**UNIVERSITY OF HAWAII AT MANOA**

**SHIDLER COLLEGE OF BUSINESS**

**SCHOOL OF ACCOUNTANCY**

**SPRING 2019**

**ACC 418 - AUDITING**

**CRN 83592, Section 2 – Tuesday and Thursday, 9:00 am to 10:15 am; BUSAD E202**

**Instructor Contact Information:**

Name: Gary T. Nishikawa, MBA, CPA (Not in Public Practice)

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Office Hours: Tuesday and Thursday, 7:30 am to 8:45 am, or by appointment

Office Location: BUSAD A402

**Readings:**

Required Text: ***Principles of Auditing & Other Assurance Services***, **twenty-first edition**, by Ray Whittington and Kurt Pany, 2019, McGraw-Hill/Irwin, a business unit of The McGraw-Hill Companies, Inc., 1221 Avenue of the Americas, New York, NY 10020, ISBN-9781260118919

PowerPoint slides for textbook chapters: To be available on the University of Hawaii Laulima system, where applicable.

First Project Paper: "Aloha Aggregate Company"

Second Project Paper: "Akamai Learning Company"

**Course Description:**

Summary of Major Course Content: The course emphasizes the philosophy and environment of the CPA profession, with special attention paid to the nature and economic purpose of auditing and assurance services, professional standards, professional conduct, legal liability, audit evidence, audit planning, consideration of internal control, audit sampling, audit documentation, and general records. The course also covers obtaining audit evidence about the various financial statement accounts using a risk-based approach, and concludes with covering audit reports.

Prerequisites: Students should have completed ACC 323, *Intermediate Financial Accounting II,* and ACC 409, *Accounting Information Systems,* both with a grade of C- or better.

**Course Objectives:**

Learning Outcomes: This course emphasizes the manner in which the assurance function is performed, with an emphasis on the auditing of financial information. It continues with the content and learning methods introduced in earlier accounting courses and with emphasis on understanding relevant professional standards (primarily in two areas – attest and audit) and applying those standards. The specific learning outcome objectives are as follows:

1. Overall auditor responsibilities – Understand the nature of audit risk and an auditor’s responsibility to detect financial statement misstatements and noncompliance with laws and regulations.
2. Audit process – Understand the nature of the audit process, including the nature of and relationships among financial statements assertions, audit objectives, audit procedures and audit evidence.
3. Reporting requirements – Apply appropriate audit reporting standards to various reporting situations.
4. Ethical responsibilities – Apply ethical standards to situations encountered by accountants.

Institutional Learning Outcomes: Students will be able to:

1. Know – Breadth and Depth of Knowledge. Students develop their understanding of the world with emphasis on Hawaii, Asia, and the Pacific by integrating (a) general education, (b) specialized study in an academic field, and (c) understanding of Hawaiian culture and history.
2. Do – Intellectual and Practical Skills. Students improve their abilities to (a) think critically and creatively, (b) conduct research, and (c) communicate and report.
3. Value – Personal and Social Responsibility. Students demonstrate excellence, integrity, and engagement through (a) continuous learning and personal growth, (b) respect for people and cultures, in particular Hawaiian culture, (c) stewardship of the natural environment, and (d) civic participation in their communities.

**Course Requirements:**

McGraw-Hill Connect: Students must purchase a software program called "*Mc-Graw-Hill Connect*" in order to complete the course. According to McGraw-Hill's website, "McGraw-Hill Connect strengthens the link between faculty, students and coursework, helping everyone accomplish more in less time. Innovative, adaptive technology engages students in the course content so they are better prepared, are more active in discussion, and achieve better results."

To register for Connect, the students should follow the following procedures:

1. Go to the following web address:

 **https://connect.mheducation.com/class/g-nishikawa-acc-418-spring-2019**

1. Click on **REGISTER NOW.** (Student registration tutorials are available.)
2. Enter your University of Hawaii e-mail address.
3. Select from one of three options: (a) Enter your access code and click SUBMIT; (b) Click BUY ONLINE to purchase access for Connect or ConnectPlus (which includes online access to an eBook.) or (c) Start a 14-day Courtesy Access.
4. Next, you will need to fill out the registration form: Click on GO TO CONNECT NOW to complete your registration and continue to the course.
5. You should now be at the course, GNISHIKAWA ACC 418. This is where you can access your assignments and study resources.
6. To Return to Connect: Go to the website address in step 1 (Bookmark it to save time.) Once on the Connect homepage, enter your e-mail address and password.

