

# ACCT5140 Audit I

## SYLLABUS AND SCHEDULE | Fall Quarter 2018

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### Course Objectives

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The primary objective of this course is to provide you with a broad introduction to the basic concepts and current practice of financial statement auditing in the United States. The course also recognizes the importance of strong analytical and communication skills in the audit profession, and will therefore promote the development of critical thinking, as well as oral and written communication, in an accounting context.

#### Course Information

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Course Code: ACCT5140  
Prerequisite: ACCT5110  
# Credits: 3.0  
Location: Pigott 103  
Class Times: M 6:00 - 9:00 PM  
First Session: October 8, 2018  
(no class October 1)  
Last Session: December 3, 2018  
Final Exam: December 10, 2018

#### Instructor Information

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Instructor: Gabriel Saucedo, PhD, CPA  
Phone: (206) 296-5707  
Email: saucedog@seattleu.edu  
Office: Pigott 412  
Office Hours: MW 3:00 - 5:00 PM  
Please phone or email to arrange appointments outside office hours.

I will check my email regularly. You can email me at any time, but you may not receive a response outside regular business hours. Generally, emails received on a weekday will receive a response within 24 hours. Email received over the weekend will receive a response on the next business day. Business days/hours are Monday - Friday 8:00 AM - 5:00 PM, except for holidays. While I may respond to emails late in the evening, do not assume I will always be immediately available during non-business hours.

### Required Readings and Materials

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*Auditing & Assurance Services: An Integrated Approach, 16<sup>th</sup> Edition*

Alvin A. Arens, Randal J. Elder, Mark S. Beasley, Chris E. Hogan  
ISBN# 9780134065823 (hardcover) or 9780134067124 (eBook)

*Integrated Audit Practice Case, 7<sup>th</sup> Edition*

David S. Kerr, Randal J. Elder, Alvin A. Arens  
ISBN# 9780912503684

Additional required readings may be posted in Canvas over the course of the quarter. These readings will be communicated in a timely manner and will be applicable to in-class discussions and exams.

## Learning Outcomes

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On successful completion of this course (i.e. by *passing* this course), you will be able to:

1. Synthesize the phases of the audit process, and illustrate the function/purpose of the primary components of each phase.
2. Outline the roles that accounting, auditing, ethics, internal control, fraud, and accountability play in accounting systems.
3. Interpret the professional standards for auditing and reporting on internal controls.
4. Demonstrate competent, sound written and oral communication skills involving audit content.

## Instructional Methods

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Education research shows that your learning is greatest when you are actively involved in making sense of new concepts (“constructing knowledge”) and when you do this in social settings. This model is technically called “social constructivism.” We will use this model throughout the course, so you can expect to:

- be engaged in plenty of classroom activities to build on each assigned reading;
- work in small groups during class and for those groups to change on a regular basis;
- ask your instructor for clarifications, rather than expecting lectures.

If you haven’t managed to complete a reading before class, you will likely find that particular class frustrating, since we will build on and apply the readings each time (including troubleshooting the issues you found most perplexing).

As this course section is at the graduate level, I expect students will not only take the responsibility, but the initiative, to prepare for each class ahead of time. I have higher expectations of my graduate students and reserve the right to delegate some learning opportunities for outside normal class time. However, I will always make sure to answer appropriate, relevant student questions.

## Evaluation: Overview of Assignments

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Grades will be based on your performance on the following items:

ASSIGNMENT	RELATIVE VALUE
1. Exam I	22.5%
2. Exam II	22.5%
3. Pre-Lecture Knowledge Checks	10.0%
4. In-Class Cases & Quizzes	10.0%
5. Integrated Audit Practice Case (OVM)	25.0%
6. Class Contribution (aka Participation)	10.0%
<b>TOTAL</b>	<b>100%</b>

## Grading Procedures and Policies

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### GRADING SCALE (% OF POINTS EARNED)

A	100–94	Superior	B–	82–80	D+	69–67	
A–	93–90		C+	79–77	D	66–63	Poor
B+	89–87		C	76–73	Adequate	D–	62–60
B	86–83	Good	C–	72–70	F	59 or less	Failing

### Detailed Assignment Descriptions

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#### EXAMS (45% OF FINAL GRADE)

Two exams, each worth 22.5% of your final grade, will be given. Exam dates are included on the schedule at the end of this syllabus. Exam I will be a take-home exam and Exam II will be an in-class exam. Exams may consist of multiple choice and short answer questions, as well as completion statements and essays. Exams must be taken on the day and time scheduled. If circumstances make it impossible for you to take an exam on the designated date, it is your responsibility to contact me as soon as possible and to provide appropriate documentation to validate your absence. *A missed exam will count as zero points unless, in my judgment, the circumstance was compelling enough to warrant your absence.* I do not make past exams available to students, and I retain all exams after reviewing them in class.

