Auditing I
Accounting 372
School of Accountancy & MIS
DePaul University
Summer, 2014

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Office Hours: 12:00 pm – 1:00 p.m. MW or by appointment
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Required Texts:


Auditing Cases for DePaul University, Knapp, Thomson/Southwestern

Course Description

This course covers the organization of the accounting profession, professional ethics, the auditor's legal responsibilities, financial audits by external auditors and the resulting audit reports. The course is designed to (1) broaden and deepen your conceptual and technical understanding of the CPA’s attest function, (2) provide you with a framework for analyzing contemporary auditing and assurance issues, and (3) develop your research and communication skills. Discussion of current academic and professional literature and analysis of auditing case studies will enhance your understanding of audit issues.

Course Objectives

This course has two primary objectives: First, the course provides an introduction to auditing standards and the theory of the audit. Second, the course emphasizes the judgment required of the auditor as a professional in a changing and demanding legal, ethical, and business environment.

Since all topics covered on the auditing part of the CPA Examination cannot be covered in this course, most students will need to supplement their preparation through further study before taking the CPA Examination. A secondary objective is to provide direction in personal skills and attributes
of a professional accountant.

Assignments

Your success in this course requires your careful attention to and use of the course outline and assignment sheet that accompanies this syllabus. It is your guide through the material in your textbook and the professional standards. In order to cover the required material, only one or two days will be devoted to a chapter and the relevant professional standards. As a result, this course requires more reading (and less problem solving) than you are used to in your other accounting courses. Systematic preparation for each class is an absolute must for success.

Chapter Assignments

Reading is an important aspect of the study of auditing. The assigned chapters must be read in advance of class. In class, we will be covering the principal points from your readings and clarifying questions that may have arisen in them. We will not have time to cover every topic that might appear on an examination. The questions at the end of each chapter of your text provide a review of the important content of the chapter. It is suggested that you develop answers to these questions as you review the content of the chapters.

Comprehensive Questions and Case Studies

The assigned questions and cases should be prepared in advance of the class on which they are assigned. Preparation of the questions and cases consists of notes or an outline as to how you would answer them. They will serve as a basis for class discussion. Class participation is strongly encouraged.

Team Assignments

The team approach was chosen because becoming an effective auditor requires learning to operate successfully as a team member. Assignments will consist of questions relating to assigned readings and cases. The assignments will be completed in a group setting. Students are expected to read each assigned case and to be prepared to discuss key concepts in the case. Cases presentations should include a 20 minute PowerPoint presentation, accompanied by a written document addressing each case question. The purpose of these assignments is to generate discussion of important issues in the text. A student team will be assigned to present a case, followed by a critique and discussion by an assigned student team.

USEFUL WEB SITES

American Accounting Association (AAA) http://aaahq.org/index.cfm
Auditing Section http://aaahq.org/audit/index.htm
Institute of Certified Public Accountants (AICPA) http://www.aicpa.org/index.htm
Public Company Accounting Oversight Board (PCAOB) http://www.pcaobus.org/
Institute of Internal Auditors (IIA) http://www.theiia.org/iaa/index.cfm
Financial Accounting Standards Board (FASB) http://www.fasb.org/
Committee of Sponsoring Organizations of the Treadway Commission (COSO)
http://www.coso.org/
International Auditing and Assurance Standards Board http://www.ifac.org/IAASB/
CPA Exam Update http://www.cpa-exam.org/
CFO Direct http://www.cfodirect.com/

Grading

<table>
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<tr>
<th>Component</th>
<th>Percentage</th>
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<tbody>
<tr>
<td>Mid-term examination</td>
<td>40%</td>
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<tr>
<td>Final examination</td>
<td>40%</td>
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<td>In class assignments</td>
<td>15%</td>
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<tr>
<td>Class Participation</td>
<td>5%</td>
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<td><strong>Total</strong></td>
<td><strong>100%</strong></td>
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Grading Scale

