Auditing - SYLLABUS – Fall 2010

ACCOUNTING 418 001, 002, and 003, CRN 70029, 74375, and 75398

• The professor reserves the right to make changes to this syllabus at any time and for any reason.

Prerequisite: Accounting 323 and 409 with a grade of C- or better.

Professor: John P. Wendell, Ph.D., CPA: A415, 956-6694 (office) or 262-2049 (home).


E-Mail: Acc418@gmail.com. Always use this e-mail account for course correspondence. Do not use Dr. Wendell’s UH account.


Office Hours: 11:00 am – 12:00 noon, Wednesday and Friday or by appointment.

Students are encouraged to use E-mail when they have questions. Students may feel free to call the instructor at the home telephone number given above from 10:00 am to 10:00 pm seven days a week.

Drop Date: Monday August 30 is the last day to drop this course without a "W" grade.

Withdrawal Date: Monday, September 13 is the last day to withdraw from this course with a "W" grade.

Class Times: Wednesday and Friday: Section 1, 12:00 noon – 1:15 pm; Section 2, 1:30 to 2:45 pm; Section 3, 3:00 - 4:15 pm.

Final Exam: Section 1 Monday, December 13, 12:00 noon – 2:00 pm; Section 2 Monday, December 13, 2:15 pm – 4:15 pm; Section 3 Friday, December 17, 2:15 pm – 4:15 pm.

Room (all classes and final): D201, E202, D204
Objective: This course provides students with an introduction to the art of auditing. The emphasis of the course will be on audits by external auditors of financial statements, but much of the material learned will have applicability to other types of audits as well. After completing the course the student should have a working knowledge of what is required for a successful audit as well as what types of deficiencies commonly lead to audit failure and how to avoid these deficiencies. The course is not specifically designed to prepare students for the auditing section of the CPA exam, however, a student who diligently and carefully studies all of the required materials for this course should have no trouble passing that section of the exam.

Pedagogy: Learning is facilitated through the use of textbook assignments, supplemental handouts, lectures by the instructor and guest lecturers, multimedia presentations, discussions of cases, both in the classroom and electronically, homework and writing assignments. Ethical issues, the use of computer technology and accounting systems, international auditing topics, entrepreneurial and communication skills are integrated into the lecture material, case materials, class discussion, and writing assignments as appropriate. In addition, there will be a specific lecture dedicated to international issues and a video case presentation on ethical issues.

Grading: The grade will be based two midterm exams, a final exam, 10 short writing assignments, one long paper, and class participation. They will be weighted as follows: Midterm I - 15%, Midterm II - 15%, Final - 25%, class participation 5%, short writing assignments 25%, long writing assignment 15%. Grades given for this course will be F, D, C, B, or A. No +'s or -'s will be given.

The exams will be closed book except that students will be allowed to bring one (three on the final) 8 1/2” x 11” paper with notes of their choosing written on both sides and a calculator to the exam. No make up exams will be given. There will be 10 short papers (1-2 pages) and one long (6 - 10 pages) paper. The first five short papers will not count towards the final grade, the last five will count 5% each towards the final grade, except that all of the papers must be turned in or a grade of F will result.

Student Conduct Code: Students should be familiar with the University Student Conduct Code. If a student is caught committing an act of Academic Dishonesty, as defined in the University Student Conduct Code, they will receive a grade of “F” for the course and be referred for disciplinary action as provided for by Section III of the University Student Conduct Code.

Attendance: Attendance at all classes is mandatory. Absence from five or more classes without a legitimate excuse (as determined by the professor on an individual
basis) will result in a grade of **F** regardless of the student's performance on the exams and writing assignments.

**Disability Access**: All students are encouraged to contact the KOKUA Program to determine if they have a disability that would benefit from accommodation. Services are confidential and students are not charged for them. Contact KOKUA at 956-7511 (voice/text), kokua@hawaii.edu, or Queen Liliuokalani Center for Student Services, Room 13.

