Accounting 372
Audit and Other Assurance Services I
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School of Accountancy
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Fall 2015
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Required Texts: Principles of Auditing, 20th edition, Whittington/Pany (Irwin)
ISBN: 978-0-07-772914-1
FPS™ Software (Provided in Class)
Course Policies

Course Description
Audit and Other Assurance Services I provides a conceptual introduction to the nature and value of assurance services. The course examines the organization of the accounting profession, Generally Accepted Auditing Standards (GAAS), professional ethics, and legal responsibilities including U.S. Securities laws. It focuses on financial audits by external auditors, including planning and acceptance, internal control, evidence, and reporting.
Prerequisite: Accounting 206 and Junior Standing.

Course Objectives
This course has four primary objectives:
• To provide an introduction to auditing standards and to the theory of the audit.
• To emphasize the judgment required of the auditor as a professional in a changing and demanding legal, ethical, and business environment.
• To assist through class activities and homework assignments in preparation for the auditing part of the CPA Examination. Since all topics covered on the auditing part of the CPA examination cannot be covered in one ten-week course, most students will need to supplement their preparation through further study before taking the CPA examination.
• To provide direction in communication, ethical, and other skills and attributes required of a professional accountant.

Course Organization
The Uniform CPA Examination covers five types of skills: Communication, research, analysis, judgment, and understanding. In this course, you will exercise each of these skills. The course is organized around the structure of the Auditing And Attestation (AUD) Section of the Uniform CPA Examination and the first part of the Regulation (REG) section, as follows:

Overview and Introduction to The Financial Audit
Area I: Plan The Engagement
Area II: Study and Assess Internal Control
Area III: Obtain and Document Information (Covered in ACC 374)
Area IV: Review And Evaluate Work Performed
Area V: Communications and Reporting
Area VI & Area I of Regulation: Professional Responsibilities, Ethics, Legal Liability

Note: The ethics coverage in the course will qualify the student to sit for the required ethics examination in the State of Illinois. This exam is not part of the CPA Examination. It costs $150 to take the exam administered by the AICPA, but students members of the Illinois CPA Society can take the exam for a substantial discount ($75) See Desire2Learn course information for details. It is recommended that you take the exam as soon as practical.
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 all the required material, only one day will be devoted to most chapters 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. If your personal situation will not allow you to devote the necessary time each week to preparing for this course, you should consider taking it at a more opportune time.

Chapters: Reading comprehension 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 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.

Codification of Auditing Standards (SAS): The SAS numbers (Also codified in AU Sections) are available free on the AICPA website. Many of the main points will be covered in your text and in class, but the answers to questions on the auditing part of the CPA Examination may depend both on your specific knowledge of the professional standards and on your ability to understand exactly what the questions are asking.

Self-Tests: Each chapter has one question with about 6-8 multiple choice questions that serve as practice for examinations. It is recommended to answer these questions prior to class. When time permits, a small portion of class will be devoted to practicing the questions and answering questions you might have about the answers.

Problems (Cases): The assigned problems (cases) should be prepared in advance of the class on which they are assigned (except for the first day's assignments, of course, which are due as announced in class). These problems will be the focus of class discussion. Preparation of all problems, except those noted by asterisks, consists of notes or an outline as to how you would answer them. They will not be taken up or graded, but will serve as a basis for class discussion. Essay questions on examinations will be similar to assigned problems and cases.

An exception to the above policy applies to the problems marked with asterisks, which are to be prepared as if you were writing them on the CPA Examination and turned in on the day on which they are assigned. There are Thirty-six questions and cases marked by an asterisk. You are to hand in at least thirty on time to receive full credit. Your answers will be checked for completeness and will count .5 each toward your final grade up to a maximum total of nine percent. An "X" on your paper means it was not acceptable.

Answers to all problems and cases will be released on Desire2Learn at 12 pm the day after they are assigned (or due as announced in class).

Simulations and Team Case: Simulations counting a total of 8 points will assigned as indicated on the class schedule. A team case will be assigned during the term as noted on the class schedule. Material for these cases will be handed out in class. The case, which will done in teams, will count a total of 12 points.
**Current selected readings:** Periodically, short readings relevant to the topics under study will be released on Desire2Learn and noted in the weekly announcements. Please read these items in advance for class discussion. These topics may appear on exams.

