



QUINLAN
SCHOOL of BUSINESS

Schreiber Center • 16 E. Pearson St.
Water Tower Campus • Chicago, IL 60611
LUC.edu/Quinlan

ACCT 409, Section 101
AUDIT I – AUDIT AND ASSURANCE
Winter Term 2018, Tuesday 6:00 PM- 9:00 PM
Corboy Law Center, Room 322

Instructor: Joan K. Moore, CPA, CFE, CGFM, CGMA

Email: jmoore16@luc.edu

Office Phone: 847-340-9296

Office Location: Schreiber Center – Water Tower Campus, #505B

Office Hours: Tuesdays 4:00 pm – 6:00 pm I am also available via phone, e-mail, and text and will respond to you within 24 hours.

COURSE DESCRIPTION:

Prerequisite Minimum grade of "C-" in ACCT 405

“An in-depth investigation of internal control structure and systems and the theory of audit evidence. Theoretical principles and practical issues involved in planning and executing an audit are explored. Internal control policies and procedures and principal evidence techniques for major transaction cycles or account groups are studied in depth. **Study of appropriate AICPA and PCAOB professional standards is an integral part of this course.**”

COURSE OVERVIEW:

This course introduces the student to the environment in which Public Accounting exists as well as the standards, both AICPA and PCAOB, which firms must follow in rendering audit and assurance services. The course covers both the theoretical and practical issues involved in planning an engagement, risk assessment and the audit risk model, evidence gathering and internal control policies and procedures. The audit of major transaction cycles (i.e. the revenue cycle) and account groups (i.e. Cash) are then covered highlighting internal specific control policies, testing of controls and substantive audit procedures to gather evidence. Study of appropriate AICPA and PCAOB professional standards is an integral part of this course.

COURSE OBJECTIVES AND LEARNING OUTCOMES:

Students who successfully complete this course will be able to

1. Understand the role of professional standards in the audit of financial statements
2. Demonstrate their ability to research those standards

3. Demonstrate their understanding of the audit process, in particular the roles of planning, evidence, and internal control.

Required Materials

1. **Principles of Auditing and Other Assurance Services, 21st Edition**, Whittington and Pany, Irwin McGraw Hill, 2019 (Available from Loyola Bookstore)
Bookstore website: <http://luc.edu/info/bookstore.shtml>

CONNECT access is required for completion of homework and other assignments. (You can purchase a textbook through CONNECT at a reduced rate.) connect.mheducation.com

Textbook:

Looseleaf packaged with Connect: ISBN [9781260427202](#)

Connect standalone: ISBN [9781260299366](#)

2. **Other class materials will be available on Sakai (Handouts, Assignments, and PowerPoint Slides.)**
3. **Please also take advantage of the following websites:**
www.pcaobus.org
www.aicpa.org
<http://www.icpas.org>
<http://www.cpaexcel.com/programs/kieso>
www.acfe.com

Additional Materials

Statements on Auditing Standards, hereafter referred to as AU-C sections (Clarified Standards.)
(Available on the AICPA website)

AICPA Attestation (AT) Standards (Also on AICPA website)

AICPA Code of Professional Conduct (Also on AICPA website)

PCAOB Standards, hereafter referred to as PCAOB or AS sections. (Available on the PCAOB website)

GUEST SPEAKERS:

I will bring in guest speakers depending upon their schedules and availability.

COURSE REQUIREMENTS AND GRADING CRITERIA:

Seven Quizzes (all closed book) will be given on the dates specified in the course outline.

Seven ConnectPlus homework assignments are to be completed online and are due on the assigned date.

Seven LearnSmart assignments will be available through Connect. These assignments will be due on the assigned date.

Two Written Research Assignments which must be submitted in Sakai will be required. No late assignments will be accepted. Each assignment will be posted on Sakai and will be worth 50 Points. All assignments must be typed. These assignments will be graded on content, grammar, and exposition. If English is not your first language, please schedule time with the writing center ahead of time for help with and review of these assignments.

The link to location, phone number, and instructions to schedule an appointment for the writing center is www.luc.edu/writing/.

Fraud In The News – In class presentation of current fraud in the news. Research a current fraud (within 2 years), upload the description of the fraud to Sakai in the forum section and do a 2-minute presentation of the fraud in class. See Sakai for description and example.

