

**SAM HOUSTON STATE UNIVERSITY**  
**COLLEGE OF BUSINESS ADMINISTRATION**  
**Department of Accounting**  
**Course Syllabus**  
**Spring 2018**

<b><u>COURSE NUMBER:</u></b>	Accounting 4372
<b><u>COURSE TITLE:</u></b>	Auditing Principles
<b><u>PREREQUISITES:</u></b>	ACCT 3324 (Principles of Accounting Systems Design) ACCT 3314 (Intermediate Accounting II)
<b><u>INSTRUCTOR:</u></b>	Leslie Blix, PhD Assistant Professor of Accounting
<b><u>OFFICE:</u></b>	305B Business Building
<b><u>OFFICE PHONE:</u></b>	936-294-1261
<b><u>E-MAIL:</u></b>	lhb010@shsu.edu
<b><u>OFFICE HOURS:</u></b>	Monday/Wednesday (Office): 10:30am-12:30pm Tuesday (Office): 10:30am-12:00pm; 1:30pm-3:00pm Monday (Woodlands Center): 5:00pm-6:00pm Other in-office times: By appointment
<b><u>CLASS SCHEDULE:</u></b>	Monday/Wednesday: 12:30pm-1:50pm – SHB 331 (Section 01) Monday/Wednesday: 2:00pm-3:20pm – SHB 331 (Section 02) Monday: 6:00pm-8:50pm – Woodlands Center 331 (Section 10)
<b><u>REQUIRED TEXT/ MATERIALS:</u></b>	<b>Principles of Auditing &amp; Other Assurance Services (20<sup>th</sup> ed.)</b> , McGraw-Hill (ISBN 9780077729141) Whittington & Pany McGraw Hill Connect (online book supplement for homework and other assignments, and tests). This is <u>required</u> for the completion of all assignments in the course.

**COURSE DESCRIPTION:** An introduction to auditing concepts and procedures. Emphasizes generally accepted auditing standards; professional responsibilities, the nature, acquisition, evaluation, and documentation of audit evidence; internal control; and the auditor's reports.

**COURSE OBJECTIVES:** After completing this course, students will be able to explain (a) how auditors provide assurance on financial statements, and (b) the procedures that auditors use to substantiate financial statement accounts. This course is designed to provide you with a learning experience similar to the approach you will use when you begin work as an accountant. This experience involves advance reading to learn concepts, interactive discussions to refine your understanding of the concepts, and problem solving exercises that provide feedback about how well you have applied the concepts to situations auditors encounter in the field.

This course should meet the following learning objectives:

- Gain a basic understanding of the subject
- Apply course material to improve thinking, problem solving, and decisions
- Develop points of view needed by a professional in the field related to this course
- Acquire skills working with others as a member of a team
- Develop skills in expressing myself orally or written
- Develop ethical reasoning and/or ethical decision making

## Learning Objectives:

### A. College of Business Administration Learning Objectives

1. Demonstrate competency in critical thinking/problem solving (COBA1)
2. Demonstrate competency in communication (COBA2)
3. Demonstrate competency in the business foundation (COBA3)
4. Demonstrate competency in the discipline-specific knowledge of the major (COBA4)

### B. Learning Objectives for ACCT Majors:

COBA LO supported

1. Decision Modeling -- Our graduates will be able to use strategic and critical approaches to decision-making. They will objectively consider issues, identify alternatives, and choose and implement solution approaches in order to deliver services and provide value. This includes:	1,4
a. Identify problems and potential solution approaches	
b. Link data, knowledge, and insights together for decision making purposes	
2. Leveraging Technology -- Our graduates will understand that technology is pervasive in the accounting profession. Individuals entering the accounting profession must acquire the necessary skills to use technology tools effectively and efficiently. These technology tools can be used both to develop and apply other functional competencies. This includes:	
a. Access appropriate electronic databases to obtain decision-supporting information	
b. Assess the risk of technology and automated business processes	
c. Use technology assisted tools to assess and control risk and document work performed	
3. Measurement -- Our graduates will understand that measures used should be both relevant (that is, bear on the decision to be made) and reliable (consistently measure what they purport to measure). Various measurement and disclosure criteria used by accounting professionals—such as GAAP, OCBOA (Other Comprehensive Basis of Accounting) and tax reporting—have been codified to some degree. Other performance measures (such as Economic Value Added) or stated criteria (for example, investment performance) are used for special purposes. Some measurement criteria (such as effectiveness of internal control) are measured qualitatively, rather than quantitatively. This includes:	
a. Identify what needs to be measured	
b. Determine an appropriate, relevant and reliable measure for the intended use	
c. Measure items using appropriate methods of measurement	