**Examinations:** Two examinations will be given. Each is comprehensive of the material covered to the point in the course when it is given and consists of a combination of multiple-choice and essay questions. The multiple-choice questions are challenging and test not only your knowledge of the text and the professional standards but also your ability to analyze and apply logic to auditing situations. These questions require careful reading and often require you to determine the best answer among several that might be acceptable. To help you understand the nature of these questions, a practice test with representative questions will be given before the midterm examination. A passing grade on the second (final) is required to pass the course. Also your final must be within 5 points of your final average to receive the grade for that average.

**Bonus Paper:** Important questions of ethics and legal liability face the new graduate just entering the profession. Choose among the following topics: (1) What does the “phase “To serve the public interest” mean as applied to professional accountants? (2) What is the responsibility of the young professional (two or three years experience) for "whistle blowing" on practices that may be considered questionable? (3) Other ethics topics as approved in advance.

This paper will be graded on a pass/fail basis. An acceptable paper will result in a 4 percent bonus in your final point average. This paper is due as shown on the schedule without exception.

**Aspects of Professionalism:** If you succeed in your classes in the School of Accountancy, you will have the technical competence to succeed in the accounting profession. There are other communication, ethical, and other skills and traits that you must possess to succeed as a professional. Among these are your interpersonal skills, your general business knowledge, your liberal education, and intangibles such as leadership skills. Since auditing is the course in the curriculum that most closely relates to you as a future professional, some class time will be devoted to reading clippings from current periodicals and to developing skills and traits that will help you in becoming a better professional.

**Continuous Improvement:** An objective of all involved with this course is to continually improve it. Continuous improvement, the fundamental tenet of Total Quality Management, is based on the concepts of quality, empowerment, process, and zero defects. Quality means that we--instructor and students--strive to exceed each other's expectations and those of the people who rely on the output of the class. Empowerment means that we--instructor and students--must take responsibility for making the course the best that it can be. Process means that we--instructor and students--must focus on how we can make each class, assignment, examination, and activity better than the last. Finally, zero defects means that we--instructor and students--will complete every class, assignment, examination, and activity to the extent of our capability. To keep our focus on this goal short teacher and student feedback questionnaires will be handled out periodically during the course.
Grading:

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<th>Weight</th>
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<td>First Examination</td>
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<td>Final Examination</td>
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<td>Simulations</td>
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<td>Team Case</td>
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<td>Homework Problems/Cases</td>
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<td><strong>Total</strong></td>
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Scale:

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<td>D+</td>
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| F     | Less than 60%

Note: This scale has a curve built into it and therefore reflects the final cutoffs. Also, your grade on the final exam must be within 5 pts of your final average to receive that grade.

Bonuses: A bonus of up to 4 percent will be added to the final average for those who receive full credit on the paper (see above for requirements). If the full bonus is received, it will be calculated by multiplying your final score by 1.04. For example, if your final average is 72.0, this amount will be adjusted to 74.9 (72.0 x 1.04).

Incomplete: An incomplete is given only to individuals who cannot take the final examination at its regularly scheduled time due to an unforeseen difficulty such as an accident, illness, or death in the family. An incomplete is not given to an individual who falls behind in his or her assignment and class attendance due to work or other reasons. In the latter case, a withdrawal is the appropriate action.

Other Policies: Accounting majors are expected to maintain the high ethical standards that are representative of the profession they have chosen to enter. Assignments should be handed in on the due dates and examinations taken at the time and date indicated on the syllabus. In general, failure to turn in an assignment when due or take an examination when assigned will result in a score of zero. Cases of academic dishonesty are viewed as a serious violation of professional ethics and will result in an F Grade. See Desire2Learn for academic integrity policies.