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\begin{align*}
A &= 93\% \text{ and Above} \\
A- &= 90\% \text{ to } 92\% \\
B+ &= 87\% \text{ to } 89\% \\
B &= 83\% \text{ to } 86\% \\
B- &= 80\% \text{ to } 82\% \\
C+ &= 77\% \text{ to } 79\% \\
C &= 73\% \text{ to } 76\% \\
C- &= 70\% \text{ to } 72\% \\
D+ &= 67\% \text{ to } 69\% \\
D &= 60\% \text{ to } 66\% \\
F &= 59\% \text{ and Below}
\end{align*}
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Exams

The mid-term and final examinations may contain multiple choice questions and essay questions. The final will be comprehensive.

Other Policies

Assignments are to be handed in on the due dates. Examinations are to be taken when scheduled. Cases of academic dishonesty are viewed as a serious violation of professional ethics and will result in an F Grade. The link to more detailed information about the student code of conduct can be found at http://www.accounting.depaul.edu
<table>
<thead>
<tr>
<th>Date</th>
<th>Topics</th>
<th>Assignments</th>
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| Week of 6/16 | Course Overview  
Review Syllabus  
Group assignments  
The Role of the Public Accountant in the American Economy  
Assurance Services | Chapter 1  
1-2, 1-3, 1-23, 1-25, 1-28, 1-29  
Group assignment: Consumer Product Assurance |
| 6/18      | Professional Standards  
Sarbanes-Oxley Act of 2002  
Earnings Management  
Materiality | Chapter 2  
2-1, 2-6, 2-14, 2-15, 2-18, 2-20, 2-24, 2-25, 2-28, 2-29  
Group assignment: Enron Case |
| 6/23      | Consideration of Fraud in Financial Statement  
Audit (SAS 99)  
Professional Skepticism | Group assignment: ZZZZ Best Case |
| 6/25      | Professional Ethics | Chapter 3  
3-1, 3-3, 3-4, 3-6, 3-7, 3-8, 3-11, 3-14, 3-23, 3-24  
Auditor Independence Case Studies |
| 6/30      | Audit Evidence and Documentation | Chapter 5  
5-1, 5-2, 5-3, 5-30, 5-31, 5-35, 5-36, 5-37, 5-38, 5-39, 5-41, 5-45  
Group assignment: Lehman Brothers Case |
| 7/2       | Midterm Examination | |


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<thead>
<tr>
<th>Date</th>
<th>Topic</th>
<th>Chapters/Assignments</th>
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<tbody>
<tr>
<td>7/7</td>
<td>Planning the Audit; Linking Audit Procedures to Risk</td>
<td>Chapter 6 6-1, 6-2, 6-3, 6-6, 6-7, 6-16, 6-18, 6-24, 6-26, 6-27, 6-28, 6-32, 6-34, 6-36</td>
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<td>Legal Liability of CPAs</td>
<td>Chapter 4 4-2, 4-4, 4-7, 4-10, 4-20, 4-22, 4-26, 4-30, 4-31</td>
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<td><strong>Group assignment</strong>: Madoff</td>
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<td>7/9</td>
<td>Internal Control</td>
<td>Chapter 7 7-21, 7-22, 7-25, 7-26, 7-28, 7-29, 7-31, 7-33</td>
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<td>Integrated Audits of Public Companies</td>
<td>Chapter 18 18-29, 18-30, 18-31, 18-33, 18-34</td>
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<td>7/14</td>
<td>Completing the Audit</td>
<td>Chapter 16 16-1, 16-2, 16-3, 16-27, 16-31, 16-33, 16-34</td>
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<td>Auditors’ Reports</td>
<td>Chapter 17 17-1, 17-2, 17-3, 17-4, 17-20, 17-23, 17-24, 17-25, 17-26</td>
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<td><strong>Group Assignment</strong>: Parmalat</td>
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<td>7/16</td>
<td>Final Examination</td>
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