4. Reporting -- Our graduates will understand that communicating the scope of work and findings or recommendations is an integral part of a professional service. An accounting professional in public practice might issue an audit or attestation report, recommendations for improved services, or tax or financial planning advice. An accounting professional in business, industry, or government might analyze operations or provide communications to the board of directors. Communicating clearly and objectively the work done and the resulting findings is critical to the value of the professional service. Some forms of communication are governed by professional standards (such as the form and content of the standard auditor's report or the required communications to audit committees) or law. Others are based on the service applied and the needs of those to whom receive the accounting professional reports. This includes:	1,2,4
a. Prepare reports, memos, letters and other forms of communication with objectivity, conciseness and clarity	
b. Describe work performed and conclusions reached in a manner that enhances the report's usefulness	
5. Research -- Our graduates will understand that although accounting professionals need a foundation in standards and other relevant rules, such guidance is constantly evolving. Many accounting profession functions depend on obtaining information from within and outside of an entity. Accordingly, the individual preparing to enter the accounting profession needs to have strong research skills to access relevant guidance or other information, understand it, and apply it. This includes:	
a. Apply relevant standards, rules and other information	
b. Employ relevant research skills	
6. Risk Analysis -- Our graduates will understand risk analysis and control as fundamental to professional service delivery. The identification and management of audit risk (that is, the risk that the auditor will fail to detect a misstatement, caused by inadvertent error or fraud that is material to financial statements) is the basis for the conduct of a GAAS audit. The understanding of business risk (that is, the risk that an entity—either a client or the prospective accounting professional's employer—will fail to achieve its objectives) affects how business strategy is created and implemented. This includes:	2,3,4
a. Evaluate Controls that might mitigate risk of negative outcomes through prevention or detection or correction	
b. Identify Risks of negative outcomes (including fraud)	

**BLACKBOARD:** It is your responsibility to ensure you have access to the Blackboard. Therefore, you must have a current SHSU email address and campus ID in order to do this. There is a contact number and email address for technical support if you are having problems. General course information and updates, including the syllabus, Connect assignments and the grade book will be posted on Blackboard.

**EMAIL POLICY:** If you need to contact me, **please email me at [lhb010@shsu.edu](mailto:lhb010@shsu.edu)**. I will only reply to emails that are sent in a professional manner and state your name, which section you are in, and ask a specific question.

**REGULAR EXAMINATIONS:** (60% of your grade) There will be three (3) regular examinations given during the class time noted on the syllabus. Each exam is worth 200 points. Each examination will consist of a combination of true/false, multiple-choice and short answer formatted questions. The exams will include questions from concepts and definitions in the reading assignments as well as topics covered during in class discussions and assigned case studies. All of these topics may not have been specifically covered in class so it is imperative that you read the chapters as well as the written assignments.

**MAKE-UP EXAMINATIONS:** No make-up exams will be given, unless you have a University-approved trip (I must see documentation prior to the test day) or valid medical excuse. Students who do not report to take the exam at the scheduled time and date will automatically receive a ZERO score for that exam.

**AUDIT CASE STUDIES:** (22% of your grade) Case studies will be administered prior to the assigned “CASE STUDY” class. Students are responsible for reviewing the case study prior to class and presenting bullet points notes to the professor at the beginning of class. Bullet points should include the major points from the case and how it relates to the current topic being covered in class. Students must present at least 5 well developed bullet points. If the student does not present bullet point notes, their grade will drop by 50%. Students will be assigned to groups where they will use their knowledge of the case to have a thorough discussion and answer questions about the case. Students assigned to Group #1 will be required to present their answers to the questions in a 5-10 minute presentation at the end of class. Each person in the group presenting must speak during the presentation. All other groups will ask questions of the presenting group or add further information. Each group will turn in one copy of their questions at the end of class. The grade will be determined based on the questions answered and presentation/input.

