

ACCT 473 – Financial Statement Auditing

**Spring 2019– Monday/Wednesday–10 am and 12 noon
(JFF 328)**

Friday Session – JFF LL 125

Professor: Rose Layton

Office: ACC 112

Office Phone: 213/740-5022 (prefer e-mail)

**Office Hours: Mondays 3-4 pm and Tuesdays 12:30-
2:30 pm or appointment**

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Course Description

Financial statement auditing will be discussed from the perspectives of the external auditor, the standard setters and management.

Learning Objectives

1. Select the appropriate management assertions and evidence gathering procedures to gather appropriate sufficient audit evidence by describing assertions and procedures for identified company transactions and accounts.
2. Understand the concepts of sampling and analysis in the selection of audit procedures to gather evidence and the tools available to assist the auditor.
3. Appraise the appropriateness and sufficiency of audit evidence through the use of various audit procedures used to gather the evidence and the appropriateness of the including the use of various technologies utilized.
4. Understand Professional Judgment and Professional Skepticism to develop conclusions on evidence gathered.
5. Identify the steps necessary to complete and conclude on an audit through class examples and discussions.

Required Materials

Course Materials: ACC 473 – You will be given a website via Blackboard to purchase and access all material needed for the course.

Please bring a laptop computer or tablet to class.

Prerequisites Preparation:

ACC 373

Grading Policies:

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

| Components | Percent |
|----------------------------|----------------|
| Assignments, in-class & HW | 20% |
| Midterm | 25% |
| Lab Activities | 5% |
| Final | 50% |
| Total | 100% |

All of the sections of ACC 473 will be graded together. Historically, accounting electives' mean GPA target is a 3.3. 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.

Assignments, in-class & homework:

There are various in-class and homework assignments that are noted on the syllabus. These assignments will be graded. Some activities may be group while others will be individual. In total, these assignments will account for 20% of your overall grade. They will be submitted via the course website or Blackboard. **Late assignments will be penalized.**

Readings:

You will use the Professional Audit Standards to understand the topics and cases we will be discussing in class. Additionally, I will provide professional readings to supplement the standards.

Lab Activity

There will be two labs this semester. The labs will require you to submit the case activity we do during the lab.

Examination:

There will be a short midterm and a more extensive final for this class. Details regarding the final will be provided in class.

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.

USC Statement on Academic Conduct and Support Systems:

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 Part B, Section 11, “Behavior Violating University Standards” <https://policy.usc.edu/scampus-part-b/>. 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>.

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.

Support Systems

Student Counseling Services (SCS) - (213) 740-7711 – 24/7 on call

Free and confidential mental health treatment for students, including short-term psychotherapy, group counseling, stress fitness workshops, and crisis intervention. <https://engemannshc.usc.edu/counseling/>

National Suicide Prevention Lifeline - 1-800-273-8255

Provides free and confidential emotional support to people in suicidal crisis or emotional distress 24 hours a day, 7 days a week.
<http://www.suicidepreventionlifeline.org>

Relationship & Sexual Violence Prevention Services (RSVP) - (213) 740-4900 - 24/7 on call

Free and confidential therapy services, workshops, and training for situations related to gender-based harm. <https://engemannshc.usc.edu/rsvp/>

Sexual Assault Resource Center

For more information about how to get help or help a survivor, rights, reporting options, and additional resources, visit the website: <http://sarc.usc.edu/>

Office of Equity and Diversity (OED)/Title IX compliance – (213) 740-5086

Works with faculty, staff, visitors, applicants, and students around issues of protected class. <https://equity.usc.edu/>

Bias Assessment Response and Support

Incidents of bias, hate crimes and micro aggressions need to be reported allowing for appropriate investigation and response.

<https://studentaffairs.usc.edu/bias-assessment-response-support/>

The Office of Disability Services and Programs

Provides certification for students with disabilities and helps arrange relevant accommodations. dsp.usc.edu

USC Support & Advocacy – (213) 821-4710

Assists students and families in resolving complex issues adversely affecting their success as a student EX: personal, financial, and academic.

<https://studentaffairs.usc.edu/ssa/>

Diversity at USC – <https://diversity.usc.edu/>

Tab for Events, Programs and Training, Task Force (including representatives for each school), Chronology, Participate, Resources for Students

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.

USC Emergency Information

Provides safety and other updates, including ways in which instruction will be continued if an officially declared emergency makes travel to campus infeasible.

emergency.usc.edu

USC Department of Public Safety – UPC: (213) 740-4321 – HSC: (323) 442-1000 – 24-hour emergency or to report a crime.

Provides overall safety to USC community. dps.usc.edu

Students with Disabilities

USC is committed to making reasonable accommodations to assist individuals with disabilities in reaching their academic potential. If you have a disability, which may impact your performance, attendance, or grades in this course and require accommodations, you must first register with the Office of Disability Services and Programs (www.usc.edu/disability). DSP provides certification for students with disabilities and helps arrange the relevant accommodations. 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 (or to your TA) as early in the semester as possible. DSP is located in GFS (Grace Ford Salvatori Hall) 120 and is open 8:30 a.m.–5:00 p.m., Monday through Friday. The phone number for DSP is (213) 740-0776. Email: ability@usc.edu.

