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# ACTG 411.01: Auditing I

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ACTG 411 - Auditing I (3 cr.)  
Spring 2018  
CRN 34788 Section 01: TR 09:30 – 10:50, GBB 226  
CRN 35300 Section 02: TR 11:00 – 12:20, GBB 226



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Wednesday 11 am - 12:30 pm  
And by appointment (email to arrange)  
**Course website:** CRN 34788 Section 01: <https://moodle.umt.edu/course/view.php?id=21616>  
CRN 35300 Section 02: <https://moodle.umt.edu/course/view.php?id=21617>

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### CATALOG DESCRIPTION

*ACTG 411 - Auditing I:* Prereq., junior standing in Business, ACTG 321 and ACTG 306, or consent of instr. Introduction to auditing with emphasis on the independent audit of financial statements. Coverage includes professional standards, ethics, audit risk, evidence, internal controls, procedures, opinions, operational and compliance auditing.

### PROGRAM MISSION STATEMENT AND LEARNING GOALS

The University of Montana's College of Business enhances lives and benefits society by providing a world-class business education in a supportive, collegial environment.

We accomplish this mission by acting on our shared core values of creating significant experiences, building relationships, teaching and researching relevant topics, behaving ethically, and inspiring individuals to thrive.

As part of our assessment process and assurance-of-learning standards, the College of Business has adopted the following learning goals for our undergraduate students:

1. COB graduates will possess fundamental business knowledge
2. COB graduates will be able to integrate business knowledge
3. COB graduates will be effective communicators.
4. COB graduates will possess problem-solving skills.
5. COB graduates will have an ethical awareness.
6. COB graduates will be proficient users of technology.
7. COB graduates will understand the global business environment in which they operate.

In addition, 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. The accounting faculty have adopted the following learning goals for our undergraduate accounting students:

1. Accounting majors will possess fundamental accounting knowledge.
2. Accounting majors will be effective writers.
3. Accounting majors will critically analyze and solve problems, using technology where appropriate.
4. Accounting majors will understand the importance of ethics to the accounting profession and demonstrate ethical decision making.

## COURSE LEARNING OUTCOMES

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

- Describe the relationship **between attestation, assurance, and auditing** engagements and their roles in society
- Understand the role of **ethics**, the Code of Professional Conduct, professional skepticism, and professionalism in the profession
- Identify important **audit standard-setting** bodies and processes
- Understand **Generally Accepted Auditing Standards**
- Write the **standard audit report** and understand when standards require variations from it
- Understand the distinct **steps in the audit process**, including which activities are performed in different phases of the audit and how these activities relate to one another
- List and explain management's financial statement **assertions**, and relate audit objectives to management assertions
- Define the elements of **audit risk**, their relationship to one another, and how internal and external factors impact the elements of audit risk
- 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 on audit risk components
- Differentiate audit standards and requirements for **public company versus private entity** audits
- Understand the **auditor's responsibility with regards to fraud**
- Identify and associate **audit procedures** in a particular area with risks, management assertions, and audit objectives for the area
- Identify required audit **communications and documentation**
- Understand **current events** impacting the audit profession
- Articulate how auditors are **regulated in the U.S.**
- Perform work and make judgments under **time pressure**

## PROFESSIONAL EXAMS

Material covered in this course is also 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. Students desiring to take the CPA exam may obtain the additional information by self-study using CPA review materials or by taking an Advanced Auditing course as a graduate student in a Masters of Accounting program.

## REQUIRED MATERIALS

The following materials are required for this course:

1. **Textbook**  
*Auditing & Assurance Services, 7th edition*, by Louwers, Ramsay, Sinason, Strawser, and Thibodeau. This must be obtained from the UM Bookstore.
2. **Financial Calculator**  
You cannot use a graphing calculator or other calculators with text memory during examinations. The Department of Accounting & Finance has approved two calculators for use in all Accounting and Finance courses – the **Texas Instruments BA II+** and then **Texas Instruments BA II+ Professional**.
3. **Connect Access code**  
Included with the custom book package. The access code, if purchased separately, is more expensive than the bundle. So even if you have a used book, the package at the UM Bookstore is the best deal.
4. **UM Email**  
that you check daily (see policy on email below)
5. **Subscription to The CPA Letter Daily (optional)**

An AICPA e-newsletter published early each weekday morning. This is free and a painless way to stay up with the profession. Sign up here:

<http://www.aicpa.org/PUBLICATIONS/NEWSLETTERS/CPALETTERDAILY/Pages/default.aspx>.

