

University of North Texas
ACCT 4400 (3 hours): Auditing – Professional Responsibilities
TENTATIVE SYLLABUS
Fall 2015
Marc Peter Neri, Esq.

Section	Time	Place
003	TR 11:00 a.m. - 12:20 a.m.	BLB 075

Professor: Marc Peter Neri, ACMA CGMA
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Office Hours: By appointment.

Prerequisites: ACCT 3120 and ACCT 4100; BLAW 3430; must have a 2.5 GPA in all ACCT 3000 and ACCT 4000 courses taken at UNT or their equivalent taken at other colleges and universities to take this course. ACCT 4400 may not be taken more than twice at UNT.

Required Material: *Auditing & Assurance Services: A Systematic Approach*. Messier, Glover, and Prawitt. 9th ed. 2014. A course reserve copy is available at Eagle Commons Library in Sycamore Hall.

Course Description: Introduction to auditing and the professional responsibilities of a career in any specialty of the accounting profession. Topics include the legal and ethical responsibilities of accountants; professional auditing standards; the acquisition, evaluation, and documentation of audit evidence; reports on the results of the engagement.

Core Category: Capstone

Core Curriculum: The capstone course is an important component of UNT's Core Curriculum. This course is related to the category of **Social and Behavioral Sciences** and will focus on the application of empirical and scientific methods that contribute to the understanding of what makes us human. As a capstone experience, auditing a company's financial statements requires an understanding of both accounting principles and the human and social environment in which accounting decisions are made. The ability to make such considerations in complex situations derives from the study of the human community and the social and behavioral environment. The accounting function impacts all areas of the audit client organization. This course addresses the potentially conflicting ways of thinking and decision-making applied by various constituencies of the client, including client employees, the audit firm, regulators, and client shareholders, and considers how financial statements and the accompanying audit report can impact these various constituencies. As an integral part of the core curriculum, engaging in this course will allow the student to develop and demonstrate the core objectives of Critical Thinking, Communication Skills, Social Responsibility and Personal Responsibility.

- **Critical Thinking Skills** – including creative thinking, innovation, inquiry, and analysis, evaluation and synthesis of information. Case studies are used in this course to address complex issues that can arise during different phases of the audit process. Students are challenged to be innovative (e.g., use critical thinking skills) when encountering different conditions in the case studies.
- **Communication Skills** – including effective development, interpretation and expression of ideas through written, oral and visual communication. Course material and case studies used in this course contain realistic circumstances that can impact audit procedures and outcomes that require students to analyze information and communicate appropriate solutions.

- **Empirical and Quantitative Skills** – including the manipulation and analysis of numerical data or observable facts resulting in informed conclusions. The case studies used in this course require students to develop skills, related to collecting and manipulating data that will enable them to prepare recommendations and form conclusions.
- **Social Responsibility** – including intercultural competence, knowledge of civic responsibility, and the ability to engage effectively in regional, national, and global communities. Auditors have shared responsibility to the public as well as to the client. In the preparation of an audit opinion, the auditor makes a statement regarding a client's financial condition. Users of financial statements (including investors, creditors, government, etc.) rely heavily on the audit opinion, illustrating the social responsibility of the auditor. Class material and case studies used in this course critically examine the auditor's relationship between professional responsibility and social responsibility to society.

Learning Objectives: When you complete this course, you should:

- Understand the professional responsibilities of CPAs in general
- Understand the audit process and audit reports
- Understand audit risk assessments, planning, and procedures
- Be able to apply the audit risk model
- Be able to research auditing standards
- Be able to identify fraud red flags

Methods of Instruction: Lecture, discussion, and application through cases.

Class Website: A class website will be maintained throughout the semester on Blackboard Learn (go to <http://www.unt.edu/> and click the link at the top for “Blackboard”). Class materials such as assignments, notes, etc. are available in Learn. I post grades on Learn, but note grades available in Learn are unofficial.

Course Topics:

Unit 1: Audit Fundamentals (chapters 1-2, 19-20)

- The Audit Process
- The Auditing Environment and Standards
- Ethics and Professional Conduct
- Legal Liability

Unit 2: Conducting an Integrated Audit (chapters 3-7)

- Planning, Materiality, and Risk Assessment
- Evidence and Documentation
- Auditing Internal Controls

Unit 3: Audit Testing, Audit Reports, and Fraud Risk Management (chapters 8-9, 17-18, 4)

- Audit Sampling
- Completing the Audit and Audit Reports
- Fraud Risk Management

Point Distribution and Grading Scale:

Assessment	Points	Course Grade	Points Required
Exam 1	60	A	≥ 90% of total points
Exam 2	100	B	80-89% of total points
Exam 3 (Final Exam)	100	C	70-79% of total points
Three Team Case Sets	150	D	60-69% of total points
Individual Core Objective Assessment	40	F	< 60% of total points
Three Individual Assignments	20		
Professionalism	30		
TOTAL	500		

I use **mathematical rounding** to determine grades. For example, if your course grade is 447/500 (89.4%), your grade will be a B. **Your grade is completely based on your performance in this course.** Whatever grade you need to graduate, etc. is the result of your performance in prior classes and **is irrelevant to the grading process in this course.** When you take a class, **you are responsible** for all class requirements and your course standing.