**HOMEWORK:** (5.5% of your grade) Homework assignments, for each chapter, are provided on Blackboard. Homework assignments will include true/false, multiple choice, and word problems. In order to earn homework points you need to complete all homework assignments for each chapter by the due date listed on the attached schedule located on Connect. Homework assignments will not be timed and you will be allowed two chances. **Assignments must be completed on Connect. There are no make-ups for homework assignments unless you can provide a University approved excuse.**

**IDEA PROJECT:** (5% of your grade) You will complete an IDEA project worth 50 points. IDEA is data analysis tool that will quickly analyze 100% of data to create a more effective audit. This software is widely used within the professional audit environment. We will use this tool to complete audit procedures within the accounts receivable, accounts payable and inventory audit area. You will be required to download the software, follow directions within a case study to complete required audit procedures, and provide conclusions based on your work. Instructions will be provided throughout the semester and the required documentation must be submitted **electronically** by the noted due date.

**WORKPAPER TIE-OUTS:** (6% of your grade) There will be three work paper tie-outs given during the class time noted on the syllabus. Each tie-out is worth 20 points. You will complete a work paper tie-out over the cash, accounts receivable, and property, plant, and equipment audit area. You will learn how to properly document your findings, identify any audit issues that arise during the performance of your test work, tie out supporting work papers to the trial balance and general ledger, and understand how an auditor can provide reasonable assurance about an account balance through substantive test work. Tie-outs must be completed within the provided excel document and **emailed** to the professor by the noted due date.

**ATTENDANCE:** (1.5% of your grade) Attendance is a requirement of this course and will be taken at each class. You can learn the course content adequately only if you attend and participate in class. Examinations will cover material covered in class as well as material in the textbook. **If you miss class for any reason, it is your responsibility to obtain the material covered.** Historically speaking, students with high attendance records in this class have achieved higher grades than those with poor attendance. <http://www.shsu.edu/dotAsset/2401862f-7847-47e3-89a9-77ba7231c811.pdf>

**To be eligible to receive all attendance points the student must complete two requirements:**

- 1) Each student is required to set up two 5 minute meetings with the professor. The first meeting must be prior to Exam #2 and the second meeting must be prior to the Final Exam. During this meeting we will discuss your progress and any questions/concerns you may have.
- 2) Each student must present their case answers when their group is assigned to present. If you are unable to present on your scheduled day, it is your responsibility to switch with another class member.

**COURSE GRADING:**

Points for course requirements and the percent of each in the final course grade determination are as follows:

<i>Course Requirement</i>	<i>Points</i>	<i>% of grade</i>
Exams (3 @ 200 points each)	600	60%
Audit Case Studies (11 @ 20 points each)	220	22%
Connect Homework (11 @ 5 points each)	55	5.5%
IDEA Project	50	5%
Work paper Tie-outs (3 @ 20 points each)	60	6%
Attendance/Participation	15	1.5%
<b>Total points / percentage available</b>	<b>1,000</b>	<b>100%</b>

A – 1,000 points – 895 points

B – 894 points – 795 points

C – 794 points – 695 points

D – 694 points – 595 points

F – 594 points and below

*It is the student's responsibility to calculate their own grade. The total points and grade distribution of the course will never change from the numbers stated above. Extra credit points DO NOT increase the "Total points available" but do allow the students the opportunity to make-up points lost from graded course requirements.*

**CALCULATORS:** No Programmable or Graphing Calculators, Cellphones, Or PDAs are allowed to be used on any exam. Sharing calculators is prohibited during exams.

**CLASS ETIQUETTE:** Everyone attending is expected to conduct himself or herself in a professional manner. This means everyone should: (1) turn off cell phones out of respect for other students in the class and the professor. Please do not leave class to answer phone calls, (2) be prepared PRIOR to class by completing the assigned work (the reading and the problems); (3) bring appropriate materials to class (textbook, notebook, pen/pencil, calculator); (4) be at class on time and do not leave and enter during class. It is required that all students be respectful to all in the class. If you have questions, please raise your hand and ask the instructor. You will not be allowed to come and go during the class. If you must leave class early for some reason, please inform the instructor prior to class. These actions are disruptive to fellow students Please be considerate of all in class and remain quiet and seated until class is dismissed. For a complete listing of university student guidelines, see: <https://www.shsu.edu/dept/dean-of-students/documents/2016-2018%20Student%20Guidelines.pdf>