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, the *USC Emergency Information* web site (<http://emergency.usc.edu/>) will provide safety and other information, including electronic means by which instructors will conduct class using a combination of USC’s Blackboard learning management system (blackboard.usc.edu), teleconferencing, and other technologies. 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.

| Module | Dates | Readings/Sources | Assignments/ Cases |
|--|--|---|---|
| 1. Review Audit Concepts from ACCT 373 | Class 1: M 3/4 | Module 1 Readings: None - Review | None |
| 2. Gathering Evidence: Cash Focus on Evidence, Documentation & Confirmation | Class 2: W 3/6 | Module 2 Readings: AS 1105 & AU-C 500 Evidence AS 1215 & AU-C 230 Documentation AS 2310 & AU-C 505 Confirmation | Bring laptop or tablet to class: Confirmation.com |
| Spring Break | | Enjoy!! | |
| 3. Auditor Liability/PCAOB | Class 3: W 3/20 Class 4: F 3/22 | Module 3 Readings: http://journals.sagepub.com/doi/abs/10.1177/1032373207088177?journalCode=acha Can access through USC libraries Module 3 Readings (continued): PCAOB Enforcement Action (TBD) | Research Case Answer questions from case |
| 4. Gathering Evidence: Inventory; | Class 5: M 3/25 | Module 4 Readings: AS 2510 & AU-C 501 Inventory AS 1210 & AU-C 620 Use of a Specialist | Inventory Case |
| 5. Reviewing and evaluating results of audit evidence | Class 6: W 3/27 | Module 5 Readings: AS 1201 Supervision of the Audit Engagement AS 2315 & AU-C 530 Audit Sampling | Discuss Confirmation.com |
| 6. Gathering Evidence: A/R Confirmations | Class 7: F 3/29 or 4/5 | Module 6 Readings: AS 2310 & AU-C 505 Confirmation | Bring laptop or tablet to class: In-class exercise: A/R Confirmations |

| Module | Dates | Readings/Sources | Assignments/ Cases |
|---|--|--|--|
| 7. Using Data Analysis Tools - "R" | Class 8: M 4/1 | Module 7 Readings none | Bring laptop or tablet to class: In-class activity "R" data analysis |
| Midterm – in class | Class 9: W 4/3 | Materials through Class 7 | |
| 8. Gathering Evidence: Liabilities | Class 10: M 4/8 | Module 8 Readings: AS 2401 & AU-C 240 Consideration of Fraud AS 2410 & AU-C 250 Illegal Acts | Bring laptop or tablet to class: In-class activity: Mindbridge Software |
| 9. Gathering Evidence: Revenue | Class 11: M 4/10 | Module 9 Readings: AS 2305 & AU-C 520 Substantive Analytical Procedures AS 2410 & AU-550 Related Parties | Bring laptop or tablet to class: Work on assignment: Mindbridge Software |
| 10. Completing the Audit | Class 12: M 4/15 Class 13: W 4/18 | Module 10 Readings: AS 2801 & AU-C 560 Subsequent Events AS 2505 & AU-C 501 Inquiry of Client's Lawyer AS 2805 & AU-C 580 Management Rep AS 2810 Evaluating Audit Results | In-class exercise |
| Wrap-Up and Review | Class 14: W 4/24 | No additional material | |
| Final | 5/3 5/6 | 12 noon class- Friday, May 3rd 11am-1pm 10 am class – Monday, May 6th 8-10 am | Take final exam |

LSOA STUDENT LEARNING OBJECTIVES

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|--------------|--|---|
| OBJ 1 | Technical Knowledge Heavy (473) | 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 Heavy (473) | 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 Light (473) | Students will demonstrate an understanding of ethics, ethical behavior and ethical decision-making. |
| OBJ 4 | Communication Moderate (473) | Students will demonstrate the ability to communicate ideas both orally and in writing in a clear, organized and persuasive manner. |
| | Leadership, Collaboration and Professionalism Moderate (473) | Students will demonstrate leadership skills and the ability to work cooperatively and productively to accomplish established goals. |
| OBJ 5 | 6. Technology Moderate (473) | Students will demonstrate an understanding of technology issues and utilize relevant technology tools and applications to gather and evaluate information, analyze and solve problems, work interactively with other people, and develop and present conclusions. |

Important Dates for Spring 2019

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| Second-Half Session Dates (Session 442), | March 4 - May 8 |
| First Day of Classes for second half ACCT courses | Monday, March 4 |
| Last Day to Add or Drop second half ACCT courses w/out a "W" | Thursday, March 14 |
| Last Day to Change from P/NP to Letter Grade | Monday, March 25 |
| Last Day to Drop ACCT courses with a "W" | Monday, April 15 |