

UI: AUDITING 06A: 144 (ACCT 4100)
(KU:ACCT 543 INTRODUCTION TO AUDITING)
Summer 2016

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SCHOOL OF BUSINESS HONOR SYSTEM

The Tippie College of Business is the administrative home of this course and governs matters such as the add/drop deadlines, the second-grade-only option, and other related issues. Different colleges may have different policies. Student are held to the policies for the Tippie Honor Code found here: <http://tippie.uiowa.edu/honor-code.cfm>.

ACADEMIC ACCOMMODATIONS, GRIEVANCES, HARASSMENT

A student seeking academic accommodations such as a modification of seating, testing, timing, etc. should first register with Student Disability Services, then contact Shannon Lizakowski (shannon-lizakowski@uiowa.edu) in the CIMBA Office to make further arrangements. See <http://sds.studentlife.uiowa.edu> for more information.

Student concerns regarding this course should first be discussed with me, the faculty member teaching this course. If we can't resolve the complaint, you may contact the CIMBA Director, Brandelle Unkrich (319-335-1041, brandelle-unkrich@uiowa.edu). The Director will review the details of the complaint and involve the Associate Dean of the Undergraduate Programs, as needed.

We are committed to providing students with an environment free from sexual harassment. If you feel you are being or have been harassed or you are not sure what constitutes sexual harassment, please visit the Iowa University website, www.sexualharassment.uiowa.edu/index/php, and seek assistance from the CIMBA Director, Brandelle Unkrich, at 319-335-1041, brandelle-unkrich@uiowa.edu

OVERVIEW OF COURSE

Course Objectives: This is an introductory course in auditing for students with limited previous exposure to auditing. The main objectives are to enable you to:

1. Describe the auditing/assurance services environment
2. Explain the key auditing concepts and how they drive the audit
3. Describe how to accumulate and interpret audit evidence and document the results
4. Describe the impact of information technology on the audit process
5. Apply selected statistical sampling methods in auditing
6. Describe the process involved in completing the audit
7. Describe the basic types of audit reports for publicly-held and non-publicly-held companies

Nature of the Course

The course will be conducted using a mixture of lecture/problem solving and cooperative/team learning which strongly encourages student participation. Students are expected to study the chapter readings and other assigned materials in depth prior to each class meeting, and to solve any problems indicated on the syllabus. Key problems or handouts will be worked in class as time permits. At all times you are expected to develop and maintain an appropriate professional attitude and pride of workmanship.

MATERIALS

Arens, Alvin A., Randal J. Elder, Mark S. Beasley and Chris E. Hogan. Auditing & Assurance Services. 16th Edition. Pearson, Inc., 2017. (AEBH)
 Course Pack

GRADING

	<u>Points</u>	<u>Coverage</u>
Exam I	100	Material through previous class meeting
Final Exam	120	Material TBA—mostly comprehensive
Advance Assignment	10	
Written Cases (10 + 50)	50	
Written Textbook Problems	50	
Class Participation and Presentation	40	
Group Evaluations	<u>30</u>	
TOTAL:	<u>400</u>	

Exams: Students are expected to be in attendance for both exams. If you have an acceptable excuse for missing an exam (death in the family, provable illness), you are responsible for informing me and obtaining permission to miss the exam before the exam takes place. Failure to obtain permission is an unexcused absence and a grade of zero will be assigned for you on that exam. If you have an acceptable excuse and permission from me to miss exam #1, the relative weight of the final exam will be modified to compensate for the missed exam.

Written assignments. There are two types of written assignments: cases and problems.

Cases. You are to prepare the cases as teams. Depending on course enrollment, there will be 4 students per team. The cases require more writing than the problems, and part of the basis for grading them will be your communication skills. Each of the cases is clearly identified in the syllabus. Requirements/instructions for each case will be provided on a timely basis. Each case is worth 25 points, so that a total of 50 points can be earned on the cases. You are individually responsible for each report submitted as a team, so every team member should be careful what you submit. Due dates are indicated in the syllabus. Any case handed in later than class time on the due date will lose 10% of the grade for each class it is late.

Problems. You are to prepare the problems as individuals. Problems identified as "written" in the syllabus are to be prepared in good form (= neat and easy to read), and turned in at the class session shown. Each of these problems will be graded on a 10-point scale. These points will be accumulated throughout the term. The total you earn as a percentage of the total possible $\times 50 =$ the number of written textbook problem points you receive. Late submissions are unacceptable without prior approval.

Academic Integrity. The Tippie College of Business at the University of Iowa follows an honor code regarding academic misconduct including cheating, plagiarism, unauthorized collaboration, obtaining an unfair advantage, forgery, facilitating academic dishonesty, and misrepresentation. Students who exhibit academic dishonesty will receive a zero (0) for the assignment or examination involved and may receive an "F" for the class. All incidents of cheating will be reported to the CIMBA staff, as well as to the Senior Associate Dean of the Tippie College of Business. The decision of the professor may be appealed to a Judicial Board. The Honor Code will determine the appropriate appeal process.

