

ACC 373 – Introduction to Auditing and Assurance Services

**Fall 2015 – Tuesday/Thursdays – 8 am, 10 am and 12 noon
(8 am meets, 10 am and 12 noon meet in ACC 310)**

Friday Lab 12 noon (Hoffman Edison or as directed)

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Office Hours: Thursdays 2:00-6:00 pm; or by appointment

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Course Description

Auditing and assurance services will be discussed from the perspectives of management and other users of the financial statements and other reports, as well as, the external auditor and other assurance professionals.

Learning Objectives

1. Describe auditing and assurance services and be able to understand the client's business and processes in order to perform the service.
2. Use the professional auditing standards and compare PCAOB standards to US non-issuer and International standards by researching and applying to basic situations.
3. Identify and understand the different audit reports and determine which audit report is appropriate by examining simple case situations.
4. Describe the ethical issues relevant to audit and assurance services including differences between issuers and non issuers and critique dilemmas faced by professionals including legal liability by researching current Accounting and Auditing Enforcement Cases or PCOAB Enforcement Cases and preparing an oral presentation and/or written report.
5. Demonstrate an understanding of client acceptance and basic audit planning including audit risk, management assertions and audit evidence by researching and interpreting case information.
6. Understand the auditor's responsibility in assessing the risk of fraud and error in financial statements by predicting selected company scenarios.

Required Materials

Course Pack Title: ACC 373 - Audit and Assurance Services Course Pack ID: 544412

Course Pack ISBN: 1323095365 (available for purchase online only –see Blackboard for directions). This is digitally enhanced so you can use on an IPAD or android. You can go to articles and take notes. This course pack contains select parts of two textbooks:

1. Auditing and Assurance by Arens, Elders and Beasley, 15th edition.
2. Auditing Cases by Beasley, Buckless, Glover & Prawitt, 6th edition.

On-line access to Audit Standards at the aicpa.org and pcaob.us.org and other articles and websites referenced from the syllabus. (See daily assignments)

Business news-specifically accounting/auditing related

Prerequisites and/or Recommended Preparation:

ACC 370 and ACC 371 - prerequisites

Course Notes:

This course uses Blackboard. All materials, including PowerPoint slides will be maintained on Blackboard. I will also ask that you turn in assignments in Turnitin, which is located within Blackboard.

Grading Policies:

“If you do something long enough, with as much **variety** as possible, you will begin to learn it”. Unknown.

I believe that a variety of skills are necessary to be an excellent professional. Therefore, there are several components to your overall grade.

Component	Points
“Fieldwork” including presenting	20
Participation/preparation	15
Midterm	120
Cases	50
Mini-Audit Workshop	10
ELC Case	25
Fieldtrip and Questions	15
Group Member evaluations	10
Final Exam	<u>235</u>
Total	<u>500</u>

Please see the Leventhal School of Accounting grading policy attached. All of the sections of ACC 373 will be curved together. Historically, accounting electives’ mean GPA target is a 3.3. See LSOA Important dates at the end of this document for information on withdrawal and incomplete marks.

After each grade is posted or returned, you will have **one week to challenge** your grade in writing. After this time, the grades will become final.

“Fieldwork” including presenting

This assignment helps the concepts become reality. You will go out and observe and document some of the concepts that we use in audit and assurance.

Participation/Preparation

It is important that you participate in class in order to maximize your understanding of the materials. I will call on individuals both voluntary and randomly. There are short assignments that will be given in class or communicated via Blackboard to further work on concepts learned in class.

Midterm

This midterm will cover the material that has been covered through the last class prior to the midterm. It is a way of testing your understanding of the concepts that have been covered. The midterm must be taken at the time designated.

Cases:

You will be assigned questions from the cases listed in the syllabus. Some questions will require advanced preparation and turned-in via Blackboard in advance. All cases must be submitted to receive credit. **No late assignments will be accepted.**

Mini-Audit Workshop:

You will be assigned a mini-audit workshop opportunity to interact with one of the large accounting firms and learn more about auditing. Each student will participate in only one of two possible opportunities. These workshop will either take place on-campus or at the firm location. Details will be discussed in class. A written assignment to turn in via Blackboard is expected. If you do not attend one of the workshops and fully participate in the workshop, you will not be awarded the points assigned.

ELC Case:

You will be given a case to prepare with your group and then use the ELC to present and record the case discussion. All members of the group must participate in order to receive credit. More details will be given in class.

Group Evaluations:

You will be allowed to evaluate your group members for their participation in class exercises and discusses.

Fieldtrip:

We will go to a factory and observe the manufacturing process. There will be questions that will be answered individually that will test your understanding of what an auditor would observe in a client visit.

