Auditing Theory and Practice
Acct 415 | 3 credit hours | Spring 2019 1:30-2:45

Instructor: Jamie Seitz, DBA, CPA
Office Hours: TR 9:30am-10:30am & 12pm-1:30pm or by appointment
Email: jlseitz@usi.edu
Virtual Office: https://zoom.us/j/7258456906
Phone: 812.461.5421
Office Number: BE 2070
Classroom Number: BE 3023

Course Description
This course provides an overview of auditing as it is practiced in the United States of America. This includes a basic understanding of the functions of an audit, the legal and regulatory environments in which auditing takes place, the ethical and professional standards that apply to auditors, the concepts of risk analysis, risk-based auditing, and statistical sampling, and an introduction to the techniques typically used to gather sufficient competent evidential matter in an audit engagement.

Prerequisites: ACCT 303 (Acct 304 and 401 are recommended) & senior standing (must have completed 93 semester hours)

Learning Objectives
- Explain the role of CPAs in American society
- Demonstrate an understanding of the ten generally accepted auditing standards
- Explain the concept of “independence” as it applies to CPAs
- Determine appropriate professional behavior in various situations using the AICPA’s Code of Professional Conduct
- Explain the concept of accountants’ legal liability under Common Law and Statutory Law
- Apply analytical procedures to comparative financial statements
- Use the results of analytical procedures to identify “red flags” of audit risk
- Explain the basic principles for using statistical sampling techniques in auditing
- Describe the five different types of audit reports issued by CPAs
- Determine the appropriate type of audit report to use in given circumstances
REQUIRED TEXT AND CALCULATOR


MindTap Access Code Use your USI email address to register – Do not use any other address

Hard Textbook is optional if you have an e-text

Optional Text:


Title: Auditing Exam Questions and Explanations (book and Test Prep Software)

Remind Application

Instructions on how to sign up for this safe texting app will be sent at the beginning of the course. You must sign up for this mode of communication.

ATTENDANCE

Attendance is important and expected.

HOMEWORK/ GROUP ASSIGNMENTS

Readings Assignments should be completed prior to coming to class (pre-tests in MindTap). A selective set of homework assignments (chapter homework in MindTap) will be worked as part of the grade requirements. Homework problems should be worked individually.

The instructor MAY also make group assignments as part of the grade requirements (typically completed in class). These group assignments will consist of solving decision-making cases or performing outside research.

It is imperative that you keep up and hit all of the homework and exam deadlines. Missing deadlines is the single biggest way that you can undermine your own performance in the course.

**Do not wait until the end of the semester to ask about a “missed” assignment or an assignment you “didn’t know was part of the final grade.”**

In general, there will be NO TOLERANCE of missed deadlines. Except in the rarest of circumstances (flood, earthquake, heart attack, etc.) you should be prepared to accept a score of zero on missed homework assignments. Please note that "my internet went out" or "my computer broke" are NOT acceptable excuses for missing deadlines. EVERYONE’s internet goes out occasionally and everyone's computer breaks sometimes. You must learn to PLAN for these events, so that if they occur they aren't catastrophic. The easiest way to plan for the unforeseen is to NOT PROCASTINATE. If you plan on turning in every assignment 24 or 48 hours before the deadlines, then you still have time to recover if something bad happens.

The deadline is just that - a DEADLINE. This means it is the LAST POSSIBLE time to turn in
the assignment. It does NOT mean that you should START the assignment two hours before the
deadline and expect everything to go 100% smoothly so you can turn it in on time...

EXAMS /QUIZZES

Exams must be taken at the time scheduled and are online. **No make-up exams will be given.**
Unexcused absences from an exam will result in a grade of zero for that exam. If you must miss
an exam due to a school sponsored event (i.e., traveling with an intercollegiate athletic team,
etc.), you must make take the exam **BEFORE** you leave for the trip. Any points relative to an
excused absence will be carried over to the final exam. Quizzes may also be given as a part of
the grade requirements. Exam will open at 6am and close at 9pm. Each exam will last 2 hours.

