

University of North Texas
ACCT 4400 (3 hours): Auditing - Professional Responsibilities
Spring 2013
Dr. Robertson

| Section | Time | Place |
|----------------|--------------------------|----------------|
| 001 | T 6:30pm-9:20pm | BLB 015 |
| 002 | TR 9:30am-10:50am | BLB 140 |

Instructor: Jesse Robertson, Ph.D., CPA
BLB 385K
jesse.robertson@unt.edu
940.369.8156

Office Hours: Tue. 11:00 a.m. – 1:00 p.m., 4:30 p.m. – 6:30 p.m.
Thur. 11:00 a.m. – 1:00 p.m.

Required Material: *Auditing & Assurance Services: A Systematic Approach*. Messier, Glover, and Prawitt. 8th ed. 2012.

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.

Class Website: A class website will be established and maintained throughout the course on Learn (go to <http://www.unt.edu/> and click the link at the top for “Blackboard”). Class materials such as notes, assignments, etc. are available in Learn. I also post grades on Learn, but note that the grades available in Learn are unofficial.

Course Description: Introduction to auditing and the professional responsibilities of a career in any specialty of the accounting profession. Topics include the legal and ethical responsibilities of accountants; professional auditing standards; the audit risk model; the acquisition, evaluation and documentation of audit evidence; reports on the results of the audit engagement.

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

- Understand the professional responsibilities of CPAs in general
- Understand the audit process and audit reports
- Understand audit risk assessments, planning, and procedures
- Be able to research auditing standards
- Be able to identify fraud red flags

Methods of Instruction: Lecture, discussion, and application through cases and other active learning techniques.

Course Topics:

Unit 1: Audit Fundamentals (chapters 1-2, 19-20)

- The Audit Process
- The Auditing Environment and Standards
- Ethics and Professional Conduct
- Legal Liability

Unit 2: Conducting an Integrated Audit (chapters 3-7)

- Planning, Materiality, and Risk Assessment
- Evidence and Documentation
- Auditing Internal Controls

Unit 3: Audit Testing, Audit Reports, and Fraud Risk Management (chapters 8-10, 17-18, 4)

- Audit Sampling
- Auditing Revenue
- Completing the Audit and Audit Reports
- Fraud Risk Management

Professionalism: Your professionalism grade is based on the following components:

- Participation: Material contribution to class discussion throughout the semester in class and/or on discussion boards in Learn. Prepare for each class and be ready to ask and answer questions. Taking notes does not constitute participation (*10 points*).
- Not causing distraction through the use of **cell phones, laptops**, and other electronic devices. Active use of any electronic communication device in class is prohibited without explicit approval from me (*10 points*).
- 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 (*5 points*).

Exams: There will be three exams, including a final exam. All course material is fair game for exam content. Exam 1 covers Unit 1. Exam 2 covers Unit 2. Exam 3 (Final Exam) covers Unit 3 and any previous chapters for which the class as a whole did not perform well on Exams 1-2.

Calculators are not allowed for Exams 1 and 2. I will provide calculators for the Final 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 have two options:** (1) take the makeup exam during the **designated non-negotiable makeup time**; or (2) use the final exam to make up the points. 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: Exams will be retained for one year following the completion of the semester and then destroyed.

Case Sets and Teams: There will be three sets of three cases turned in throughout the semester. You will complete all three case sets in an “**audit team**” of **three students**. **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 team has less than three students, I will assign additional classmate(s) to your team. Depending on enrollment, some teams may have two team members. I reserve the right to adjust team membership as needed. A brief description of the case sets follows:

1. Ethics and Professionalism in Auditing
 - Case 1a – Satyam Accounting Scandal
 - Case 1b – Employment Offer
 - Case 1c – Independence
2. Risk Assessment and Planning
 - Case 2a – Risk Assessment
 - Case 2b – Planning Phase Analytical Procedures
 - Case 2c – Substantive Tests and Documentation
3. Finalizing the Audit
 - Case 3a – Misstatements
 - Case 3b – Audit Negotiations
 - Case 3c – Opinions and Finishing the Audit

Submitting Team Assignments: You must submit each case set in two formats:

1. Hard-copy: The Case Set Instructions file on Learn (see the Team Case Sets folder) provides instructions on how to format printouts, and other relevant information.
2. TurnItIn: TurnItIn is an online tool available to faculty at UNT to help detect academic misconduct. Students are required to submit written assignments for this class to Turnitin, a web-based plagiarism detection service. Before submitting your paper to Turnitin, please **remove your title page and other personal information**. Any paper that is not submitted to Turnitin prior to submission to the instructor will not be accepted by the instructor and will not be graded. You must submit your cases to TurnItIn using Blackboard Learn. To do this, log on to Learn, enter our class page, and click the link for Content on the left. Once you are in the Content page, click to View/Complete the appropriate assignment, and begin the process of uploading your assignment. Only one team member should submit each case.

