

University of North Texas
ACCT 4400 (3 hours): Auditing – Professional Responsibilities
Fall 2017
Dr. Eutsler

Section	Time	Place
001	W 6:30PM - 9:20PM	BLB 225
002	MW 2:00PM - 3:20PM	BLB 050
003	MW 12:30PM - 1:50PM	BLB 050

Professor: Jared Eutsler, Ph.D., CPA, CMA, CFE
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Office Hours: MW 9:45 a.m. – 11:00 a.m.
W 9:20 p.m. – 9:50 p.m.
-Or by appointment-

Required Material: *Auditing & Assurance Services: A Systematic Approach*. Messier, Glover, and Prawitt. 10th ed. 2015. A course reserve copy is available at Eagle Commons Library in Sycamore Hall.

Prerequisites: ACCT 3120 and ACCT 4100; BLAW 3430; must have a 2.5 GPA in all ACCT 3000 and ACCT 4000 courses taken at UNT or their equivalent taken at other colleges and universities to take this course. ACCT 4400 may not be taken more than twice at UNT.

Look forward Provision: This course serves as a prerequisite for ACCT 5110, ACCT 5120, ACCT 5200, ACCT 5310, ACCT 5410, ACCT 5440, ACCT 5450, and ACCT 5480. It may also be a prerequisite for some non-accounting courses. Please discuss your course schedule with your advisor.

Methods of Instruction: Lecture; discussion of current events in auditing; application through cases.

Class Website: A class website will be maintained throughout the semester on Blackboard (go to <http://www.unt.edu/> and click the link at the top for “Blackboard”). Class materials such as assignments, notes, etc. are available in Blackboard. Grades posted on Blackboard are unofficial.

Core Category: Capstone.

Core Curriculum: The capstone course is an important component of UNT’s Core Curriculum. This course is related to the category of **Social and Behavioral Sciences** and will focus on the application of empirical and scientific methods that contribute to the understanding of what makes us human. As a capstone experience, auditing a company’s financial statements requires an understanding of both accounting principles and the human and social environment in which accounting decisions are made. The ability to make such considerations in complex situations derives from the study of the human community and the social and behavioral environment. The accounting function impacts all areas of the audit client organization. This course addresses the potentially conflicting ways of thinking and decision-making applied by various constituencies of the client, including client employees, the audit firm, regulators, and client shareholders, and considers how financial statements and the accompanying audit report can impact these various constituencies. As an integral part of the core curriculum, engaging in this course will allow the student to develop and demonstrate the core objectives of Critical Thinking, Communication Skills, Social Responsibility and Personal Responsibility.

- **Critical Thinking Skills** – including creative thinking, innovation, inquiry, and analysis, evaluation and synthesis of information. Case studies are used in this course to address complex issues that can arise during different phases of the audit process. Students are challenged to be innovative (e.g., use critical thinking skills) when encountering different conditions in the case studies.
- **Communication Skills** – including effective development, interpretation and expression of ideas through written, oral and visual communication. Course material and case studies used in this course contain realistic circumstances that can impact audit procedures and outcomes that require students to analyze information and communicate appropriate solutions.
- **Empirical and Quantitative Skills** – including the manipulation and analysis of numerical data or observable facts resulting in informed conclusions. The case studies used in this course require students to develop skills, related to collecting and manipulating data that will enable them to prepare recommendations and form conclusions.
- **Social Responsibility** – including intercultural competence, knowledge of civic responsibility, and the ability to engage effectively in regional, national, and global communities. Auditors have shared responsibility to the public as well as to the client. In the preparation of an audit opinion, the auditor makes a statement regarding a client’s financial condition. Users of financial statements (including investors, creditors, government, etc.) rely heavily on the audit opinion, illustrating the social responsibility of the auditor. Class material and case studies used in this course critically examine the auditor’s relationship between professional responsibility and social responsibility to society.

