

ACC 373 – Introduction to Auditing and Assurance Services

Spring 2020: Monday/Wednesday–10 am & 12 pm (ACCT 201)

Friday Lab 10 am- (JFF LL125)

Professor: Rose Layton

Office: ACC 112

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Office Hours: Mon. 5:00-6:30 pm & Wed. 8:30-10 am; or by appointment

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Course Description

Introduction to 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 through 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 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 and/or Recommended Preparation:

ACC 370 and ACC 371 - prerequisites

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/Percentage
Participation (in-class cases and discussions)	5%
Quizzes	10%
Homework Cases	10%
Project	5%
Midterm	25%
Peer Evaluation	*
Final Exam	45%
Total	<u>100%</u>

* considered for overall grade in group projects

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.

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.

We will work on many in-class cases during class time-so you will need your materials. If you are NOT in class for that assignment, you can do it on your own as long as it is turned-in before the class period ends – however, you will only receive 50% of the assigned points. If the in-class case is a group case, you may only receive full points if you are present in class.

There are scheduled quizzes on reading materials. These quizzes will take place at the start of class (the quiz dates are noted in the syllabus). If you arrive after the quiz has been administered, you **cannot take the quiz**. You **MUST be PRESENT** in your **section** to take the quiz. **NO** make-up quizzes.

There are also homework cases. **The homework assignments are due by the start of class. The 10 am class homework is due at 9:59 am and: 12 noon class homework is due at 11:59 am.** The due dates are indicated in the material. If you are late the following credit will be given:

On-time – 100% of assigned grade

Late 15 minutes – 75 % of assigned grade

Late 1 hour- 50 % of assigned grade
Late 2 hours – 25% of assigned grade
No credit after that time.

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. More details will be shared in the classroom.

Friday Classes are required:

If you are unable to attend the Friday class, you will not be allowed to take the quiz or do the case assigned.

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.

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.

Important Dates for First-Half Courses:

First-Half Session Dates (Session 431), January 13 - March 6	
First Day of Classes for first half ACCT courses	Monday, January 13
Last Day to Add or Drop first half ACCT courses w/out a "W"	Thursday, January 23
Last Day to Change from P/NP to Letter Grade	Monday, February 6
Last Day to Drop first half ACCT courses with a "W"	Tuesday, February 26
Final Exams for first half ACCT courses	Tuesday, March 3 - Friday, March 6

Retention of Graded Coursework

Final exams and all other graded work, which affects the course grade, will be retained for one year 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, iPads, 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

Academic Conduct:

Students are expected to make themselves aware of and abide by the University community's standards of behavior as articulated in the [Student Conduct Code](#). 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>.

Support Systems:

Counseling and Mental Health - (213) 740-9355 – 24/7 on call
studenthealth.usc.edu/counseling

Free and confidential mental health treatment for students, including short-term psychotherapy, group counseling, stress fitness workshops, and crisis intervention.

National Suicide Prevention Lifeline - 1 (800) 273-8255 – 24/7 on call
suicidepreventionlifeline.org

Free and confidential emotional support to people in suicidal crisis or emotional distress 24 hours a day, 7 days a week.

Relationship and Sexual Violence Prevention and Services (RSVP) - (213) 740-9355(WELL), press "0" after hours – 24/7 on call
studenthealth.usc.edu/sexual-assault

Free and confidential therapy services, workshops, and training for situations related to gender-based harm.

Campus Support & Intervention (CSI) - (213) 740-0411
<https://campussupport.usc.edu/>

A team of professionals here to assist students, faculty, and staff in navigating complex issues. Whether you are here seeking support for yourself or someone else, we are available to help you problem solve, understand options, and connect with resources. Please note that we are not an emergency resource and are not available 24/7.

