

ACC 373 – Introduction to Auditing and Assurance Services

Fall 2016: Monday/Wednesday-10 am & 12 pm (ACC 236)

Tuesday/Thursdays – 8 am & 10 am (ACC 303)

Friday Lab 12 noon (Hoffman Edison)

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Office Hours: Monday 8-10 am Tuesdays 12-2 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 Materials: ACC 373 – You will be able to purchase the required text and MyAccountingLab directly from Pearson or via the bookstore. As soon as I have the information for purchasing on-line I will post it to Blackboard and send an email. I prefer that you purchase a digital text.

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)

Please bring a laptop computer or tablet to class.

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 use **MyAccountingLab** and submit other types of 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	15
Participation/quizzes/cases	33
Midterm	120
Homework	36
Mini-Audit Workshops	16
ELC Case	25
Fieldtrip and Questions	15
Group Member evaluations	*
Final Exam	<u>240</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. * considered for overall grade in group projects

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. You will submit a video on your findings. This assignment takes place in your 2nd class meeting. The assignment will be posted to Blackboard.

Participation/ Quizzes/Cases

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.

Additionally, I will give quizzes at the beginning of class that will be done via some form of technology. These quizzes are very brief and are only available to those in class. The quizzes will commence the second week of classes – 4th class meeting per schedule.

We will work on some of the book cases in class-so you will need your materials.

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.

Homework/:

You will utilize MyAccountingLab to complete homework assignments in advance of class. **No late assignments will be accepted.**

Mini-Audit Workshop:

You will attend two mini-audit workshops and have the opportunity to interact with two of the large accounting firms and learn more about auditing. Each student will participate in both opportunities. Both workshops will either take place on-campus. Details will be discussed in class. A written assignment to turn in via Blackboard is expected. If you do not participate in the workshops, 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. This will be considered for individual performance. You must evaluate each of your teammates performance in order to receive credit for your assignments.

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.

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/department/department-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	M/T	W/H	F (both classes)	Discussion	Readings	Assignments/ Presentations MyAccounting Lab –see for assigned homework and due dates
				Week 1		
1	8/22/ 8/23			Introduction Auditing and Assurance Services/ The CPA Profession	AICPA: Non-issuers (private) http://www.aicpa.org/Research/Standards/AuditAttest/Pages/clarifiedSAS.aspx PCAOB: Issuers (public) https://pcaobus.org/Standards/Auditing/Pages/ReorgStandards.aspx IFAC: International http://www.ifac.org/auditing-assurance/clarity-center/clarified-standards Chapter 1 & 2	Please click on links. These are the standards used by auditors.
2		8/24/ 8/25		Management Assertions	Focus on Assertions Chapter 6 – pp. 158-165	“Audit Fieldwork”
			8/26	No Lab	Enjoy your weekend!!!	
				Week 2		
3	8/29/ 8/30			Management Assertions/ Audit Reports	Chapter 6 – pp. 158-165 Chapter 3	Discuss “Fieldwork” First day MyAccounting Lab is due!!
4		8/31/ 9/1		Audit Reports/ Audit Responsibilities & Objectives	Chapter 3 Chapter 6	
			9/2	No Lab	Enjoy your weekend!!!	
				Week 3 & 4		
	9/5	9/14			NO CLASS	
5	9/6	9/7		Audit Evidence	Chapter 7	
6	9/12	9/8		Audit Planning & Materiality	Chapter 8	Phar-Mor – prepare in advance
7			9/9	LAB- 12 noon EDISON	1st Audit Workshop	

Class	M/T	W/H	F (both classes)	Discussion	Readings	Assignments/ Presentations MyAccounting Lab –see for assigned homework and due dates
				Week 4		
8	9/13	9/14		Assessing the Risk of Material Misstatement	Chapter 9	
9			9/16	LAB- 12 noon EDISON	2nd Audit Workshop	
				Week 5		
10	9/19/ 9/20			Assessing & Responding to Fraud	Chapter 10	
11		9/21/ 9/22		Internal Control	Chapter 11	
12			9/23	LAB-12 noon EDISON	MIDTERM	Material through 9/20
13			Saturday 9/24	HUY FONG FOODS	IRWINDALE	
				Week 6		
14	9/26/ 9/27			Overall Audit Strategy & Audit Program	Chapter 13	
15		9/28/ 9/29		Legal Liability	Chapter 5	
16			9/29	LAB-12 noon EDISON	Ethics Chapter 4	“If You Need Love...”
				Week 7		
	10/3/ 10/4			Prep for ELC		
17		10/5/ 10/6		ELC Ethics Case	Case presentations in ELC- recorded	ELC Group Presentation
18			10/7	LAB-12 noon EDISON	Speaker – Carson Block	
				Week 8		
19	10/10 10/11			Review		
		10/12 10/13			NO CLASS	
			10/14	Final–12 noon EDISON	Written Final Exam	

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.