ACCTNG 4435
Auditing
Spring 2017 - 2018

Instructor: T.M. Kozloski, PhD, CPA, CGMA
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Phone: (314) 516 - 5722
Office Hours: Tuesday and Thursday – 3:30 PM to 6:30 PM; walk-in if I’m available; and by appointment.

Course and Sections:
ACCTNG 4435 Section 001 (14211); TuTh 12:30 PM to 1:45 PM; ABH 004
ACCTNG 4435 Section E01 (11138); TuTh 6:55 PM to 8:10 PM; SSB 410

Semester Hours: 3.0

Course Prerequisites: MATH 1105; ACCTNG 3402; ACCTNG 3421 or INFSYS 3810; also a minimum campus GPA of 2.0 and minimum GPA of 2.3 in all accounting courses at the 3000-level and above taken at UMSL. If you have not met the prerequisites as stated above, please see me immediately.

EDUCATIONAL GOALS AND APPROACH TO COURSE CONTENT

Philosophy of Teaching and Learning

I am a professional educator as well as a professional business person. I am dedicated to your success in this course, and to your successful launch into the world of professional work. I am committed to assist you any way that I am able.

My primary role on the Department of Accounting faculty at the University of Missouri – St. Louis is to lead and guide you through the difficult, technical material and content in the courses I teach. I hope to help you build a foundation in course content, theory, and practice, and to help you to develop a framework of knowledge and judgment to solve problems and address issues that you encounter in the future. Although I will work hard to do this, ultimately, your success depends on
your own efforts. I can guide you, but you must learn and master this subject. This will require a good deal of hard work and sustained effort on your part.

In addition to assistance with the content of this course, I am available to discuss careers in accounting and auditing, job searches, resume and cover letter preparation, etc. After we complete this course together, I will be very happy to write letters of recommendation or provide references. Please feel free to contact me about any of these things, and I will be happy to share my perspective and experiences.

**Course Information, Course Objectives, and Alignment with Important Undergraduate Program-Level Goals**

Our course is an introduction to auditing and assurance theory and practice. The course will emphasize the audit of historical financial statements, as conducted by the independent auditor. Topics that will be emphasized will include, among others, the role of auditing in the financial reporting process, risk assessment, materiality, internal control, audit evidence, and audit reporting.

Outcomes from this course will provide a direct link to, and enrichment of, undergraduate program goals such as:

**Critical thinking** – Graduates critically assess situations and use appropriate problem-solving skills. Students will:
- Formulate and justify positions on issues or situations using adequate and appropriate evidence
- Recognize and demonstrate competence in analytical reasoning

**Information literacy** – Graduates locate and use qualitative and quantitative information effectively using appropriate technology. Students will:
- Determine, retrieve, evaluate and manage relevant information
- Recognize and acknowledge copyright laws and intellectual property restrictions

**Communication** – Graduates use professional communication skills to facilitate business relationships. Students will:
- Prepare appropriate and effective written communications
- Prepare and deliver effective oral presentations

**Ethics, social responsibility, and leadership** – Graduates exercise socially responsible leadership skills. Students will:
- Recognize the ethical dimensions of situations
- Consider a broad spectrum of stakeholders in the development of organizations’ social responsibilities
- Recognize a variety of leadership styles and when each is appropriate
• Work effectively as part of a team

**Global perspective** – Graduates recognize the diversity and global opportunities their local, national, and world environments present.
Students will:
• Recognize the effects of different economic, political, cultural, social and technological environments and integrate them into their decision-making

**Business knowledge and competency** – Graduates use their business knowledge and professional skills successfully.
Students will:
• Demonstrate a fundamental understanding of each of the functional areas of business, and how to effectively integrate and apply this knowledge
• Assess the opportunities and risks faced by organizations of different size, ownership and governance structures

**Course Objectives**

After completing this course, if you have attended class regularly, completed the assigned readings, completed exercises in advance of class, and applied the information presented in the course to the assignments and examinations, you will be able to:

• Understand the operation of auditing teams in the professional setting of auditing firms and auditing practice;
• Understand the stakeholders in the auditing profession, and the pressures and incentives that impact those stakeholders;
• Demonstrate proficiency with basic professional auditing standards over a broad cross-section of audit areas;
• Integrate key terminology, theory, and concepts from the various phases of the audit into an understanding of the audit process as a whole; and
• Evaluate audit reporting issues and select appropriate audit reports for various practice circumstances.

**Instructional Approach**

Your ability to meet the course objectives is developed through a variety of assignments, activities and assessments, and requires considerable effort, with significant review time required before and after class. You will study and apply concepts to increasingly complex auditing situations. By working with and applying basic auditing concepts to a variety of situations, you will expand your understanding of how audits of financial statements are conducted.