**School of Accountancy Mandated Disclaimer**: This syllabus is a general plan for the course. Changes may be necessary.

**CBA Mandated Disclaimer**: minor changes may be made in the course content as the semester progresses.

**Special Note on Bomb Threats**: If conditions warrant the evacuation of the classroom during an exam students will be advised of the alternate exam site and proceed to that site. Students should take all of their personal belongings with them from the classroom because they will not be allowed back in until the building is declared safe. Students are reminded that they are required to obey the instructions of all uniformed police and fire personnel in an emergency. In the past some students have been given tickets for not following the instructions of police.

**Course Material**

<table>
<thead>
<tr>
<th>Date</th>
<th>Chapter</th>
<th>Topic</th>
</tr>
</thead>
<tbody>
<tr>
<td>Aug 25</td>
<td>1</td>
<td>Audit Function</td>
</tr>
<tr>
<td>27</td>
<td>2</td>
<td>Professional Standards</td>
</tr>
<tr>
<td>Sep 1</td>
<td>C</td>
<td>Legal Liability</td>
</tr>
<tr>
<td>3</td>
<td>12</td>
<td>The Audit Report (Also read Acevedo 2005)</td>
</tr>
<tr>
<td>8</td>
<td>3</td>
<td>Management Fraud and Audit Risk</td>
</tr>
<tr>
<td>10</td>
<td>4</td>
<td>Engagement Planning</td>
</tr>
<tr>
<td>15</td>
<td>5</td>
<td>Internal Control Evaluation</td>
</tr>
</tbody>
</table>
17  5    continued
22    Review for Exam I
24    Exam I
29    E    Audit Sampling Concepts

Oct  1    F    Attribute Sampling
   6    Sampling Continued
   8    H    Information systems Auditing
  13    H    continued
  15    6    Employee Fraud and the Audit of Cash
  20    6    continued
  22    7    Revenue and Collection Cycle
  27    Review for Exam
  29    Exam II

Nov  3    Special Ethics Lecture
   5    8    Acquisition and Expenditure Cycle
  10    8    continued
  12    9    Production Cycle
  17    9    continued
  19    10    Finance and investing Cycle
  24    10    continued

Dec  1    11    Completing the Audit
   3    International Issues In Auditing
Cases:

Cases assigned from the case book or provided by the instructor will be discussed in class. The students will also be required to write a one to two page paper on each case which will be due at the next class (usually a Thursday). Student's class participation component of their final grade (5%) will depend largely on their participation in the class discussions of the cases. The first five of the case write-ups will not count towards the student's final grade but must be completed. They will be returned with comments. The final five papers will count 5% each towards the final grade for the class. Students are free to discuss the cases with each other up to the date it is discussed in class. After that time the completion of the assignment is to be the work of each individual student. Any deviation from this policy is academic dishonesty and will result in a grade of F for the course.

Papers should be submitted by E-mail to Acc418@gmail.com by the due date. Do not send papers to Dr. Wendell’s UH account.

Case Due Dates:

Section 1:

<table>
<thead>
<tr>
<th>Case</th>
<th>Discussion</th>
<th>Paper</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Accountant’s War</td>
<td>8/25</td>
<td>8/27</td>
</tr>
<tr>
<td>2. 7.8 Fred Stern and Company, Inc.</td>
<td>9/1</td>
<td>9/3</td>
</tr>
<tr>
<td></td>
<td>Company/Media/Corporation</td>
<td>Date 1</td>
</tr>
<tr>
<td>---</td>
<td>---------------------------</td>
<td>--------</td>
</tr>
<tr>
<td>3</td>
<td>1.9 ZZZZ Best</td>
<td>9/8</td>
</tr>
<tr>
<td>4</td>
<td>Bowman</td>
<td>9/15</td>
</tr>
<tr>
<td>5</td>
<td>1.7 Lincoln Savings</td>
<td>9/29</td>
</tr>
<tr>
<td>6</td>
<td>1.11 New Century Financial Corporation</td>
<td>10/6</td>
</tr>
<tr>
<td>7</td>
<td>PTL Club</td>
<td>10/20</td>
</tr>
<tr>
<td>8</td>
<td>3.4 Triton Energy Ltd.</td>
<td>11/17</td>
</tr>
<tr>
<td>9</td>
<td>1.10 United States Surgical Corporation</td>
<td>11/24</td>
</tr>
<tr>
<td>1</td>
<td>1.1 Enron Corporation</td>
<td>12/1</td>
</tr>
</tbody>
</table>