#### PRE-LECTURE KNOWLEDGE CHECKS (10% OF FINAL GRADE)

To facilitate classroom learning and discussion, knowledge checks will be posted in Canvas prior to lecture each week. The weekly knowledge checks have two purposes: (1) to ensure readings from the text are done timely to keep pace with the course, and (2) to prepare for classroom dialogue. Each pre-lecture knowledge check will be worth 10 points, and will be available in Canvas the week prior to class. You will have 30 minutes to complete the knowledge check and only one attempt to complete it. *The lowest pre-lecture knowledge check will be dropped at the end of the quarter. No exceptions for missing knowledge checks.*

#### IN-CLASS CASES AND QUIZZES (10% OF FINAL GRADE)

Small group case assignments will be assigned in class throughout the quarter (approximately 1 per week). These cases are meant to provoke thought related to the weekly readings and lecture. *You must be present in class to complete and earn credit for these cases.* Cases requiring advanced reading and/or preparation are listed on the course schedule (*in italics*). Reading quizzes will also be added if it appears that students are not fully preparing for class. I reserve the right to give quizzes related to any assigned reading or assignment, including homework or cases, at any time, without prior notice. Similar to the cases, you must be present in class to earn credit for a quiz. Each case (and quiz if assigned) will be worth 10 points. *To compensate for any missed class or low scores, the two (2) lowest cases/quizzes will be dropped at the end of the quarter.*

### **INTEGRATED AUDIT PRACTICE CASE (25% OF FINAL GRADE)**

You need to form teams of 2-3 students for this project. The audit case is a comprehensive audit case that you will complete over the course of the entire quarter. You will be completing seven of the ten assignments in the case. Each assignment is worth 10 points, for a total of 70 points. You will be graded on the basis of (1) completeness, (2) accuracy, (3) neatness, and (4) reasonableness of your judgments. You will lose points for sloppy or incomplete work. All manually prepared workpapers **MUST** be completed in pencil (portions of some of the assignments require you to complete and print Excel spreadsheets). I prefer hard copy submissions for this project (i.e., do not submit case assignments via e-mail or Canvas).

The due date for each of the case assignments is included on the schedule at the end of this syllabus. No late cases will be accepted. If you are unable to complete the assigned case because of extenuating circumstances, please notify me on or before the date the assignment is due and provide relevant supporting documentation (e.g., note from student services). How you distribute the case work among your group members is up to your discretion and is part of the normal audit planning process.

During the quarter, I will be reviewing your case work as I would if I was a manager on the audit and you are my staff auditors. Your feedback will consist of review notes that I would leave my staff auditors and annotations on your workpapers. You can expect my review notes to be thorough, but constructive. The following table provides a general guide of deductions for the Integrated Audit Practice Case:

<b>REVIEW NOTE (ISSUE)</b>	<b>DEDUCTION</b>
Minor omission(s), missed instruction(s), and/or error(s).	.10-.25
Moderate omission(s), missed instruction(s), and/or error(s).	.25-.50
Significant omission(s), missed instruction(s), and/or error(s).	.50-1.0
Significant portion of case incomplete; sloppy or illegible work.	1.0+

At the end of the quarter, your case group can resubmit 1 case assignment of your choosing to improve your grade. It is expected that your revised assignment will address all of my review notes completely and accurately. Note that during the course of an audit I would expect that ALL review notes would be cleared in a timely fashion, but because we will be briefing all cases in class before you start work I am only going to allow the revision of 1 case assignment.