We also strongly encourage student membership in the AICPA, (free membership at <http://www.aicpa.org/MEMBERSHIP/JOIN/Pages/individual-memberships.aspx>.)

### ADDITIONAL AVAILABLE MATERIALS

The following materials will be posted to Moodle as a resource and are strongly recommended:

1. Class slides (if applicable)
2. Class notes and reference material (if applicable)
3. Review sheets for exams

### PREREQUISITE

ACTG 411 serves as a capstone for accounting majors. Auditors must be GAAP and internal control experts. Students enrolled in ACTG 411 must have completed ACTG 306, ACTG 321, and all lower business core or be a PMAC or MAcct student who has been advised to take the course.

### OTHER IMPORTANT INFORMATION

#### 1. Access to Moodle

I will use Moodle to post class lecture notes, announcements, study materials (including “provided” problems and review problems), and grades.

#### 2. Attendance

While I will not take attendance, attendance in class is strongly encouraged and class participation is expected of all students.

### COURSE EXPECTATIONS

You are responsible for your own learning process. Here are the daily requirements for class.

1. **Arrive on time.** In a small classroom, arriving late is a distraction to me as the instructor and to your peers. However, I would not want you to miss an entire class just because you were running late. If you are running late, enter quietly, take a seat, and immediately begin engaging in the material.
2. **Stay for the entire class.** Leaving early puts you at a disadvantage. Respect the class time and avoid scheduling conflicts with class. If you must leave early, please inform me *prior* to the beginning of class.
3. **Arrive Prepared and Participate.** You are responsible for your own learning. You are expected to study the chapter readings before topics are introduced in class and to complete assigned homework questions and exercises to reinforce what you learn. ***You can't effectively learn accounting without doing the readings and assignments.*** I expect each of you to make a valuable contribution to the class' learning experience by asking questions, offering solutions to problems, and working with group members when group problems are assigned in class. Remember, we may challenge ideas, but we will not challenge *people*.
4. **Put Away Electronic Devices.** Turn of your cell phone and put it away during class. Texting is not permitted. Put away all other electronic devices (i.e. computers, ipads, etc.). These may not be used during class.
5. **Be Informed. Stay Informed.** It is your responsibility to regularly check both your email and the class site on Moodle. I will correspond with the class through email addresses supplied to me on Moodle and on Cyberbear. They are the email addresses that you have given the University for directory purposes. It is your responsibility to ensure this email address is active. Any outside-of-class announcements that I make (e.g., corrections or clarifications of items discussed in class, syllabus changes, etc.) will be sent to you via e-mail.

## COURSE ASSIGNMENTS

### Homework

All homework is due on the date listed on the schedule before class. The homework will be available on Connect. Each chapter has a collection of multiple choice questions to be completed via the online Connect homework system. **There is no extra credit homework.** Due dates for these are always the start of your respective class. **No late homework will be accepted.**

### Cases & Written Assignments

Cases and written assignments are collected for a grade and may be completed during or outside of class, depending on the assignment. Assignments completed in class cannot be made up if you are absent unless you have an excused absence (see Exams section for definition). Students should demonstrate pride in all their work. You should type all work products unless otherwise noted. Auditors spend much of their day documenting their audit findings. Every written assignment should be of a quality you would be proud to have reviewed by a partner or supervisor or to submit to a client. Assignments should be free from grammatical and spelling errors.

### Practice Material on Connect

For each chapter, multiple choice and study guide questions are assigned in Connect. There are no points allocated to the multiple choice and study guide questions. I strongly suggest you review the multiple choice and study guide questions to prepare for exams. I will not devote class time to them, but you should see me if you have questions.

