

ACCT 409 – AUDITING THEORY
SECTION 01 (10017)
COLLEGE OF CHARLESTON
Department of Accounting and Legal Studies
Fall 2017: Beatty, Room 220
Tuesday & Thursday 10:50am – 12:05am

Professor: Josette Renee Edwards Pelzer, PhD, CPA
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Office Hours: Tues/Thurs: 2:00-4:00pm.* *Additional hours available by appointment*

*Please let me know prior to attending office hours as I may at times have meetings which conflict. If for some reason I cannot make office hours, I would be happy to meet with you at some other scheduled time.

Required Materials:

1. *Auditing and Assurance Services, 7e*, Louwers, Blay, Sinason, Thibodeau (2017) ISBN 978-1-259-57328-6
MUST INCLUDE access to the CONNECT online tool
2. Digital Case Book available from Pearson: LINK FORTHCOMING (approx. \$20)
3. Gleim Practice Access: [https://www.gleim.com/?promoID=PLED-COCH-FALL\(17\)-ACCT-409](https://www.gleim.com/?promoID=PLED-COCH-FALL(17)-ACCT-409) (FREE)
4. IDEA Software: Access via files on OAKS in the “IDEA” folder. (FREE)

Prerequisites:

Senior standing; ACCT 203, 204, 316, 317

Course Description: The role of independent auditors, their legal responsibilities, professional ethics, auditing standards, internal control, statistical sampling, basic auditing techniques and limited consideration of the role of the internal auditor are examined.

After completing this course, I expect you to have developed an understanding of:

- the strategic approaches to auditing financial statements
- specific procedures used to audit various financial statement accounts
- business processes/risks and how they relate to financial statement disclosures
- internal control structures (how they are designed and tested)
- the auditor’s role in public companies’ financial reporting processes
- the effects of SOX 2002 on the auditing profession
- appropriate techniques for writing business memos
- current issues affecting audit firms and corporations
- to develop your presentation and public speaking skills

**This course is *not* intended to completely prepare you for the auditing section of the CPA exam. Students that work hard and earn an A in the course should consider themselves to be about 85% prepared for the CPA exam. Please consult CPA study aids for complete preparation for the exam.

Learning Outcomes for Bachelors of Accountancy:

For the Goal- Functional Knowledge of Accounting

1. Demonstrate functional knowledge of financial accounting and auditing.

For the Goal- Ethical Responsibilities

2. Write effective and concise professional reports that are technically correct.

For the Goal- Effective Communications

3. Recognize and understand ethical dilemmas and socially responsible behavior relating to

Course Policies:

Honor Code:

Lying, cheating, attempted cheating, and plagiarism are violations of our Honor Code that, when suspected, are investigated. Each incident will be examined to determine the degree of deception involved.

Incidents where the instructor determines the student's actions are related more to a misunderstanding will be handled by the instructor. A written intervention designed to help prevent the student from repeating the error will be given to the student. The intervention, submitted by form and signed both by the instructor and the student, will be forwarded to the Dean of Students and placed in the student's file.

Cases of suspected academic dishonesty will be reported directly by the instructor and/or others having knowledge of the incident to the Dean of Students. A student found responsible by the Honor Board for academic dishonesty will receive a XXF in the course, indicating failure of the course due to academic dishonesty. This status indicator will appear on the student's transcript for two years after which the student may petition for the XX to be expunged. The F is permanent.

Students should be aware that unauthorized collaboration--working together without permission-- is a form of cheating. Research conducted and/or papers written for other classes cannot be used in whole or in part for any assignment in this class without obtaining prior permission from the instructor.

Students can find the complete Honor Code and all related processes in the Student Handbook at <http://studentaffairs.cofc.edu/honor-system/studenthandbook/index.php>

Attendance Policy:

Attendance in this course is mandatory. Examinations and assigned materials will require attendance of all classroom lectures. Make-up examinations are not given. Late assignments are not accepted under any circumstance. If the student is to be absent, assignments must be submitted prior to the due date.

Class roll will be routinely taken. Late arrivals who miss the roll call will be counted as absent for that day. Any student who misses more than two classes may receive a failing grade for the course and/or will be administratively dropped from the roll.

In extreme cases exceptions to the absence policy may be made on an individual (case-by-case) basis. These exceptions will only be considered with appropriate documentation requested by the professor and a letter from the Dean of Students.

