

Accounting & MIS 4500: Auditing Principles & Procedures Fall 2022 Syllabus

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Class Meets:	Tuesday and Thursday, 11:10am – 12:30pm (Section 4298) in Schoenbaum Hall 305 Tuesday and Thursday, 12:45pm – 2:05pm (Section 4295) in Schoenbaum Hall 205		
Office Hours :	By appointment through my bookings page		

Course Objectives

The objective of this course is to provide you with a basic understanding of auditing theory and practice. Upon completion of AMIS 4500, students are expected to:

1. Understand the role of auditing and assurance services in a market economy.
2. Be able to assess risk of material misstatement, including the assessment of inherent risk and control risk that guides auditors in evidence collection.
3. Be able to obtain and assess audit evidence, such as evidence from risk assessments, tests of controls, and substantive work that supports the auditors' opinion on whether financial statements are free of material misstatement.
4. Understand ethical, legal, and regulatory considerations in auditing.
5. Develop critical thinking that encompasses higher level learning skills.

These learning outcomes support learning goals 1, 2, and 4 of Fisher's BSBA Curriculum and Learning Goals and learning goals 1, 2, 4, and 5 for Undergraduate Accounting Majors (Appendix).

Course Materials

1. Auditing & Assurance Services, A Systematic Approach, 11th edition. McGraw Hill. Messier, Glover, Prawitt.
2. PCAOB Auditing Standards (AS): <https://pcaobus.org/oversight/standards/auditing-standards>.
3. Additional materials (e.g., handouts, readings, cases) available on Canvas.

Course Delivery & Attendance

This course is scheduled for in-person instruction. If a student needs to quarantine or be in isolation for COVID, the student should work with Student Life Disability Services for accommodation.

The learning experience involves effort both inside and outside of the class. Class sessions are designed to be interactive; each session will involve class discussion and breakout groups (for assignments and cases). Each student is expected to participate in class discussions and breakout groups. Although some assignments will not be graded, participation in **all** class assignments will be noted. If you miss class, you are responsible for the material presented that day. Habitual absences (3 or more class sessions) will result in a substantial reduction in professional conduct points.

Grading Policy

Grades will be based on the total points earned in the course as shown below:

	Points	Percent
Pre-Class Exercises (15)	75	16.6%
Project (1)	50	11.1%
Assignments/Cases (5)	100	22.2%
Midterm Exams (2)	100	22.2%
Final Exam	100	22.2%
Participation & Professional Conduct	25	5.5%
TOTAL	450	100%

Final course grades will be based on the +/- grading system. Letter grades will be based on natural breaks within the grading distribution. The overall class GPA will reflect my assessment of the degree to which the class has mastered the material.

I am available to discuss any grading concerns. Specific grading issues should be discussed outside the classroom. Throughout the semester, scores will be available on Canvas. According to the Family Educational Rights and Privacy Act (FERPA), I cannot discuss student grades or related class information with individuals other than the student.

Pre-Class Exercises (PRE)

To encourage active participation in class, I have created 15 pre-class exercises (one for each chapter in the course outline) on Canvas. The pre-class exercises reflect the broad themes from the textbook readings and will be assessed on a 5-point scale. The pre-class exercises are open book and open note. However, they must be individually completed and are due at the start of class on the day we discuss the associated chapter.

Late assignments will not be accepted.

Individual Project

This assignment requires drafting a comment letter on one topical area of interest to the PCAOB. It is important for future accounting professionals to continuously monitor the developments of regulators and how such developments impact the audit and accounting profession. The audience for this assignment is the PCAOB. **The assignment is due on September 13 before class begins.**

Assignments/Cases

There will be a series of assignments/cases throughout the semester. The following assignments/cases are required to be completed and turned in via Canvas before class begins:

	Points
Video Assignment	5*
CASE 1: Lehman Brothers	15
CASE 2: Tesla	30
CASE 3: Trenton Thunder	20
CASE 4: KPMG & PCAOB	30
TOTAL	100

Assignments/cases will be debriefed in class. Grading will be based on sufficiency and appropriateness of responses, writing content and clarity, and conclusions reached.

**This assignment, and only this assignment, is due at 11:59PM on the first day of class.*

Examinations

There will be two midterms and one final examination. The focus of these examinations will be in-class, textbook, and any supplemental readings assigned. The exams will be a combination of multiple choice and short answer/essay questions. The midterm examinations will be held during the regular class meeting time.

All exams are mandatory and will only be given at the scheduled times. If a medical or family emergency or university-sponsored conflict arises, you must contact me before the exam (via phone or e-mail). The final exam will then count as 33% of the final grade (replacing the midterm missed). If an exam is missed without permission, the exam will score a zero. Documentation must support an exam absence. Any doctor's note provided must be dated the day of or the day before the exam.

Participation & Professional Conduct

Participation

The participation score has two components: 1) in-class exercises; and 2) productive class participation. The in-class exercises are based primarily on assigned readings but may also include handout questions. These exercises will be completed with your assigned group, collected during class, and evaluated. In-class exercises will occur randomly. Because in-class assignments are evidence of class preparation and participation, it is not possible to make up missed exercises.