Exams: There will be three exams, including the final exam. All course material is fair game for exam content. Exam 1 covers Unit 1. Exam 2 covers Unit 2. Exam 3 (Final Exam) covers Unit 3 and any previous chapter(s) for which the class as a whole did not perform well on Exams 1-2. **Calculators** are not allowed for Exams 1 and 2. I will provide calculators for the Final Exam. You may take a **makeup exam** under **extraordinary circumstances**, which I must **approve prior** to the exam you miss. To be eligible for a makeup exam, you must provide adequate documentation such as a doctor's excuse. For medical absences, I do not need to know the cause of the absence. Simply document you were under a doctor's care on the exam date, could not return to school until after the exam date, etc. **If I approve a makeup exam, you have two options:** (1) take the makeup exam during the **designated non-negotiable makeup time**; or (2) use the final exam to make up the points. An unexcused absence on exam day or the makeup day will result in a zero grade that cannot be made up in any way.

Exam Retention: One year following the completion of the semester, and then destroyed.

Case Sets and Teams: There will be three sets of three cases turned in throughout the semester. You will complete all three case sets in an **"audit team" of three students. You may select your teammates, and must submit a list of names on your team (one list per team).** If you do not join a team I will assign you to a team. If your initial team selection has less than three students, I will assign additional classmate(s) to your team. Depending on enrollment, some teams may have two team members. I reserve the right to adjust team membership as needed. A brief description of the case sets follows:

1. Ethics and Professionalism in Auditing
 - Case 1-1: Accounting Scandal
 - Case 1-2: Audit Dilemma
 - Case 1-3: Independence
2. Risk Assessment and Planning
 - Case 2-1: Risk Assessment
 - Case 2-2: Planning Phase Analytical Procedures
 - Case 2-3: Substantive Tests and Documentation
3. Finalizing the Audit
 - Case 3-1: Misstatements
 - Case 3-2: Audit Negotiations
 - Case 3-3: Opinions and Finishing the Audit

Submitting Team Assignments: You must submit each case set in two formats:

1. Hard-copy (paper): The Case Set FAQs file on Learn (see the Team Case Sets folder) provides instructions and other relevant information on how to prepare case sets.
2. Turnitin: Turnitin is an online tool available to faculty at UNT to help detect academic misconduct. Students are required to submit written assignments for this class to Turnitin, a web-based plagiarism detection service. Before submitting your paper to Turnitin, please **remove your title page and other personal information**. Any paper that is not submitted to Turnitin prior to submission to the instructor will not be accepted by the instructor and will not be graded. You must submit your cases to Turnitin using Blackboard Learn. To do this, log on to Learn, enter our class page, and click the link for Course Content on the left. Once you are on the Course Content page, click to View/Complete the appropriate assignment, and begin the process of uploading your assignment. Only one team member should submit each case.

Individual Core Objective Assessment: This **individual** case involves planning the audit of a hypothetical client, and is submitted both as a hard-copy and online in the same manner as the team cases. This assignment requires you to demonstrate the core objectives of critical thinking, communication skills, empirical and quantitative skills, and social responsibility.

Individual Assignments: **Alchemy** is submitted in **hard-copy (paper) format** only. The other two individual assignments will be **submitted online**, using links I will provide.

1. **If You Need Love, Get a Puppy (Braun and Stallworth 2009):** A case about auditor independence and professional skepticism (*5 points*).
2. **PwC's Alchemy Case Deliverables:** Alchemy is a simulated internal controls audit. You are responsible for submitting your work on the Additional Deliverables Packet in class (*10 points*).
3. **Deloitte's Danle Case:** Auditing the client's reporting of a contingent liability (*5 points*).

Professionalism: Your professionalism grade is based on the following components:

- Participation: Material contribution to class discussion throughout the semester in class and/or on discussion boards in Learn. Prepare for each class and be ready to ask and answer questions. Taking notes does not constitute participation (*10 points*).
- Not causing distraction through the use of **audio recorders, cell phones, laptops**, etc. Active use of any electronic communication device in class is prohibited without explicit approval from me (*10 points*).
- Professionalism of emails and appointments. You do not need an appointment during office hours. If you make an appointment outside of office hours, you should either arrive on time or notify me in advance that you cannot attend on time (*10 points*).
- You are encouraged to dress in professional attire when guest speakers attend (**business casual**).

Late assignments: Late assignments will **receive a zero** that cannot be made up in any way, unless you provide adequate documentation such as a doctor's excuse. **Deadlines** are, unless otherwise noted:

- **Team Case Sets** and the **Individual Core Objective Assessment:**
 - Turnitin Version: **Thirty (30) minutes before class** on the due date.
 - Hard-Copy (paper) Version: **Beginning of class** on the due date.
- Alchemy: **End of class** on the final day of the Alchemy case.
- Individual assignments submitted online: **Thirty (30) minutes before class** on the due date.