### **CLASS CONTRIBUTION (10% OF FINAL GRADE)**

Numerous research studies have shown that when students actively ask and answer questions, they take greater interest in the material, they clarify shared misconceptions, and they retain more information. Furthermore, the practice of auditing is a social endeavor in which there is constant interaction among the audit team, client personnel, client management, and oversight groups. In fact, communication skills are one of the most desired competencies of new

accountants (after accounting proficiency and technology aptitude). I expect all students to actively participate in the learning process during discussion, interactive lectures, and group work. More specifically, active participation means that you vocally communicate your thoughts, ideas, and/or opinions to the class on a weekly basis, at minimum. Active participation also requires regular and attentive class attendance. I will not take formal daily attendance, but if you are regularly absent or if you regularly appear to be inattentive in class, it will concern me so I will contact you (and it will also impact your class contribution assessment). I also reserve the right to “cold call” students who are not participating in class discussions. My intent is not to embarrass you; rather it is to help you get involved in the discussion where all of us can benefit from your comments.

Before the midterm exam and final exam, you will each individually complete the **Class Contribution Evaluation Form** posted in Scholar. This document gives you the opportunity to speak directly to your class participation. I will use your self-assessments as a basis for my final assessment at both the midterm grading period and the final grading period. A 1-1 meeting during the midterm and final grading period is optional, and at your discretion, to discuss your Class Contribution Evaluation Form.

### **EXTRA CREDIT**

Extra credit is rarely offered, and is never offered for the benefit of a single student. Do not ask for specific exceptions to this rule. Your success or failure in this course is your responsibility.

### **Academic Resources**

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My goal is to create a learning environment in which you can be incredibly successful. I will work hard to create and improve the learning environment throughout the quarter based on my own observations of the course and your feedback on what would help you learn more. In return, I ask and encourage you to make the most of this learning opportunity. Please take advantage of the academic support services available to you at the university. Even if you have had excellent study skills in the past, it is easy to slip into suboptimal habits and these services can help you excel in your studies.

**LIBRARY AND LEARNING COMMONS** (see <http://www.seattleu.edu/learningcommons/>). This includes Learning Assistance Programs, Research [Library] Services, the Writing Center, and the Math Lab.

### **SUPPORT FOR STUDENTS WITH DISABILITIES**

If you have, or think you may have, a disability (including an “invisible disability” such as a learning disability, a chronic health problem, or a mental health condition) that interferes with your performance as a student in this class, you are encouraged to arrange support services and/or accommodations through Disabilities Services staff located in Loyola 100, (206) 296-5740. Disability-based adjustments to course expectations can be arranged only through this process.

## **General Course and University Policies**

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### **MISSED CLASSES**

If you expect to be absent or to be late, please e-mail me beforehand (or as soon as possible). If for any reason you do miss a class, be sure to obtain notes from one of your peers to catch up. If, after going over those notes and checking the readings for the class, you still have questions, please arrange to meet me during office hours to discuss. Remember to bring those notes with you so that we can work on your specific, focused questions.

### **CELL PHONES, LAPTOPS, AND RECORDING DEVICES**

The use of laptops, tablets, smartphones, and PDA's in class to take notes, view presentations, and work on class projects is allowed. Please do not use these devices for non-class related activity during active lecture. I reserve the right to ask students to stop using the devices and/or leave class if it is distracting to your fellow students. For protection of proprietary knowledge and respect of the classroom environment, no audio, video, or photo recording of any classroom activity is allowed without my prior approval. Please be respectful of other students' time and commitment to their studies by not breaching this policy so that we don't end up in the embarrassing position of having to ask you to leave the class.

### **BUSINESS COMMUNICATION COMPETENCE**

Writing is a key component of success in the accounting profession. Writing assignments will be evaluated not only for accounting knowledge, but also writing quality. Assignments with grammatical errors and spelling errors will receive a significantly lower grade than quality assignments. The University Writing Center (see Library and Learning Commons above) employs undergraduate writing consultants who assist students at all stages of the writing process. Consultants can help students begin writing tasks, organize and develop first drafts, and revise and edit later drafts.

### **ACADEMIC POLICIES ON THE REGISTRAR WEBSITE**

Be sure that you understand university academic policies, posted on the Registrar's website (see <https://www.seattleu.edu/redhawk-axis/academic-policies/>), including the Academic Integrity Policy, Academic Grading Grievance Policy, and Professional Conduct Policy.

### **ACADEMIC ETHICS**

Seattle University is committed to the principle that academic honesty and integrity are important values in the educational process. Academic dishonesty in any form is a serious offense against the academic community. Acts of academic dishonesty will be addressed according to the Seattle University Academic Honesty Policy found at the web address noted above.

