

ACCT 373-Introduction to Auditing and Assurance Services

Spring 2022: Monday & Wednesday: 10 am – JFF 414; Friday labs: 10 am JFF 233

Units: 2 semester units: January 10th through March 2nd

Professor Rose Layton

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Zoom room: Rose Layton's Zoom Meeting and Office Hour Room

<https://uscmarshall.zoom.us/j/96085396310?pwd=TEpCYXZOd1Jmc1o1Y1ZsbGxKSjRTdz09>

Office Hours: Mondays: 12:30-1:50pm in ACCT 112; Sundays: 7-8:00 pm Zoom; and by appointment

Course Description

Introduction of 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 AICPA 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. Describe the auditor's responsibility in assessing the risk of fraud and error in financial statements by predicting selected company scenarios.
7. Select and appraise the appropriate management assertions and evidence-gathering procedures, including data analytics, to gather appropriate sufficient audit evidence for identified company transactions and accounts.
8. Explain Professional Judgment and Professional Skepticism to develop conclusions on evidence gathered.

Required Materials

Textbook: Johnson, R. & Wiley, L. (2019). *Auditing: A Practical Approach with Data Analytics*. Wiley. E-book and Wiley Plus

Blackboard: Wiley Plus, course materials-including PowerPoints, topic notes, articles, and cases.

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	Percentage
Participation (in-class cases and discussions)	10%
Homework and Assignments, both individual and group*	25%
Midterm	30%
Final Exam	35%
Total	<u>100%</u>

* peer evaluations considered for overall grade in group assignments

All of the sections of ACC 373 will be curved together. It is expected that upper-level accounting courses' GPA will target a 3.5.

Session Dates (session code **431**)

First day of classes:

Monday, January 10, 2022

Last day to add:

Thursday, January 20, 2022

Last day to drop without a mark of "W" and receive a refund:

Thursday, January 20, 2022

Last day to withdraw without a "W" on transcript or change pass/no pass to letter grade:

Thursday, February 3, 2022

Last day to drop with a mark of "W":

Wednesday, February 23, 2022

Last day of classes:

Saturday, March 5, 2022

End of session:

Saturday, March 5, 2022

Meet the Firms:

Friday, February 11, 2022

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.

Class participation and class activities

OPTION 1 including students with University documented on-line exception	OPTION 2 only for students that have University documented asynchronous exception or for an excused absence
Attend class at the regularly scheduled time, participate in the class individual and group activities, share in the class session discussions, and earn participation points in the same way that all other students enrolled in class will be earning their participation points.	<p>Complete the writing assignment described below for every online class session that you will not be attending. In order to earn full participation points, you must complete the assignment in its entirety, and submit it by no later than Sunday 11:59pm PST following the class session(s) you will not be attending.</p> <p>Each assignment takes no more than 1 hour and 40 minutes to complete (same amount of time you'd spend in class).</p> <p>If you will not be attending any class sessions. <i>Please email me asap with proper documentation if this is the option that you will be following.</i></p>

For **every class session for which you will be absent**, if you wish to get participation points, please complete the following writing assignment, which will take you no more than 1 hour and 40 minutes to complete (same amount of time you would spend attending class):

- 1) Write a one-page, double-spaced summary of the readings that are assigned for the class session(s) you will not be attending. Typically, a one-page summary should pertain only to that reading. Please title this page "Summary, xx/xx/xxx." [*spend approximately 40 minutes on this*]
- 2) Write a one-page, double-spaced summary of 3 key points that you learned from viewing the recorded class session, which will be posted in Blackboard within 24 hours of the live class. Which points to highlight is your decision. Please keep in mind that Breakout Groups will NOT be included in the Zoom recording. [*spend approximately 40 minutes on this*]
- 3) Prepare answers and explanations to a question that we do in the breakout sessions. Your response should be approximately $\frac{3}{4}$ page, double-spaced. This will give you exposure to what your other classmates will be doing in the "breakout groups" you will miss. [*spend approximately 20 minutes on this*]

Do not stress over the perfection of your submission. This assignment is credit-no-credit and is simply intended to ensure that you get as much as possible out of the course, and that your learning experience will not be compromised compared to your classmates who will be attending class live and regularly. It is evaluated on completeness and thoughtfulness of the write-up.

Friday Classes are required:

It is expected that you will attend the class session in-person or if we are not in-person, synchronously. You will be asked to submit questions in advance and prepare a reflection after the speaker session.

Homework, individual and group assignments

There are also homework assignments, both Wiley and other assignments. See syllabus for details and due dates. **The homework assignments are due by the start of class.** You may still submit homework late, but will automatically receive a 50% reduction of grade.