It is anticipated that you will enter this course with a solid foundation of financial accounting knowledge. This foundation is necessary for understanding how the operations, activities, and transactions of an organization are, or are not, captured and presented in financial statements. In order to understand auditing, you must understand financial accounting.
You will be tested/assessed on your **understanding** of the material, and your ability to **explain** and **apply** auditing theory and concepts, for the most part using exercises, problems, case scenarios, etc. **Memorizing will not likely generate a good outcome in this course** nor will it prepare you for additional coursework or for professional life.

Class lectures and activities are prepared under the assumption that you have completed the assigned material prior to each class and are keeping up with class material over the semester, as **topics in this class are often cumulative in nature**.

In order to be successful in this course, you should:

- **Come to class prepared**, having completed any assigned readings and exercises.
- **Participate in class!** There is no such thing as a silly answer/question, and often some of the best lessons result from a student answering one of my questions to the class incorrectly. I assure you there are no penalties for answering incorrectly, or for asking a question that in the opinion of others is not on point. **So please participate!** Student participation makes class more interesting!
- **Respect the learning environment and refrain from using your electronics** (i.e., turn off phones, do not surf the internet, check email, or text, refrain from talking while others are talking….). In order to preserve the learning environment, students who repeatedly violate these professional norms of conduct may be asked to leave the classroom and may be required to meet the instructor or with the Department Chair prior to rejoining the class. **Please refer to the Standards of Conduct for Professors and Students on the Canvas course website, which are incorporated by reference into this course syllabus.**
- **Complete assignments and exercises early.** Review posted solutions and additional practice questions, and review and debrief exams and assignments **right away**. The sooner you know if or where you are having issues or problems, the quicker you can seek help and get back on track.
- **If you have any issues or problems with the course, please visit me during my office hours or send me an email to schedule an appointment. Remember, the accounting faculty is here to assist you.**

**REQUIRED TEXT, OTHER MATERIALS, AND RESOURCES**

Your text is available through the link from *Canvas* to McGraw-Hill *Connect*. In an effort to provide the least expensive options in terms of texts, I elected to use the “Auto-Access” feature of the UM System. Therefore, you will be able to access an electronic version of the text through *Connect*. If you prefer a hard copy (like me!), you may purchase one from the bookstore. Even if you do purchase a hard copy from the bookstore, the electronic copy through *Connect* combined with the hard copy loose leaf version from the bookstore together are less expensive than the hard back traditional textbook purchased alone. Another benefit of *Connect* is the presence of additional review and study materials that might assist you in your mastery of the material. Finally, we will utilize *IDEA-Data Analytics Software* in the course, and this software is included in *Connect*. 
If you intend to study for the CPA exam, it could be a good idea to have a hard copy of the text (purchased from the bookstore) as a reference during your study, as your access to Connect will likely expire at some point.

Required Text and Other Materials and Resources:

- *Auditing Standards of the Public Company Accounting Oversight Board (PCAOB)*. Available at [www.pcaobus.org](http://www.pcaobus.org).
- Other readings and handouts as distributed in class or posted on Canvas.
- Canvas. Available to all UMSL students. As you know, the course website will be located on this learning platform. I will make use of Canvas primarily to post materials you will need for class and study, to prepare for exams, and to make announcements. I will also post information about any campus or organization events that may be helpful to you as an upper-level student. Any emergencies or class cancellations will also be communicated through Canvas. You should check the course website frequently.
- Connect. McGraw-Hill. Available to all students in this class through Canvas. Connect is a learning supplement created and administered by the publisher of your textbook. We will make use of it as an access point for your text, a site for pre-class work, and source of additional self-study materials.
- IDEA – Data Analysis Software. This resource is available through Connect.

**ASSESSMENT, EVALUATION, AND GRADING**

**Assessments**

<table>
<thead>
<tr>
<th>Examination I</th>
<th>20%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Examination II</td>
<td>25%</td>
</tr>
<tr>
<td>Final examination</td>
<td>35%</td>
</tr>
<tr>
<td>Case assignments (includes use of IDEA)</td>
<td>20%</td>
</tr>
</tbody>
</table>

Total 100%

**Pre-class Work and Preparation**

Prior to the beginning of a new section of the course, I will post guidance on Canvas relating to the reading assignment, homework assignment, and any other important information relating to that section. You should complete all the reading and all the pre-class work prior to our first class discussion of that section. I will not collect pre-class work. I will post solutions (or the solutions will be provided in Connect) for pre-class work, so you may assess your level of proficiency with the material.
Other problems, exercises, and mini-cases will be discussed in class. I will post solutions to those problems, exercises, and mini-cases after we discuss them.

**Examinations I (20%) and II (25%)**

Two examinations will be scheduled during regular class meeting times during the semester. The dates of these exams are as follows:

**Examination I – Thursday, 15 February 2018.** This exam will cover material from the first part of the course, up to and including a logical cut-off point prior to the exam.

