

**UNIVERSITY OF HAWAII AT MANOA
SHIDLER COLLEGE OF BUSINESS
SCHOOL OF ACCOUNTANCY
SPRING 2025 SEMESTER
ACC 418 – AUDITING**

**CRN 83226, Section 1 – Wednesdays and Fridays 9:00 am to 10:15 am
CRN 81964, Section 2 – Wednesdays and Fridays 10:30 am to 11:45 am**

Instructor Contact Information:

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

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Office Hours: By appointment only

Office Location: BusAd A408

Classroom: BusAd C103

Readings:

Required Text: ***Principles of Auditing & Other Assurance Services, 2024 Release***, by O. Ray Whittington and Kurt Pany, 2024, McGraw Hill LLC, 1325 Avenue of the Americas, New York, NY 10021, ISBN: 978-1-265-19053-8 (loose-leaf version). Also, access to the **Connect** software.

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 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 way 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:

McGraw-Hill Connect: Students must purchase a software program called "*McGraw-Hill Connect*" 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."

For this semester, the Connect software will be made available to students through the University of Hawaii at Manoa Bookstore’s Interactive Digital Access Program (IDAP). When you acquire the textbook from the University Bookstore, the Bookstore will automatically enter a rental charge for the Connect software to your MyUH account. You can pay the rental charge when you normally settle your MyUH account. Instructions for accessing the materials will be sent separately.

You have the option to opt out of receiving your course material through IDAP. By opting out, you will lose access to the course material and the charge will be refunded on your MyUH account. If you do not opt-out, the charge will stay on your MyUH account, and you will continue to have access for the duration of the semester.

Should you choose to purchase the textbook from sources outside of the University of Hawaii at Manoa Bookstore, then you will need to register for Connect separately. 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-2025>
2. Click on **REGISTER NOW**. (Student registration tutorials are available.)
3. Enter your University of Hawaii e-mail address.
4. 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.
5. 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.
6. You should now be at the course, GNISHIKAWA ACC 418. This is where you can access your assignments and study resources.
7. 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 classes will be held live in the classroom. 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 possibly applied to the mid-term and final exams. Credit will be given for missed classes, provided the student submits a doctor's note or employer's note, explaining the absence.

Preparation for Class: Students are required to read the appropriate chapter prior to the classroom discussion of the chapter. All students are expected to articulate concepts in each topic area. To help the students better comprehend the reading material, students must use the Connect software entitled **SmartBook** while reading the chapters. SmartBook 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, SmartBook will provide the students with self-study questions to assess the level of comprehension of the materials. Online 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 SmartBook to read the chapters is required and each chapter will count for 10 points, or a total of 120 points (12% of the final course grade) for all 12 of the chapters to be covered during the semester. The reading of SmartBook must be completed by the start of the class period in which the chapter will be discussed.

Class Participation: Participating in class discussions has benefits that can enhance students' learning experience. Some of the benefits are improving understanding of chapter materials, boosting retention, developing critical thinking skills, increasing self-confidence, enhancing communication skills, and promoting active learning. Accordingly, participating in class discussions is a requirement of the course. During the semester we will be covering 12 chapters, and students must participate by asking questions, answering questions, or providing comments or observations. Participation will count for 5 points for each of the chapters, or a total of 60 points (6% of the course grade) for all the 12 chapters to be covered during the semester.

Research Projects: To meet the formal-writing requirements, two research projects will be required. The research projects will be developed in groups of students. The first project concerns the manipulating of accounting estimates at Waste Management, Inc. and the second project concerns estimating the allowance for bad debts at RedPack Beer Company.

Each group must write a paper addressing the questions asked in the case and must make an oral presentation summarizing their findings. Visual aids, such as PowerPoint slides, graphs, charts, or financial data must also be prepared to support their oral presentation. A total of 200 points (20% of the course grade) will be awarded for each research project, with 120 points being allocated to the written paper, 50 points being allocated to the oral presentation, and 30 points being allocated to the visual aids.

In addition, an anonymous peer assessment of the group must be prepared by each of the members of the group. Such assessment is designed to provide the instructor with additional information which may, but not necessarily, be used to assign grades for the research project to each student.

To complete the projects, 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.

The written paper must be completed using Microsoft Word and submitted online.

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 120 points, or 12% of the final course grade. The homework assignments are to be completed using Microsoft WORD and submitted online. They will be due by 9:00 am on the Monday following the Friday class during which the chapter was discussed.

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

Mid-Term Exam: One mid-term exam will be given and will cover Chapters 1 through 7. The exam will consist of 30 multiple-choice questions, and will account for 150 points, or 15% of the final course grade. The exam is to be taken in class, but online in CONNECT.

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 26 multiple-choice

questions accounting for 130 points and a learning assessment question which will account for 20 points; the total accounting for 150 points, or 15% of the final course grade. The exam is to be taken in class, but online in CONNECT.

Because comprehension of concepts is a better learning tool than memorization of facts, students will be allowed to use the textbook, PowerPoint slides, and their notes when taking the mid-term and final exams.

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:

SMARTBOOK	120 points
Homework assignments	120 points
Class participation	60 points
First Research Project	200 points
Second Research Project	200 points
Mid-Term Exam	150 points
Final Exam	150 points
Total	<u>1,000 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.

Artificial Intelligence:

Use of artificial intelligence programs, such as ChatGPT, may be used in completing homework problems and the research papers only for researching issues, but MAY NOT be used to write a student's paper. Proper citation references must be included if quotations are used are part of the paper.

Academic Integrity and Ethical Behavior:

The *University of Hawaii at Manoa 2024-2025 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."

Solutions Manual for Textbook

A solutions manual for the textbook, *Principles of Auditing & Other Assurance Services*, can be purchased from various sources. However, use of the solutions manual for addressing the homework and research problems is strictly prohibited. In fact, use of the solutions manual is considered to be a form of cheating.

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 Solidum Rose JD, Interim Title IX Coordinator, 2500 Campus Road, Hawaii Hall Room 112, 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/>

Deadline:

The last day to drop the course without a "W" is February 5, 2025.

Planned Class Schedule:

The tentative class schedule for the semester follows in a separate document.