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### ACTG 411.01: Auditing I

Casey J. McNellis

University of Montana - Missoula, [casey.mcnellis@umontana.edu](mailto:casey.mcnellis@umontana.edu)

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**UNIVERSITY OF MONTANA**  
**SCHOOL OF BUSINESS ADMINISTRATION**  
**ACTG 411 – AUDITING I (3 CREDITS) – SPRING 2015**  
**SECTION 1: MW 9:40 – 11:00 AM – GBB 201**  
**SECTION 2: MW 11:10 AM – 12:30 PM – GBB 201**

**Instructor:** Dr. Casey J. McNellis, PhD, CPA  
**Office:** GBB 309  
**Office Hours:** MW 12:35 – 2:05 p.m.; 3:35 – 4:35 p.m. & by appointment  
**Email:** [Casey.McNellis@business.umt.edu](mailto:Casey.McNellis@business.umt.edu)  
**Phone:** 406-243-4698

**Course Learning Goals**

At the completion of this course, a successful student will be able to:

1. Describe the relationship between **attestation, assurance, and auditing** engagements and their roles in society
2. Understand the role of **ethics**, the Code of Professional Conduct, professional skepticism, and professionalism in the profession
3. Identify important **audit standard-setting** bodies and processes
4. Understand **generally accepted auditing standards**
5. Write the standard **audit report** and understand when standards require variations from it
6. Understand the distinct **steps in the audit process**, including how activities in different phases of the audit relate to one another
7. List and explain management's financial statement **assertions**, and relate audit objectives to assertions
8. Define the elements of **audit risk**, their relationship to one another, and how internal and external factors impact the elements of audit risk
9. Thoroughly understand **best practices for internal control** and how internal controls relate to audits of both public and nonpublic entities, including the impact on the audit of ineffective controls
10. Differentiate audit standards and requirements for **public company versus private entity** audits
11. Understand the auditor's responsibility with regards to **fraud**
12. Identify and associate **audit procedures** in a particular area with risks, assertions, and audit objectives for the area
13. Identify required audit **communications** and **documentation**.
14. Understand **current events** impacting the audit profession
15. Articulate how auditors are **regulated**
16. Perform work and make judgments under **time pressure**.

**Pre-requisites:** ACTG 306, ACTG 321, and all lower business core; OR enrollment as a PMAC or MAcct student who has been advised to take the course.

**\*\*\*THIS COURSE MUST BE TAKEN FOR A LETTER GRADE\*\*\***

### Drop/Add Policy

The last day to drop the class is the **45<sup>th</sup> instructional day (Monday, April 6<sup>th</sup> – 5:00 PM)**. After this date, students must petition to drop the course (grade = WP only for grade percentages of 70% or higher at the time the petition is initiated). I will not sign petitions to drop after April 6th unless the circumstances are extraordinary (i.e. accident or illness; family emergency; or other circumstances beyond the student's control). Per university policy, drop slips will not be signed for any reason after the last day of semester instruction. All of the policies can be found at the following link: <http://www.umt.edu/registrar/>. Please note that poor academic performance and its consequences are not valid reasons for petition approval.

### Required Materials

Custom textbook: *Auditing & Assurance Services, 6th edition*, by Louwers, Ramsay, Sinason, Strawser, and Thibodeau. This text is available at the bookstore and is sold with a CONNECT access code included. See Moodle for CONNECT registration information.

