I. Course Objectives

The objective of this course is to familiarize students with auditing concepts, standards, and techniques, the examination of financial statements, audit sampling, and the audit profession.

II. Prerequisites

The co-requisite for this course is Intermediate Accounting I (ACCY 6104). If you have not registered for this course or previously taken it, then please see me immediately.

III. Course Materials


Additional materials, including outlines of the course lectures and occasionally some homework solutions, will be available at the course web site on blackboard. In addition, the Prentice Hall website (http://www.pearsonhighered.com/arens/) provides additional material you may find useful, such as online practice quizzes.

IV. Course Grade

Your course grade will consist of the following:

Three exams:
  Midterm 1 30%
  Midterm 2 30%
  Final exam 30%
Homework and assignments 5%
Participation 5%
Total 100%

1. Exams

There will be two midterm examinations and a comprehensive final exam. You must take all exams in order to receive a passing grade. I do not give make-up exams due to the subjective nature of the auditing course material. To give you a completely different exam, which is what a make-up exam entails, would not be fair to either you or the rest of the class. Please note that if you anticipate travel
due to a job interview, you should either re-arrange your travel plans, or plan to take this course during
a different term.

2. Homework

Homework will be assigned one week in advance of the date due. The tentative homework
assignments are on the syllabus, however, I will occasionally change this as the circumstances dictate
it. Homework is to be completed on an individual basis outside of class. We will discuss homework
in class on the day it is due. All homework must be handed in on the day it is discussed, and is due by
the beginning of that class period. In order to ensure fairness to everyone in this class, late homework
will not be accepted. However, you will be allowed to drop your lowest homework score.

To receive credit for homework, each problem must be legitimately attempted. Homework will be
graded on a check (legitimately attempted), check-minus (incomplete) basis.

Part of the homework assignments will consist of multiple choice questions from old CPA exam
material. For these questions, you are expected to provide brief explanations of why (or why not) a
particular answer is (or is not) correct. To ensure full credit, don't just circle an answer. Some students
find providing page references helpful for discussing answers in class.

The primary reason I assign regular homework is to help you keep up with the material. Past
experience suggests that the subjective nature of the auditing course material can be frustrating,
especially to the typical quantitatively-oriented accounting major. Frequent practice at it, along with
class discussions, will help reduce your frustration and prepare you for the exams. For additional
practice, I have also listed some suggested problems which you should complete on your own.
Solutions to these problems will be available on the course website.

3. Participation

You are expected to come to class prepared. This means that you should have read the assigned
chapter material, and attempted the assigned homework exercises and problems. Part of your
participation grade will be based upon your discussion of the homework problems in class. In addition
to homework participation, voluntary participation is encouraged. Note that voluntary participation is
not just attending classes. Examples of voluntary participation include asking questions, answering
questions, and bringing in articles relevant to the course material. The class participation component
of your grade will be determined by both required and voluntary class participation.

V. Course methodology

The course will be conducted in a manner that encourages class participation by the students. Each
class period will include a discussion and illustration of selected items from the assigned materials.
Some class time will be devoted to group discussions of short cases or exercises. Students are
expected to study the chapter readings and other assigned materials in depth prior to each class
meeting.

Verbal communication skills and the ability to "think on your feet" are important for auditors. Your
performance in the course will be enhanced by in-class participation, both voluntary and in response to
directed questions. You should be prepared each day to respond to questions from the instructor or
other members of the class.
VI. General

Class Materials on the Web

An outline of the lecture notes for the coming week's chapter will be posted on the course web page the previous Friday. You are expected to download this material for your use in preparing for class. As you do the assigned text reading, follow along with the chapter outline. I make these outlines available so that during class you will have time to listen and fill in the notes. However, the outlines are not a substitute for coming to class.

There will be additional material that you are responsible for that is not currently covered in the notes; I will assign this to you as the term progresses.

You are expected to have an email account and to access it regularly. I plan to use email as the major form of communication outside of class.

Grading

Because the material is subjective, and in order to ensure fairness, it generally takes me one week to grade homework assignments and exams. The graded midterms will be distributed at the end of class one week after they are given.

I work hard to ensure that the same partial credit is allocated to the same partially correct answer on each exam. Occasionally, I make mistakes in my grading, and am eager to correct mistakes subject to the following limits. If you believe that there was a mistake in the grading of your exam, within one calendar week following the return of the exam, submit the original exam with a brief written explanation of the points of contention to me. If the re-grade request is made after one calendar week or without an accompanying written explanation, no re-grade will be given. There are no exceptions to the preceding rule.

Academic Integrity

Students who are suspected of academic dishonesty will be dealt with in accordance with University policy. Academic dishonesty includes, among other things, cheating, plagiarism, unauthorized procurement, distribution or acceptance of examinations or assignments, and giving or receiving assistance from an unauthorized source while completing an examination or other individual assignment. Possible University sanctions range from a grade of F to expulsion from the University.
# Tentative Course Outline

The following is a *tentative* outline of the material. The instructor reserves the right to modify this schedule with advance notice to the students.

<table>
<thead>
<tr>
<th>Date</th>
<th>Chapter</th>
<th>Required Homework</th>
<th>Suggested Homework</th>
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<tbody>
<tr>
<td></td>
<td>Ch. 1 The demand for audit and assurance services</td>
<td>MC 12,13,14</td>
<td>P15b, 16a&amp;d</td>
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<td></td>
<td>Ch. 2 The CPA profession</td>
<td>MC 13,15; P20</td>
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<td></td>
<td>Ch. 3 Audit reports</td>
<td>MC 20,21,22; P24,26</td>
<td>P25, P27</td>
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<td>Ch. 4 Professional ethics</td>
<td>MC 17,18; P23b-g&amp;i</td>
<td>P22</td>
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<tr>
<td>Mon. 9/26</td>
<td><strong>Exam 1</strong></td>
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<td></td>
<td>Ch. 6 Audit responsibilities and objectives</td>
<td>MC 20, 21,22a&amp;c; P31</td>
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<td>Ch. 7 Audit evidence</td>
<td>MC 21,22; P30b-c,34</td>
<td>P25,26</td>
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<td>Ch. 8 Audit planning and materiality</td>
<td>MC 25,26,27</td>
<td>P36</td>
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<td>Ch. 9 Assessing the risk of material misstatement</td>
<td>MC 25,26,27</td>
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<td>Mon. 11/7</td>
<td><strong>Exam 2</strong></td>
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<td>Ch. 15, 17 Audit sampling</td>
<td>Ch 15: MC 22,23c-d,24,25a&amp;c Ch 17: MC 19,20a,21a,22a&amp;b</td>
<td>Ch 15: P30b-d</td>
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<td>Ch. 16 Audit of accounts receivable</td>
<td>MC 19,20,21b&amp;c,22; P28b-d</td>
<td>P30,33</td>
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<td>Ch. 21 Audit of inventory</td>
<td>MC 14; P24,27</td>
<td>P29a</td>
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<td></td>
<td>Ch. 23 Audit of cash balances</td>
<td>MC 14,15; P20a-c</td>
<td>P18,19a&amp;b</td>
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<td>Ch. 24 Completing the audit</td>
<td>MC 18,19; P25</td>
<td>P23a&amp;b</td>
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<tr>
<td>Mon. 12/19</td>
<td><strong>Final exam</strong></td>
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1 Required homework is homework that is to be handed in for credit. However, you should also do the suggested homework, as this material may also be covered on the exams.