Student Code of Conduct: With input from students, faculty, and staff, the School of Accountancy and MIS published a code of conduct for students. This is code is on the D2L site for this course and all students are expected to be familiar with it and abide by it.
### ACC 372 Tentative Outline and Assignment

<table>
<thead>
<tr>
<th>Date</th>
<th>Topics</th>
<th>Chapter</th>
<th>Self-Test</th>
<th>Assignments</th>
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<tr>
<td><strong>Overview and Introduction to The Financial Audit</strong></td>
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<td>Sept. 8</td>
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<tr>
<td></td>
<td>Auditing</td>
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<td>28</td>
<td>2*, 3, 7, 10, 15, 16</td>
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<td>34*, 35*, 36</td>
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<td>Generally Accepted Auditing Standards</td>
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<td>30</td>
<td>1*, 2*, 4*, 6, 16</td>
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<td>Audit Reports</td>
<td>2</td>
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<td>7, 8, 10, 11, 12, 13, 14, 32*, 33*</td>
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<td></td>
<td>Quality Control &amp; Regulation</td>
<td>2</td>
<td></td>
<td>19, 29*</td>
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<tr>
<td><strong>Area I: Plan The Engagement</strong></td>
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<td>10</td>
<td>(NOTE: This class will be in your regular classroom and time.)</td>
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<td>Assertions and Risk Analysis</td>
<td>5</td>
<td>45</td>
<td>1-8, 34*, 48*</td>
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<td>Audit Evidence</td>
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<td>11-14, 49*</td>
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<td>15</td>
<td>Analytical Procedures</td>
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<td>10, 37*</td>
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<td>Audit Documentation</td>
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<td>20, 21, 22*, 28</td>
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<td></td>
<td>Simulations due*</td>
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<td>All homework must be up to date</td>
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<td>17</td>
<td>Career Management</td>
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<td>Prof. Margaret Tower</td>
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<td>Sept. 22</td>
<td>Audit Planning</td>
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<td>5, 17, 18, 19*, 20, 23, 32*, 42, 43*</td>
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<td>Engagement Acceptance</td>
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<td>3, 4, 24, 27*</td>
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<td>Risk Assessment</td>
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<td>6, 7, 28*</td>
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<td>Simulations Handout*</td>
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<td>29 and Oct. 1</td>
<td>Work on Simulations and bring all homework up to date</td>
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<td><strong>Area II: Study and Assess Internal Control</strong></td>
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<td>Oct. 6</td>
<td>Internal Control in The Audit Process</td>
<td>7</td>
<td>35</td>
<td>1-8, 11, 25*, 26*, 41</td>
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<td>8</td>
<td>Review/Practice Test</td>
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<tr>
<td>13</td>
<td>First Examination</td>
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</table>
### Area III: Obtain and Document Information (Covered in ACC 374)
#### Area IV: Review And Evaluate Work Performed

| 15 | Completing The Audit (pp. 631-648) | 16 | 36(e-l) 14, 15, 17, 18, 20-22 31*, 37, 38*, 39* |
| 20 | Financial Audit Reports | 17 | 25 3, 6-9, 23, 24, 30*, 37 |

### Area V: Communications and Reporting

| 22 | Integrated Audits
Hand out Team Case | 18 | 32 1, 2, 4*, 5, 9*, 10, 11* |
| 27 | Additional Assurance Services | 19 | 29 4-10, 12*, 13-20, 34* |

### Area VI (and Area I of Regulation Section)

| 29 | Professional Ethics | 3 | 32 8, 9, 13, 14, 27, 27, 35, 37*, 39* |

#### Nov 3 Chapter 4 continued

5 The WorldCom Fraud
Michael Whalen and Luke Ernst & Young

#### Nov. 10 Auditors’ Legal Liability | 4 | 28 2, 3, 5, 9, 10, 12, 29*, 31*, 32, 36*, 38 |

12 Chapter 4 continued

17 Review for final Team Case due
Bonus Paper Due

TBD Final Examination

*20 of 23 assigned cases and Telecom Audit Case marked with an * are due on the dates they are assigned except day 1 which are due April 5.