**Examination II – Thursday 5 April 2018.** This exam will cover material from the cut-off point of the Examination I to a logical cut-off point for Examination II.

Please note these days and times in your calendar and notify me immediately of any issues. (Note: No early examinations will be offered. Students with valid, documented reasons for missing an examination should refer to the ‘Missed examination process’ outlined later in this course syllabus.)

Please note: All examinations, including the Final Examination, MUST be taken with the section that you are officially enrolled in, unless you clear a change with me first.

**Final Examination (35%)**

The Final Examination will take place during the regular examination period at the end of the semester. The examination is quasi-comprehensive, covering material from the second examination to the end of the course, as well as selected topics from prior to Examination II. (More guidance will be provided closer to the examination.) Students with valid, documented reasons for missing the exam should refer to the ‘Missed examination process’ outlined later in this course outline.

The date, times and locations of the Final Examination are presented below:

ACCTNG 4435 – Section 001 – Thursday, 10 May 2018, from 10:00 AM to 12:00 noon; ABH 004
ACCTNG 4435 – Section E01 – Thursday, 10 May 2018, from 7:45 PM to 9:45 PM; SSB 410

**Case Assignments (20%)**

Two case assignments will be assigned during the semester. The first will be weighted as 5% of your overall grade and the second will be weighted as 15% of your overall grade. Guidance for the case assignments will be posted well in advance of the due dates of the cases. I will evaluate both your writing/presentation and the technical aspects of your response. Due dates for the cases are as follows:

**Case I (5%) – Tuesday, 6 March 2018.** Two to three page case answer on a basic auditing issue.
Case II (15%) – Tuesday, 1 May 2018. Five to six page case answer on a more complex auditing issue, incorporating the use of IDEA Data Analysis Software.

Evaluation

The numeric/percentage grades you earn in this course convert to a letter grade as follows:

<table>
<thead>
<tr>
<th>Letter</th>
<th>Numeric/Percentage</th>
</tr>
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<tbody>
<tr>
<td>A</td>
<td>93-100</td>
</tr>
<tr>
<td>A-</td>
<td>90-92</td>
</tr>
<tr>
<td>B</td>
<td>83-86</td>
</tr>
<tr>
<td>B-</td>
<td>80-82</td>
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<tr>
<td>C</td>
<td>73-76</td>
</tr>
<tr>
<td>C+</td>
<td>77-79</td>
</tr>
<tr>
<td>D</td>
<td>63-66</td>
</tr>
<tr>
<td>D+</td>
<td>67-69</td>
</tr>
<tr>
<td>F</td>
<td>0-59</td>
</tr>
</tbody>
</table>

I may modify the cut-offs noted above (only in the downward direction) to ensure a fair distribution of grades at the end of the course. That is, I may, for instance, drop the cut-off for a “B” to “80” if this is necessary, in my opinion, to achieve fairness across the board. I will NOT raise grade cut-off points for any reason. I reserve the right to take positive grade trends into account in determining a final grade.

OTHER COURSE POLICIES AND INFORMATION

Academic Integrity Policy and Student Responsibility – IMPORTANT!

As a University of Missouri – St. Louis student, you are responsible for understanding and avoiding academic offences, including plagiarism, cheating, and falsification. For instance, working with another person (or in a group) when individual work is required for a grade is considered a form of academic dishonesty.

Plagiarism is when you present someone else’s words, ideas or techniques as your own. When you want to refer to someone else’s work, you must reference it either by direct quotation or paraphrase (expressing the idea in your own words), which must be acknowledged using correct citations. When you are in doubt about what, when, and how to cite your information sources, consult with me, or the Writing Center, before submitting your work. Academic dishonesty is a serious offense, so be sure you understand how to correctly acknowledge and use sources when preparing your work. Plagiarism applies to all forms of information or ideas that belong to someone else (e.g., other student’s assignments, literary works, computer programs, mathematical solutions, scientific experiments, pictures, website or data).

Examinations will be closed-book, closed notes, with no external resources allowed except your own knowledge of the subject matter. I have no tolerance for academic dishonesty on examinations. I expect that as upper-level accounting students preparing to take their place in the professional workplace, no one in ACCTNG 4435 would engage in any inappropriate activity on examinations.

If you are found to have committed an act of academic dishonesty, you will be assigned a grade of “zero” for the particular course requirement and you will be reported to the appropriate
campus administrative office. Even if we are in agreement as to the penalty and resolution of the incident, the incident will be reported. It is your responsibility to understand what exactly constitutes a violation of academic integrity policies. Please ask me if you are in any way unsure of the guidelines.

**Missed Examinations, or other Due Dates**

**Missed Examination Process:** No early examinations will be offered for any reason. Missed examinations will be assigned a grade of zero unless the student contacts me and is able to provide a legitimate reason for the absence, supported by documentation.