The group assignments have been designed to help you apply many of the concept that you have learned in class. Grades for individual student contributions to group assignments are determined by me, based on my observations of team's working dynamics, my assessment of the group's quality, and thoughtful consideration of the information provided through peer evaluations. See appendix 1 for Peer Input/Evaluation Form.

Midterm

The midterm will cover the material that has been covered through the last class prior to the midterm, which should be Modules 1, 2, and 3. 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. See discussion of exams below.

Final Exam

There is a written final exam. The test format and topics will be discussed in class., which should be Modules 3,4,5 and 6. The final exam must be taken at the time designated on the schedule. See discussion of exams below.

Exams:

Exams will be given in the classroom, **in-person** (as of the writing of this syllabus). We will use Respondus lockdown. No other technology is allowed during the exam. Specific exam details will be shared in class prior to exam. Each examination may include multiple choice and free response questions. The exam may include materials covered in class discussions, assigned in required readings, class activities and exercises and homework. Only for the final, I will allow a 3" X 5" index card that 2 D. This card can be hand-written or typed and you can utilize both sides of the card. If you have a known schedule conflict for any exam, please discuss it with me immediately, otherwise there are no makeup exams. Additionally, if an illness or unforeseen emergency arises, you must contact me as soon as possible.

Collaboration policy (for non-quiz/exam assignments).

Students are permitted and encouraged to discuss with others their ideas for completing assignments; however, once a student begins writing the deliverable, all work must be individual and independent. Students may not seek help from anyone outside the class, including but not limited to former students of this course, friends and family, tutors, and online forums. Students may consult course materials and web resources. Students may not post anything related to the assignments online. Failure to abide by the above guidelines may constitute a case of suspected plagiarism or cheating, which will be reported and investigated. Please see the "Academic Integrity and Conduct" section below for further details. For more information about unauthorized collaboration, visit <https://libraries.usc.edu/tutorial/academic-dishonesty> or http://lib-php.usc.edu/tutorials/academic-dishonesty/story_html5.html

Classroom Policies

Class attendance and participation is important in developing a coherent view of the materials covered in the course. Unless accommodated as described in participation above, attendance and active participation is expected class sessions.

During synchronous Zoom sessions, the following netiquette is expected, as if you were in a physical classroom. It is expected that your **camera is on** unless you have permission for the camera to be off during the class time.

- 1) Please do:
 - a. Log into class early or promptly
 - b. Arrange to attend class where there is a reliable internet connection and without distractions
 - c. Dress respectfully. Video conference business meetings are and will be the norm, so practice your professional telepresence.
 - d. If you use a virtual background, please keep it respectfully professional.
 - e. Display both your first and last name during video conferencing and synchronous class meetings. If you use a name different than your registered name, please let me know so that I will use the appropriate name and note it in my records.
 - f. Respectfully minimize distractions by muting and or turning off video if necessary and when appropriate.
 - g. Engage in appropriate tone and language with instructors and classmates.
- 2) Please try **not** to:
 - a. Engage in a simultaneous activity not related to the class.
 - b. Interact with persons who are not part of the class during the class session.
 - c. Leave frequently or not be on camera for extended periods of time.
 - d. Have other persons or pets in view of the camera.
- 3) Zoom sessions will be recorded and posted in the Blackboard Course pages.

Technology Requirements

The following equipment and system requirements are recommended to successfully participate in this online course:

- Computer with webcam
- Earphones or headset
- Reliable (preferably high speed) Internet connection
- Current operating system for Windows or Mac
- Current browser
 - Google Chrome
 - Firefox
 - Internet Explorer (not recommended)
 - Safari (Mac)

For technical support please see:

- **USC Systems** (Blackboard, USC Login, MyUSC, USC Gmail, GoogleApps)
For assistance with your USC login or other USC systems, please call +1 (213) 740-5555 or email Consult@usc.edu. They are open Mon – Fri 9:30am – 5pm and weekends from 8am - 5pm (all Pacific time).
- **Zoom Video Web Conferencing System** (MarshallTALK)
For assistance using Zoom, go to [Zoom Support Page](#). You may also call +1 (888) 799-9666 ext. 2. They are available 24/7.
- **Marshall Systems** (MyMarshall, Marshall Outlook email)
For assistance with Marshall systems you can call +1 (213) 740-3000 Mon-Fri 8am-6pm (Pacific), email HelpDesk@marshall.usc.edu, or use our self-help service portal as shown below. The portal allows you to get immediate assistance by searching for the information you need. You can also use it to chat with a technician or input a request. To access the service portal, follow these steps:
 - On a computer or mobile device, go to [MyMarshall Home Page](#) and click the “**Help**” link on the upper right.
 - Log in using your Marshall username and password.
(If you don’t know your Marshall login please follow the onscreen instructions pertaining to login issues)

If your computer does not have Microsoft Word, Office 365 package is available to you free of charge and allows you to install Word, Excel, PowerPoint, Outlook, OneNote, Publisher, and Access on up to 5 PCs or Macs and Office apps on other mobile devices including tablets. Office 365 also includes unlimited cloud storage on OneDrive. To download Office 365 log into your student (University) email through a web browser, choose Settings (top right corner), and select software. If you have further questions or need help with the software, please contact the USC ITS service portal.

