

University of North Texas
ACCT 4400 (3 hours): Auditing – Professional Responsibilities
Spring 2016
Dr. Robertson

Section	Time	Place
001	TR 12:30 p.m. - 1:50 p.m.	BLB 260
002	TR 9:30 a.m. - 10:50 a.m.	BLB 250

Professor: Jesse Robertson, Ph.D., CPA
BLB 385K
jesse.robertson@unt.edu
940.369.8156

Office Hours: TR 11:00 a.m. – 12:15 p.m.

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 have:

- An understanding of the codification system for PCAOB Auditing Standards and the AICPA Code of Professional Conduct, and the ability to research those standards
- An understanding of the professional responsibilities of both auditors and CPAs in general
- The ability to apply the audit risk model to the process of planning audit procedures
- The ability to design and evaluate audit procedures to test specific financial statement assertions
- The ability to conduct controls testing and substantive procedures using audit sampling
- The ability to select the appropriate audit opinion for a given situation
- The ability to identify fraud red flags

Methods of Instruction: Lecture; discussion of current events in auditing; application through cases.

Class Website: A class website will be maintained throughout the semester on Blackboard (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 Blackboard. Grades posted on Blackboard 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 of Internal Controls and Financial Reporting (chapters 3-7)

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

Unit 3: Audit Sampling, 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	50		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 (50 each)	150		D	60-69% of total points
Individual Core Objective Assessment	40		F	< 60% of total points
Four Individual Assignments	30			
EY's Jameson Family Farms Case	10			
Professionalism	20			
TOTAL	500			

I use **mathematical rounding** to determine grades. For example, a grade of **447/500 (89.4%) = 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, then destroyed.

Case Sets and Teams: There will be three sets of three cases turned in throughout the semester completed 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 might assign additional classmate(s) to your team (I reserve the right to adjust team membership as needed). Depending on enrollment, some teams might have two team members. A brief description of the case sets follows:

1. Ethics and Professionalism in Auditing
 - Case 1-1: Satyam Case Study
 - 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 Case Sets: You must submit each case set in two formats:

1. Hard-copy (paper): The Case Set FAQs file on Blackboard (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 assessment requires you to demonstrate the core objectives of critical thinking, communication skills, empirical and quantitative skills, and social responsibility.

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

1. **If You Need Love, Get a Puppy (Braun and Stallworth 2009):** A case about auditor independence and professional skepticism (*10 points*).
2. **PwC's Alchemy Case:** A simulated internal controls audit. We will complete the majority of the Alchemy case in class, although you likely will need to complete a portion of this assignment outside of class. You are responsible for submitting your work on the Additional Deliverables Packet in class (*10 points*).
3. **Deloitte's Coconut Telegraph Case:** Auditing a complex revenue recognition issue (*5 points*).
4. **Deloitte's eVade Case:** Auditing the client's reporting of a liability (*5 points*).

E&Y's Jameson Family Farms (JFF) Case: Assessing fraud risk and planning the audit. You will **form a new team (not the one used to complete the Team Case Sets)** to complete the required materials. Each team will submit one set of materials. We will complete the majority of the JFF case in class, although your team likely will need to complete a portion of this assignment outside of class (*10 points*).

Professionalism: This assessment is based on the following components:

- Participation: Material contribution to class discussion throughout the semester in class and/or on discussion boards in Blackboard. Prepare for each class and be ready to ask and answer questions. Taking notes does not constitute participation (*10 points*).
- Not causing distraction by using **audio recorders, cell phones, laptops**, etc. **Active use** of any electronic communication device is prohibited without explicit approval from me (*5 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 (*5 points*).
- You are strongly encouraged to dress in professional attire (**business casual**) when guest speakers attend.

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**, unless otherwise noted, are:

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

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. You can find more information at <https://disability.unt.edu/>.

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

TENTATIVE SCHEDULE
ACCT 4400 sections 001 & 002

Day	Date	Topics*	Class Preparation*
T	1/19	Introduction & Audit Process	Basic Concepts Notes
R	1/21	Introduction & Audit Process	Ch. 1, 1-24, 1-30
T	1/26	Audit Environment & Standards.	Ch. 2
R	1/28	Audit Environment & Standards.	2-24 through 2-28, Team Lists
T	2/2	Ethics & Professional Conduct	Ch. 19, If You Need Love, Get a Puppy Q1(2), Q2(2)
R	2/4	Independence Videos	19-28, 19-29, 19-31
T	2/9	Legal Liability Review for Exam 1	Ch. 20, 20-26, 20-31, Case Set 1 Review Sheet
R	2/11	Exam 1	Study
T	2/16	Planning, Tests, & Materiality	Ch. 3, 3-27, 3-29
R	2/18	Risk Assessment	Ch. 4, 4-27, 4-31
T	2/23	Evidence & Documentation	Ch. 5
R	2/25	Evidence & Documentation	5-31, 5-32, 5-34
T	3/1	Evidence & Documentation Core Objective Assessment	Read Core Objective Materials
R	3/3	Internal Controls	Ch. 6-7, 6-25, 7-38, 7-39, 7-40; Case Set 2
T	3/8	Internal Controls	PwC's Alchemy Case Background
R	3/10	Internal Controls	Core Objective Assessment PwC's Alchemy Case Deliverables
		<i>Spring Break</i>	
T	3/22	Dermaceutics Video	
R	3/24	Review for Exam 2	Review Sheet
T	3/29	Exam 2	Study
R	3/31	Audit Sampling	Ch. 8
T	4/5	Audit Sampling	Ch. 9
R	4/7	<i>Guest Speaker from Deloitte</i>	
T	4/12	Audit Sampling Auditing Revenue	8-23, 8-27, 8-28, 9-22 Deloitte's Coconut Telegraph Case Q3
R	4/14	Completing the Audit	Ch. 17, 17-22, 17-24, Deloitte's eVade Case Q1
T	4/19	Audit Reports	Ch. 18, 18-22, 18-23
R	4/21	Fraud Risk Management	Fraud Risk Mgt. Notes & Ch.4, 4-29
T	4/26	Fraud Risk Management	Case Set 3; Peer Review EY's Jameson Family Farms Case Part I
R	4/28	Fraud Risk Management	EY's Jameson Family Farms Case Deliverables
T	5/3	Fraud Risk Management	
R	5/5	Review for Final Exam	Review Sheet
R	5/12	Final Exam (9:30 class)	8:00 a.m. – 10:00 a.m.
R	5/12	Final Exam (12:30 class)	10:30 a.m. – 12:30 a.m.

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