Attendance: All students are expected to attend each class. While no points will be assigned to attendance, roll will be taken at the beginning of each class. Students with three unexcused absences will not participate in any grading curve applied to the mid-term and final exams. Credit will be given for missed classes, provided the student brings in a doctor's note or employer's note, explaining the absence.

Preparation for Class: Students are required to read the appropriate chapter prior to class and to participate in class discussions. All students are expected to adequately articulate concepts in each topic area. To help the students better comprehend the reading material, students must use the Connect software entitled ***LEARNSMART*** while reading the chapters. LEARNSMART will provide students with access to an e-book that will show highlighted paragraphs for the most important sections of the chapter. After reading several pages of the highlighted materials, LEARNSMART will provide the students with self-study questions to assess the level of comprehension of the materials. On-line references will be provided to help find the answers to the questions. The questions are intended to help the students better understand the materials and the answers will not be graded. However, the use of LEARNSMART to read the chapters is required and each chapter will count for 15 points, or a total of 180 points (18% of the final course grade) for all 12 of the chapters to be covered during the semester. It is expected that the students will use LEARNSMART to read the chapters before attending class; however, LEARNSMART will be available for one week after the chapter is discussed in class.

Writing Intensive Course: This course is considered to be a Writing Intensive course, and thus will use writing as a means to promote the learning of course materials. The requirements for this course include a minimum of 16 pages of writing, with at least five or six pages of formal writing, with the remaining 10 or 11 pages being informal writing.

To meet the formal-writing requirements, two project papers will be required. The first project paper will require an analysis of a theoretical company, "Aloha Aggregate Company", relating to the confidentiality of client information. The second project paper will require an analysis of a theoretical company, "Akamai Learning Company", relating to the accounting for income and cash transactions and ethical responsibilities. Each project paper must be at least three pages in length, double spaced. In order to complete the papers, students should refer to professional literature, such as standards published by the American Institute of Certified Public Accountants (AICPA), Financial Accounting Standards Board (FASB), Public Company Accounting Oversight Board (PCAOB), and the Securities and Exchange Commission (SEC). Citation guidelines should generally follow the Modern Language Association (MLA) style.

A class period will be set aside to have students orally present their project papers. This will allow students to interact with each other about their writing assignments.

Each of the project papers will count for 130 points, or 13% of the final course grade (26% in total).

To meet the informal-writing requirements, homework for each chapter will consist of one essay type question. The solutions to the homework should consist of a minimum of one page, double spaced, and be written using proper grammar and in complete sentences. Any graphs, charts, or financial

information used in the solutions would be in addition to the one-page minimum written requirement. Each homework problem will count for 10 points, with the total of all homework problems counting for 120 points, or 12% of the final course grade.

The written assignments will be graded based on the following weights: Content – 50%; Clarity and Organization – 30%; Grammar, Spelling and Punctuation – 20%.

All students should visit the Manoa Writing Program website (<http://manoa.hawaii.edu/mwp>) for writing assistance. The *Resources* tab includes invaluable aids, such as (1) Purdue University “Online Writing Lab”, (2) Capital Community College “Guide to Grammar and Writing”, and (3) Writing in English as a Second Language. In addition, the Learning Assistance Center on the Manoa campus (808-956-6114) can provide additional writing assistance to students.

Quizzes: A quiz to test your comprehension and understanding of the chapter material will be given after the chapter is covered in class. Each quiz will consist of 10 True or False questions and will count for 10 points each. The total of all quizzes will count for 120 points, or 12% of the final course grade.

The quizzes are to be taken online in CONNECT. The quizzes are open book and reference materials may be used.

The quizzes must be taken before midnight of the day following the day the chapter lecture is completed. In other words, if the chapter lecture is completed on a Tuesday, the quiz must be taken by Wednesday midnight; if the chapter lecture is completed on a Thursday, the quiz must be taken by Friday midnight. The quiz can be taken only one time, a time limit of two hours is imposed, and no late submissions will be accepted.

Mid-Term Exam: One mid-term exam will be given, and will cover Chapters 1 through 7. The exam will consist of multiple-choice questions, and will account for 160 points, or 16% of the final course grade.

Final Exam: The final exam will not be comprehensive in nature, but will cover the chapters discussed after the mid-term exam (Chapters 9, 10, 11, 16, and 17.) The exam will consist of multiple-choice questions, and will account for 160 points, or 16% of the final course grade.