### Performance and Evaluation\*

Exams (3 @ 120 points each)	360	45.0%
CONNECT Homework (8 @ 5 points each)	40	5.0%
Research Cases (4 @ 20/60/50/30)	160	20.0%
Audit Cases (2 @ 40 points each)	80	10.0%
Final Project	<u>160</u>	20.0%
<b>Total</b>	<b>800</b>	

*\*Failure to complete any of the assessments will result in a failing grade (F) for the course.*

### Grading Criteria

Course grades will be determined as identified below. **Grades are not negotiable.**

A	92-100%	B-	80-81.999%	D+	60-69.999%
A-	90-91.999%	C+	77-79.999%	D	50-59.999%
B+	87-89.999%	C	72-76.999%	F	Below 50%
B	82-86.999%	C-	70-71.999%		

**Grade Requirements:** C- or better to count in major

### Assessments

There will be three exams throughout the semester. The exams will cover topics discussed in class, assigned homework, and readings from the textbook. Exams will consist of multiple-choice questions and/or problems. There will be no make-ups unless legitimate documentation substantiating an illness, a family emergency, a school-sponsored event, etc. is provided. If you have an emergency, please contact me by email or phone **PRIOR TO THE EXAM** to make arrangements.

### CONNECT Homework

The process of completing homework exercises is integral to understanding the concepts underlying the audit process. Homework will be assigned for most chapters and **MUST** be completed in CONNECT by the due date designated in the course schedule below. Completion of homework exercises is not a guarantee of success in this course.

## **Group Work**

The Research Cases, Audit Cases, and Final Project will be completed in groups, which will be chosen at the beginning of the semester. In general, the individuals within a group will receive the same grade based upon the group's collective efforts and performance. However, throughout the semester, I will ask for feedback from each student regarding his/her group experience. If particular group members do not contribute equally to the effort and performance of the group, I reserve the right to assign different grades for each group member, based upon my own assessment of effort and performance in conjunction with the feedback from group members.

## **Participation & Attendance**

Attending class is strongly recommended. However, simply showing up for class is not sufficient for success in this course. Students are expected to actively participate in all aspects of the course. Exams will cover material from the text as well as material discussed in class (that is not in the text). Additionally, material covered in this course is also covered on a number of professional certification exams. The CPA, CIA, CISA, and CFE exams all include concepts from this course to some extent. This course covers most, but not all, of the material tested on the Auditing section of the CPA exam.

## **Graduate Credit**

Graduate students wishing to take ACCT 411 for graduate credit must complete an additional project/research assignment. The details will be provided by me. All graduate students need to meet with the instructor the first week of class to inform the instructor if graduate credit is desired. It is the student's responsibility to change credit status to undergraduate if the graduate option is not selected.

## **Student Conduct**

- Show up to class on time
- Keep cell phones off during class
- Put cell phones, laptops, etc. away during exams
- Respect each other
- Be professional

## **Academic Misconduct**

Academic honesty is fundamental to the activities and principles of a university. All members of the academic community must be confident that each person's work has been responsibly and honorably acquired, developed, and presented. Any effort to gain an advantage not given to all students is dishonest whether or not the effort is successful. The UM academic community regards academic dishonesty as an extremely serious matter, with consequences that range from failure to expulsion. If you have questions about issues related to academic dishonesty, please review the Student Conduct Code ([http://life.umt.edu/vpsa/student\\_conduct.php](http://life.umt.edu/vpsa/student_conduct.php)) and/or talk to the instructor.

## **Students with Disabilities**

Reasonable accommodations are available for students with a documented disability. If you think you may have a disability adversely affecting your academic performance, and you have

not already registered with DSS, please contact DSS in Lommasson 154. The University of Montana assures equal access to instruction through collaboration between students with disabilities, instructors, and Disability Services for Students (DSS). “Reasonable” means the University permits no fundamental alterations of academic standards or retroactive modifications. For more information, please consult <http://www.umt.edu/disability>.

### **Email**

According to University policy, faculty may only communicate with students regarding academic issues via official UM email accounts. Accordingly, students must use their GrizMail accounts ([netid@grizmail.umt.edu](mailto:netid@grizmail.umt.edu) or [fname.lname@umontana.edu](mailto:fname.lname@umontana.edu)). Email from non-UM accounts will likely be flagged as spam and deleted without further response. To avoid violating the Family Educational Rights and Privacy Act, confidential information (including grades and course performance) will not be discussed via phone or email.

