

UNIVERSITY OF HAWAII AT MANOA
SHIDLER COLLEGE OF BUSINESS
SCHOOL OF ACCOUNTANCY
SUMMER SESSION II 2023
ACC 418 - AUDITING
CRN 91472, Tuesday - Thursday, 5:00 pm to 8:30 pm

Instructor Contact Information:

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Office Hours: By appointment only
Office Location: TBD

Readings:

Required Text: *Principles of Auditing & Other Assurance Services, twenty-second edition*, by O. Ray Whittington and Kurt Pany, 2022, McGraw Hill LLC, 1325 Avenue of the Americas, New York, NY 10021, ISBN: 978-1-264-11181-7 (loose-leaf version).

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

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 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 statement 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:

Writing Intensive Course: This course is a Writing Intensive course, and thus will use writing 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.

Research Paper:

To meet the formal-writing requirement, one research paper will be required. The research paper is entitled *Haumana Learning Company* and relates to revenue recognition and the design of an audit program to test revenue recognition.

The research paper must be a minimum of five 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 either the APA or MLA styles.

A class period will be set aside to have students orally present their research papers. This will allow students to interact with each other about their writing assignments. The papers are to be submitted at the beginning of the class period.

The research paper will count for 150 points or 30% of the final course grade.

Homework:

To meet the informal-writing requirements, homework for each chapter will consist mostly 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 100 points, or 20 % of the final course grade. The homework assignments are to be completed using Microsoft WORD and submitted online. They will be due by the beginning of the following week’s class period.

The written assignments will be graded based on the following weights: Content – 70%; Clarity and Organization – 20%; Grammar, Spelling and Punctuation – 10%.

Final Exam: The final exam will cover all of the chapters discussed (Chapters 1, 3, 4, 5, 6, 7, 10, 11, 16, and 17.) The exam will consist of 40 multiple-choice questions, accounting for 200 points, or 40% of the final course grade.

The final exam will be “closed book”, i.e., no textbook, test bank, solution manual, or PowerPoint slides may be used. However, I will allow students to prepare a one-page (8-1/2 inch by 11 inch) reference sheet. Both sides may be used. The reference sheet must be manually written and cannot include any printed material.

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.

Participation:

Students are expected to read the chapters before the class period in which they will be discussed. Classroom discussions will be stressed, as students learn more by discussing the subject matter assigned. To stress the importance of participating in class discussions, 50 points, or 10% of the final course grade, will be assigned to participation.

Grading Criteria:

The grading will be based on 500 points. As discussed above, the course grade will be determined as follows:

Research paper	150 points
Homework assignments	100 points
Final exam	200 points
Participation	50 points
Total	<u>500 points</u>

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:

The *University of Hawaii at Manoa 2022-2023 General Catalog* addresses academic integrity. The catalog states “The integrity of a university depends upon academic honesty, which consists of independent learning and research. Academic dishonesty includes cheating and plagiarism. The following are examples of violations of the Student Conduct Code that may result in suspension or expulsion from UH Manoa.

Cheating

Cheating includes, but is not limited to, giving unauthorized help during an examination, obtaining unauthorized information about an examination before it is administered, using inappropriate sources of information during an examination, altering the record of any grade, altering an answer after an examination has been submitted, falsifying any official UH Manoa record, and misrepresenting the facts in order to obtain exemptions from course requirements.

Plagiarism

Plagiarism includes, but is not limited to, submitting to satisfy an academic requirement, any document that has been copied in whole or in part from another individual’s work without identifying that individual; neglecting to identify as a quotation a documented idea that has not been assimilated into the student’s language and style; paraphrasing a passage so closely that the reader is misled as to the source; and submitting the same written or oral material in more than one course without obtaining authorization from the instructors involved.

Disciplinary Action

The faculty member must notify the student of the alleged academic misconduct and discuss the incident in question. The faculty member may take academic action against the student as the faculty member deems appropriate.”

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 collaborate with you and KOKUA to meet your access needs based on disability documentation.

Counseling Services:

If you need 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: Jennifer Rose, Interim 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/>

Planned Class Schedule:

The class schedule for the summer session follows on the following pages.

**ACC 418 AUDITING: CLASS SCHEDULE
SUMMER SESSION II 2023**

DATE	TOPIC	HOMEWORK
Th-Jul 6	Chapter 1 - Role of the Accountant	Problem 1-38
Tu-Jul11	Chapter 3 - Professional Ethics Chapter 4 - Legal Liability of CPAs	Problem 3-45 Problem 4-39
Th-Jul 13	Chapter 5 - Audit Evidence and Documentation	Problem 5-52
Tu-Jul18	Chapter 6 - Audit Planning	Problem 6-47
Th-Jul 20	Chapter 7 - Internal Control	Problem 7-35
Th-Jul 25	Chapter 10 - Cash and Financial Investments	Problem 10-42
Tu-Jul 27	Chapter 11 - Accounts Receivable and Revenue	Problem 11-25
Th-Aug 1	Chapter 16 - Auditing Operations and Completing the Audit	Problem 16-33
Tu-Aug3	Chapter 17 - Auditors' Reports	Problem 17-38
Th-Aug 8	Discuss Research Paper	
Th-Aug 10	Final Exam	