Learning Objectives: When you complete this course, you should have:

- An understanding of the codification system for PCAOB Auditing Standards and the AICPA Code of Professional Conduct, and the ability to research those standards
- An understanding of the professional responsibilities of both auditors and CPAs in general
- The ability to apply the audit risk model to the process of planning audit procedures
- The ability to design and evaluate audit procedures to test specific financial statement assertions
- The ability to conduct controls testing and substantive procedures using audit sampling
- The ability to select the appropriate audit opinion for a given situation
- The ability to identify fraud red flags

Course Topics:

Unit 1: Audit Fundamentals (chapters 1-7)

- The Audit Process
- The Auditing Environment and Standards
- Planning, Materiality, and Risk Assessment
- Evidence and Documentation
- Auditing Internal Controls

Unit 2: Audit Sampling, Audit Reports, and Fraud Risk Management (chapters 8-10, 17-20, 4)

- Audit Sampling
- Auditing Revenue
- Completing the Audit and Audit Reports
- Fraud Risk Management
- Ethics and Professional Conduct
- Legal Liability

Point Distribution and Grading Scale:

Assessment	Points		Course Grade	Points Required
Exam 1 (Midterm)	125		A	≥ 90% of total points
Exam 2 (Final Exam)	125		B	80-89% of total points
Industry Expertise Project	150		C	70-79% of total points
Core Objective Assessment	40		D	60-69% of total points
Fraud Case	10		F	< 60% of total points
Individual Assignments and Quizzes	30			
Professionalism	20			
TOTAL	500			

I use **mathematical rounding** to determine grades at the hundredths column. For example, a grade of **447.7/500 (89.54%) = B**. **Your grade is completely based on your performance in this course.** Whatever grade you need to graduate, etc. is the result of your performance in prior classes and **is irrelevant to the grading process in this course.** When you take a class, **you are responsible** for all class requirements and your course standing.

Exams: There will be two exams, a mid-term and a final exam. All course material is fair game for exam content. Exam 1 covers Unit 1. Exam 2 (Final Exam) covers Unit 2 and any previous chapter(s) for which the class as a whole did not perform well on Exams 1-2. **Calculators** are not allowed for any exam. You may take a **makeup exam** under **extraordinary circumstances**, which I must **approve prior** to the exam you miss. To be eligible for a makeup exam, you must provide adequate documentation such as a doctor's excuse. For medical absences, I do not need to know the cause of the absence. Simply document you were under a doctor's care on the exam date, could not return to school until after the exam date, etc. **If I approve a makeup exam**, you can take the makeup exam during the **designated non-negotiable makeup time**. An unexcused absence on exam day or the makeup day will result in a zero grade that cannot be made up in any way.

Exam Retention: One year following the completion of the semester, then destroyed.

Audit Industry Experts Project (150 points): Throughout the semester you and your "audit team" of ~5 students will become experts in an industry of your choice. You may select your teammates, and must submit a list of names on your team (one list per team). If you do not join a team I will assign you to a team. If your initial team selection has fewer or greater than 5 students, I reserve the right to adjust team membership as needed. As a group, you will choose an industry of which you will develop expertise by individually evaluating its public companies and get to know who they are, what they do, how they operate, what their key risks are, etc. The individual company analyses will be combined with a group analysis at the industry level which will be presented to the class. This project will require you to directly apply auditing class concepts to companies and industry. Please see detailed case description for instructions on how to submit various case components (on-line vs. print, individual vs. group, etc.)

Individual Core Objective Assessment (40 points): This **individual** case involves planning the audit of a hypothetical client, and is **submitted online**. This assessment requires you to demonstrate the core objectives of critical thinking, communication skills, empirical and quantitative skills, and social responsibility.

Fraud Case (10 points): Assessing fraud risk and planning the audit. You will **form a new team (not the one used to complete the Team Case Sets)** to complete the required materials. Each team will

submit one set of materials. We will complete the majority of the fraud case in class, although your team likely will need to complete a portion of this assignment outside of class.

Individual Assignments and Quizzes (30 points):

- **Audit Risk Model Assignment (5 points)**
 - Prior to class, you will read about the Audit Risk Model and its components. While reading the chapter make headings for Audit Risk, Inherent Risk, and Control Risk. List factors (can be bullet-points) that contribute to each of these types of risk.
- **Internal Control Assignment (5 points)**
 - Prior to class, write up a one-page document outlining a specific control that you have experienced. This can be as an employee or as a customer. Document what it is meant to prevent, the relevant accounts and assertions, and whether you believe if it is effective (in design and implementation).
- **Fraud Write-up (5 points)**
 - Identify a specific fraud from the ACFE's fraud tree that is of interest to you (see: http://www.acfe.com/uploadedFiles/ACFE_Website/Content/rtnn/2016/fraud-tree.pdf). Write a one-page outline of how the fraud is committed and how an auditor might catch the fraud. Include an example, either personal or from the news, of a person who committed a scheme similar to that which you describe.
- **If You Need Love, Get a Puppy (Braun and Stallworth 2009) (5 points):** A case about auditor independence and professional skepticism.
 - Questions: Q1(2), Q2(2)
- **Quizzes**
 - Pop quizzes as deemed necessary if class does not appear to be actively reading materials before class or if attendance is low.
- **Other in-class Assignments**
 - Other assignments and cases done in class
 - If pop quizzes and other in-class assignments are not used the remaining points (difference between those given and 30) will be awarded to all students

