

GUSTAVUS ADOLPHUS COLLEGE

E/M330 AUDITING

COURSE SYLLABUS

FALL, 2011

LOCATION:	Beck 219	TIME: 8:00 MTWRF
INSTRUCTOR:	Mr. Glenn S. Barnette	Work Phone - 933-6120
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OFFICE HOURS:	10:30-11:30 p.m. MTWRF and by appointment.	

For many of the students in this section, this is the final course prior to beginning an accounting internship. As such, the demands of this course will be similar to the demands of an entry-level accountant in a public accounting firm. You will be required to produce quality work with tight deadlines.

COURSE OBJECTIVES: Upon completing this course, the student should have achieved the following objectives.

1. Understand the basic terminology of auditing.
2. Understand the audit risk concept and its relationship to planning auditing procedures.
3. Be able to perform a variety of audit tests.
4. Understand the concept of management assertions and the design of audit procedures to test the assertions.
5. Understand the auditor's professional responsibility and legal obligations.

TEXT: O. Ray Whittington and Kurt Pany. *Principles of Auditing and Other Assurance Services*, 18th Edition. Irwin/McGraw-Hill, 2012.

MEETING DATES: Normally, the class will meet on Monday, Tuesday, Wednesday, and Friday. However, I have scheduled additional Thursday meetings on September 29, October 6, and October 20.

ASSIGNMENTS: Attached to this syllabus is a Course Outline, which shows the dates of the exams, assignments, and text readings for this course. Students are expected to have read the text and prepared the assignments prior to the class in which they are discussed or turned in. Late work will not be accepted.

Most of the homework is listed as "participation" assignments, but some are listed as "graded assignments." I will give credit for **participation assignments** on the basis of a good faith effort. They are generally worth one point each. Students may collaborate on these assignments, but each person must turn in their own work. I will evaluate **graded assignments** on the basis of completeness and accuracy. These are individual assignments, and students may not collaborate on these. The point values for each of these assignments are indicated on the Course Outline.

1. **Daily Exercises** are questions and problems located at the end of each chapter. Many of these assignments are objective questions and worksheets, which can be accessed using *McGraw-Hill Connect™*. This is an online homework management program that students should have purchased with their textbooks. I expect students to complete these assignments using *McGraw-Hill Connect™* prior to the due dates.

Some daily assignments require a written analysis. These have a (W) next to the problem number. I expect students to complete these using Word or Excel and turn them in on the due date. We may discuss these problems in class.
2. **Keystone Computers Practice Set.** These graded assignments for Chapters 6, 11, and 14 simulate the planning and some tests that one may experience in the audit of a small client. Students will complete these assignments using the appropriate spreadsheet or word processing program. These are individual assignments, and students must turn in an Honor Pledge for each assignment.
3. **ACL Assignments** introduce the student to the ACL audit software. Five of these assignments appear with a two-day introduction to the software. The other two assignments appear as part of the instruction for Chapters 11 and 12. Students may collaborate on Assignments 1, 2, 3, 4, and 6; but Assignments 5 and 7 are individual assignments.
4. **The KCN Case** is a major assignment requiring the student to perform accounting research. The students will complete this assignment using a Memorandum Report format. This is an individual assignment, and students must turn in an Honor Pledge for this assignment.

HONOR PLEDGE: Practice set exercises, ACL Assignments 5 and 7, and other graded exercises are graded written assignments. Students may not collaborate on this work, and each student will include an honor pledge with the assignment. If a student turns in a graded project that is obviously copied verbatim from another student, both students will receive a zero on that assignment. Students are free to collaborate on the daily problems and exercises.

DISABILITY SERVICES: Gustavus Adolphus College is committed to ensuring the full participation of all students in its programs. If you have a documented disability (or you think you may have a disability of any nature) and, as a result, need reasonable academic accommodation to participate in class, take tests or benefit from the College's services, then you should speak with the Disability Services Coordinator, for a confidential discussion of your needs and appropriate plans. Course requirements cannot be waived, but reasonable accommodations may be provided based on disability documentation and course outcomes. Accommodations cannot be made retroactively; therefore, to maximize your academic success at Gustavus, please contact Disability Services as early as possible. Disability Services (<https://gustavus.edu/advising/disability/>) is located in the Advising and Counseling Center.

EXAMINATIONS: Five "unit" examinations will be given as per the assignment list. The fifth "unit" exam will be given at 10:30 a.m., Friday, December 16 (the final exam period). The final exam will only cover the material assigned after the fourth exam.

ATTENDANCE: The attendance policy outlined in the Gustavus Catalog will be followed. A student should discuss planned absences (such as field trips and religious holidays) with the instructor prior to the absence so that arrangements can be made to make up any missed work.

EVALUATION: 650 course points will be awarded based on the exams, graded homework, and cases. Each of the unit exams will be worth 75 points, the graded assignments are worth a total of 195 points, and participation exercises are worth a total of 80 points. The course points will be converted to a letter grade according to the following percentages.