### Quizzes

Quizzes will be given periodically (not during exam weeks). Missed quizzes are scored as a zero and cannot be made up unless it is an excused absence (see Exam section for definition). Note that quizzes are short and usually at the beginning of class. If you arrive late, you will not be allotted extra time. I do not allow students to take the quiz and leave for the rest of class unless there is an unusual circumstance approved ahead of time.

### Unit (Midterm) Exam

There will be three unit (midterm) exams.

### Final Exam

The final exam has been *tentatively* established for Wednesday, May 9th from 8 am to 10 am. The final exam will be cumulative. It will be a closed-book, closed-note two-hour exam. ***If you believe you have a conflict, inform me no later than April 13, 2018.***

## COURSE ASSESSMENT

Students' mastery of the course material is assessed through periodic quizzes, exams, and assignments. **Extra credit is not available.** All grades are updated in Moodle on a periodic basis. Final course grades are non-negotiable, regardless of secondary consequences.

	Undergraduates	Grad Students
Quizzes	10%	5%
Exam 1	20%	20%
Exam 2	20%	20%
Exam 3	20%	20%
Comprehensive Final Exam	25%	25%
Graded Assignments	5%	5%
Graduate Project & Presentation	N/A	5%
Total	100%	100%

Your grade for the course will be based on a total percentage using a standard scale:

A – Excellent*	90% - 100%
B – Good*	80% - 89%
C – Satisfactory*	70% - 79%
D – Poor*	60% - 69%
F – Failure*	Below 60

I will use discretion to utilize the symbols + or -. Lower ends of the percentages (e.g., 80% - 83%) generally represent the *starting* point for minuses and upper ends of the percentages (e.g., 87% - 89%) generally represent the *starting* point for pluses.

**NOTE:** All ACTG courses are listed in the course catalog as “T” courses, which means they must be taken for a traditional letter grade. CR/NCR grading is not an option for this course.

\* The verbal descriptions for each letter grade are excerpts from the University of Montana Academic Policies and Procedures catalog, available here: [http://archive.umt.edu/catalog/14\\_15/academics/academic-policy-procedure.php](http://archive.umt.edu/catalog/14_15/academics/academic-policy-procedure.php)

### **COURSE ASSISTANCE**

Students are strongly encouraged to attend office hours for course assistance, guidance, and accounting career advising. My office hours are Mondays 1 – 2:30 pm, Wednesdays 11 am – 12:30 pm, and by appointment.

### **DISABILITY SERVICES FOR STUDENTS**

Students with disabilities will receive reasonable modifications in this course. The student’s responsibilities are to request them from me with sufficient advance notice and to be prepared to provide official verification of disability and its impact from Disability Services for Students. Please speak with me after class or during my office hours to discuss the details. For more information, visit the website for the office of [Disability Services for Students](http://www.umt.edu/dss/) (found online at <http://www.umt.edu/dss/>).

### **BEHAVIOR EXPECTATIONS**

#### **PROFESSIONALISM**

Students are preparing to become business professionals, and professional behavior is expected at all times. Students are expected to abide by the [COB Code of Professional Conduct](http://www.business.umt.edu/ethics/professional-conduct-code.php) (found online at <http://www.business.umt.edu/ethics/professional-conduct-code.php>). Treat class sessions like business meetings. Failure to adhere to these expectations may result in being asked to leave the classroom. In addition, students will:

- Remain in the class for the duration of class time (no in and out or leaving early)
- Bring all materials needed for class, including the book, calculator, and assignments
- Refrain from using any technology, including cell phones, not required for the class conduct at that time
- Being an active listener – not talking while others, including the instructor, are talking

#### **EMAIL**

According to University policy, faculty may only communicate with students regarding academic issues via official UM email accounts. Accordingly, students must use their UM accounts. 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. All email communications should be professional in tone and content. A professional email includes a proper salutation, grammar, spelling, punctuation, capitalization, and signature. Please check your UM email daily so you won’t miss important class and COB announcements.