Both the mid-term exam and final exam will be “closed book”, i.e., no textbooks, notes, and computers can be used during the exams. However, I will allow one 8.5” x 11” sheet of paper to be used during each exam. All notes on the sheet of paper (both sides can be used) must be hand-written by the individual student and no computer entries , typing, or Xerox copies can be attached or pasted to sheet of paper.

The student must provide his/her own pencils, erasers, and a basic calculator. Calculators in computers or cell phones may not be used.

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The student must obtain the instructor’s authorization to be excused from an exam. Excuses based on medical reasons must be supported by a doctor’s note. A make-up exam must be arranged with the instructor. Unauthorized absence from an exam will result in a zero-point grade for the exam.

**Grading Criteria:**

The grading will be based on 1,000 points. As discussed above, the course grade will be determined as follows:

LEARNSMART 180 points

Homework assignments 120 points

Quizzes 120 points

First Project Paper 130 points

Second Project Paper 130 points

Mid-Term Exam 160 points

Final Exam 160 points

 Total 1,000 points

Grading Scale: The total points will be converted to a letter grade for the course based on the following:

* 90% to 100% = A
* 80% to 89% = B
* 70% to 79% = C
* 60% to 69% = D
* Below 60% = F

No + or – will be given for the grades. Rather, only straight letter grades will be used.

**Academic Integrity and Ethical Behavior:**

Violations of academic integrity include, but are not limited to, cheating, fabrication, tampering, plagiarism, or facilitating such activities. Failure to meet this expectation will result in failure of the course and possible dismissal from the program. Plagiarism means using another's words, ideas, materials or work without properly acknowledging and documenting the source. Students are responsible for knowing the rules governing the use of another's work or materials and for acknowledging and documenting the source appropriately. All work that students ultimately submit in this course must be their own in their own words. If you are in doubt about whether your work is paraphrased or plagiarized, see the UH General and Graduate Information Catalog under "Student Regulations" and the UH Student Conduct Code (http://studentaffairs.manoa.hawaii.edu/policies/conduct\_code/) for specific guidelines related to ethical behavior.

**Statement on Disability-KOKUA PROGRAM:**

The University of Hawaii at Manoa is committed to a policy of non-discrimination and provides equal access to its programs, services, and activities to students with disabilities. If you have a disability and related access needs, please contact the KOKUA program (UH Disabled Student Services Office) at (808) 956-7511, kokua@hawaii.edu, or go to Room 013 in the Queen Liliuokalani Center for Student Services. I will work with you and KOKUA to meet your access needs based on disability documentation.

**Counseling Services:**

If you are in need of assistance with personal, academic or career concerns, the University of Hawaii has services available through UHM Counseling & Student Development Center (CSDC) located at the Queen Liliuokalani Center for Student Services Room 312. Website: http://manoa.hawaii.edu/counseling/. Phone (808) 956-7927.

**Title IX:**

The University of Hawaii is committed to providing a learning, working and living environment that promotes personal integrity, civility, and mutual respect and is free of all forms of sex discrimination and gender-based violence, including sexual assault, sexual harassment, gender-based harassment, domestic violence, dating violence, and stalking. If you or someone you know is experiencing any of these, the University has staff and resources on campus to support and assist you. Staff can also direct you to resources that are in the community.

If you wish to remain anonymous, speak with someone confidentially, or would like to receive information and support in a confidential setting, contact the confidential resources available at http://www.manoa.hawaii.edu/titleix/resources.html#confidential

If you wish to report an incident of sex discrimination or gender-based violence including sexual harassment, gender-based harassment, domestic violence or stalking as well as receive information and support, contact: Dee Uwono, Director and Title IX Coordinator, 2500 Campus Road, Hawaii Hall Room124, Honolulu, HI 96822. Phone: (808) 956-2299. E-mail: t9uhm@hawaii.edu.

As a member of the University faculty, I am required to immediately report any incident of sex discrimination or gender-based violence to the campus Title IX Coordinator. Although the Title IX Coordinator and I cannot guarantee confidentiality, you will still have options about how your case will be handled. My goal is to make sure you are aware of the range of options available to you and have access to the resources and support you need. For more information regarding sex discrimination, and gender-based violence, the University's Title IX resources and the University's Policy, Interim ER 1.204, go to: http://www.manoa.hawaii.edu/titleix/

**Deadlines:**

The last day to drop the course without a “W” grade is January 30, 2019.

**Planned Class Schedule:**

The tentative class schedule for the semester follows on the following pages.