Office of Equity and Diversity (OED)- (213) 740-5086 | Title IX – (213) 821-8298
equity.usc.edu, titleix.usc.edu

Information about how to get help or help someone affected by harassment or discrimination, rights of protected classes, reporting options, and additional resources for students, faculty, staff, visitors, and applicants. The university prohibits discrimination or harassment based on the following *protected characteristics*: race, color, national origin, ancestry, religion, sex, gender, gender identity, gender expression, sexual orientation, age, physical disability, medical condition, mental disability, marital status, pregnancy, veteran status, genetic information, and any other characteristic which may be specified in applicable laws and governmental regulations. The university also prohibits sexual assault, non-consensual sexual contact, sexual misconduct, intimate partner violence, stalking, malicious dissuasion, retaliation, and violation of interim measures.

Reporting Incidents of Bias or Harassment - (213) 740-5086 or (213) 821-8298
usc-advocate.symplicity.com/care_report

Avenue to report incidents of bias, hate crimes, and microaggressions to the Office of Equity and Diversity | Title IX for appropriate investigation, supportive measures, and response.

The Office of Disability Services and Programs - (213) 740-0776

dsp.usc.edu

Support and accommodations for students with disabilities. Services include assistance in providing readers/notetakers/interpreters, special accommodations for test taking needs, assistance with architectural barriers, assistive technology, and support for individual needs.

USC Support and Advocacy - (213) 821-4710

ucsa.usc.edu

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

Diversity at USC - (213) 740-2101

diversity.usc.edu

Information on events, programs and training, the Provost's Diversity and Inclusion Council, Diversity Liaisons for each academic school, chronology, participation, and various resources for students.

USC Emergency - UPC: (213) 740-4321, HSC: (323) 442-1000 – 24/7 on call

dps.usc.edu, emergency.usc.edu

Emergency assistance and avenue to report a crime. Latest updates regarding safety, including ways in which instruction will be continued if an officially declared emergency makes travel to campus infeasible.

USC Department of Public Safety - UPC: (213) 740-6000, HSC: (323) 442-120 – 24/7 on call

dps.usc.edu

Non-emergency assistance or information.

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.

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.

INDIVIDUAL CLASS TOPICS AND ASSIGNMENTS

Module	Dates	Power Point Class Web-site	Readings/Sources Class Website	Assignments/ Homework Due at prior to class	Quiz IN CLASS
1. Introduction to Audit and Assurance Services	Class 1: Mon 01/13 Wed Class 2: 01/15	Yes – used for both days	Module 1 Readings: AU-C 200.01-.14 AS1001.01-.11	<ul style="list-style-type: none"> Module 1 -HW #1 Assurance (01/22) Module 1-HW #2 Research Assignment (01/22) 	Quiz 1 Due 1/14- open 8 am – 8 pm
School Holiday	Mon 01/20		Enjoy!		
2. Reports	Class 3: Wed 01/22	Yes	Module 2 Readings: AU-C 700.01-.41; Illustration 1 AU-C705.01-10; Illustrations 1, 2,3, 4,5 AS3101.01-20; Appendix B AS3105.01-47	<ul style="list-style-type: none"> Module 2-HW #1 Report (01/27) Module 2-HW #2 Case Application– (01/27) 	Quiz 2 In class
3. Professional Judgment/ Skepticism and Bias	Class 4: Mon 01/27	Yes	Module 3 Readings: AU-C.200.17-18, A22-. A31 AS1015.07-.09, .11 KPMG Monogram- chapters 3, 4, 6 (posted on Blackboard)	<ul style="list-style-type: none"> Module 3-HW #1 Judgment Examples (01/29) Module 3-HW #2 Case (01/29) 	Quiz 3 In class
4. Client Acceptance and Fraud	Class 5: Wed 01/29	Yes	Module 4 Readings QC Sec10 (AICPA). 27-30;A11-14 QC Sec20 (PCAOB).14-16; AU-C240 .01-. 29; A33-.35; Appen. A; AS2410.07-.13;.52-.79	<p>Read case – see PowerPoint slide 32 BEFORE Class</p> <ul style="list-style-type: none"> Module 4-HW #1 Fraud Case (02/03) 	Quiz 4 In class