Individual Assignments: These five short assignments are worth five points each.

- **Audit Activities:** This is a two-part assignment. Part one involves your performance on audit-related activities, and part two involves an audit case. You must complete both parts to receive credit.
- **PwC’s Alchemy Case Deliverables:** The PwC Alchemy Case is a simulated internal controls audit. You are responsible for submitting your work on the Additional Deliverables Packet.
- **Deloitte’s SolvGen Case:** Auditing a complex series of revenue transactions.
- **Deloitte’s Danle Case:** Auditing the client’s reporting of a contingent liability.
- **Deloitte’s Fraud & Illegal Acts Case:** A call to a company’s ethics hotline sparks an investigation into financial reporting practices.

Alchemy is the only individual assignment you will submit in **hard-copy (paper) format**. Each of the four other individual assignments will be **submitted online**, using links I will provide.

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. All deadlines are the beginning of class on the due date unless otherwise noted. This policy applies to both individual and team assignments.

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>.

The **minimum penalty** for academic dishonesty will be a zero grade for the assignment, project, exam, etc. on which the student(s) engaged in academic dishonesty. The failure to return any part of an exam or scantron at any time you have these materials is an act of academic misconduct that will at minimum result in a grade of zero. Academic dishonesty on team assignments may result in penalties for all team members. Any grade reduction based on academic dishonesty cannot be made up in any way.

Point Distribution and Grading Scale:

| Assessment | Points | Course Grade | Points Required |
|-----------------------------|---------------|---------------------|------------------------|
| Exam 1 | 100 | A | ≥ 90% of total points |
| Exam 2 | 100 | B | 80-89% of total points |
| Exam 3 (Final Exam) | 100 | C | 70-79% of total points |
| Three Case Sets | 150 | D | 60-69% of total points |
| Five Individual Assignments | 25 | F | < 60% of total points |
| Professionalism | 25 | | |
| TOTAL | 500 | | |

I use **mathematical rounding** to determine grades. For example, if your course grade is 447/500 (89.4%), your grade will be a B. **Your grade is completely based on your performance in this class.** 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.

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.

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.

Teaching Evaluations: I am more interested in the feedback you provide as part of the teaching evaluation process than whether evaluations are conducted online, or by using paper and pencil, or both. I truly am interested in the feedback you provide.

TENTATIVE SCHEDULE: ACCT 4400-001
T 6:30 p.m. – 9:20 p.m.

| Day | Date | Topics | Class Preparation |
|------------|-------------|---|---|
| T | 1/15 | Introduction & Audit Process | Basic Concepts Notes Ch. 1 Text & Notes, 1-24, 1-30 |
| T | 1/22 | Audit Environment & Stds. | Ch. 2 Text & Notes; 2-24 through 2-28 Audit Activities 1 (in-class); Team Lists |
| T | 1/29 | Ethics & Professional Conduct | Ch. 19 Text & Notes, 19-28, 19-29, 19-31 |
| T | 2/5 | Legal Liability Review for Exam 1 | Ch. 20 Text & Notes, 20-26, 20-31 Review Sheet Case Set 1 |
| T | 2/12 | Exam 1 Planning, Tests, & Materiality | Study Ch.3 Text & Notes |
| T | 2/19 | Risk Assessment Dermaceutics Video | Ch. 4 Text & Notes |
| T | 2/26 | Evidence & Documentation | Ch. 5 Text & Notes |
| T | 3/5 | Internal Controls | PwC's Alchemy Case - Read Background PwC's Alchemy Case Deliverables |
| T | 3/19 | <i>Guest Speaker from Deloitte</i> Internal Controls | Ch. 6-7 Text & Notes, 6-25, 7-38, 7-39, 7-40 |
| T | 3/26 | Ch. 3-5 Problems Review for Exam 2 | 3-27, 3-29, 4-27, 4-31, 5-31, 5-32, 5-34 Review Sheet Case Set 2 |
| T | 4/2 | Exam 2 Audit Sampling | Study Ch. 8-9 Text & Notes |
| T | 4/9 | Audit Sampling Auditing Revenue | 8-23, 8-27, 8-28, 9-22 Ch. 10 Text & Notes Deloitte's SolvGen Case Q1-2 |
| T | 4/16 | Completing the Audit Audit Reports | Ch. 17 Text & Notes 17-22, 17-24 Ch. 18 Text & Notes, 18-22, 18-23 Deloitte's Danle Case Q1 Audit Activities 2 |
| T | 4/23 | Fraud Risk Management | Fraud Risk Mgt. Notes & Ch.4 text, 4-29 Deloitte's Fraud & Illegal Acts Case Q2-3 Case Set 3; Peer Review |
| T | 4/30 | Fraud Risk Management Final Exam Review | Review Sheet |
| T | 5/7 | Final Exam | 6:30 p.m. – 8:30 p.m. |