Final Exam:

There is a written final exam. The test format and topics will be discussed in class. The final exams must be taken at the time designated on the schedule. **IF you have a conflict, please notify me immediately, so we can appropriately resolve the conflict.**

Retention of Graded Coursework

Final exams and all other graded work which affected the course grade will be retained for one year on-line after the end of the course *if* the graded work has not been returned to the student (i.e., if I returned a graded paper to you, it is your responsibility to maintain it).

Technology Policy

Laptop and Internet usage is permitted during academic or professional sessions when engaged in a technology related class activity. Use of other personal communication devices, such as cell phones, is considered unprofessional and is not permitted during academic or professional sessions. ANY e-devices (cell phones, PDAs, I-Phones, Blackberries, other texting devices, laptops, I-pods) must be completely turned off during class time. Use of any recorded or distributed material is reserved exclusively for the USC students registered in this class.

Statement for Students with Disabilities

Any student requesting academic accommodations based on a disability is required to register with Disability Services and Programs (DSP) each semester. A letter of verification for approved accommodations can be obtained from DSP. Please be sure the letter is delivered to me as early in the semester as possible. DSP is located in STU 301 and is open 8:30 a.m.–5:00 p.m., Monday through Friday. The phone number for DSP is (213) 740-0776. For more information visit http://sait.usc.edu/academicsupport/centerprograms/dsp/home_index.html provides certification for students with disabilities and helps arrange the relevant accommodations.

No recording and copyright notice

No student may record any lecture, class discussion or meeting with me without my prior express written permission. The word “record” or the act of recording includes, but is not limited to, any and all means by which sound or visual images can be stored, duplicated or retransmitted whether by an electro-mechanical, analog, digital, wire, electronic or other device or any other means of signal encoding. I reserve all rights, including copyright, to my lectures, course syllabi and related materials, including summaries, Power Points, prior exams, answer keys, and all supplementary course materials available to the students enrolled in my class whether posted on Blackboard or otherwise. They may not be reproduced, distributed, copied, or disseminated in any media or in any form, including but not limited to all course note-sharing websites. *Exceptions are made for students who have made prior arrangements with DSP and me.*

Emergency Preparedness/Course Continuity

In case of a declared emergency if travel to campus is not feasible, USC executive leadership will announce an electronic way for instructors to teach students in their residence halls or homes using a combination of Blackboard, teleconferencing, and other technologies.

Please activate your course in Blackboard with access to the course syllabus. Whether or not you use Blackboard regularly, these preparations will be crucial in an emergency. USC's Blackboard learning management system and support information is available at blackboard.usc.edu.

Statement on Academic Integrity, Conduct and Support Systems Academic Conduct:

Plagiarism – presenting someone else’s ideas as your own, either verbatim or recast in your own words – is a serious academic offense with serious consequences. Please familiarize yourself with the discussion of plagiarism in *SCampus* in Section 11, *Behavior Violating University Standards* <https://scampus.usc.edu/1100-behavior-violating-university-standards-and-appropriate-sanctions/>. Other forms of academic dishonesty are equally unacceptable. See additional information in *SCampus* and university policies on scientific misconduct, <http://policy.usc.edu/scientific-misconduct/>.

Discrimination, sexual assault, and harassment are not tolerated by the university. You are encouraged to report any incidents to the *Office of Equity and Diversity* <http://equity.usc.edu/> or to the *Department of Public Safety* <http://capsnet.usc.edu/departments/departments-public-safety/online-forms/contact-us>. This is important for the safety whole USC community. Another member of the university community – such as a friend, classmate, advisor, or faculty member – can help initiate the report, or can initiate the report on behalf of another person. *The Center for Women and Men* <http://www.usc.edu/student-affairs/cwm/> provides 24/7 confidential support, and the sexual assault resource center webpage sarc@usc.edu describes reporting options and other resources.

Support Systems

A number of USC’s schools provide support for students who need help with scholarly writing. Check with your advisor or program staff to find out more. Students whose primary language is not English should check with the *American Language Institute* <http://dornsife.usc.edu/ali>, which sponsors courses and workshops specifically for international graduate students. *The Office of*

