

The University of Georgia
Terry College of Business
J.M. Tull School of Accounting

AUDITING, RISK ASSESSMENT, AND CONTROL

Accounting 5200/7200

Spring 2005

11:00 – 12:15, Tuesdays and Thursdays, 105 Caldwell

Instructor: Penelope (Pennie) Bagley, CPA
Office: 224 Brooks Hall
Telephone: 542.3608
Office Hours: 3:30 – 5:00 p.m., Tuesdays
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Prerequisites: Credit for ACCT 5010 and credit or concurrent enrollment in ACCT 5310/7310

Required Textbooks:

1. Arens, A., R. J. Elder, and M. S. Beasley, 2005, *Auditing and Assurance Services: An Integrated Approach*, 10th ed., Prentice Hall.
2. Course readings and handout packet – available later in the semester at Bel Jean.

Course Objectives:

This course is designed to provide you with a conceptual understanding of financial statement auditing and the nature of other attestation services. One goal is for you to develop your professional skepticism by becoming critical readers and users of information. Additionally, you will gain an understanding of the regulatory environment in which auditors work and the recent changes in that environment. We will spend most of the course learning about the process of performing an audit and understanding how the various accounting cycles are audited. The material we will cover will assist you in preparing for the auditing section of the CPA exam; however, we do not have time to cover all topics that might appear on the exam.

Course Requirements and Grading:

1. **Grades:** Grades will be assigned on the following basis using a standard grading scale:

Major Quiz	100
Midterm Exam	200
Final Exam	200
Projects (2 @ 60 points each)	120
In-class project	40
Research project	40
Homework (best 5 out of 6)	<u>100</u>
Total points	<u>800</u>

2. **Assignments (Projects and Homework):** In general, excused and unexcused absences do not affect the due dates for class assignments. Homework can be submitted early (either via e-mail or hand delivered) if you expect to miss a class in which an assignment is due.

Projects: You will hand in two projects and one research project. The research project will be an individual project. The regular projects will require analysis you will conduct in groups of three. If you do not work in a group of three (and have not received permission from me to do otherwise) you will be penalized 10 percent of the value of the assignment. You may choose your group members for these assignments. You are allowed to change groups at any time, however please notify me of the change. You are expected to resolve any group problems on your own. Remember, you will be working in groups when you get to practice, therefore the ability to resolve group problems will be a skill you will need for your future career.

The dates on which you will hand in written projects are shaded. All projects must be handed in at the beginning of the class scheduled on the due date. Late projects will not be accepted. You will need to bring an extra copy to reference during class discussion.

Homework: You are assigned nearly daily homework. The items listed as “Homework” on the Class Assignments pages are the problems that will be collected and graded. The homework will be graded based on accuracy. You may work together on homework, however each of you should turn in your own write up of the homework. Homework will be collected from approximately one-half (chosen at random) of the class at the beginning of the period on the day it is listed on the class schedule. Homework will be graded on a 20-point scale. You will be able to drop your lowest homework score. Late homework will receive a score of zero.

The items listed as “Suggested” on the Class Assignments pages are additional problems that you should do to enhance your understanding of the material. These suggested items will not be collected; however, we may occasionally discuss them in class as time permits. You can check the answers with the solutions manual for the answers during my office hours.

3. **Class Format:** Class sessions will be in a lecture/problem solving format based on the relevant professional standard or chapter. You are expected to participate in class discussion. You are responsible for all material covered in class. Additionally, you are responsible for material covered by reading assignments but not specifically covered in class. You are **strongly** encouraged to ask any questions you may have. Formulating good questions, listening, and observing are the essence of auditing!
4. **Exam Policies:** Exams must be taken at the scheduled times unless you have a reasonable and verifiable excuse. You should notify me in advance, via phone or email, if you will be unable to take an exam as scheduled due to illness, conflict with another course meeting time, or other reason. If you miss an exam without permission you will receive a zero. Given the new flexibility in scheduling the CPA exam, this will not be considered a reasonable excuse for missing a regular or final exam in this course.