The second component of participation involves being an active member of the class. This includes asking questions and positively contributing to class discussion. **I expect you to participate fully and contribute to in-class discussions to receive full credit.**

Professional Conduct

Taking personal responsibility for your education and career, and behaving with honesty, integrity, and competence are all hallmarks of being a professional. An auditor's failure to behave professionally results in severe sanctions, such as being: (1) fired by your employer or your client; (2) sanctioned or expelled by professional societies; (3) fined, suspended, banned and/or prosecuted criminally by regulatory or governmental bodies; and/or (4) sued by investors, creditors, or clients. Thus, I have included a graded component for professional behavior in this course.

Unprofessional behavior is generally characterized by actions that are disrespectful or disruptive to the class, other students, the instructor, or any guests. **Examples of unprofessional behavior include: missing class; entering the class late or leaving early; and disruptively talking.** If you engage in unprofessional behavior, I first will discuss it with you privately. If that is unsuccessful, then your professional conduct grade will reflect it. Finally, if you engage in particularly egregious or repetitive unprofessional behavior, I will ask you to leave and will submit your case to the appropriate university officials for review.

Communication

Individuals are judged, fairly or not, by how they communicate verbally and in writing (e.g., email). Please adhere to professionalism when writing emails and communicating in class. To the extent it becomes a problem, points will be deducted from the professional conduct portion of your grade.

Other Information

Electronic Equipment and Communication Devices

Laptops or tablets can be used in this class to consult online readings or to take notes. However, any other use of these devices and the use of cell phones is strictly prohibited. Place your phone on mute before you come to class. Please note that, if a cell phone rings or makes itself known, I reserve the right to answer said device and communicate with the individual on the other end. This can be highly awkward for you and the person wishing to communicate with you.

Violating this policy will negatively impact your participation grade.

Fisher Honor Statement

This course falls under the Fisher College of Business Honor Statement. Intellectual honesty, integrity, and respect for the thoughts of others are critical to the mission of the Fisher School. Your acceptance of admission to Fisher indicates that you embrace and will adhere to the principles in the Student Code of Conduct. Any violation of the Honor Statement diminishes the mission of the Fisher College of Business. I take all alleged violations of the Honor Statement seriously and will pursue all violations according to the procedures outlined in the Code of Conduct. Please read and adhere to this code. Please refer to the Honor Code for additional questions regarding the overall expectations of students and the procedures that will be followed if a violation of the Honor Code occurs.

Academic Misconduct

Academic misconduct will not be tolerated. According to University Rule 3335-31-02, all suspected cases of academic misconduct will be reported to the Committee on Academic Misconduct.

To repeat, a student who is determined to have given or received aid on any exam or graded assignment will be deemed to have committed an act of academic dishonesty and the case **will be referred to the appropriate university officials. The student will receive a zero on the assignment/exam, a zero for participation in the course, and the possibility of a zero in the course.**

Mental Health

As a student you may experience a range of issues that can cause barriers to learning, such as strained relationships, increased anxiety, alcohol/drug problems, feeling down, difficulty concentrating and/or lack of motivation. These mental health concerns or stressful events may lead to diminished academic performance or reduce a student's ability to participate in daily activities. The Ohio State University offers services to assist you with addressing these and other concerns you may be experiencing. If you or someone you know are suffering from any of the aforementioned conditions, you can learn more about the broad range of confidential mental health services available on campus via the Office of Student Life's Counseling and Consultation Service (CCS) by visiting ccs.osu.edu or calling 614-292-5766. CCS is located on the 4th Floor of the Younkin Success Center and 10th Floor of Lincoln Tower. You can reach an on-call counselor when CCS is closed at 614-292-5766 and 24-hour emergency help is also available through the 24/7 National Suicide Prevention Hotline at 1-800-273-TALK or at suicidepreventionlifeline.org.

Students with Disabilities

The university strives to make all learning experiences as accessible as possible. In light of the current pandemic, students seeking to request COVID-related accommodations may do so through the university's request process, managed by Student Life Disability Services. If you anticipate or experience academic barriers based on your disability (including mental health, chronic, or temporary medical conditions), please let me know immediately so that we can privately discuss options. To establish reasonable accommodations, I may request that you register with Student Life Disability Services (sllds@osu.edu). After registration, make arrangements with me as soon as possible to discuss your accommodations so that they may be implemented in a timely fashion.

Safety and Health Requirements

All teaching staff and students are required to comply with and stay up to date on all University safety and health guidance, which includes wearing a face mask in any indoor space. Non-compliance will be warned first and disciplinary actions will be taken for repeated offenses.

Course Technology

For help with password, university email, Carmen, or any other technology issues, questions, or requests, contact the Ohio State IT Service Desk. Standard support hours are available (ocio.osu.edu/help/hours). Support for urgent issues is available 24/7. Required technology for this course includes Carmen access.

Detailed Course Outline

The outline that follows is *tentative*. *Changes will be announced beforehand via Carmen or email*, so you will have ample notice. *Exam dates are firm and will not be changed*.