**ACADEMIC DISHONESTY:** The University expects all students to engage in all academic pursuits in a manner that is above reproach. Students are expected to maintain complete honesty and integrity in the academic experiences both in and out of the classroom. Any student found guilty of dishonesty in any phase of academic work will be

subject to disciplinary action. The University and its official representatives, may initiate disciplinary proceedings against a student accused of any form of academic dishonesty including, but not limited to, cheating, plagiarism, collusion, and the abuse of resource materials. For a complete listing of the university policy, see: <https://www.shsu.edu/dotAsset/728eec25-f780-4dcf-932c-03d68cade002.pdf>

**DISABLED STUDENTS POLICY:** The University and Students with Disabilities have certain rights and responsibilities related to receiving, providing, and determining reasonable accommodations, the purpose of which is to provide students with disabilities equal access to educational and student support services offered by the University. For a full listing of student's rights and responsibilities, see the university policy at: <https://www.shsu.edu/dotAsset/7ff819c3-39f3-491d-b688-db5a330ced92.pdf>. Students with disabilities that might affect their academic performance as expected to visit with the Office of Services for Students with Disabilities. If you have a disability that may adversely affect your work in this class, then I encourage you to register with the Office of Services for Students with Disabilities and inform me as well. No accommodations can be made until you are registered and all information will be kept confidential.

**RELIGIOUS HOLY DAYS:** Section 51.911 (b) of the Texas Education Code requires that an institution of higher education excuse a student from attending classes or other required activities, including examinations, for the observance of a religious holy day, including travel for that purpose. A student whose absence is excused under this subsection may not be penalized for that absence and shall be allowed to take an examination or complete an assignment from which the student is excused within a reasonable time after the absence. For a complete listing of the university policy, see: <https://www.shsu.edu/dotAsset/0953c7d0-7c04-4b29-a3fc-3bf0738e87d8.pdf>

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The instructor reserves the right to make changes in the syllabus and class schedule.  
Such changes will be announced in class.

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DAILY ASSIGNMENT SHEET - SUBJECT TO CHANGE

DATES	Assigned Reading	TOPIC	HOMEWORK ASSIGNMENT Due @ the Beginning of Class
Monday Jan 22		Introduction Syllabus Review	
Wednesday Jan 24	<b>Chapter 1</b>  <b>Chapter 2 (pages 35-43, 50-56)</b>  <b>Chapter 3 (pages 78-90)</b>	Forms of Attestation Developments in Auditing CPA examination Firms and roles within firms  Professional Standards Auditor Responsibilities Quality Control Peer Reviews/Inspections  Independence	
Monday Jan 29	<b>Chapter 3 (pages 68-78, 90-101)</b>  <b>Chapter 4</b>	Ethics Code of Professional Conduct  Legal Liability Accounting Cases	Chapter 1 & 2 Connect HW
Wednesday Jan 31		CASE STUDY #1 – IPOC (5.4) Group #1 Presents	
Monday Feb 5	<b>Chapter 6 (pages 189-203, 223-224)</b>	Stages of an Audit Accepting an Engagement Steps in Planning an Engagement Risk Assessment Procedures Sources of Information	Chapter 3 & 4 Connect HW
Wednesday Feb 7		CASE STUDY #2 – Texas Drug WH (7.7) Group #1 Presents	
Monday Feb 12	<b>Chapter 5</b>  <b>Chapter 6 (pages 204-222)</b>	Audit Risk Audit Procedures Introduction to Evidence Documentation within the Audit File  Determining Materiality Assessing Risk and Further Audit Procedures	
Wednesday Feb 14		CASE STUDY #3 – Just For Feet (1.3) Group #1 Presents  Exam Review	

