Advanced Audit & Assurance Services (rev. 8/27/14)

Course Description:
Advanced topics in auditing such as auditor ethics, legal liability, risk assessment, client acceptance, responsibility for fraud, audit materiality, audit sampling, audit evidence & documentation, integrated audits, research of professional standards & technical memo writing.

Learning Objectives:
By the end of this course, the student will be able to:
- learn to find and use resources (reference materials, data, and information sources) to solve problems
- understand and appreciate the role of the economic, regulatory, and technology environment in auditors’ decision making (i.e., seeing the big picture)
- develop abilities and skills in working with others as a team
- improve their analysis, problem-solving, research, and decision-making skills
- develop the technological skills, competencies, and ethical decision making points of view accounting professionals require
- develop skills in expressing their self, an idea, or point of view – both orally and in writing
- conduct an risk assessment of a company and recommend materiality and tolerable misstatement ranges for audit planning purposes
- developing your ethical principles to guide ethical decision making
- analyze and critically evaluate ideas, arguments, and points of view

Major Course Requirements:

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<tr>
<th>Requirement:</th>
<th>Percentage</th>
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<tr>
<td>Research memo assignments (RM) for technical memo writing (1 for practice and several graded assignments) - (grade award for the highest single memo assignment score) – refer to instructions at the end of the syllabus</td>
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<td>Video Cases (VID) in Bb (deliverables vary including: short essay, discussion board, survey, quiz, etc.)</td>
<td>20%</td>
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<tr>
<td>Wiley CPAexcel CPA Exam Review AUD Section Quizzes (note: you can retake each quiz with the last attempt counting)</td>
<td>20%</td>
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<td>Audit Practice Simulation (Peach Blossom Cologne Company “PBCC”)</td>
<td>20%</td>
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<tr>
<td>Cases (C)</td>
<td>20%</td>
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<tr>
<td><strong>Capstone Research Memo Assignment (as Final Exam)</strong></td>
<td>10%</td>
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<tr>
<td><strong>TOTAL</strong></td>
<td><strong>100%</strong></td>
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A letter grade will be determined based on the percentage earned of total points possible, as follows: A: 90-100%; B: 80-89%; C: 70-79%; D: 60-69%; F: 0-59%. All written assignments must be submitted through Islander Online (IOL, i.e., Blackboard) and all grades will be posted in IOL.
**Required Materials:**
ISBN: 978-0-07-340396-0

**HANDOUTS:** *Island Online Blackboard Materials (in Adobe Acrobat format).* See class schedule for listing of materials for each class date.

Electronic databases: (1) Checkpoint(RIAA) for auditing and accounting standards, (2) FASB Accounting Standards Codification (ASC) – see **Technology Applications** for more information, and (3) Wiley CPAexcel CPA Exam Review AUD (Auditing section) [http://www.efficientlearning.com/wileycpaexcel/](http://www.efficientlearning.com/wileycpaexcel/) free access provided for quiz taking purpose. You will receive an email from info@CPAEXCEL.COM similar to this:

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**Dear Don,**

**Congratulations!**

You have successfully enrolled in ACCT5341-Fall2014. You can access your courses and check the assignment schedule via the “Sign In” button on the CPAexcel homepage.

Please save the following important information:

**Username:** drdeisjr@aol.com

**Password:** xxxxxxx

**Offline Serial Number:** tamm-m4BraZB-Fcg2r

**Important!** You can access your course from the Course Manager on your home screen home panels.

If you have any difficulties using your course or questions about the application, please contact CPAexcel technical support.

Sincerely,

The CPAexcel Team

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**Important:** Access to the 8 quizzes is through the “Student Course Manager” window within “Welcome” window. Look for a course with a title that includes “ACCT5341-Spring2015.”

**Supplemental & Recommended Materials:**

**It is recommended** that you have a recent edition of an Auditing textbook. Examples include: Louwers et al., *Auditing & Assurance Services, 4th ed.*, Whittington and Pany, *Principles of Auditing & Assurance Services, 18th edition*; Messier et al., *Auditing & Assurance Services, 8th ed.* **Ask you instructor if you are not sure about the auditing text that you have.**

Links to other resources by standard setters and enforcement:

- AICPA [Authoritative Standards and Related Guidance for Nonissuers](http://www.aicpa.org)
- PCAOB [Standards and Related Rules](http://www PCAOB.org)
- IAASB [2013 Handbook of International Quality Control, Auditing, Review, Other Assurance, and Related Services Pronouncements](http://www.iaasb.org)
- SEC: [SEC Staff Accounting Bulletins (SAB)](http://www.sec.gov)
- SEC: [Rules and Regulations](http://www/sec.gov)

**Prerequisites:** Accounting foundation courses or their equivalent.

**Relationship to Other Coursework:**

Effective auditing involves developing an understanding of the client's business and industry, evaluating internal control, using judgment, and obtaining and evaluating evidence as a basis for the audit report. Auditing is an interdisciplinary field and has its foundations in other disciplines including ethics, marketing, economics, business law, statistics, accounting, and information systems. A background in these subjects provides the student with the tools to better understand the material covered in the course.
Instructional Methodology:
Independent study, online group discussion and analyses of cases, writing assignments, practice set, research of professional standards.