## EXAM CONDUCT

Students must take exams on their regularly scheduled days unless they have an excused absence. Excused absences ONLY include (1) University-approved absences, (2) documented health emergencies, (3) civil service such as military duty and jury duty, and (4) other emergencies deemed appropriate by the instructor. In all cases, the instructor must be notified prior to the exam unless the emergency makes such notification infeasible. During the exam, you may not leave the room for any reason. Doing so results in the conclusion of that student's exam. Students must use an approved calculator (see required materials section above). If a student forgets a calculator, the student will work the math by hand. Electronic dictionaries, cell phones, tablets, laptops, notes, smart watches, or other assistive items are not allowed. Students may be using Scantron forms provided by the instructor to complete a portion of each exam, and the Scantron form must be completed prior to the exam end time. For these questions, only answers on the Scantron are graded, so complete it with care.

## ACADEMIC MISCONDUCT

All students must practice academic honesty. Academic misconduct is subject to an academic penalty by the course instructor and/or a disciplinary sanction by the University. The [University of Montana Student Conduct Code](#) specifies definitions and adjudication processes for academic misconduct and states, "Students at the University of Montana are expected to practice academic honesty at all times." **IMPORTANT: It is the student's responsibility to be familiar with the [Student Conduct Code](#), including definitions of academic misconduct.** (found online at [http://www.umt.edu/vpsa/policies/student\\_conduct.php](http://www.umt.edu/vpsa/policies/student_conduct.php)).

The College of Business endorses academic honesty as a pillar of integrity crucial to the academic institution. Academic honesty is an important step towards developing an ethical backbone needed in a professional career. Failure to practice academic honesty is considered academic misconduct. Academic misconduct will be penalized to the fullest extent. Students are expected to:

- Be knowledgeable of activities that are considered academic misconduct, as defined in section V.A. of the UM Student Conduct Code,
- Practice academic honesty on all exams, quizzes, homework, in-class assignments, and all other activities that are part of the academic component of a course,
- Encourage other students to do the same.

Confusion may arise in what is and is not academic misconduct. Students should ask their instructor if they are unsure if a behavior will be viewed as academic misconduct. A good rule of thumb is that any credit-earning activity in a course should represent the true skills and ability of the person receiving the credit. If, at any point, a student is unsure if working with another student is permissible, that student should contact the instructor before doing so.

A partial list of situations that are considered academic misconduct includes:

- Plagiarism – using another's words, ideas, data, or materials and representing them as your own. This includes lifting anything from the Internet and embedding it in your work without proper citation of the source. It also includes using your own work previously graded for another class, unless explicitly permitted to do so by the current course instructor.
- Cheating on an Academic Exercise – using a source that the instructor did not explicitly authorize, regardless of how you came across the source. This would include:
  - using solutions manuals, test banks, graded material from another semester, information from another student (with or without their consent), and online essays or analyses (free or purchased),
  - sharing information about exam content with a student who has not yet taken the exam,
  - removing exams from the room without authorization,
  - consulting any unauthorized source during an exam, such as a cell phone, notes, the Internet, or another student's paper,
  - receiving assistance on an academic exercise without instructor permission.

- Improper Influence – calculating to influence the instructor to assign a grade other than the grade actually earned. This includes lying to the instructor in pursuit of extensions, leniency, or grade alterations.
- Facilitating Academic Dishonesty – knowingly helping another person engage in academic misconduct.

The complete code is available on the College of Business website:  
<http://www.business.umt.edu/ethics/professional-conduct-code.php>

### **EMERGENCY PROCEDURES**

In the event of a campus emergency during class, please follow instructions provided by your instructor or the UM emergency alert system. Failure to do so could hamper efforts to resolve the emergency situation in a safe, timely manner.

### **DROPS AND INCOMPLETE GRADES**

This course follows published UM policies on drop dates and incomplete grades. These are excerpted below.

#### **Drop dates**

Dates and policies per the UM catalog:

- February 9, 2018 – last day to drop course in CyberBear with no approvals required
- April 2, 2018 – last day to drop course with instructor and advisor signatures; a “W” will appear on the transcript
- After April 2, 2018 – to drop course requires instructor, advisor, and COB Dean signatures; a “WP” (withdraw passing) or “WF” (withdraw failing) will appear on the transcript and no refund will be provided.