Professionalism (20 points): This assessment is based on the following components:

- Participation: Material contribution to class discussion throughout the semester in class and/or on discussion boards in Blackboard. Prepare to attend each class, complete readings, and be ready to ask and answer questions. Taking notes does not constitute participation .
- Not causing distraction by using **audio recorders, cell phones, laptops**, etc. .
- Professionalism of emails and appointments. You do not need an appointment during office hours. If you make an appointment outside of office hours, you should either arrive on time or notify me in advance that you cannot attend on time.
- You are strongly encouraged to dress in professional attire (**business casual**) when guest speakers attend.

Late assignments: Late assignments will **receive a zero** that cannot be made up in any way, unless you provide adequate documentation such as a doctor's excuse.

Deadlines, unless otherwise directed, are provided on the tentative course schedule provided below. All assignments with the exception of the fraud case are due at 12:00PM (noon).: **When it comes to due dates, the syllabus is always right, Blackboard is not.**

Academic Dishonesty: Academic dishonesty will not be tolerated. Academic dishonesty includes cheating, plagiarism, forgery, fabrication, facilitating academic dishonesty, and sabotage. These actions are defined in the UNT academic integrity policy, available at

http://policy.unt.edu/sites/default/files/untpolicy/pdf/7-Student_Affairs-Academic_Integrity.pdf. You can find additional information on academic integrity at <http://vpaa.unt.edu/academic-integrity.htm>. Possible **penalties** for academic dishonesty include a **zero grade** for the assessment on which the student(s) engaged in academic dishonesty and **course failure**. The failure to return any part of an exam or scantron at any time you have these materials is an act of academic dishonesty that will at minimum result in a **grade of zero for that exam**. Academic dishonesty on team assignments may result in penalties for all team members. Any grade reduction based on academic dishonesty cannot be made up.

Acceptable Student Behavior: Student behavior that interferes with an instructor's ability to conduct a class or other students' opportunity to learn is unacceptable and disruptive and will not be tolerated in any instructional forum at UNT. Students engaging in unacceptable behavior will be directed to leave the classroom and the instructor may refer the student to the Dean of Students to consider whether the student's conduct violated the Code of Student Conduct. The university's expectations for student conduct apply to all instructional forums, including university and electronic classroom, labs, discussion groups, field trips, etc. The Code of Student Conduct can be found at www.deanofstudents.unt.edu.

Withdrawals: The Accounting Department strictly enforces university policy regarding **W/WF grades**. If you drop this course after the withdraw date, you must have a passing average (at least 60%) to receive a W grade; otherwise, you will receive a WF. It is your responsibility to be aware of and comply with all deadlines relating to withdrawals.

Finals Week: In the past, UNT has rearranged the final exam schedule due to inclement weather. You should consider this possibility when making end-of-semester travel arrangements.

Disability Accommodations: The College of Business complies with the Americans with Disabilities Act in making reasonable accommodations for qualified students with disabilities. If you wish to request such accommodations, please notify me as soon as possible so we can make arrangements. To obtain disability accommodations, **you must first go through the UNT Office of Disability Accommodation (ODA)**. The ODA will give you a letter confirming your status. To receive accommodations, you must present this letter to me **at least one week in advance** of the first graded in-class assessment for which you wish to receive accommodations. You can find more information at <https://disability.unt.edu/>.

Electronic Recording: Video or audio recording of any part of the class is prohibited (without approved accommodations by ODA). Violations will result in a 0 on the next assignment or test (which ever first).

Teaching Evaluations: I am more interested in your feedback provided as part of the teaching evaluation process as I continually strive to improve the quality of this class. I truly am interested in your feedback and have made changes to this course based on student feedback.

Course Schedule: Attached is a Course Schedule. The schedule details each day's primary topics, readings, guest speakers and assignments. As the instructor, I reserve the right to revise the Course Schedule, as needed. I will notify you if there are any revisions; however, it is your responsibility to monitor the course website and schedule to stay current.