## **OFFICE OF INSTITUTIONAL EQUITY**

Title IX of the Education Amendments of 1972 (Title IX) prohibits discrimination based on sex in educational programs or activities that receive Federal financial assistance. This prohibition includes sexual misconduct, which encompasses sexual harassment and sexual violence. Seattle U remains committed to providing a safe and equitable learning, living, and working environment. Seattle U offers emergency, medical, and other support resources, as well as assistance with safety and support measures, to community members who have experienced or been impacted by sexual misconduct.

Seattle U requires all faculty and staff to notify the University's Title IX Coordinator if they become aware of any incident of sexual misconduct experienced by a student.

For more information, please visit <https://www.seattleu.edu/equity/>. If you have any questions or concerns, you may also directly contact the Title IX Coordinator in the Office of Institutional Equity (email: [oiie@seattleu.edu](mailto:oiie@seattleu.edu); phone: 206.296.2824).

## Course Schedule, Readings, and Due Dates

Integrated Audit Practice Case Assignments are due at the **BEGINNING** of class on the assigned date.  
Knowledge Checks are to be completed in Canvas **BEFORE** class on the assigned date.

Mon 10/1		<b>NO CLASS</b>
<b>Class #1</b>	TOPICS:	<b>Course Introduction &amp; Overview</b> <b>The Demand for Audit + The CPA Profession</b>
Mon 10/8	PREPARATION:	Read Chapter 1 Read Chapter 2
	ASSIGNMENTS:	<i>Cognitive Bias Case (Read Summary)</i> <i>Rosie's East End Restaurant Case</i>
<b>Class #2</b>	TOPICS:	<b>Audit Responsibilities and Objectives</b>
Mon 10/15	PREPARATION:	Read Chapter 6
<b>Class #3</b>	TOPICS:	<b>Audit Planning and Materiality</b>
Mon 10/22	PREPARATION:	Read Chapter 8
	ASSIGNMENTS:	<b>Integrated Audit Practice Case #1 and #2 (due 10/29)</b>
<b>Class #4</b>	TOPICS:	<b>Audit Evidence</b> <b>Assessing the Risk of Material Misstatement</b> <b>Assessing and Responding to Fraud Risks</b>
Mon 10/29	PREPARATION:	Read Chapter 7 + Read Chapter 9 Skim Chapter 10
	ASSIGNMENTS:	<b>Integrated Audit Practice Case Assignment #3 (due 11/5)</b>
<b>Class #5</b>	TOPICS:	<b>Internal Control, Control Risk, and Section 404 Audits</b>
Mon 11/5	PREPARATION:	Read Chapter 11 + Chapter 12
	ASSIGNMENTS:	<i>Simply Steam Case</i> <b>Midterm Class Contribution Evaluation Form (due 11/7)</b> <b>Integrated Audit Practice Case #4 (due 11/19)</b>
Mon 11/12		<b>NO CLASS – VETERAN'S DAY HOLIDAY</b> <b>Exam I (take-home) Due 11/19 6:00 PM</b>
<b>Class #6</b>	TOPICS:	<b>Overall Audit Strategy and Audit Program</b> <b>Audit of Cash</b>
Mon 11/19	PREPARATION:	Read Chapter 13 Read Chapter 23
	ASSIGNMENTS:	<i>Green Tech Manufacturing Case</i> <b>Integrated Audit Practice Case #8 (due 11/26)</b>
<b>Class #7</b>	TOPICS:	<b>Audit of the Sales and Collection Cycle</b> <b>Completing the Tests in the Sales and Collection Cycle</b> <b>Audit Sampling</b>
Mon 11/26	PREPARATION:	Read Chapter 14 + Read Chapter 16 Skim Chapter 15 + Skim Chapter 17
	ASSIGNMENTS:	<i>Bud's Big Blue Manufacturing A/R Confirmations Case</i> <b>Integrated Audit Practice Case Assignment #6 (due 12/3)</b>

	TOPICS:	<b>Completing the Audit Audit Reports</b>
<b>Class #8</b> Mon 12/3	PREPARATION:	Read Chapter 24 Read Chapter 3
	ASSIGNMENTS:	<i>Tintype, Inc. Completion Case</i> <b>Final Course Contribution Evaluation Form (due 12/5)</b> <b>Integrated Audit Practice Case #10 (due 12/10)</b>
<b>FINALS</b> Mon 12/10	EXAM:	<b>Exam II (in-class) 6:00-8:00 PM</b>
	ASSIGNMENTS:	<b>Integrated Audit Practice Case Redo (due 12/12 4:00 PM)</b>