INDIVIDUAL CLASS TOPICS AND ASSIGNMENTS

Class	T	Th	F	Discussion	Readings	Assignments/ Presentations
				Week 1		
1	8/25			Introduction Auditing and Assurance Services	AICPA: http://www.aicpa.org/Research/Standards/AuditAttest/Pages/clarifiedSAS.aspx PCAOB: http://pcaobus.org/Standards/Auditin/Pages/default.aspx IFAC: http://www.ifac.org/auditing-assurance/clarity-center/clarified-standards Don't forget to stop by All School Picnic –Alumni Park after class	Please click on links. These are the standards used by auditors.
2		8/27		Auditing and Assurance Services/ Profession	Chapter 1, Figure 2-2 Focus on Assertions Chapter 6 – pp 154-161	“Audit Fieldwork”
			8/28	No Lab	Enjoy your weekend!!!	
				Week 2		
			8/31 Monday	Office Hours	Office Hours – Monday, 9:00-12:00 pm – Donuts!!!	
3	9/1			Auditing and Assurance Services/ Profession continued Ethics	Chapter 1 and chapter 6 – pp. 154-161 Ethics Handout posted on Blackboard	Present “Fieldwork”
4		9/3		Reports	AU –C700 .13-.41; A18-41 AU-C705 .02;03;06-.29;A1-19; Illustration 1,2,3,4,5,6 AU-C706 .04-.05;A2: Illustrations 1, AU-C708 .05-.07 AS1 http://pcaobus.org/News/Releases/Pages/08132013_ARM_Fact_Sheet.aspx PWC brief http://www.pwc.com/en_US/us/cfodirect/assets/pdf/in-brief/us-2015-20-pcaob-disclosing-name-engagement-partner-audit.pdf	Exercise - prepare in advance – see Blackboard
			9/4	No lab	Labor Day Weekend	
				Week 3		
5	9/8			Fraud/ Professional Skepticism	AU-C240 .04; 11-12; 15; 34; 43;A6; A7:A9; A12; A33; A42 Appendix A –(Same as AU 316 A2); Appendix C	Exercise (in – Class–“If You Need Love...”)
6		9/10		Audit Responsibilities	Chapter 6	Phar-Mor – prepare in advance

Class	T	Th	F	Discussion	Readings	Assignments/ Presentations
7			9/11	LAB	Mini-audit workshop Edison- 12 noon	
				Week 4		
8	9/15			Audit Evidence	Chapter 7	Roger's – on- line access
9		9/17		Audit Evidence	Case and Review	Apple – prepare in advance
10			9/18	Midterm	Edison – 12 noon	
				Week 5		
11	9/22			Audit Planning	Chapter 8 Chapter 9 (pp 256-266)	Exercise (in- class)
12		9/24		Legal Liability Managing Risk	Chapter 5 FCPA	Phar-Mor- prepare in advance
			9/25	No Lab		
				Week 6		
13	9/29			Internal Controls	Chapter 10	Roger's materials
14		10/1		Internal Controls	AS5 .10; .14; .21-38; .42-45; 62-71	Cendant – prepare in advance
15			10/2	LAB	Mini-Audit Workshop- Edison 12pm	
16			10/3- Saturday	Field trip	Huy Fung Foods – see e-mail for link and directions	Turn-in questions via Blackboard by Thursday Oct 8
				Week 7		
17	10/6			Accountants Ethics	Materials posted on Blackboard Presentation of case in ELC – recorded.	ELC Group Presentation
		10/8		Study Day	Review of materials – materials covered posted on Blackboard	Field trip questions due via Blackboard
			10/9	No Lab		
				Week 8	TBA	
			10/11 Sunday	Office Hours	Office Hours – TBA	
			10/12 Monday	Office Hours	Office Hours – Monday, 9:00-12:00 pm	
18	10/13			Final	Written Exam - classroom	See Blackboard for information
		10/14			NO CLASS	

LSOA GUIDELINES

The Leventhal School of Accounting adheres strictly to the grading standards of the University and the School of Business Administration. Additionally, the Leventhal School of Accounting has supplemented those standards with certain others. For students' convenience, and to prevent misunderstanding, these additional standards are summarized below.

GRADING STANDARDS

The following grades are used: A - excellent; B - good; C - fair; D - minimum passing; F - failure. The grade of F is awarded for failing work at the end of the semester. The assignment of minuses and pluses when earned is required.

The grade of W (Withdraw) is assigned if the student officially withdraws after the third week but before the end of the twelfth week of the semester. No withdrawals will be permitted after the end of the twelfth week except by student petition to the University's Committee on Academic Policies and Procedures. See above dates in syllabus – this course is NOT a full semester and has different dates.

Students may elect to audit courses during the first three weeks of the semester. A course taken for audit (V) will be assessed at the current tuition rate. A course taken for audit (V) will not receive credit and will not appear on the USC transcript or grade report. Under no circumstances will the University allow a change in the registration status of a course from letter grade or credit to audit (V) or vice versa after the third week of a given semester.

Incomplete Grades Explanation

In incomplete (IN) grade may be assigned due to an “emergency” that occurs after the 6th week of classes for half semester courses or the 12th week for full-semester courses. An “emergency” is defined as a serious documented illness, or an unforeseen situation that is beyond the student’s control, that prevents a student from completing the semester. Prior to the 6th or 12th week, the student still has the option of dropping the class. Arrangements for completing an IN course should be initiated by the student, and negotiated with the instructor. Class work to complete the course should be completed within one calendar year from the date the IN was assigned. The IN mark will be converted to an F grade should the course not be completed.

