

Introduction to Auditing (ACG 4632)
Fisher School of Accounting
University of Florida
Spring 2018

Instructor:

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Office Hours: T & T 9:00 AM to 10:30 AM or by appointment

Course:

3 credit hours
ACG 4632 - Section 422. M & W Periods 3-4 (9:35 am – 11:30 am) – Gerson 229
Prerequisites: ACG 4111 and ACG 4341 with minimum grades of C, and AC classification.

Catalog Description:

This course introduces the basic concepts, principles and environment of financial statement auditing. The course emphasizes the audit decision-making process, researching audit standards, audit planning, evidence evaluation, audit reports, ethics and legal liability.

Required Text:

Messier, W. F., Jr., S. Glover and D. Prawitt. *Auditing and Assurance Services: A Systematic Approach*. Ninth Edition. New York: Irwin-McGraw-Hill, Inc., 2014. (ISBN 978-1-259-16234-3).

Beasley, M.S., Buckless, F.A., Glover, S.M., and D. Prawitt. *Auditing Cases: An Interactive Learning Approach*. 5th edition. PEARSON/PRENTICE HALL. (ISBN 9780132567237)

Professional Auditing Standards <http://pcaobus.org/Standards/Auditing/Pages/default.aspx>

Textbook Website:

The textbook's website (www.mhhe.com/messier9e) contains a number of additional useful resources. Click on "Student Edition" on the left. Materials contained at the website include sample multiple-choice tests (Students are recommended to take the multiple-choice test for each chapter), materials related to the EarthWear Clothes cases, PowerPoint Slides, and access to Kaplan CPA simulations.

Class Website

This course will utilize Canvas. You are required to check canvas regularly. I will not hold you responsible for updated material unless it has been posted for at least two days. Thus, you should check Canvas at least every other day for updates. I will post a "Discussion" alerting you to any updates made.

COURSE OBJECTIVES AND OUTLINE:

High-Level Objectives:

The high level objectives of the course are for us to understand *WHY* and *HOW* we audit. This course is designed to (1) to introduce the basic concepts underlying an audit of financial statements and an audit of internal control over financial reporting (the *WHY*) and (2) how to apply those concepts to each type of audit (the *HOW*). The first part of the course will focus on the demand and supply of such services and on understanding the three concepts that underlie the audit process: materiality, audit risk, and evidence. The second part of the course focuses on applying those concepts providing practical knowledge for executing and completing an audit plan. The last part of the course covers audit reporting and professional conduct.

Class Format and Attendance:

This is an interactive class featuring a mix of lecture, discussion, and in-class assignments. Attendance and effective participation are essential and expected. Excessive absences from class or lack of preparation in class are indicative of a lack of professionalism and will adversely affect your class grades and impact any recommendation letters I may write for you in the future. My goal is to stimulate your curiosity about the field of auditing and help you answer your own questions. Throughout the semester please feel free to appropriately suggest ways I can best do this.

In addition, the instructor adheres to all UF attendance policies documented at:

<https://catalog.ufl.edu/ugrad/current/regulations/info/attendance.aspx>

Grades:

Grades will be earned based upon the following point allocations:

| | |
|----------------------|--------------|
| Final Exam | 300 points |
| Midterm Exam 1 | 200 points |
| Midterm Exam 2 | 200 points |
| Quizzes | 120 points |
| Article Presentation | 50 points |
| Participation | 50 points |
| Cases | 80 points |
| <hr/> | |
| Total Points | 1,000 points |

Your semester letter grade will be assigned based on total points earned and relative class standing. The grading scale used will be as follows: 93-100% = A; 90-92% = A-; 87-89% = B+; 83-86% = B; 80-82% = B-; 77-79% = C+; 73-76% = C; 70-72% = C-; 60-69% = D; 0-59% = E.

Required percentages may be reduced based on a course curve.