#### **Incompletes**

Policy per the UM catalog: “Incomplete grades are not an option to be exercised at the discretion of a student. In all cases it is given at the discretion of the instructor within the following guidelines. A mark of incomplete may be assigned students when (1) the student has been in attendance and doing passing work up to three weeks before the end of the semester, and (2) for reasons beyond the student's control and which are acceptable to the instructor, the student has been unable to complete the requirements of the course on time. *Negligence and indifference are not acceptable reasons.*”

### **GRIEVANCE PROCEDURE**

The formal means by which course and instructor quality are evaluated is through the written evaluation procedure at the end of the semester. The instructor and department chair receive copies of the summary evaluation metrics and all written comments sometime *after* course grading is concluded. Students with concerns or complaints during the semester should first communicate these to the instructor. This step almost always resolves the issue. If the student feels that the conflict cannot be resolved after meeting with the instructor, the student should contact the department head, Joshua Herbold. If, after speaking with the department head and the instructor, the student still feels that the conflict has not been resolved, contact the Associate Dean of the School of Business Administration, Klaus Uhlenbruck.

### **TENTATIVE SCHEDULE (attached)**

Changes may be announced in class.



Class:	Prepare For:	Event:	Chapter	Topic	Reading Assignment	Quiz	Connect Homework due: @ start of class
1	Tue Jan-23			Introduction			
2	Thu Jan-25			1 Auditing & Assurance Services	Chp. 1		
3	Tue Jan-30			2 Professional Standards	Chp. 2		
4	Thu Feb-01	*No formal class		2 Professional Standards			*Self-study assignment due at 5 pm
5	Tue Feb-06			2 Professional Standards		Quiz 1 [Chp 1 & 2]	Chp 1 Hmwk
6	Thu Feb-08		Module B	Professional Ethics	Module B		Chp 2 Hmwk
7	Tue Feb-13		Module B	Professional Ethics			
8	Thu Feb-15			3 Engagement Planning	Chp. 3		Module B Hmwk
9	Tue Feb-20			3 Engagement Planning		Quiz 2 [Module B & Chp 3]	
10	Thu Feb-22	*Exam 1 [Chp 1 to 3, Module B]		*Exam 1			Chp 3 Hmwk
11	Tue Feb-27			4 Management Fraud and Audit Risk	Chp. 4		
12	Thu Mar-01			4 Management Fraud and Audit Risk			
13	Tue Mar-06			5 Risk Assessment: Internal Control Evaluation	Chp. 5		Chp 4 Hmwk
14	Thu Mar-08			5 Risk Assessment: Internal Control Evaluation		Quiz 3 [Chp. 4 & 5]	
15	Tue Mar-13			6 Employee Fraud & the Audit of Cash	Chp. 6		Chp 5 Hmwk
16	Thu Mar-15			6 Employee Fraud & the Audit of Cash			
17	Tue Mar-20			*Review Day			Chp 6 Hmwk
18	Thu Mar-22	*Exam 2 [Chp 4 to 6]		*Exam 2			
	Tue Mar-27	*Spring Break					
	Thu Mar-29	*Spring Break					
19	Tue Apr-03			7 Revenue and Collection Cycle	Chp. 7		
20	Thu Apr-05			7 Revenue and Collection Cycle			
21	Tue Apr-10			8 Acquisition and Expenditure Cycle	Chp. 8	Quiz 4 [Chp 7]	Chp 7 Hmwk
22	Thu Apr-12			9 Production Cycle	Chp. 9		Chp 8 Hmwk
23	Tue Apr-17	*Exam 3 [Chp 7 to 9]		*Exam 3			Chp 9 Hmwk
24	Thu Apr-19			*Case Assignment			
25	Tue Apr-24			Grad Student Presentations			
26	Thu Apr-26			11 Completing the Audit	Chp. 11	Quiz 5 [Chp 8 & 9]	
27	Tue May-01			12 Reports on Audited Financial Statements	Chp. 12		*Case due on Tuesday 5/1
28	Thu May-03			12 Reports on Audited Financial Statements			due Friday 5/4 at 11:59 pm: Chp 12 Hmwk
	Wed May-09	*Tentative Final Exam 8 am - 10 am		*Final Exam (Cumulative)			