TENTATIVE SCHEDULE
ACCT 4400 sections 002&003

Day	Date	Topics	Class Preparation
M	8/28	Introduction & Audit Process	
W	8/30	Introduction & Audit Process	Ch. 1
M	9/4	Labor Day	No Class
W	9/6	Audit Environment & Standards.	Ch. 2
M	9/11	Planning, Tests, & Materiality	Ch. 3 Team Lists**
W	9/13	Risk Assessment	Ch. 4, Audit Risk Model Assignment*
M	9/18	Evidence & Documentation	Ch. 5
W	9/20	Evidence & Documentation	Ch. 5
M	9/25	Internal Controls	Ch. 6-7, Internal Control Assignment*
W	9/27	Internal Controls	Vouch and Trace Case (Case Set 2) - Read Background pages 93-96
M	10/2	Core Objective Assessment	Read Core Objective Materials
W	10/4	EY Visit	Individual Company Reports Due to Group**
M	10/9	Review for Exam 1	Review Sheet, Group Feedback due**
W	10/11	Exam 1	Study
M	10/16	Recap -Audit Expertise Day	
W	10/18	Audit Sampling	Ch. 8
M	10/23	Audit Sampling	Ch. 9 Core Objective due*
W	10/25	Audit Sampling Exercise	Industry Expert Group Due**
M	10/30	Auditing Revenue	Ch. 10, Other Group Review Due**
W	11/1	Presentations	
M	11/6	Completing the Audit	Ch. 17
W	11/8	Audit Reports	Ch. 18
M	11/13	Audit Reports Case	
W	11/15	Ethics & Professional Conduct	Ch. 19, If You Need Love, Get a Puppy* Q1(2), Q2(2)
M	11/20	Becker Module	
W	11/22	Independence Videos	
M	11/27	Legal Liability	Ch. 20
W	11/29	Fraud Risk Management	Ch.4, Fraud Write-up*
M	12/4	Fraud Risk Management	Fraud Case**
W	12/6	Fraud Risk Management ----- Review for Final Exam	
M	12/11	Final Exam (2:00 class)	1:30 p.m. - 3:30 p.m.
W	12/13	Final Exam (12:30 class)	10:30 a.m. – 12:30 a.m.

Unless otherwise noted in syllabus or by professor, all assignments are due at 12:00PM (noon)

***Indicates individual assignment**

****Indicates team assignment.**

TENTATIVE SCHEDULE
ACCT 4400 section 001

Day	Date	Topics	Class Preparation
W	8/30	Introduction & Audit Process	Ch. 1
W	9/6	Audit Environment & Standards.	Ch. 2
			Team Lists**
W	9/13	Planning, Tests, & Materiality	Ch. 3
		Risk Assessment	Ch. 4, Audit Risk Model Assignment*
W	9/20	Evidence & Documentation	Ch. 5
		Evidence & Documentation	Ch. 5
W	9/27	Internal Controls	Ch. 6-7, Internal Control Assignment*
		Internal Controls	Vouch and Trace Case (Case Set 2) - Read Background pages 93-96
W	10/4	Core Objective Assessment/ EY Visit	Individual Company Reports Due to Group**
			Group feedback due (10/9)*
W	10/11	Exam 1	Study
W	10/18	Audit Sampling	Ch. 8,9
			Core Objective due*
W	10/25	Auditing Revenue	Ch. 10 , Industry Expert Group Due**
		Audit Sampling Exercise	Other Group Review Due** (10/30)
W	11/1	Presentations	
W	11/8	Completing the Audit	Ch. 17
		Audit Reports	Ch. 18
W	11/15	Ethics & Professional Conduct	Ch. 19, If You Need Love, Get a Puppy* Q1(2), Q2(2)
		Legal Liability	Ch. 20
W	11/22	Becker Module/Independence Videos	
W	11/29	Fraud Risk Management	Ch.4, Fraud Write-up*
		Fraud Risk Management	Fraud Case**
W	12/6	Fraud Risk Management ----- Review for Final Exam	
W	12/13	Final Exam (6:30 class)	6:30 p.m. – 8:30 p.m.
<i>Unless otherwise noted in syllabus or by professor, all assignments are due at 12:00PM (noon)</i>			
*Indicates individual assignment			
**Indicates team assignment.			