Class Preparation:
Students are expected to read the assigned materials, view assigned videos and other multimedia available in Blackboard, and work assignments set out in the class schedule. Online courses require the student to be self-disciplined. Successful students should plan to spend at least 6 hours a week studying for this class (not including time working on the assignments). Some assignments may be team oriented: the course instructor will form the teams.

Attendance Policy:
This is an online class. Students are expected to participate in discussion boards when assigned and to maintain the pace of the course as set out in the class schedule. Students should access Islander On-line (IOL) Blackboard several times a week.

Oral and Written Communication Content:
Auditing involves many judgment areas and classroom learning is enhanced by active discussion of the issues. Students are expected to participate in Bb discussion boards and be prepared to ask and answer questions. Auditing questions frequently do not have one correct answer. Therefore students should be prepared to defend the conclusions they reach.

Technology Applications:
To have a successful accounting career you must be able to research professional standard databases and apply the proper standard to the fact situation. The CPA exam also requires you to research electronic databases in answering “task-based” questions. We will use two internet–based research tools to develop informed answers to auditing issues in this course:

RIAA Checkpoint: electronic database of accounting and auditing standards: TAMUCC Library. [http://rattler.tamucc.edu](http://rattler.tamucc.edu) under “Find” select “Databases” click “Business and Economics” then select “Checkpoint (RIA)” – up to 25 concurrent users. NOTE: The new “clarified” AICPA auditing standards became effective for financial statement periods ending on or after December 15, 2012. The clarified standards were issued to converge U.S. auditing standards with international auditing standards and to provide a consistent structure within the standards themselves. To distinguish the clarified standards from the “old” standards, each standard contains an “AU-C” identifier instead of “AU.” In this course we will use the AU-C clarified standards. PCOAB auditing standards can be assessed from PCOAB’s website: [www.pcaobus.org](http://www.pcaobus.org) (under the “Standards” tab).
Although we will primarily use the auditing standards in Checkpoint (RIA), there may be instances where the FASB and GASB standards may be needed. FASB standards can be accessed through Checkpoint (RIA) or Academic Accounting Access to FASB Accounting Standards Codification:

http://aaahq.org/ascLogin.cfm

Username: AAA51324
Password: SXzs98P (up to 25 concurrent users)

Ethical Perspectives:
Auditors routinely encounter situations that require the application of ethics and the Code of Professional Conduct. AICPA Code of Professional Conduct & Texas Administrative Code

Global Perspectives:
The globalization of many audit clients raises the issue of international accounting and auditing standards and practices. The discussion of international issues is limited to a discussion of reports on financial statements prepared for use in other countries.

Demographic Diversity Perspectives:
This course will not specifically address the issue of demographic diversity.

Political, Social, Legal, Regulatory, and Environmental Perspectives:
A portion of the course will address the auditor's legal liability and the impact of regulatory bodies on the auditor and on the audit scope. Coverage of political, social, and environmental issues will be limited.

Academic Integrity/Plagiarism.
University students are expected to conduct themselves in accordance with the highest standards of academic honesty. Academic misconduct for which a student is subject to penalty includes all forms of cheating, such as illicit possession of examinations or examination materials, falsification, forgery, complicity or plagiarism. (Plagiarism is the presentation of the work of another as one’s own work.) In this class, academic misconduct or complicity in an act of academic misconduct on an assignment or test will result in a grade of “0” for the first instance and an “F” in the course on the second instance.

Dropping a Class
I hope that you never find it necessary to drop this or any other class. However, events can sometimes occur that make dropping a course necessary or wise. Please consult with me before you decide to drop to be sure it is the best thing to do. Should dropping the course be the best course of action, you must initiate the process to drop the course by going to the Student Services Center and filling out a course drop form. Just stopping attendance and participation WILL NOT automatically result in your being dropped from the class. April 10 is the last day to drop a class with an automatic grade of “W” this term. May 4 is the last day to withdraw from the University.

Classroom/professional behavior
Texas A&M University-Corpus Christi, as an academic community, requires that each individual respect the needs of others to study and learn in a peaceful atmosphere. Under Article III of the Student Code of Conduct, classroom behavior that interferes with either (a) the instructor’s ability to conduct the class or (b) the ability of other students to profit from the instructional program may be considered a breach of the peace and is subject to disciplinary sanction outlined in article VII of the Student Code of Conduct. Students engaging in unacceptable behavior may be instructed to leave the
Statement of Civility (can be in place of classroom/professional behavior)
Texas A&M University-Corpus Christi has a diverse student population that represents the population of the state. Our goal is to provide you with a high quality educational experience that is free from repression. You are responsible for following the rules of the University, city, state and federal government. We expect that you will behave in a manner that is dignified, respectful and courteous to all people, regardless of sex, ethnic/racial origin, religious background, sexual orientation or disability. Behaviors that infringe on the rights of another individual will not be tolerated.