Academic Dishonesty: Academic dishonesty will not be tolerated. Academic dishonesty includes cheating, plagiarism, forgery, fabrication, facilitating academic dishonesty, and sabotage. These actions are defined in the UNT academic integrity policy, available at http://policy.unt.edu/sites/default/files/untpolicy/pdf/7-Student_Affairs-Academic_Integrity.pdf

You can find additional information on academic integrity at <http://vpaa.unt.edu/academic-integrity.htm>. Possible **penalties** for academic dishonesty include a **zero grade** for the assessment on which the student(s) engaged in academic dishonesty and **course failure**. The failure to return any part of an exam or scantron at any time you have these materials is an act of academic dishonesty that will at minimum result in a **grade of zero for that exam**. Academic dishonesty on team assignments may result in penalties for all team members. Any grade reduction based on academic dishonesty cannot be made up.

Acceptable Student Behavior: Student behavior that interferes with an instructor's ability to conduct a class or other students' opportunity to learn is unacceptable and disruptive and will not be tolerated in any instructional forum at UNT. Students engaging in unacceptable behavior will be directed to leave the classroom and the instructor may refer the student to the Dean of Students to consider whether the student's conduct violated the Code of Student Conduct. The university's expectations for student conduct apply to all instructional forums, including university and electronic classroom, labs, discussion groups, field trips, etc. The Code of Student Conduct can be found at www.deanofstudents.unt.edu.

Withdrawals: The Accounting Department strictly enforces university policy regarding **W/WF grades**. If you drop this course after the withdraw date, you must have a passing average (at least 60%) to receive a W grade; otherwise, you will receive a WF. It is your responsibility to be aware of and comply with all deadlines relating to withdrawals.

Finals Week: In the past, UNT has rearranged the final exam schedule due to inclement weather. You should consider this possibility when making end-of-semester travel arrangements.

Disability Accommodations: The College of Business complies with the Americans with Disabilities Act in making reasonable accommodations for qualified students with disabilities. If you wish to request such accommodations, please notify me as soon as possible so we can make arrangements. To obtain disability accommodations, **you must first go through the UNT Office of Disability Accommodation (ODA)**. The ODA will give you a letter confirming your status. To receive accommodations, you must present this letter to me **at least one week in advance** of the first graded in-class assessment for which you wish to receive accommodations.

Teaching Evaluations: I am more interested in the feedback you provide as part of the teaching evaluation process than whether evaluations are conducted online, using paper and pencil, or both. I truly am interested in the feedback you provide and have made changes to this course based on student feedback.

TENTATIVE SCHEDULE: ACCT 4400-003**TR 11:00 a.m. – 12:20 a.m.**

Day	Date	Topics*	Class Preparation*
T	8/25	Introduction & Audit Process	Basic Concepts Notes
R	8/27	Introduction & Audit Process	Ch. 1, 1-24, 1-30
T	9/1	Audit Environment & Stds.	Ch. 2
R	9/3	Audit Environment & Stds.	2-24 through 2-28, Team Lists
T	9/8	Ethics & Professional Conduct	Ch. 19, If You Need Love, Get a Puppy Q1(2), Q2(2)
R	9/10	Ethics & Professional Conduct	19-28, 19-29, 19-31
T	9/15	Legal Liability Review for Exam 1	Ch. 20, 20-26, 20-31, Case Set 1 Review Sheet
R	9/17	Exam 1	Study
T	9/22	Planning, Tests, & Materiality	Ch. 3, 3-27, 3-29
R	9/24	Risk Assessment	Ch. 4, 4-27, 4-31
T	9/29	Evidence & Documentation	Ch. 5
R	10/1	Evidence & Documentation	Ch. 5, 5-31, 5-32, 5-34
T	10/6	Core Objective Assessment	
R	10/8	Guest Speaker from Deloitte	Case Set 2
T	10/13	Internal Controls	PwC's Alchemy Case Background
R	10/15	Internal Controls	Core Objective Assessment PwC's Alchemy Case Deliverables (In Class)
T	10/20	Dermaceutics Video	
R	10/22	Internal Controls	Ch. 6-7, 6-25, 7-38, 7-39, 7-40
T	10/27	Review for Exam 2	Review Sheet
R	10/29	Exam 2	Study
T	11/3	Audit Sampling	Ch. 8
R	11/5	Audit Sampling	Ch. 9
T	11/10	Audit Sampling	8-23, 8-27, 8-28, 9-22
R	11/12	Completing the Audit	Ch. 17, 17-22, 17-24, Deloitte's Danle Case Q1
T	11/17	Audit Reports	Ch. 18, 18-22, 18-23
R	11/19	Fraud Risk Management	Fraud Risk Mgt. Notes & Ch.4, 4-29
T	11/24	Fraud Risk Management	Case Set 3; Peer Review
R	11/26	THANKSGIVING	
T	12/1	Fraud Risk Management	Deloitte's Fraud & Illegal Acts Case
R	12/3	Review for Final Exam	Review Sheet
T	12/8	Final Exam – Time to be confirmed	Study

* **Bold items to be turned in to the professor.**