### **School of Business Administration Mission Statement**

The University of Montana’s School of Business Administration is a collegial learning community dedicated to the teaching, exploration, and application of the knowledge and skills necessary to succeed in a competitive marketplace.

### **Accounting Program Mission Statement**

The Department of Accounting and Finance prepares ethically aware decision makers with effective analytical and qualitative business knowledge and skills to become professionals in their respective fields. We commit to high quality teaching and applying scholarship to professional practice and theory. The undergraduate accounting program is committed to preparing students to apply accounting and business knowledge in organizations.

### **Assessment and Assurance of Learning Goals**

As part of our assessment process and assurance-of-learning standards, the School of Business Administration has adopted seven learning goals for all undergraduate students, and the accounting program has adopted four additional learning goals for accounting majors.

SoBA graduates will:

1. Possess fundamental business knowledge.
2. Be able to integrate business knowledge.
3. Be effective communicators.
4. Possess problem solving skills.
5. Have an ethical awareness.
6. Be proficient users of technological skills.
7. Understand the global business environment in which they operate.

Accounting majors will:

1. Possess fundamental accounting knowledge.
2. Be effective business writers.
3. Critically analyze and solve problems, using technology where appropriate.
4. Understand the importance of ethics to the accounting profession and demonstrate ethical decision making.

## Course Schedule

<u>Date</u>	<u>Topic (subject to change)</u>	<u>Deadlines (homework due at 9:30 a.m. on specified due dates)</u>
Jan 26	Introduction	
Jan 28	Chapter 1 – Auditing and Assurance Services	
Feb 2	Chapter 1 – Auditing and Assurance Services	
Feb 4	Chapter 2 – Professional Standards	
Feb 9	Module B – Professional Ethics	
Feb 11	<b>Exam 1</b> Introduction to Research Case 1	<b>Chapter 1/Chapter 2/Module B Homework Due</b>
Feb 16	<b>PRESIDENTS DAY – NO CLASS</b>	
Feb 18	Research Case 1	<b>Research Case 1 Due</b>
Feb 23	Chapter 4 - Management Fraud and Audit Risk	
Feb 25	Chapter 3 – Engagement Planning	
Mar 2	In-class audit case	
Mar 4	Chapter 4 – Management Fraud and Audit Risk	
Mar 9	Chapter 5 – Risk Assessment: Internal Control Evaluation Introduction to Audit Case 1	
Mar 11	<b>Exam 2</b> Research Case 2	<b>Chapter 3/Chapter 4/Chapter 5 Homework Due</b>
Mar 16	Research Case 2 Introduction to Final Project	<b>Research Case 2 Due</b>
Mar 18	Chapter 6 – Employee Fraud and the Audit of Cash	
Mar 23	Chapter 7 – Revenue and Collection Cycle	
Mar 25	Audit Case 1	<b>Audit Case 1 Due – Mar. 27 12:00 p.m.</b>
Mar 30	<b>SPRING VACATION – NO CLASS</b>	
Apr 1	<b>SPRING VACATION – NO CLASS</b>	
Apr 6	Chapter 8 – Acquisition and Expenditure Cycle	
Apr 8	Chapter 8 – Acquisition and Expenditure Cycle Audit Case 2	
Apr 13	Audit Case 2	
Apr 15	Research Case 3	<b>Research Case 3 Due</b>
Apr 20	Chapter 11 – Completing the Audit	<b>Audit Case 2 Due</b>
Apr 22	Chapter 12 – Reports on Audited Financial Statements	
Apr 27	<b>Exam 3</b> Introduction to Research Case 4	<b>Chapter 11/Chapter 12 Homework Due</b>
Apr 29	Final Project	
May 4	Research Case 4	<b>Research Case 4 Due</b>
May 6	Final Project	<b>Final Project Due Monday, May 11 3:00 p.m.</b>