Monday Feb 19		<b>EXAM #1</b>	Chapter 5 & 6 Connect HW
Wednesday Feb 21	<b>Chapter 7</b>  <b>Chapter 8</b> <b>Becker Handout</b>	Internal Control COSO/ERM Control Activities Testing Controls Communication of Results  Internal Control in an IT Environment	
Monday Feb 26		CASE STUDY #4 – “ZOU Fencing Controls” Group #1 Presents	
Wednesday Feb 28	<b>Becker Handout</b>	Ratios and Sampling Introduction to IDEA Overview of Excel	Chapter 7 & 8 Connect HW
Monday March 5	<b>Chapter 10 (pages 389–412)</b>	Cash and Cash Equivalents Auditor’s Objectives Controls Environment Substantive Procedures	Ratio Bonus Assignment Due (5 pts)
Wednesday Mar 7		CASE STUDY #5 – First Keystone Bank (3.4) Group #1 Presents	
Monday March 12		<b>SPRING BREAK – NO CLASS</b>	
Wednesday Mar 14		<b>SPRING BREAK – NO CLASS</b>	
Monday Mar 19	<b>Chapter 11</b>	Accounts Receivable, Notes Receivable, and Revenue Auditor’s Objectives Controls Environment Substantive Procedures	Chapter 10 Connect HW Tie-out of Cash work papers



Wednesday Mar 21		CASE STUDY #6 – “Controlling Revenue” Group #1 Presents	
Monday March 26	<b>Chapter 12</b>	Inventories and Cost of Goods Sold Auditor’s Objectives Controls Environment Substantive Procedures First year clients	Chapter 11 Connect HW Tie-out of AR work papers
Wednesday Mar 28		CASE STUDY #7 – Jack Greenberg (2.1) Group #1 Presents	
Monday April 2	<b>Chapter 13</b>	Property, Plant, and Equipment Auditor’s Objectives Controls Environment Substantive Procedures Audit of Depreciation	Chapter 12 Connect HW
Wednesday Apr 4		CASE STUDY #8 – “Billy’s Beats Inc.” Group #1 Presents	
Monday April 9	<b>Chapter 14 (pages 572–586)</b>	Accounts Payable and Other Liabilities Auditor’s Objectives Controls Environment Substantive Procedures	Chapter 13 Connect HW Tie-out of PP&E work papers
Wednesday Apr 11		CASE STUDY #9 – CBI Holding Co. (2.6) Group #1 Presents  Exam Review	
Monday April 16		<b>EXAM #2</b>	Chapter 14 Connect HW IDEA Project Due
Wednesday Apr 18	<b>Chapter 16 (pages 639-652)</b>	Audit of Cash Flows Completion of Audit Subsequent Events Representation Letter Summary of Audit Differences	
Monday April 23		CASE STUDY #10 – “To Recognize or Not, That Is the Question” Group #1 Presents	

Wednesday Apr 25	<b>Chapter 2 (pages 44-49)</b> <b>Chapter 17</b>	Audit Reports	Chapter 16 Connect HW
Monday April 30		CASE STUDY #11 – “Going, Going, Gone” Group #1 Presents	
Wednesday May 2		Becker CPA Exam Presentation  Final Review	Chapter 2 & 17 Connect HW
Monday May 7		<b>FINALS WEEK</b>	

### **ACCT 4372 Final Examination:**

**Section 1: May 7<sup>th</sup>, Monday, 1:00pm – 3:00pm**

**Section 2: May 7<sup>th</sup>, Monday, 3:30pm – 5:30pm**

**Section 10: May 7<sup>th</sup>, Monday, 8:30pm – 10:30pm**

<https://www.shsu.edu/dept/registrar/calendars/final-exam-schedules.html>

## **IMPORTANT ITEMS:**

For resignation, refunds, and drop policies see: <https://www.shsu.edu/dept/registrar/students/registration/resignations-refunds-drops.html>

### **Important Resignation Deadlines:**

## Spring 2018

Actions (Spring 2018)	Full Term	7-Week A Part of Term	7-Week B Part of Term
Schedule changes can be made online until:	Jan. 24 @11:59pm	Jan. 18 @ 11:59pm	Mar. 20 @ 11:59pm
Last Day to Drop with a 100% refund.	Feb. 1	Jan. 23	Mar. 23
Last day to drop with a "Q" grade			
*Note: Dropping your full schedule constitutes a <a href="#">resignation</a> , not a drop.	April 6	Feb. 16	April 25

**Writing Center:** The Writing Center offers free tutoring services to all SHSU students. To determine the resources offered or to schedule an appointment please visit <http://www.shsu.edu/centers/academic-success-center/writing/index.html>