Grade Values: The grade-point value per credit hour associated with each letter grade is assigned by the Office of the University Registrar: A = 4.0, A- = 3.67, B+ = 3.33, B = 3.0, B- = 2.67, C+ = 2.33, C = 2.0, C- = 1.67, D+ = 1.33, D = 1.0, D- = .67, E = 0.0. For more information visit:

<https://catalog.ufl.edu/ugrad/current/regulations/info/grades.aspx>

Individual Components of the grade:***Examinations***

There will be two midterm exams and one final exam. The second midterm exam is not cumulative, but concepts will be tested that are covered after the first midterm but build on material learned prior to the first midterm. The final examination will be cumulative with an emphasis placed on material covered after the second midterm. Exams will include a variety of question types (multiple choice, short answer, essay, etc.)

Absence from any exam will result in a score of zero unless documented evidence representing an unavoidable, reasonable, and verifiable excuse (e.g., death in the family, religious holiday) is provided a minimum of ten days *prior* to the exam. If a midterm is missed for an acceptable reason, I will counsel with the student on a replacement strategy (e.g., makeup exam or the final exam will be worth more). If a final exam is missed for an acceptable reason, then a separate final exam will be available. I have final authority to determine if your absence is excused.

Exceptions are made if the policy conflicts with UF attendance requirements:

<https://catalog.ufl.edu/ugrad/current/regulations/info/attendance.aspx>

In-class Quizzes

There will be approximately 14 quizzes administered throughout the course of the semester. These quizzes will focus only on material covered since the previous quiz. Each quiz will be administered at the discretion of the instructor. You will not be able to take the quiz at a different time or later during the class. You must be present in class in order to take the quiz. Any incomplete quiz will receive a grade of zero. Each quiz will be worth a maximum of 10 points. Up to two quizzes (the lowest grades including zeroes) will be dropped when computing the final grade.

Cases/Assignments

Cases - Throughout the semester cases will be assigned primarily from Auditing Cases: An Interactive Learning Approach, 5th edition, but may also come from the Earthware mini-cases contained as part of the textbook. Many of these cases will be completed individually while others will be done as a group of no more than four persons. We will also complete some in class.

Assignments – I will assign homework questions from various chapters throughout the semester. These assignments are to ensure you are reading and comprehending the material. We also may complete homework problems in class. I will communicate well in advance what problems will be assigned and their due date.

Article Presentation

At least once during the semester you will be asked to present a news article. The news article must have been published within the 30 days prior to your presentation date. The goal of this assignment is for you to consume and report on audit's role in the "real world". Thus, you should find an article from a reputable source (not BuzzFeed) that is explicitly related to the field of auditing. The article and presentation should be interesting and applicable to those in the class. You will give a five-to-ten-minute presentation of the article to the class. You should summarize the article, how it relates to auditing and the course, any background research you did, and why you chose it. You should also be ready to answer questions from the students and the instructor. The grading of the presentation is inevitably subjective, but maximum points will be given to presentations that are interesting and applicable. Presentation skills will also factor into the grade.

Participation

Effective participation involves: (1) conscientious preparation of reading and assignments in advance of class (2) asking and answering thoughtful questions, and (3) contribution to a positive learning environment. A positive learning environment arises when you demonstrate respect for other students and your instructor, are courteous and attentive, and assist others in learning, attend class regularly, and arrive on time. You are encouraged to ask questions.

In an effort to make the class successful for all students, please provide me feedback on how the course is going and how you feel you are doing in the course. I can make this class more successful if I hear from you about what you do and do not understand. I welcome your feedback during office hours and via e-mail.

Poll everywhere – throughout many lectures I will use Poll Everywhere software to ask knowledge-check questions, obtain opinions from the class, and also ask fun questions to give us a break. Each class you are required to have a device, which is able to respond to polls. You can respond via text message or web browser, so a cell phone or laptop should suffice. However, inappropriate use of the device will be reflected in your final grade.