Module	Dates	Power Point Class Web-site	Readings/Sources Class Website	Assignments/ Homework Due at prior to class	Quiz IN CLASS
Presentation JFF LL125 10 am-11:45 am	Class 6: Fri 01/31		Presentation Complete assignment in Module 11 Homework section	<ul style="list-style-type: none"> Submit 2 questions in advance and 1 response during (01/31) 	
5. Planning: Audit Risk Model	Class 7: Mon 02/03	Yes	Module 5 Readings: AS2101 .02-.17; AS1101.02-.11 AS2110.05-.17; .41-.45;.49-.58; AU-C 300.02-12; A4-. A5	<ul style="list-style-type: none"> Module 5-HW #1 CBA Case - Identifying Risk (02/05) 	Quiz 5 In class
Catch-up and Review	Class 8: Wed 02/05	Yes	Modules 1-5	<ul style="list-style-type: none"> In-class activity 	Quiz 6 In class
01/31Midterm JFF LL125 10 am-11:45 am	Class 9: Fri 02/07	No	Materials through class 8 (Modules 1-5)		
6. Understanding the Client Environment (Inherent Risk)	Class 10: Mon 02/10	Yes	Module 6 Readings: AU C-200. 14; A41-42; AU C_315.04-12; A6-.18 http://www.quickmba.com/strategy/porter.shtml http://www.quickmba.com/strategy/pest/	<ul style="list-style-type: none"> Module 6 -HW #1 CBA Case - Inherent Risk (02/12) 	No Quiz

Module	Dates	Power Point Class Web-site	Readings/Sources Class Website	Assignments/ Homework Due at prior to class	Quiz IN CLASS
7. Internal Control (Control Risk)	Class 11: Wed 02/12		Module 7 Readings: AU-C315 .04,.13-25; A49-A77: A79; A99-100; A110: A112 AS2201.01-27; .62-.74;.78-.84;.85;.86-88; Appendix A AS2110.18-.35	Module 7-HW #1 CBA Case - Managements Response (2/19)	No Quiz
School Holiday	Mon 02/17		Enjoy!		
8.Preliminary Analytical Procedures & SOX	Class 12: Wed 02/19	Yes	Module 8 Readings: https://pcaobus.org/About/History/Documents/PDFs/Sarbanes Oxley Act of 2002.pdf - skim only	<ul style="list-style-type: none"> Module 8-HW #1 CBA Case - Preliminary Analytical Procedures (02/24) 	Quiz 7 In class
9. Assertions and Materiality	Class 13: Mon 02/24	Yes	Module 9 Readings: AU-C 315.04, A128-139; AU-C 320 .02-.09; . A5-9; AS1105.11 AS2105.02-09	<ul style="list-style-type: none"> Module 9HW #1 CBA Case – Significant Accounts and Assertions (02/26) 	No Quiz
10. Evidence	Class 14: Wed 02/26		Module 10 Readings AU-C500.01-10; A1-.34; AS 1105.01-.21	<ul style="list-style-type: none"> HW #1 CBA Case – Audit Procedures (03/02) 	Quiz 8 In class

Module	Dates	Power Point Class Website	Readings/Sources Class Website	Assignments/ Homework Due at prior to class	Quiz IN CLASS
Catch-up and Review	Class 15: Mon 03/02		Materials through class 14 (Modules 1-10)	• In-class activity	No Quiz
Final - in class	Class 16: Wed 03/04			Take exam	

Fridays- required: 01/31 and 02/07

LSOA STUDENT LEARNING OBJECTIVES

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.
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.
3. Ethical Decision Making Light (373)	Students will demonstrate an understanding of ethics, ethical behavior and ethical decision-making.
4. Communication Light (373)	Students will demonstrate the ability to communicate ideas both orally and in writing in a clear, organized and persuasive manner.
5. Leadership, Collaboration and Professionalism Light (373)	Students will demonstrate leadership skills and the ability to work cooperatively and productively to accomplish established goals.
6. Technology Moderate (373)	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.