PROFESSIONAL DEVELOPMENT

Professional development activities will be required for this class. Professional development
points may be earned by attending student organization meetings (Accounting and Professional
Services Club, Beta Alpha Psi, Alpha Kappa Psi, AITP, Speaking Eagles, O'Daniel Leadership,
Economics and Finance Club, etc.), professional organization meetings (IMA, Rotary Club, etc.)
and/or plant tours. **You are responsible to email me your professional development activities
BEFORE your scheduled final. No professional development points will be accepted after your
scheduled final!**

METHODS

1. Lecture and classroom discussion of text material.
2. Application of text material in solving assigned problems.
3. Group discussions in solving exercises and problems in class.
4. Interaction with cases.

ACADEMIC RESPONSIBILITIES

Truth and honesty are necessary to a university community. Each student is expected to do his
or her academic work without recourse to unauthorized means of any kind. Both students and
faculty are expected to report violations of the expectations of academic honesty. USI policies
and regulations governing the conduct of students and the procedures for handling violations of
these policies and regulations are found in the USI Bulletin and on the Dean of Students' website
(http://www.usi.edu/deanofstudents/academic-dishonesty-policy-and-procedures).

AMERICANS WITH DISABILITIES ACT

If you have a disability for which you may require academic accommodations for this class,
please register with Disability Resources (DR) as soon as possible. Students who have an
accommodation letter from DR are encouraged to meet privately with course faculty to discuss
the provisions of those accommodations as early in the semester as possible. To qualify for
accommodation assistance, students must first register to use the disability resources in:
To help ensure that accommodations will be available when needed, students are encouraged to meet with course faculty at least 7 days prior to the actual need for the accommodation. However, if you will be in an internship, field, clinical, student teaching, or other off-campus setting this semester please note that approved academic accommodations may not apply. Please contact Disability Resources as soon as possible to discuss accommodations needed for access while in this setting.

For more information, please visit the Disability Resources website at http://www.usi.edu/disabilities.

**Title IX – Sexual Misconduct**

USI does not tolerate acts of sexual misconduct, including sexual harassment and all forms of sexual violence. If you have experienced sexual misconduct, or know someone who has, the University can help. It is important to know that federal regulations and University policy require faculty to promptly report incidences of potential sexual misconduct known to them to the Title IX Coordinator to ensure that appropriate measures are taken and resources are made available. The University will work with you to protect your privacy by sharing information with only those who need to know to ensure we can respond and assist. If you are seeking help and would like to speak to someone confidentially, you can make an appointment with a counselor in the University Counseling Center. Find more information about sexual violence, including campus and community resources at www.usi.edu/stopsexualassault.

**ACCESSING THE COURSE WEBSITE**

This course is presented via the University of Southern Indiana’s Blackboard course management system.

You should create a shortcut (link or favorite) in your browser that will take you directly to the Blackboard login site:  http://bb.usi.edu

Then,

1. Log in using your myUSI Portal user name and password.
2. In the “My Courses” box, choose Acct 415
3. Review all the course content that is available through the Bb course site.

Note that you must be registered for this course to be allowed access to the course materials. Also note that it may take 24-48 hours for Blackboard to be updated with the latest enrollment data from the Registrar’s Office. Therefore, if you have just added the course and are denied access, try again in 24-48 hours.

**EMAIL AND COURSE ANNOUNCEMENTS**

All email contact will take place through the university email system using your myUSI email account. Students are expected to have an up-to-date myUSI account and to regularly check their email accounts. If you’re experiencing issues with your myUSI account, you may view myUSI FAQ (http://media.myusi.org/myusifaq/).

Updates for this course may be delivered to your student email account or posted in the announcement section of Bb. Every effort is made to keep the class informed on an ongoing
Get in the habit of visiting the course site and checking your e-mail daily!

HELP RESOURCES
The University of Southern Indiana, not the Romain College of Business, supports the Blackboard system. If you need help using Blackboard, you may:

1. Use the tutorials on the main e-Learning webpage.

2. Contact the USI Computing Help Desk at 812-465-1080, or in person at Forum Wing (FA) 41, or go to their Webpage at http://www.usi.edu/it/help-desk

LEARNING AND INSTRUCTION

GRADES

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<th>Weight</th>
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<td>Exams/Cases assigned as part of</td>
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<td>90 - 100%</td>
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<td>the exam</td>
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<td>80 - 89%</td>
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<td>70 - 79%</td>
<td>C</td>
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<tr>
<td>Pre-Tests/HW/Group work/Prof.</td>
<td>50%</td>
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<td>Below 60%</td>
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***I DO NOT ROUND GRADES! THEREFORE, IF YOU EARN A 79.99% YOU WILL EARN A C AS YOUR FINAL GRADE.***

- The instructor reserves the right to issue assignments and quizzes throughout the course without notice. This may result in an alteration of the total points possible for the course.