Group Project. You will research an accounting case involving auditor error or lack of professional judgment. You will submit a paper and do a **group presentation** in class.

Professional Development. A portion of the final grade will be allocated to professional development points. These points can be earned by attending two accounting and/or Toastmasters events (10 points per event) during the term. Attendance will be taken at these events via a sign-in sheet. Proof of attendance needs to be provided to the professor. If students choose not to attend, their grades will be negatively affected. If students work or are in athletics, an alternative approach may be determined by the professor. See me promptly if this is your situation!

Final Exam (closed book) – comprehensive; will be given on the date specified in the course outline.

Assignment deadlines are firm. Late assignments will be accepted only in case of emergency. If you submit a late assignment due to a non-emergency, it will be the instructor's discretion whether to grade the assignment and impose a heavy penalty.

Extra credit of 5 points can be earned if you complete the course evaluation and provide proof of completion. There are no other opportunities for extra credit.

Final grades will be based on the following:

7 Quizzes @ 40 pts. each)	280	28%
7 homework assignments (7 @ 10 pts. each)	70	7%
7 LearnSmart assignments (7 @ 10 pts. each)	70	7%
2 Written Research Assignments (2 @ 50 pts ea)	100	10%
Professional Development Points (2 events)	20	2%
Group Project Paper and Presentation	150	15%
Fraud In The News (7 @ 20 pts. each)	140	14%
Final Exam - Comprehensive	170	17%
Total Available Points	1000	100%

Course Grading Scale

A	930-1000	93% - 100%
A-	900-929	90% - 92.9%
B+	870-899	87% - 89.9%
B	830-869	83% - 86.9%
B-	800-829	80% - 82.9%
C+	770-799	77% - 79.9%
C	730-769	73% - 76.9%
C-	700-729	70% - 72.9%
D+	670-699	67% - 69.9%
D	630-669	63% - 66.9%
D-	600-629	60% - 62.9%
F	Below 599	Below 60%

Attendance

The course depends on student engagement. Class attendance is mandatory and essential to the value of the learning experience. Attendance is expected for the full class period. Students are expected to attend all class sessions in order to pass the course. Missing more than 20% of scheduled classes severely jeopardizes the student's ability to pass the course. You are responsible for any assignments or requirements missed during an absence.

ANY material covered in class is subject to inclusion in examinations

In the event unavoidable emergencies or conflicts prevent you from attending class or having to leave early, you must notify the instructor by e-mail or text **in advance**. Each student is responsible for anything that is missed during an absence, so having a class partner is advisable. Most of the subjects in a course are sequential. Therefore, it is important to understand the material covered in the missed class before the next class.

To prepare for each class, access Sakai for the weekly materials.

Use of Technology

In order to minimize distraction, be fully engaged in class and respectful to the instructor, cell phones must be turned off during class. Laptops may be used in class for class purposes only.

Make-Up Examinations/Assignments

Exams must be taken at the scheduled time. **Make-up examinations are discouraged.** Only under extreme circumstances will a make up exam be allowed. A make-up final examination may be scheduled only with the permission of the appropriate Quinlan Assistant or Associate Dean.

Academic Integrity

All members of the Quinlan School shall refrain from academic dishonesty and misconduct in all forms, including plagiarism, cheating, misrepresentation, fabrication, and falsehood...Plagiarism or cheating on the part of the student in individual or group academic work or in examination behavior will result minimally in the instructor assigning the grade of "F" for the assignment or examination and at the maximum an "F" for the course. The punishment is at the instructor's discretion. In addition, all instances of academic dishonesty must be reported to the chairperson of the department involved.

For further information about expectations for academic integrity and sanctions for violations, consult the complete Quinlan School of Business Honor Code and Statement of Academic Integrity on the Quinlan website:

<http://www.luc.edu/media/lucedu/quinlanschoolofbusiness/pdfs/Honor-Code-Quinlan-July2012.pdf>

What is Auditing?

“Auditing is concerned with the verification or testing of financial statements and similar data. Such data consists of a series of assertions. A balance sheet asserts that the enterprise has cash, receivables, inventories, and so on. The statement further asserts that those items are appropriately disclosed and described and that their classification accords with an acceptable interpretation and application of generally accepted accounting principles.