Policy on Cell Phones, Laptops and PDA Devices:

The use of all PDA devices, including cell phones and laptop computers are expressly forbidden in the classroom. Texting, receiving or sending messages, cell phone use, or the use of laptop computers will result in immediate dismissal from the lecture with an absence recorded.

Also, for each violation of this policy, the penalty will be a reduction of the student's final grade by one letter grade. (For example if you violate this policy, this means that if you have earned a B for the course, you will be assigned a C for the course. If you earn a C+ for the course, you will be assigned a D+ for the course, etc.) Furthermore, students who violate this policy will automatically lose the benefit of any curve given during the semester and their grade will be reduced by one letter grade after the curve has been taken away. Students must keep these devices turned off and out of sight during class. It is a violation of this policy to keep such devices on your lap. On the first violation, the student will have assigned seating for the rest of the semester.

Disability Accommodation:

should apply at the Center for Disability Services / SNAP, located on the first floor of the Lightsey Center, Suite 104. Students approved for accommodations are responsible for notifying me as soon as possible and for contacting me no later than one week before accommodation is needed.

Course Evaluations:

All students will be expected to complete the College of Charleston electronic course evaluation at the end of the semester IN CLASS. I will announce the date these evaluations will take place and ask that students bring an electronic device with which to complete the evaluation online.

Other Policies:

1. Per policy, this course consists of me, the professor and you, the student(s). It is not legal for me to discuss your performance in this course with anyone other than you. To be clear, I will not respond to your parents' concerns about your performance in class as College of Charleston policies and state laws prohibit me from doing so.
2. Tape recorders or other recording media are not allowed and lectures should not be recorded.
3. Students should not walk into class late or leave early unless prior arrangements have been made with the professor.
4. Any student who is considered by the professor to pose a disruption of instruction will be administratively withdrawn, dismissed from the class and/or receive a failing grade for the course. This determination rests with the professor.
5. Students must complete all assigned material before coming to class. The professor reserves the right to not address questions or comments by those not doing the assigned work prior to class. This policy is consistent with the College of Charleston Classroom Code of Conduct.
6. Sleeping in class is unprofessional and will result in immediate dismissal from the lecture with an absence recorded.
7. This syllabus and policies noted therein may be amended, on a case-by-case basis or in the entirety, by the professor as needed.

Grading:

Exams (3 @ 200)	600 points
LearnSmart Assignments	130 points
2 Group Case Studies & Presentation	100 points
IDEA Assignments	100 points
Class Participation	50 points
Ethics Case Assignment (Individual)	20 points
	1,000 total points (100%)

Exams:

Three in-class exams will be held throughout the semester. The format of the exams typically consists of CPA exam multiple choice questions and free response. The Gleim online study tool will provide good practice for the multiple-choice questions

Exams will be given during scheduled class periods only. I will not give make-up exams unless there is a pre-approved excuse (with documentation). **It is extremely rare that I agree to let you take a make-up exam. If you miss an exam without permission, then you will receive a 0 for that exam grade.** You have one week from the time the graded exams are returned to you to challenge anything that may concern you. After the one-week period ends, there will be no changes to those grades.

LearnSmart Assignments:

This course will consist of a significant amount of in-class discussion. To make time for these discussions, everyone must come to class prepared which means reading the relevant chapters of the text. To facilitate meeting this requirement, you will need to complete online readings and associated short quizzes about that reading. There are 13 total assignments. Assignments sometimes consist of more than one chapter so read the syllabus carefully. The average assignment takes about 45 minutes with some lasting more than 1 hour. Please plan your time accordingly as LearnSmart reading assignments are due BEFORE CLASS on the day the assigned chapter will be discussed.

Group Case Studies:

At the start of the semester you will be assigned to a case group of 3 to 4 students. Each group will be assigned a case study to review and present to the class for discussion with different groups presenting throughout the semester. In addition, all groups will be assigned a large audit simulation case that will be due at the end of the semester. Your case study grade will include 50 points for the in-class presentation and 50 points for the out-of-class assignment.