<i>Percent Grade</i>	<i>Letter Grade</i>
93 or more	A
90 to 92.9	A-
85 to 89.9	B+
80 to 84.9	B
75 to 75.9	B-
70 to 74.9	C+
65 to 69.9	C
60 to 64.9	C-
55 to 59.9	D+
50 to 54.9	D
Less than 50	F

**E/M330 Auditing
COURSE OUTLINE
FALL, 2011**

Date	Lecture Topic	Assignment	
		Graded	Participation
	Chapter 1: The Role of the Public Accountant		
9/6	The Attest Function		
9/7	The Accounting Profession		1-28, 33, 34, 37(W)
	Chapter 2: Professional Standards		
9/9	Professional Standards		2-30
9/12	The Auditors' Report	2-36 (6 points)	2-35
9/13	Quality Controls		2-31, 33
	Chapter 3. Professional Ethics		
9/14	The nature of ethics		3-32
9/16	AICPA Code of Professional Conduct-Independence		3-34, 35(W)
9/19	AICPA Code of Professional Conduct-Other issues	3-40 (12 points)	3-37
	Chapter 4. Legal Liability of CPA's		
9/20	Liability under Common Law		4-28
9/21	Liability under Statutory Law		4-25(W), 30, 33
9/23	Review for Exam	4-41 (10 points) (W)	
9/26	First Exam		
9/27	Accounting and Auditing Student Conference		
	Chapter 5: Audit Evidence and Documentation		
9/28	Audit Risk & Audit Evidence		5-45
9/29	<i>Analytical Procedures and Audit Documentation</i>		5-46, 47, 48
9/30	Audit Documentation		5-35(W), 36(W), 42(W)
	Chapter 6: Planning the Audit; Designing Audit Programs		
10/3	Audit Planning		6-38
10/4	Nobel Conference		
10/5	Nobel Conference		
10/6	<i>Audit Risk & Audit Procedures</i>		6-29(W), 30(W), 32(W)
10/7	Case discussion	6C-1, 4 (20 points) (W)	
	Chapter 7: Internal Control		
10/10	Principles of Internal Control		7-24(W), 34
10/11	Internal Control and the Audit		7-28(W), 39
10/12	Review for Exam		7-43(W), 44(W)
10/14	Second Exam		

Course Outline (continued)
Fall 2011

Date	Lecture Topic	Assignment	
		Graded	Participation
	Chapter 10: Cash and Financial Investments		
10/17	Internal Control of Cash		10-37
10/18	Auditing Cash		10-38, 41
10/19	Problem review		10-39, 40, 48(W)
	ACL in Practice		
10/20	<i>Setting up an ACL Project</i>		10-49(W)
10/21	Using ACL for Analysis		ACL Assignments 1, 2, 3, 4 (W)
10/24	Reading Break		
10/25	Reading Break		
	Chapter 9: Audit Sampling		
10/26	Attribute Sampling	ACL Assignment 5 (10 points) (W)	9-37, 38
10/28	Sampling for Substantive Tests		9-39(W), 40, 43(W)
10/31	Probability Proportional to Size Sampling		9-47, 50
11/1	Review Problems	9-45, 9A-12 (12 points)	9A-14(W)
11/2	Third Exam		
	Chapter 11: Accounts Receivable, Notes Receivable, and Revenue		
11/4	Internal Control of Accounts Receivable		11-27(W), 36
11/7	Auditing Accounts Receivable and Revenue		11-38, 40, 48(W)
11/8	Case preview		ACL Assignment 6
11/9	Case discussion	11A-2, 3; 11B-2, 3 (30 points)	
	Chapter 12: Inventories and Cost of Goods Sold		
11/11	Internal Control of Inventory		12-1(W), 31, 32
11/14	Auditing Inventory Balances		12-11(W), 37(W), 39(W)
11/15	Auditing Purchases and Cost of Goods Sold		12-34, 35
	Chapter 18. Integrated Audits of Public Companies		
11/16	Planning and Tests in Integrated Audit	ACL Assignment 7 (W)	
11/18	Reporting Integrated Audit Opinion		18-32, 33
11/21	Preview Exam		18-31(W), 36(W)
11/22	Fourth Exam		
	Thanksgiving Break, Nov 23-27		

Course Outline (continued)
Fall 2011

Date	Lecture Topic	Assignment	
		Graded	Participation
	Chapter 14: Accounts Payable and Other Liabilities		
11/28	Internal Control of Accounts Payable		14-34
11/29	Auditing Accounts Payable		14-36, 38(W)
11/30	Other Current Liabilities		14-41, 42(W)
12/2	Case discussion	14A-1, 3 (15 points) (W)	
	Chapter 16: Auditing Operations and Completing the Audit		
12/5	Auditing Operations		16-36
12/6	Completing the audit		16-39,41(W)
12/7	Evaluating audit findings		16-48(W)
12/9	Responsibilities for other information	KCN Case (60 points) (W)	
	Chapter 17. Auditors' Reports		
12/12	Unqualified Opinions		17-25
12/13	Qualified and Adverse Opinions		17-26, 30
12/14	Preview Final	17-37 (10 points) (W)	
12/16	Final Exam 10:30 a.m. to 12:30 p.m.		
	Note: Thursday meetings are in italics.		