The midterm exam will be given in the evening. If you are uncomfortable walking on campus after the exam there is a university sponsored evening escort service available. You can find more information about this service at its website:
<http://www.ps.uga.edu/Administration/EscortService.html>

5. **Academic Integrity:** I take your academic integrity very seriously. You will be entering a profession that requires the highest standards of ethical conduct. You are expected to conform to the general principles of academic honesty as set forth in the Office of the Provost's brochure, *A Culture of Honesty*. If there is any question about whether an act constitutes academic dishonesty, the best course of action is to ask for guidance before acting.

CLASS ASSIGNMENTS

Note that I reserve the right to modify the schedule as needed.

1/11	Topic: Read:	Course Introduction This syllabus!
1/13		No class!
1/18	Topic: Read: Suggested:	What is Auditing? Demand for Audits Chapter 1 (Note: all chapter references are to Arens et al.) 1-16, 1-17, 1-18, 1-19
1/20	Topic: Read:	The Profession and Regulation Chapter 2 Chapter 3 p. 45-49
1/25	Topic: Homework:	Recent Events in the Profession 2-21
1/27	Topic: Read:	Auditor Responsibilities and Objectives Chapter 6
2/1	Topic: Read: Homework: Suggested:	Evidence Chapter 7 6-22, 6-29 6-25, 6-26
2/3	Topic: Read: Homework: Suggested:	Audit Planning and Analytical Procedures Chapter 8 7-31, 7-32 7-34, 7-36, 7-37
2/8	In class project:	Northern Frontier Park
2/10	Topic: Read: Homework: Suggested:	Materiality and Risk Chapter 9 8-30 8-33, 8-34(a)
2/15	Topic: Read: Homework: Suggested:	Materiality and Risk Chapter 9 9-30 9-25, 9-26, 9-29, 9-31, 9-32, 9-33
2/17		MAJOR QUIZ – in class

2/22	Topic: Read:	Internal Control and Control Risk Chapter 10
2/24	Topic: Read:	Internal Control and Control Risk Chapter 10
3/1	Topic: Read: Homework: Suggested:	Audit Planning and Audit Programs Sales and Collections Cycle Chapter 13 Chapter 14 10-27(b) 10-26(a-d), 10-28, 10-31(3)
3/3	Topic: Read: Homework: Suggested:	Sales and Collections Cycle Chapter 14 13-25 13-28, 13-29
3/8	Topic: Read: Suggested:	Sales and Collections Cycle Chapter 14 14-24, 14-25, 14-26, 14-27, 14-28, 14-29, 14-30
3/10	Topic: Read: Project:	Controls Tests and Substantive Tests of Details Chapter 15 Research Project
3/15 and 3/17		Spring Break – Have Fun!
3/22	Topic: Read: Homework: Suggested:	Controls Tests and Substantive Tests of Details Chapter 15 15-28 (b and c), 15-31 15-25(b), 15-26(a and b)
3/24	Project:	Southeast Shoe Distributor Case 27, Audit Procedures 5-6
3/29	Topic: Read:	Auditing Accounts Receivable Chapter 16
3/31	Topic:	Catch up and Review MIDTERM EXAM: 6-9 pm
4/5	Topic: Read: Homework: Suggested:	Sampling Tests of Balances Chapter 17 16-27, 31 16-23, 16-24, 16-30, 16-32

4/7	Topic: Read: Homework: Suggested:	Acquisition and Payment Cycle Chapter 19 17-29 17-30(e), 17-32, 17-33(a and c) 19-20, 19-21, 19-23, 19-24, 19-25, 19-28, 19-31
4/12	Topic: Read:	Completing the Audit and Communicating Results Ch. 24
4/14	Project:	Southeast Shoe Distributor Cases 30 and 31
4/19	Topic: Read: Homework: Suggested:	Sarbanes-Oxley Act of 2002 Legislative Summary of the Sarbanes-Oxley Act of 2002 24-25 24-26, 24-28, 24-30, 24-32, 24-34
4/21	Topic: Homework:	Section 404 Audit – Guest Speaker Handout question
4/26	Topic: Read:	Audit Reporting Chapter 3
4/28	Topic: Homework: Suggested:	Catch up and Review 3-29 3-26, 3-27, 3-28, 3-30, 3-32, 3-33, 3-34
5/10		FINAL EXAM: 12:00 – 3:00