To receive full credit for the in-class assignment, groups should dress appropriately for presentations, include a review all the relevant facts of the case, address all discussion questions in detail, and all group members must participate. The out-of-class group case will be reviewed to ensure all points of case have been addressed in detail. Groups should work together to complete these assignments; however, **GROUPS SHOULD NOT DISCUSS CASES WITH OTHER GROUPS!**

IDEA Assignments:

The profession is increasingly relying on technology to complete audits. To gain practice with this type of tool, students will complete assignments which practice the use of IDEA audit software to complete common audit testing. The software is free and available for download using the links provided on OAKS. Practice assignments will be completed in class to gain familiarity with the software.

Class Participation:

You are expected to attend and participate in course lectures. Failure to do so on a consistent basis will result in a low grade for the Class Participation component of your overall course grade. Participation includes attendance, verbal participation, and may also include bringing in articles and other materials to be discussed by the class.

Ethics Case (Completed Individually):

Each student will be asked to complete an ethics case as part of the course. The assignment is to be completed individually and will consist of providing written responses to the discussion questions related to the case.

Grading Scale:

I will follow the plus-minus grading system whereby course letter grades correspond to the following numerical course averages:

100-91%	A		70%	C-
90%	A-		78-71%	C
89%	B+		69%	D+
88-81%	B		68-61%	D
80%	B-		60	D-
79%	C+		Below 60%	F

ACCT 409 TENTATIVE SCHEDULE - Fall 2017*

Date		Day	Lecture - Chapter / Topic	LearnSmart Due @ START of Class	IDEA Assign. Due (Individual)	Group Case Due & Presented
Aug	22	T	-Intro Chapter 1: Auditing and Assurance Services			
	24	Th	Chapter 1 & Chapter 2: Professional Standards	LS CH1 & 2		
	29	T	Chapter 2: Professional Standards			
	31	Th	Chapter 3: Engagement Planning	LS CH3		Ocean Manufacturing - Grp1 Ann Aylor - Grp2
Sep	5	T	Chapter 4: Management Fraud and Audit Risk	LS CH4		
	7	Th	Chapter 4: Management Fraud and Audit Risk			Enron Corporation - Grp3
	12	T	Chapter 5: Risk Assessment-Int Control Eval	LS CH5 & Mod H		
	14	Th	Module H: Auditing Info Technology			Harley-Davidson - Grp4
	19	T	Module E: Overview of Sampling	LS Mod E & Mod F		
	21	Th	Module F: Attributes Sampling			
	26	T	<i>Exam Review</i>		F.79, F.81	MicroClone-Indiv
	28	Th	Exam 1			
Oct	3	T	Chapter 6: Employee Fraud and Audit of Cash	LS CH6		
	5	Th	Chapter 6: Employee Fraud and Audit of Cash			
	10	T	Chapter 7: Revenue and Collection Cycle	LS CH7		
	12	Th	Chapter 7: Revenue and Collection Cycle			Longeta Corporation - Grp5
	17	T	FALL BREAK - NO CLASS			
	19	Th	Module G: Variables Sampling	LS Mod G	7.77, 7.78, 7.79, 7.80	
	24	T	Chapter 8: Acquisition and Expenditure Cycle	LS CH8		
	26	Th	Chapter 8: Acquisition and Expenditure Cycle			
	31	T	<i>Exam Review</i>		G.65, G.66, G.67, G.68 8.59, 8.60, 8.61, 8.62	
Nov	2	Th	Exam 2			
	7	T	Chapter 9: Production Cycle	LS CH9		
	9	Th	Chapter 9: Production Cycle			Laramie - Grp6

ACCT 409 *TENTATIVE* SCHEDULE - Fall 2017*

Date		Day	Lecture - Chapter / Topic	LearnSmart due @ START of class	IDEA Assign. Due (Individual)	Group Case Due & Presented
NOV	14	T	Chapter 9: Production Cycle (Simulation)		9.63, 9.64, 9.65, 9.66, 9.67	
	16	Th	Chapter 10: Finance and Investment Cycle	LS CH10		
	21	T	Chapter 11: Completing the Audit	LS CH11		
	23	Th	THANKSGIVING BREAK - NO CLASS			
	28	T	Chapter 12 Reports on the Audited F/S	LS CH12		Eyemax - Grp7
	30	Th	<i>Final Exam Review</i>			SE Shoe Distrib. (ALL)

FINAL EXAM:
Tuesday, December 12, 8:00am-11:00am

*The schedule above may change depending on how quickly the class progresses through each topic. Please be aware that changes may occur and will be announced by the instructor within a reasonable time frame.