

ACCT 409
Auditing Theory
Fall 2021

Professor: Mike Braswell, Ph.D.

Class Time and Location: Section 01- Tuesday/Thursday: 9:25-10:40 a.m; Jewish Studies Center 333

Office Location: Beatty Center 406

Email: braswelljm@cofc.edu email is the best way to communicate with me. Please include “ACCT 409” in the subject field of any email that you send me so that I do not accidentally overlook your message.

Office Hours: By appointment only. Send me an email with a few times that work for you and we’ll set up a Zoom meeting.

If you plan to stop by office hours, please email me beforehand to confirm your visit. I often have committee meetings that interfere with office hours, but I can easily reschedule another time to meet with you.

Required Resources:

1. *Auditing and Assurance Services*, 8e, Louwers, Blay, Sinason, Thibodeau (2021) ISBN 978-1-260-707373-3 (Course Connect Required; e-book with Course Connect also OK; used textbooks with used Connect codes will not work).

<https://connect.mheducation.com/class/m-braswell-acct-409-audit-theory-fall-2021>

2. Digital Case Book available from Pearson: (link to purchasing book forthcoming; approximately \$15-\$20)

3. IDEA Software: Will be accessible via files on OAKS in the “IDEA” folder. (Free)

Prerequisites:

Senior standing; ACCT 203, 204, 307, 308, 316, 317

Please be aware of deadlines relating to the Drop/Add period as well as the course withdraw deadline (<https://registrar.cofc.edu/calendars/ac-2021fall.php>)

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 exam study aids for complete preparation for the exam.

Learning Outcomes for Bachelors of Accountancy:

Functional Knowledge of Accounting

Demonstrate functional knowledge of financial accounting and auditing.

Ethical Responsibilities

Recognize and understand ethical dilemmas and socially responsible behavior relating to accounting professionals.

Effective Communications

Write effective and concise professional reports that are technically correct.

Course Policies:

Academic Integrity- Cheating or plagiarism in any form will result in a failing grade for the course. Each student must adhere to the College of Charleston Honor Code and Code of Student Conduct. This includes signing the role for other students. 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. You will also lose any curves awarded on exam grades if you miss an unacceptable number of class meetings.

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.

Please refer to the College's policy on Covid-19 and what to do if you become infected. I make any reasonable accommodations possible until you recover. As of the drafting of this syllabus, the College requires us to wear masks when indoors on campus, including our classroom.

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: The College of Charleston complies with the Americans with Disabilities Act. If you need accommodation, please see me during the first week of class. The College will make reasonable accommodations for persons with documented disabilities. Students should register 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 one week before an accommodation is needed.

Other Policies:

- 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 be responding to your parents' concerns about your performance in class as College of Charleston policies and federal laws prohibit me from doing so.
- Audio and visual recording media are forbidden in the classroom. Under no circumstance is it permissible to record my lectures.
- Students are never to walk in late for class or leave early unless prior arrangements have been made with the professor. Tardy students will not be permitted to take examinations. If you arrive late or leave early without explicit permission, you will be counted as absent for the day.
- Any student who is considered by the professor to pose a disruption to the class may be administratively withdrawn or may receive a failing course grade.
- 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 is consistent with the College of Charleston Classroom Code of Conduct (see Student Handbook, page 51).
- Sleeping in class is rude and will result in immediate dismissal from the lecture with an absence recorded.
- This syllabus may be amended by the Professor as needed.
- If weather-related class cancellations occur, we will work online to make up the lost class time.
- Per CofC policy, no assignments or exams worth more than 20% of the course grade will be due the final week of classes.

Grading:

Exams 1 & 2 at 25% each Exam 3 at 17%	67%
Case Studies	10%
Homework Problems	8%
IDEA Assignments	10%
Class Participation	<u>5%</u>
Total	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, but also includes matching and short essay 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.

Case Studies:

Throughout the semester you will work on case projects that will allow you to implement the auditing techniques in a realistic case setting. More details about the cases will be provided during class.

Homework:

Homework will be assigned for various topics throughout the semester. You will be expected to complete the assignments by the stated due date and be prepared to discuss your response during class lectures. More information about specific assignments will be provided throughout the semester.

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. Access to the software will be provided to you later in the semester. The fundamentals of statistical sampling will also be presented as a supplement for the data analytics project.

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.

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

Additionally, I do not “round up” grades, meaning that a student earning an 89.9% in the class will receive a B+ for the course.

Course Topics:

Specific dates and deadlines for each exam module will be provided on the main page of our Oaks class website.

Chapter 1: Auditing and Assurance Services
Chapter 2: Professional Standards
Chapter 3: Engagement Planning
Chapter 4: The Audit Risk Model and Inherent Risk Assessment
Exam 1 (Chapters 1, 2, 3 and 4)
Chapter 5: Risk Assessment and Internal Control Evaluation
Chapter 6: Employee Fraud and Audit of Cash
Chapter 7: Revenue and Collection Cycle
Exam 2 (Chapters 5, 6 and 7)
Chapter 8: Acquisition and Expenditure Cycle
Chapter 9: Production Cycle & Inventory Cycle
Chapter 11: Completing the Audit (limited material)
Exam 3 (Chapters 8, 9 and 11)