- The instructor reserves the right to assign additional work and/or make students exempt from assignments on an individual basis. This may result in an alteration of the total points possible for the course for one or more students differentially from the rest of the class.

- The instructor reserves the right to offer or not to offer extra credit on student-by-student basis. If offered at the instructor’s discretion, a student is NOT eligible if he/she has not completed ALL assignments on time for the whole semester.

ACADEMIC DISHONESTY

Academic dishonesty will not be tolerated in any form and will result in a grade of “0” for the examination or assignment and a failing grade in the course. The instructor may also pursue the option of starting proceedings to have a student expelled from the University for academic dishonesty. Please see https://www.usi.edu/deanofstudents/academic-integrity

ELECTRONIC DEVICES
Cell phones, iPods, laptops, and iPad are not acceptable calculators and will NOT be permitted during quizzes and tests. **Social media and texting are not allowed during class time.**

**CAREER ADVISING**

Career advising is available through your academic advisor or any accounting professor. Please take advantage of this opportunity to discuss the career paths open to accounting graduates and to ask relevant questions.

**SYLLABUS POLICY CHANGE**

This syllabus may be subject to change with reasonable advanced notice.

**HOW CAN YOU LEARN BY LEVERAGING THE FEATURES OF THIS TEXTBOOK?**

*Follow these ten steps:
*(Borrowed from Johnstone’s Syllabus @ University of Wisconsin)*

1. Before you even begin, go online to the Cengage website and complete the first Becker CPA Exam Pre-test, which the authors have personally tailored to the chapters and learning objectives in this textbook. There is a 25-question Pre-test relating to Chapters 1-8, and another 25-question Pre-test relating to Chapters 9-15. In addition, these same tests are available online as Becker CPA Exam Post-tests, so that you can track your knowledge progress both within this course, as well as relating to the upcoming CPA exam.

2. Start by viewing the Audit Opinion Formulation Process diagram at the outset of each chapter. Relevant chapter topics are highlighted for your reference so that you can track your progress through learning about all of the phases of conducting a quality audit.

3. Take a few minutes to read the What’s Covered feature, which briefly describes the main themes of the chapter. Then, review the Learning Objectives. Just as you begin to read the chapter, quickly read the What You Will Learn questions. Engaging in these simple and quick actions will help you know what to expect out of each chapter, which research shows will help you organize your knowledge and recall it later (during exams!).

4. To help set the practical application for each chapter, read the Why It Matters feature at the outset of each chapter. This feature will help you see beyond the factual insights provided in the chapters. Elements include e.g., extensions based on in-the-news examples that illustrate fundamental features and applications of text facts, professional standards in foreign jurisdictions, and interesting points that may be tangential to the text facts, but that should facilitate your deep engagement with the chapter. In addition, we highlight some of these features as relating to a Fraud Focus or to an International Focus.

5. The fifteen chapters are split into a variety of clearly articulated learning objectives, each containing its own important insights. Within these objectives, you will encounter the following helpful learning take-aways that we intend to engage your critical thinking about the conceptual contents of each chapter:

   **“Prompt for Critical Thinking—It’s Your Turn!” feature.** This feature encourages you to engage in critical thinking as you acquire knowledge relevant to each chapter. This feature is intentionally creative in form and substance, and varies widely in structure based upon the learning objective to which it is related. We also provide potential answers to these prompts at the end of the chapter so that you can compare your thoughts about these prompts to those that the authors provide.
### “What Do You Think?—For Classroom Discussion” feature

This feature provides an avenue by which you can expect that the will use to facilitate preparation for class, encourage cognitive engagement, and facilitate critical thinking through discussions with other students. You have the opportunity to learn by preparing for these discussions, and engaging with the instructor and your classmates.