**Notification:** If you are going to miss an exam, you or your designate must contact me immediately via e-mail. This should be (preferably) before the exam and no later than 48 hours after the exam is over. You must explain the situation in sufficient detail for me to determine whether or not a legitimate reason for missing the exam exists.

**Documentation:** Appropriate, external, and independent written documentation supporting the reason for your absence should be delivered to me as soon as possible and no later than one week after the missed exam.

**Other Due Dates:** Missed due dates for writing/other assignments will be handled in the same manner as examinations. Please notify me as soon as possible, and please be prepared to provide appropriate documentation.

**Special Requirements due to Disability**

If you require any special assistance or consideration due to a disability of any kind, please feel free to contact me during office hours or set up an appointment so that we can work together and with the appropriate campus offices to meet your academic needs.

**Modification of Course Syllabus**

With appropriate notification to you, I may modify or amend this course syllabus in order to meet course objectives. For instance, in the unlikely event that the class as a whole is often unprepared for class, I may have to institute a mandatory pre-class preparation component of the course, which would therefore result in modifying the weighting of the assessments noted above.

**Withdrawing From the Course**

While I hope that no student will need to withdraw from our course, there is important information to note about this possibility. Early in the semester, a student may withdraw from the course and no indication of such will appear on the academic transcript. In the middle of the semester, withdrawals may be accompanied by a grade of “EX” that will appear on the transcript. Later still, the student may receive a grade of “EX” or “EX-F” (if the student was failing the course at the time).
Finally, near the end of the semester, students may require, in addition to the permission of the instructor, the permission of the Dean to withdraw.

In summary –

**12 February** – last day to withdraw from a course without receiving a grade.
**12 March** – last day to drop without instructor approval. A grade of “EX” will be assigned.
**16 April** – last day to drop with instructor approval. A grade of “EX” or “EX-F” will be assigned.

Students should attend to the relevant deadline dates relating to the possibilities mentioned directly above. It is your responsibility to ensure that you meet the requirements and deadlines for withdrawing.

Withdrawing from this course could very well be a serious matter and should not be undertaken lightly. For instance, withdrawal could impact scholarship awards and financial aid, and will certainly impact academic progress toward graduation. Please be very careful, and consult with your advisor and financial aid before making a decision.

**SPRING 2018 TENTATIVE SCHEDULE**

<table>
<thead>
<tr>
<th>Topic</th>
<th>Chapter(s) in Text</th>
</tr>
</thead>
<tbody>
<tr>
<td>Introduction to Auditing and Professional Practice</td>
<td>CH 1; CH 2</td>
</tr>
<tr>
<td>Reports on Audited Financial Statements</td>
<td>CH 18</td>
</tr>
<tr>
<td>Basic Auditing Concepts and Audit Planning</td>
<td>CH 3; CH 4; CH 5</td>
</tr>
<tr>
<td>Understanding Internal Control and Auditing ICFR</td>
<td>CH 6; CH 7</td>
</tr>
<tr>
<td>Overview of Sampling</td>
<td>CH 8 (partial); CH 9 (partial)</td>
</tr>
<tr>
<td>Auditing Business Processes and Accounts</td>
<td>CH 10; CH 15</td>
</tr>
<tr>
<td>Completing the Audit</td>
<td>CH 17</td>
</tr>
<tr>
<td>Professional Judgment Framework (integrated above)</td>
<td>Appendix</td>
</tr>
<tr>
<td>IDEA Data Analysis Software (integrated above)</td>
<td>Connect</td>
</tr>
</tbody>
</table>

**Summary of important dates:**
16 January – First day of class
15 February – Examination I
6 March – Case Assignment I due at beginning of class period
5 April – Examination II
1 May – Case Assignment II due at beginning of class period
10 May – Final Exam – see times and locations above
Student Information Sheet

Please complete and return to the instructor at the end of the first meeting of class. You must return this form to me, so I know you are enrolled and active in the course. If you don’t return the form, you may be administratively dropped from the course by the Registrar’s Office.

Course section in which you are officially enrolled: 001_____ E01_____

Name (Last, First, MI) _____________________________________________________________

Name that you prefer to be called: ________________________________________________

Student ID number: _____________________________________________________________

E-mail address (please print clearly): ______________________________________________

Have you successfully completed the pre-requisites for this course (see syllabus above)?

Yes _____ No _____

Internship or other professional employment experience (including brief description of duties):

Please tell me something interesting about yourself (e.g., a hobby, an interest, a skill or talent, an interesting experience or accomplishment, etc…:)

Do you intend to pursue the CPA or other professional designation? Yes ____ No _____

What are your future career plans at this time?

I have read, and I understand, the course outline for ACCTNG 4435 (Fall 2017).

Signature of student