Retention of Graded Coursework

Final exams and all other graded work which affected 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. If I returned a graded work electronically to you, it is your responsibility to file it.

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>.

Use of Recordings

Pursuant to the USC Student Handbook (www.usc.edu/scampus, Part B, 11.12), students may not record a university class without the express permission of the instructor and announcement to the class. In addition, students may not distribute or use notes or recordings based on University classes or lectures without the express permission of the instructor for purposes other than personal or class-related group study by individuals registered for the class. This restriction on unauthorized use applies to all information that is distributed or displayed for use in relationship to the class.

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 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.

Office for Equity, Equal Opportunity, and Title IX (EEO-TIX) - (213) 740-5086

eeotix.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.

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 for Equity, Equal Opportunity, and Title for appropriate investigation, supportive measures, and response.

The Office of Student Accessibility Services (OSAS) - (213) 740-0776

osas.usc.edu

OSAS ensures equal access for students with disabilities through providing academic accommodations and auxiliary aids in accordance with federal laws and university policy.

USC Campus Support and Intervention - (213) 821-4710

campussupport.usc.edu

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

Diversity, Equity, and Inclusion - (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.

Office of the Ombuds - (213) 821-9556 (UPC) / (323-442-0382 (HSC)

ombuds.usc.edu

A safe and confidential place to share your USC-related issues with a University Ombuds who will work with you to explore options or paths to manage your concern.

Occupational Therapy Faculty Practice - (323) 442-3340 or otfp@med.usc.edu

chan.usc.edu/otfp

Confidential Lifestyle Redesign services for USC students to support health promoting habits and routines that enhance quality of life and academic performance.

Schedule by class:

Class Session, Modules, Dates	Topics	Due dates (by 10 am) All Wiley assignments are Individual Red numbers are points assigned	In-class activity Red numbers are points assigned for the class
Classes 1 & 2 M 1/10 & W 1/12 Module 1: Introduction: Audit and Assurance	Introduction to Audit and Assurance Services: <ul style="list-style-type: none"> What is assurance, attestation, and audit services? Types of assurance services Demand for audit and assurance services Responsibility Regulators Audit expectation gap In-class activities	<ul style="list-style-type: none"> Read Chapter 1:3-18, 28 (audit expectation gap): due Wednesday, 1/12 Homework 1.1: Chapter 1 (Wiley) homework due Wednesday, 1/19 10 Homework 1.2: Research assignment find 3 attestation/assurance (individual). Friday, 1/21 6 	Class 1 0 Class 2 5
No Class M 1/17	HOLIDAY	Enjoy!	
Classes 3 & 4 W 1/19 & M 1/24 Module 2: Reports	Reports <ul style="list-style-type: none"> Audit Reports on Financial Statements Audit Reports on Internal Controls over Financial Reporting (ICFR) Standard Unmodified/Unqualified Additional paragraph Report of another auditor Modifying the opinion on financial statement report Reports (ICFR) & modified opinions Compilations and reviews In-class activities	<ul style="list-style-type: none"> Read Chapter 1: 19-28: chapter 15:3-7: due Wednesday, 1/19 Read Chapter 15: 7-22, 26-30, 30-34: due Monday, 1/24 Homework 2.1: Chapter 15 (Wiley) homework due Friday, 1/28 9 Homework 2.2: Research homework due Monday, 1/31 Group Find other than standard audit report 6 Homework 2.3: Research homework individual, Wednesday, 1/26 3 	Class 3 4 Class 4 5
Classes 5 & 7 W 1/26 & M 1/31 Module 3: Risk, Client Acceptance & Fraud	Risk, Client Acceptance & Fraud <ul style="list-style-type: none"> Client acceptance and continuance decisions Risk assessment Materiality Professional Skepticism 	<ul style="list-style-type: none"> Read Chapter 3: 25-30; due Monday, 1/26 Read case for class on 1/28 AAER 3943 https://www.sec.gov/litigation/admin/2018/34-83428.pdf 	Class 5 4 Class 7 5