ACADEMIC INTEGRITY:

Cheating undermines the efforts of all honest students, and tolerance of cheating could damage the School's reputation for producing qualified and competent graduates. Accordingly, the faculty and students of the Fisher School of Accounting expect that accounting students will display academic integrity throughout the program. If you have not signed the Fisher School Code you should do so in the Fisher School Administrative office. Penalties for academic dishonesty are severe.

Students should also know and comply with the university's policy on academic honesty. This policy is detailed in the Undergraduate Catalog and has been posted to the course website for ease of reference. For more information, visit <http://www.dso.ufl.edu/sccr/honorcodes/honorcode.php>.

STUDENTS WITH DISABILITIES:

Students requesting classroom accommodations must first register with the Dean of Students Office. Support services for students with disabilities are coordinated by the [Disability Resource Center](#) in the [Dean of Students Office](#). All support services provided for University of Florida students are individualized to meet the needs of students with disabilities.

To obtain individual support services, each student must meet with one of the support coordinators in the Disability Resources Program and collaboratively develop appropriate support strategies. Appropriate documentation regarding the student's disability is necessary to obtain any reasonable accommodation or support service.

The Dean of Students Office will provide documentation to the student who must then provide this documentation a minimum of ten days prior to the requested accommodation.

ELECTRONIC DEVICES:

In order to promote a focused learning and professional environment, the use of electronic devices (including cell phones, iPads, and computers) will not be permitted unless specifically designated by the instructor.

EVALUATIONS:

Students are expected to provide feedback on the quality of instruction in this course by completing online evaluations at <https://evaluations.ufl.edu>. Evaluations are typically open during the last two or three weeks of the semester, but students will be given specific times when they are open. Summary results of these assessments are available to students at <https://evaluations.ufl.edu/results/>.

Spring 2017
Tentative Course Schedule

| Date | Topic | Textbook Chapter |
|-------------|--|-------------------------|
| 8-Jan | Introduction to Assurance & Financial Statement Auditing | Ch. 1 |
| 10-Jan | The Financial Statement Auditing Environment | Ch. 2 |
| 15-Jan | Holiday – No Class | |
| 17-Jan | Audit Planning, Types of Audit Tests, and Materiality | Ch. 3 |
| 22-Jan | Risk Assessment | Ch. 4 |
| 24-Jan | Evidence and Documentation | Ch. 5 |
| 29-Jan | Evidence and Documentation | Ch. 5, pgs. 533-534 |
| 31-Jan | Internal Control in a Financial Statement Audit | Ch. 6 |
| 5-Feb | Auditing Internal Control over Financial Reporting | Ch. 7 |
| 7-Feb | Midterm Review | |
| 12-Feb | Midterm #1 | |
| 14-Feb | Midterm Review / Audit Sampling | Ch. 8 |
| 19-Feb | Audit Sampling | Ch. 8 |
| 21-Feb | Audit Sampling / Revenue Cycle | Ch. 9 / Ch. 10 |
| 26-Feb | Revenue Cycle | Ch. 10 |
| 28-Feb | Purchasing Cycle | Ch. 11 |
| 5-Mar | Spring Break - No Class | |
| 7-Mar | Spring Break - No Class | |
| 12-Mar | Auditing the Inventory Management | Ch. 13 |
| 14-Mar | Auditing Cash and Investments | Ch. 16 |
| 19-Mar | Midterm #2 | |
| 21-Mar | Auditing Financing/Investing | Ch. 14 |
| 26-Mar | Internal Auditing | Ch. 21 |
| 28-Mar | Completing the Audit Engagement | Ch. 17 |
| 2-Apr | Reports on Audited Financial Statements | Ch. 18 |
| 4-Apr | Fraud | TBD |
| 9-Apr | Professional Conduct, Independence, and Quality Control | Ch. 19 |
| 11-Apr | Legal Liability | Ch. 20 |
| 16-Apr | Case presentation | |
| 18-Apr | Back up class | |
| 23-Apr | Exam Review Day | |
| 25-Apr | Final Exam (12:30 pm – 2:30 PM) | |