiz 4 Review  
Chapter 13: Property, Plant, and Equipment: Depreciation and Depletion  
Chapter 14: Accounts Payable and Other Liabilities  
14-1, 14-4, 14-5, 14-7, 14-8, 14-9, 14-15, 14-17, 14-21, 14-22, 14-23, 14-24, 14-27, 14-28, 14-29, 14-33, 14-37, 14-39, 14-40 |
| 10: March 24, 26 | **Exam 2** | **Chapters 7-13** |
| 11: April 7, 9 | Chapter 14 cont.  
Chapter 15: Debt and Equity Capital  
Exam 2 Review  
**Quiz 5 (Chapters 13, 14, and 15)** | 15-2, 15-5, 15-13, 15-14, 15-18, 15-32 |
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<tr>
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| 12: April 14, 16 | Quiz 5 Review  
Chapter 16: Auditing Operations and Completing the Audit  
| 13: April 21, 23 | Chapter 17 cont.  
Chapter 18: Integrated Audits of Public Companies  
| 14: April 28, 30 | Quiz 6 Review  
Exam 3 Preview  
**Group Presentations**  
Exam 3 |                                               |
| 15: May 5, 7     | **Group Presentations**  
Exam 3 Review |                                               |
| 16: May          | **Group Presentations** | Final Exam                                      |

Changes to the course schedule, if any, will be announced in class.