AMIS 4500: Auditing Principles & Procedures					
Date	Topic	Required Reading	Additional Reading Required for Class	Suggested Exercises	Assignment Due
8/23	Overview of Audit Concepts				Video Assignment
8/25	The Demand for Auditing	Ch. 1		RQ: 2, 3, 5, 7; MC: 13-23	Ch. 1 PRE & Debate Topic
8/30	Financial Statement Audit Environment	Ch. 2		RQ: 5-7, 9, 13-14; MC: 15-23	Ch. 2 PRE
9/1	Earnings Management		Dichev, Graham, Harvey and Rajgopal (2013)		Earnings Mgmt PRE
9/6	Integrity, Objectivity, and Independence	Ch. 19 (pp.640-654)		RQ: 3, 4; MC: 14-16, 18-21	Ch. 19 PRE & CASE 1
9/8	Audit Planning, Types of Tests, and Materiality	Ch. 3	General Motors	RQ: 1-15; MC: 16-25	Ch. 3 PRE
9/13	Debate related to the Individual Project				INDIVIDUAL PROJECT
9/15	Catchup and Review				
9/20	Midterm Exam I				
9/22	The Audit Risk Model	Ch. 4		RQ: 1, 2, 4; P: 24-26	Ch. 4 PRE
9/27	Fraud Risk	Ch. 4	ACFE 2020 Report	RQ: 6, 8, 9; MC: 13-22	CASE 2
9/29	Professional Skepticism	Appendix A	CAQ Professional Judgment Resource		
10/4	Audit Evidence & Management Assertions	Ch. 5		RQ: 2-4, 8, 14; MC: 17-29	Ch. 5 PRE
10/6	Analytical Procedures	Ch. 5 Adv. Module 1			CASE 3
10/11	Internal Control	Ch. 6	Permarie Band Boosters	RQ: 3, 5, 6, 10, 11; MC: 12-24	Ch. 6 PRE
10/13	FALL BREAK				
10/18	Auditing Internal Control Over Financial Reporting	Ch. 7	Koss Case	RQ: 1, 3, 6, 8, 10, 14; MC: 19-33	Ch. 7 PRE

AMIS 4500: Auditing Principles & Procedures (continued)					
Date	Topic	Required Reading	Additional Reading Required for Class	Suggested Exercises	Assignment Due
10/20	Catchup and Review				
10/25	Midterm Exam II				
10/27	Audit Sampling	Ch. 8		RQ: 1-10; MC: 11-20	Ch. 8 PRE
11/1	Audit Sampling	Ch. 9		RQ: 1-8; MC: 12-16	Ch. 9 PRE
11/3	Audit Sampling	Ch. 9			
11/8	Auditing the Revenue Cycle	Ch. 10	SEC Comment Letters https://www.revenuehub.org/sec-comment-letters-asc-606/	RQ: 7-10; MC: 12-23	Ch. 10 PRE
11/10	Auditing Inventory	Ch. 13	Bryan's Amazing Animals	MC: 14-26	Ch. 13 PRE
11/15	TBD: Class Selection				
11/17	Concluding the Audit	Ch. 17	Subsequent Events	RQ: 1-12; MC: 13-21	Ch. 17 PRE
11/22	Audit Reports	Ch. 18		RQ: 1-3; MC: 10-21; P: 22, 23	Ch. 18 PRE
11/24	THANKSGIVING BREAK				
11/29	Ethics and Professional Conduct	Ch. 19 (pp.628-635)	Letter to Gensler on PCAOB		CASE 4
12/1	Catchup and Review				
12/6	Final Exam				

APPENDIX: Fisher College of Business Learning Goals

Learning Goals for Fisher College Degree Programs Bachelor of Science in Business Administration (BSBA)

Learning Goal 1: Graduates possess strong analytical and problem-solving skills, enabling them to identify and critically assess problems facing contemporary businesses.

Learning Goal 2: Graduates demonstrate in-depth knowledge of at least one functional area of a business.

Learning Goal 3: Graduates possess a global perspective and can critically evaluate the international context a contemporary business operates in.

Learning Goal 4: Graduates can identify and assess ethical issues surrounding business decisions

Learning Goal 5: Graduates are able to work effectively in a team-based environment

Learning Goal 6: Graduates demonstrate professional deportment and effective oral and written communication skills.

Learning Goals for Fisher College Degree Programs Bachelor of Science in Business Administration (BSBA) – Accounting

Learning Goal 1: Graduates will have a working knowledge of accounting theories, concepts and methods and be able to explain how accounting is done and why it is done.

Learning Goal 2: Graduates will be able to solve problems by applying fundamental principles to a variety of issues.

Learning Goal 3: Graduates will exhibit the oral and written communication skills needed by successful accounting professionals.

Learning Goal 4: Graduates will be able to research issues and business decision problems by finding, analyzing, and interpreting accounting, tax, and other financial data.

Learning Goal 5: Graduates will recognize ethical dimensions in accounting issues and practice in order to become responsible professionals and citizens.