Academic Integrity – Leventhal School of Accounting Honor Code

Students enrolled in any class offered by the Leventhal School of Accounting are expected to uphold and adhere to the standards of academic integrity established by the Leventhal School of Accounting Student Honor Code. Students are responsible for obtaining, reading, and understanding the Honor Code System handbook. Students who are found to have violated the Code will be subject to disciplinary action as described in the handbook. For more specific information, please refer to the Student Honor Code System handbook, available in class or from the receptionist in ACC 101.

G.P.A. PREREQUISITES FOR UNDERGRADUATE ACCOUNTING COURSES

The grade point average prerequisites for any undergraduate student enrolled in any accounting course is a minimum 2.7 G.P.A. for all completed accounting courses. In computing grade point average prerequisites, BUAD 250ab, 280, 281, 305 and 302T are considered accounting courses.

Grades in accounting courses taken at other institutions will not be included in the computation of the cumulative accounting grade point average.

When a student's cumulative accounting grade point average falls below 2.7, the student is placed on probation. If a student on probation does not regain a minimum accounting cumulative GPA of 2.7 after completing the next 12 semester hours in all courses (including accounting courses) attempted within the University, that student will not be permitted to continue as an accounting major in the Leventhal School of Accounting. Exceptions to this policy may be granted only in unusual circumstances by the Academic Standards Committee of the Leventhal School of Accounting. Decisions of the Academic Standards Committee are final.

To be removed from probationary status, a student may elect either to take another accounting course or courses for which prerequisites are met or to repeat an accounting course or courses in an attempt to earn a higher grade. Regardless of the course of action taken, all courses completed will be counted in computing the cumulative accounting grade point average.

The grade of "W" in an accounting course taken while a student is on probation will not extend probation. The probation period ends at the end of that semester during which the student completes a cumulative total of 12 semester hours of courses in any subject(s) at the university. Under no conditions will the student be permitted more than two successive semesters, including the summer semester, to complete the 12 semester hours of courses.

Students must attain a minimum 2.7 cumulative accounting grade point average to graduate with a Bachelor of Science in Accounting degree.

See the USC Catalogue for further restrictions on including grades in repeated classes in the overall grade point average computation.

OTHER ACADEMIC STANDARDS

The ability of students to write clearly and concisely is a necessary prerequisite to success in accounting work. Accordingly, students will be required to demonstrate writing capability in all accounting courses. This may be accomplished primarily through the inclusion of essay-type questions on course examinations.

LSOA STUDENT LEARNING OBJECTIVES

OBJ 1	Technical Knowledge Heavy (373)	Students will demonstrate technical proficiency in the accounting discipline, including the use of technical accounting knowledge to help solve problems and make decisions.
OBJ 2	Research, Analysis and Critical Thinking Moderate (373)	Students will demonstrate the ability to research, critically analyze, synthesize, and evaluate information including professional standards for decision making in the local, regional and global business environment.
OBJ 3	Ethical Decision Making Moderate (373)	Students will demonstrate an understanding of ethics, ethical behavior and ethical decision-making.
OBJ 4	Communication Moderate (373)	Students will demonstrate the ability to communicate ideas both orally and in writing in a clear, organized and persuasive manner.
OBJ 5	Leadership, Collaboration and Professionalism Light (373)	Students will demonstrate leadership skills and the ability to work cooperatively and productively to accomplish established goals.

USC –Leventhal School of Accounting: Important Dates: FALL 2015

Last Day to Register/Add without Late Fee	Friday, August 21
First Day of Class, Regular Session and Session 431	Monday, August 24
All-School Picnic, Alumni Park (scheduled classes must meet)	Tuesday, August 25, 11am-2pm
Last Day to Add or Drop without a "W" (1st Half Session 431)	Tuesday , September 1
Labor Day, University Holiday	Monday, September 7
Last Day to Add or Drop without a "W" (Regular Session)	Friday, September 11
Meet the Firms, California Science Center (students will attend both)	Wednesday, September 16, 6pm-9pm Thursday, September 17, 6pm-9pm
Last Day to Drop with “W” for ACCT courses (1st Half Sess. 431)	Wednesday, September 30
Evening Football Game (vs Washington)	Thursday, October 8
Final Exams for ACCT courses (1st Half, Session 431)	Monday-Friday, October 12-16
First Day of Class, 2nd Half, Session 442	Monday, October 19
Last Day to Add/Drop without "W" for ACCT courses (2nd Half Session 442)	Friday, October 23
Last Day to Drop with a "W", Regular Session Courses	Friday, November 13
Last Day to Drop with “W” for ACCT courses (2nd Half Session 442)	Monday, November 23
Thanksgiving Break	Wednesday-Friday, November 25-27
Last Class Meeting	Friday, December 4
Final Examinations	December 9 – December 16
Winter Recess	Thurs., December 17 – Sun., January 10