*Your employers and their clients will take as a given that you are proficient in your technical knowledge; what will set you apart from other young professionals is to express clearly articulated perspectives on the matters at hand; use these features as practice in rising to this challenge!*

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<td><strong>6.</strong></td>
<td>At the conclusion of each learning objective, complete the <strong>Check Your Basic Knowledge</strong> feature, which contains two true-false questions and two multiple-choice questions. Your instructor will provide you with answers to these questions, so you can compare your existing knowledge with the correct facts as you expand your understanding of textbook materials.</td>
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<td><strong>7.</strong></td>
<td>Fraud prevention and detection is one of the most important roles that auditors play in providing assurance with respect to financial reporting. Carefully read and be prepared to discuss in class the examples of auditors’ roles in this regard in the <strong>Focus on Fraud</strong> feature.</td>
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<td><strong>8.</strong></td>
<td>Attend to the Exhibits and Figures! These lists and diagrams will be very helpful to you as you organize your knowledge in preparation for both the exams in this class, as well as the CPA exam.</td>
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<td><strong>9.</strong></td>
<td>Examine the <strong>Let’s Review</strong> feature to ensure that you have a solid understanding of the basic concepts of the chapter. Review the <strong>Significant Terms</strong> list and use it as a way to review your understanding of the material that you have read about within the chapter. As you do this review, develop a set of questions for any topics whereby you lack understanding. Impress your instructor by drafting some formative questions whereby you can challenge the in-class lecture on these topics.</td>
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<td><strong>10.</strong></td>
<td>Complete the <strong>End-of-Chapter Review Questions, Cases, and Application Activities</strong> that your instructor requires, and view them not as a burden, but rather as an opportunity for you to thoughtfully engage these topics. Doing so will enable your mind to properly categorize these ideas for later retrieval and use, both in the CPA exam and in your professional job.</td>
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<td>TENTATIVE DATES</td>
<td>READING ASSIGNMENT</td>
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<tr>
<td>1/8, 1/10</td>
<td>Introduction</td>
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<tr>
<td></td>
<td>Chapter 1 – Quality Auditing: Why It Matters</td>
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<td>Chapter 2 – The Auditor’s Responsibilities Regarding Fraud and Mechanisms to Address Fraud: Regulation and Corporate Governance</td>
</tr>
<tr>
<td>1/15, 1/17</td>
<td>Chapter 3 – Internal Control Over Financial Reporting: Responsibilities of Management and the External Auditor</td>
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<td>1/22, 1/24</td>
<td>Chapter 4 – Professional Legal Liability</td>
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<td>Chapter 5 – Professional Auditing Standards and Audit Opinion Formulation Process</td>
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<tr>
<td>1/29, 1/30</td>
<td>Chapter 5 – Professional Auditing Standards and Audit Opinion Formulation Process</td>
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<td>Chapter 6 – Audit Evidence</td>
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<tr>
<td>2/5, 2/7</td>
<td>EXAM 1 (CHAPTERS 1-6)</td>
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<tr>
<td>2/12, 2/14</td>
<td>Chapter 7 – Planning the Audit: Identifying, Assessing, and Responding to the Risk of Material Misstatement</td>
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<tr>
<td>2/19, 2/21</td>
<td>Chapter 8 – Specialized Audit Tools: Attributes Sampling, Monetary Unit Sampling, and Data Analytics Tools</td>
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<tr>
<td>2/26, 2/28</td>
<td>Chapter 9 – Auditing the Revenue Cycle</td>
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<tr>
<td>3/5, 3/7</td>
<td>SPRING BREAK – NO CLASS</td>
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<tr>
<td>3/12, 3/14</td>
<td>Chapter 10 – Auditing Cash, Marketable Securities, and Complex Financial Instruments</td>
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<td>3/15: Last day to Drop/Withdraw Without Evaluation</td>
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<tr>
<td>3/19, 3/21</td>
<td>Chapter 11 – Auditing Inventory, Goods and Services, and Accounts Payable: The Acquisition and the Payment Cycle</td>
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<td>3/26, ASSESSMENT DAY – NO CLASS</td>
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<tr>
<td>3/28</td>
<td>Chapter 12 – Auditing Long-Lived Assets and Merger and Acquisition Activity</td>
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<td>4/2, 4/4</td>
<td>EXAM 2 (CHAPTERS 7-12)</td>
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<td>4/9, 4/11</td>
<td>Chapter 13 – Auditing Debt, Equity, and Long-Term Liabilities Requiring Management Estimates</td>
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<tr>
<td>4/16, 4/18</td>
<td>Chapter 14 – Completing a Quality Audit &amp; Chapter 15 – Audit Reports for Financial Statements Audits</td>
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<tr>
<td>4/23</td>
<td>Review if needed</td>
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<tr>
<td>4/25?</td>
<td>FINAL EXAM (COMPREHENSIVE)</td>
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