Class Participation and Presentation. Research has shown that students learn and retain more if they participate in the learning process. I encourage your participation by giving you credit for it. Class participation generally refers to your having something to say or contribute. Presentation generally refers to how well you say it. Sometimes you will be called upon to participate/present. Other times you will volunteer. As suggested by the grading points allocated to this area, it is very important that you participate during class.

Grades. Letter grades will be assigned based on my overall evaluation of your performance. A major but not sole input to this decision process will be the points noted above. The approximate percent of available points required for different grade levels are: 85%=A; 75%=B; 70%=C. Plus/minus grading will be used only for B and C grades. For those who are taking this course pass/fail because your actual grade does not transfer to your home university, note that the lowest passing grade is a C (70%).

This process should yield course grades consistent with the Tippie College of Business grade distribution guidelines, which can be found at <http://tippie.uiowa.edu/undergraduate/advising/grading-policies.cfm>.

Class Attendance. Given the limited number of class sessions, students who miss class will lose a significant amount of material and insight. Borrowing notes or visiting with other students cannot redeem much of this. Furthermore, absent students obviously fail to participate in class discussion and to otherwise contribute to the learning experience. Per CIMBA rules, *a student's course grade automatically will be reduced one-half grade level for each unexcused absence. A third unexcused absence will result in dismissal from the program.* Excused absences will be extremely rare and will be granted only for the most unusual of circumstances.

Tentative Class Schedule – Subject to Change!

You are responsible for all material listed, whether or not it is covered in class. Should you miss a class (what?!), you are responsible for learning of any schedule changes.

<u>Item</u>	<u>Material</u>																																				
1	<u>The Profession and Its Environment</u> Chap. 1. Prob. 12, 13, 16(a), 20 (Items 1-6, & 9); Chap. 2. Prob. 13, 18, <u>20 – Written</u> ; Chap. 3 (pp. 47-50)																																				
2	<u>Overview of the Audit Process</u> Chap. 6. Prob. 20, 21, 22, <u>32(c) – Written</u> , Inverness – Part 1																																				
3	Chap. 7. Prob. 21, 22, 28(b), Inverness – Part 2, <u>Prob. 6-33 - Written</u>																																				
4	<u>Preparing for and Commencing the Audit</u> Chap. 8. Prob. 26, 27, 36, <u>37 – Written</u>																																				
5	Chap. 9. Prob. 26, 27, 36, <u>34 – Written (Use the following Risk Measures and Requirements in place of the ones in the text:)</u>																																				
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	<u>PLANNED EVIDENCE</u>																																				
	<i>For Part (a), explain what each of the quantified risks means.</i>																																				
	<i>For Part (b), compute PDR for each situation, and indicate whether PLANNED EVIDENCE is low, medium or high.</i>																																				
	<i>For part (c), answer as indicated in the problem in the text.</i>																																				
	Chap. 10. Prob. 19, 20, 21, 24																																				
6	Chap. 11. Prob. 21, <u>23 - Written</u> , 24, 27(b) (Items 1,5, & 8)																																				
7	Chap. 12. Prob. 16, 17, <u>20(b) (Items 1-3, 6, 7 & 10) – Written (See Chap. 20 & Table 20-2 for help)</u> , 21, 25																																				
8	Chap. 13. Prob. 20, 21, <u>25(c, d, e & f) – Written</u> , 30(a & b) (See Table 13-3)																																				

Revenue IC Case (25 points) due - Written

EXAM 1

9 Application of Audit Concepts – Sales and Collection Cycle
 Chap. 14. Prob. 19, 21, 25(a & b) – Written, 29(a & b)

10 Guest Speakers

11 Company Case Field Trip

12 Chap. 16. Prob. 19, 20, 30, 32 - Written

13 Statistical Sampling

****SEE CHAP. 15 READING GUIDE**

Chap. 15. Prob. 22, 23, 30 – Written, 34(a-d) – Written (Treat this as a statistical application. Change required Part d as follows:

- d. Calculate CUER for each attribute at an ARO of 5%, and evaluate whether the test results are acceptable. Assume TER is 4%. (Follow Steps 12-14 of the procedures on pp. 507-510.)

14 Additional Applications of Audit Concepts

Chap. 18. Prob. 16, 17, 24(b & c) (Items 1, 3 & 5), 25(b) – Written (See Table 18-5 for help)

Chap. 23 (pp. 740 - 752)

15 Chap. 21. Prob. 14, 19(b) (Items 3, 5, 6 & 8), 20(b) (Items 1, 2 & 7)

Company Case (25 points) due – Written

16 Completing the Audit

Chap. 24. Prob. 18, 25 (Items a-g) - Written

17 The Audit Report

Chap. 3. Prob. 20, 21, 25 (Items 2, 3 & 5) & 26 (Items 3, 5 & 7)– Written

FINAL EXAM