Class Session, Modules, Dates	Topics	Due dates (by 10 am) All Wiley assignments are Individual Red numbers are points assigned	In-class activity Red numbers are points assigned for the class
	<ul style="list-style-type: none"> Audit Risk Model Bias Fraud In-class Activities	<ul style="list-style-type: none"> Homework 3.1: Chapter 3 (Wiley) homework due Tuesday, 2/1 9 Homework 3.2: bias cases identification- due Friday, 1/28 6 Homework 3.3: AAER analysis - Group homework due Monday, 1/31 6 	
Class 6 F 1/28	FRIDAY Review Fraud & Bias Case & Modules 1, 2, 3		Class 6 4
Class 8 W 2/2	Midterm Modules 1, 2, 3 (In-person only)	Study! 150	Class 8 0
Classes 9 & 10 M 2/7 & W 2/9 Module 4: Risk, Understanding the Client Environment	Risk, Understanding the client environment <ul style="list-style-type: none"> Understand the entity, industry, and business environment Performance measures Analytical procedures Audit data analytics Related parties Corporate governance In-class activities	<ul style="list-style-type: none"> Read Chapter 4: 3-12: Monday, 2/7 Read Chapter 4: 12-25: due Wednesday, 2/9 Homework 4.1: Chapter 4 homework due Monday, 2/14 9 Homework 4.2: Planning analytical procedures, homework due Friday, 2/18-25 	Class 9 4 Class 10 5
Class 11 F 2/11 10:00 am Speaker	FRIDAY Speaker	<ul style="list-style-type: none"> Questions due Thursday, 2/10 Reflection due Monday, 2/14 	Class 11 12 <ul style="list-style-type: none"> Ask live questions Cameras on Complete pre- and post- assignments
Classes 12 & 13 M 2/14 & W 2/16 Module 5: Audit Evidence	Audit Evidence <ul style="list-style-type: none"> Management assertions Characteristics of audit evidence Procedures to gather evidence Work of others Documentation In-class activities	<ul style="list-style-type: none"> Read Chapter 5: 3-17 due Monday, 2/14 Read Chapter 5: 18-29: due Wednesday, 2/16 Homework 5.1: Chapter 5 Homework due Tuesday, 2/22 9 	Class 12 4 Class 13 5

Class Session, Modules, Dates	Topics	Due dates (by 10 am) All Wiley assignments are Individual Red numbers are points assigned	In-class activity Red numbers are points assigned for the class
No Class M 2/21	HOLIDAY	<ul style="list-style-type: none"> • Enjoy! 	
Class 14 W 2/23 Module 6: Internal controls	Understanding client's internal controls <ul style="list-style-type: none"> • Internal control • COSO: <ul style="list-style-type: none"> ○ Control environment ○ Risk assessment ○ Control activities ○ Information and communication ○ Monitoring activities • Management letters In-class activities	<ul style="list-style-type: none"> • Read chapter 6: 3-18 due Wednesday, 2/23 • Homework 6.1: Chapter 6 homework due Monday, 2/28 9 • Homework 6.2: Internal control activity Monday, 2/28 6 	Class 14 5
Class 15: M 2/28 Review session	Modules 3,4,5,6	Participate	Class 15 0
W 3/2 Final Exam during class	FINAL Modules 3,4,5,6 (In-person only)	Study! Final 175 points	

LSOA STUDENT LEARNING OBJECTIVES

OBJ 1	Technical Knowledge Heavy	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	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	Students will demonstrate an understanding of ethics, ethical behavior and ethical decision-making.
OBJ 4	Communication Light	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 Moderate	Students will demonstrate leadership skills and the ability to work cooperatively and productively to accomplish established goals.
OBJ 6	6. Technology Moderate	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.

APPENDIX 1

Peer Input/Evaluation Form

Complete one form for each of your teammates/group members, including yourself.

Name of group member:

<i>Assess your teammate's contributions on a scale of 1-5 (5 is excellent)</i>	5	4	3	2	1
Attended and was engaged in team meetings from beginning to end					
Asked important questions					
Listened to and acknowledged suggestions from every team mate					
Made valuable suggestions					
Took initiative to lead discussions, organize and complete tasks					
Contributed to organizing the assignment					
Contributed to writing the assignment					
Reliably completed tasks on time in a quality manner					
Demonstrated commitment to the team by quality of effort					
Was cooperative and worked well with others					
I would want to work with this team member again.					
Describe your teammate's (or your) contributions to the assignment:					
How might your teammate (or you) have made more effective contributions to the assignment?					
<div style="display: flex; justify-content: space-between;"> Your name: Date: </div>					