TENTATIVE SCHEDULE: ACCT 4400-002
TR 9:30 a.m. – 10:50 a.m.

| Day | Date | Topics | Class Preparation |
|------------|-------------|------------------------------------|---|
| T | 1/15 | Introduction & Audit Process | Basic Concepts Notes |
| R | 1/17 | Introduction & Audit Process | Ch. 1 Text & Notes, 1-24, 1-30 |
| T | 1/22 | Audit Environment & Stds. | Ch. 2 Text & Notes Audit Activities 1 (in-class); Team Lists |
| R | 1/24 | Audit Environment & Stds. | Ch. 2 Text & Notes; 2-24 through 2-28 |
| T | 1/29 | Ethics & Professional Conduct | Ch. 19 Text & Notes |
| R | 1/31 | Ethics & Professional Conduct | 19-28, 19-29, 19-31 |
| T | 2/5 | Legal Liability | Ch. 20 Text & Notes, 20-26, 20-31 Case Set 1 |
| R | 2/7 | Review for Exam 1 | Review Sheet |
| T | 2/12 | Exam 1 | Study |
| R | 2/14 | Planning, Tests, & Materiality | Ch. 3 Text & Notes |
| T | 2/19 | Risk Assessment | Ch. 4 Text & Notes |
| R | 2/21 | Dermaceutics Video | |
| T | 2/26 | Evidence & Documentation | Ch. 5 Text & Notes |
| R | 2/28 | Evidence & Documentation | Ch. 5 Text & Notes |
| T | 3/5 | Internal Controls | PwC's Alchemy Case - Read Background |
| R | 3/7 | Internal Controls | PwC's Alchemy Case Deliverables |
| T | 3/19 | <i>Guest Speaker from Deloitte</i> | |
| R | 3/21 | Internal Controls | Ch. 6-7 Text & Notes, 6-25, 7-38, 7-39, 7-40 3-27, 3-29, 4-27, 4-31, 5-31, 5-32, 5-34 |
| T | 3/26 | Ch. 3-5 Problems | Case Set 2 |
| R | 3/28 | Review for Exam 2 | Review Sheet |
| T | 4/2 | Exam 2 | Study |
| R | 4/4 | Audit Sampling | Ch. 8-9 Text & Notes |
| T | 4/9 | Audit Sampling | 8-23, 8-27, 8-28, 9-22 |
| R | 4/11 | Auditing Revenue | Ch. 10 Text & Notes, Deloitte's SolvGen Case Q1-2 |
| T | 4/16 | Completing the Audit | Ch. 17 Text & Notes, 17-22, 17-24 Deloitte's Danle Case Q1 Audit Activities 2 |
| R | 4/18 | Audit Reports | Ch. 18 Text & Notes, 18-22, 18-23 |
| T | 4/23 | Fraud Risk Management | Fraud Risk Mgt. Notes & Ch.4 text, 4-29 Case Set 3; Peer Review |
| R | 4/25 | Fraud Risk Management | Deloitte's Fraud & Illegal Acts Case Q2-3, |
| T | 4/30 | Fraud Risk Management | |
| R | 5/2 | Final Exam Review | Review Sheet |
| T | 5/7 | Final Exam | 8:00 a.m. – 10:00 a.m. |