**Comprehensive Case is announced in class

**CH 1:** 34 in 20th edition is 33 in 19th edition  
35 in 20th edition is 34 in 19th edition  
36 in 20th edition is 35 in 19th edition

**CH 3:** 27 in 20th edition is 25 in 19th edition  
35 in 20th edition is 33 in 19th edition  
37 in 20th edition is 35 in 19th edition  
39 in 20th edition is 37 in 19th edition

**CH 5:** 48 in 20th edition is 47 in 19th edition  
49 in 20th edition is 48 in 19th edition
OFFICE POLICIES

Belverd E. Needles, Jr.
Professor of Accountancy
Room 6026 DePaul Center  email: bneedles@needles-powers.com
(312) 362-5130 (Office and Voice Mail) or (312) 362-8770 (School of Accountancy)

Office Hours:  9:30-10:00 am Tuesday- Thursday
               3:30-4:00 pm  Tuesday  Others by appointment

Regular Hours:  Except where an unusual conflict arises, I will be available during the times
                listed above.  You do not need an appointment to come by during those times.

Other Hours:  I am normally in the office on Tuesdays and Thursdays and at least one other day
              during the week.  Please feel free to call or drop by anytime I am in the office.  If I am involved
              in another matter, I will appreciate your understanding in setting up an appointment for a more
              convenient time.

Telephone Calls and Messages:  You may call me at my office at any time.  You will most
                               likely find me in at the above office hours.  My office telephone is (312) 362-5130.  If I am not
                               available, you will be connected to my voice mail, which is forwarded to my email.  This is the
                               best way to communicate with me on class days.  (On other days, use email.)  You may leave a
                               detailed message.  Please leave as much information as you can (e.g., office number, home
                               number, nature of call, etc.).  I will get back to you as soon as I can.  If I am out of town, it may
                               be several days before I return the call.  If you want to talk to the School of Accountancy
                               reception, dial "0" when you are connected to voice mail or dial (312) 362-8770.

Services:  I am, of course, available to talk about matters related to the course in which you are
           enrolled.  However, even if you do not need this service, I hope that you will stop by the office at
           least once during the quarter, if only to say hello and to tell me how things are going.  In
           addition, I am happy to talk to you about the following matters:

           Advising:  I am not an expert in all our programs, but I am willing to talk to you about
                      your program and to try to find out answers for you or point you in the direction of
                      someone who can.

           Counseling:  If you have broader questions about programs, jobs, careers, your
                        professional direction, and related concerns, I will try to help.  In this connection, I will be
                        pleased to review with you a draft of your resume with a view to improving the
                        presentation of your credentials.

           School, College, or University Relations:  If there is any way you feel I can help to make
                                                   your life at DePaul easier, please let me know.  I cannot promise results, but I am willing to
                                                   talk to the appropriate person in the University and find out what the story is.

           Future Contacts:  Once you are my student, you are always my student.  All of the above
                             policies apply to you throughout your career at DePaul.  Always feel free to contact me during
                             the years to come, if you feel I can be of help.
STUDENT QUESTIONNAIRE

Course: ACC 372 ____________________ Section Day/Time________

Name: ______________________________________________________

Classification __ Sophomore ___ Junior ___ Senior
Transfer student ___ Yes ___ No
If Yes, school? ____________________________________________

Acct. and Law courses Taken: __________________________________

How do you plan to get 150 hours for CPA? _______________________

Have you had or plan an internship? ___ Yes ___ No If yes, what type of work? ___________________

Have you registered for this course before? ___ Yes ___ No
Are you working this quarter? ___ Yes ___ No
If Yes, how many hours per week? ___ hours If yes, what type of work? ___________________

Student organizations: ___ BAP ___ Acct Club ___ NABA ___ MAHA
_____ Assend ______ Other (name) _____________________________

Officer or other volunteer activities? ____________________________

Why did you choose to come to DePaul University?

________________________________________________________________

Why did you choose to major in accounting?

________________________________________________________________

What is your most positive attribute? _____________________________

What is your biggest challenge? _________________________________

After graduation, do you expect to be in: ___ Public Accounting ___ Industry ___ Grad. School

What job or position would you expect to hold five years from graduation?

________________________________________________________________

What the most positive thing you can say about your educational experience at DePaul?

________________________________________________________________

What is the most frustrating thing you can say about your educational experience at DePaul?

________________________________________________________________