The relationship of auditing to accounting is close, yet their natures are very different: they are business associates, not parent and child. Accounting includes the collection, classification, summarization, and communication of business events and conditions as they affect and represent a given enterprise or other entity. The task of accounting is to reduce a tremendous mass of detailed information to manageable and understandable proportions. Auditing does none of these things. Auditing must consider business events and conditions, too, but it does not have the task of measuring or communicating them. Its task is to review the measurements and communications of accounting for propriety.

Auditing is analytical, not constructive: it is critical, investigative, concerned with the basis for accounting and assertions. Auditing emphasizes proof, the support for financial statements, and data. Thus, auditing has its principal roots not in accounting which it reviews, but in logic, on which it leans heavily for ideas and methods.”...Mautz and Sharaf, *The Philosophy of Auditing*

TENTATIVE COURSE OUTLINE & ASSIGNMENT SHEET
AUDIT I – AUDIT AND ASSURANCE

Winter 2018-19

Please note: This class may occasionally deviate from the course outline below. The instructor reserves the right to make changes as needed to the course syllabus.

Date	Class Activities	Homework
Nov. 13	Intro to class. Chapters 1 & 2 Discussion Chapters 1 & 2 Practice Quiz – Chapter 1 & 2	Read Chapters 1 and 2. Familiarize yourself with the Professional websites, including the AICPA’s clarity project. Work LearnSmart Ch. 1 & 2 and Connect homework Ch. 1 & 2 both due Mon., Nov. 19 at 11:59 pm.
Nov. 20	In Class Quiz Ch. 1 & 2 (Quiz 1) Fraud In The News 1 Chapters 5 & 6 Practice Quiz – Chapter 5 & 6	Read Chapters 5 and 6. Work LearnSmart Ch. 5 & 6 and Connect homework Ch. 5 & 6 both due Mon., Nov. 26 at 11:59 pm.
Nov. 27	In Class Quiz Ch. 5 & 6 (Quiz 2) Fraud In The News 2 Chapter 7 Practice Quiz – Chapter 7	Read Chapter 7 Work LearnSmart Ch. 7 and Connect homework Ch. 7 both due Mon., Dec. 3 at 11:59 pm. Research Assignment #1 due Mon., Dec 3 at 11:59 pm
Dec. 4	In Class Quiz Ch 7 (Quiz 3) Fraud In The News 3 Chapters 10 & 11 Practice Quiz – Chapters 10 & 11	Read Chapters 10 & 11 Work LearnSmart Ch. 10 & 11 and Connect homework Ch. 10 & 11 both due Mon. Dec. 10 at 11:59 pm
Dec. 11	In Class Quiz Ch. 10 & 11 (Quiz 4) Fraud In The News 4 Chapters 12 & 13	Read Chapters 12 & 13 Work LearnSmart Ch. 12 & 13 and Connect homework Ch. 12

	Practice Quiz – Chapters 12 & 13	& 13 both due Sun. Dec. 16 at 11:59 pm
Jan. 15	In Class Quiz Ch. 12 & 13 (Quiz 5) Fraud In The News 5 Chapter 14 Practice Quiz – Chapters 12 & 13	Read Chapter 14 Work LearnSmart Ch. 14 Connect homework Ch. 14 both due Mon., Jan 21 at 11:59 pm. Research Assignment #2 due Mon., Jan 21 at 11:59 pm
Jan. 22	In Class Quiz Ch. 14 (Quiz 6) Fraud In The News 6 Chapter 15 Practice Quiz Ch. 15	Read Chapter 15 Work on LearnSmart Ch. 15 and Connect homework Ch. 15 both due Mon., Jan. 28
Jan. 29	In Class Quiz Ch. 15 (Quiz 7) Fraud In The News 7 Group Project Review	Prepare for Group Project Papers and PPTs due Mon., Feb. 4 at 11:59 pm in Sakai.
Feb. 5	Group Project Presentations Final Exam Review	Prepare for Final Exam
Feb. 12	In Class Final Exam - Comprehensive	

There is a winter break from December 17 through January 13.