Grade Appeals
As stated in University Procedure 13.02.99.C2.01, Student Grade Appeal Procedures, a student who believes that he or she has not been held to appropriate academic standards as outlined in the class syllabus, equitable evaluation procedures, or appropriate grading, may appeal the final grade given in the course. The burden of proof is upon the student to demonstrate the appropriateness of the appeal. A student with a complaint about a grade is encouraged to first discuss the matter with the instructor. For complete details, including the responsibilities of the parties involved in the process and the number of days allowed for completing the steps in the process, see University Procedure 13.02.99.C2.01, Student Grade Appeal Procedures. These documents are accessible through the University Rules Web site at http://www.tamucc.edu/provost/university_rules/index.html. For assistance and/or guidance in the grade appeal process, students may contact the Dean’s office in the college in which the course is taught or the Office of the Provost.

Disabilities Accommodations
The Americans with Disabilities Act (ADA) is a federal anti-discrimination statute that provides comprehensive civil rights protection for persons with disabilities. Among other things, this legislation requires that all students with disabilities be guaranteed a learning environment that provides for reasonable accommodation of their disabilities. If you believe you have a disability requiring an accommodation, please call or visit Disability Services at (361) 825-5816 in Corpus Christi Hall 116. If you are a returning veteran and are experiencing cognitive and/or physical access issues in the classroom or on campus, please contact the Disability Services office for assistance at (361) 825-5816.

Statement of Academic Continuity
In the event of an unforeseen adverse event, such as a major hurricane and classes could not be held on the campus of Texas A&M University—Corpus Christi; this course would continue through the use of Blackboard and/or email. In addition, the syllabus and class activities may be modified to allow continuation of the course. Ideally, University facilities (i.e., emails, web sites, and Blackboard) will be operational within two days of the closing of the physical campus. However, students need to make certain that the course instructor has a primary and a secondary means of contacting each student.

Code of Ethics
This course, and all other courses offered by the College of Business (COB), requires all of its students to abide by the COB Student Code of Ethics (available online at www.cob.tamucc.edu) Provisions and stipulations in the code are applicable to all students taking College of Business courses regardless of whether or not they are pursuing a degree awarded by the COB.
Islander Email Accounts
GO to http://newuser.tamucc.edu you will be asked for you student ID number (not your SSN). If you do not know your student ID, go to S.A.I.L. on TAMUCC homepage and follow instructions. For more info call 825-5618.

Other Helpful University Services
University Counseling Center, 825-2703, Driftwood 107
University Health Center, 825-2601, Sandpiper Building

Summary of Topical Coverage:

<table>
<thead>
<tr>
<th>Topic</th>
<th>Hours</th>
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<tr>
<td>Professional Roles</td>
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<tr>
<td>Corporate Governance and Audit Committees</td>
<td>3</td>
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<tr>
<td>Regulations: Sarbanes-Oxley Act of 2002</td>
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<tr>
<td>Fraudulent Financial Statements</td>
<td>3</td>
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<tr>
<td>Professional Ethics and Responsibility</td>
<td>3</td>
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<tr>
<td>Fraud (AU-C 240)</td>
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<td>Earnings Management and Auditor Objectivity</td>
<td>3</td>
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<td>Risk Assessment</td>
<td>3</td>
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<td>Client Acceptance and Materiality</td>
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<td>Internal Controls</td>
<td>6</td>
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<tr>
<td>Audit Evidence</td>
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<td>Audit Project: New client acceptance</td>
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<td>Project Presentations</td>
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| 13     | 4/20 – 4/24|      | Integrated Audits/SOX 404       | C: Sarbox Scooters | HO: CRIME  
VID & Bb QUIZ: COSO Integrated Internal Control Framework  
Quiz: Internal control: Test your knowledge  
RM#7, RM#8 |
| 14     | 4/27 – 5/1 |      | Internal Audit                  |       | VID & Bb QUIZ: The Corporate Con: Internal Fraud and the Auditor |
|        |            |      |                                 |       | **Module 3: Capstone RM & Completion of Wiley CPAexcel quizzes** |
| 15     | 5/4 – 5/5  |      |                                 |       | Complete Wiley CPAExcel Quizzes  
Work on Capstone RM: Riding the tiger (as final exam and used for assessment of learning for the class as a whole) |
| Final  | 5/8        |      |                                 |       | Turn in Capstone RM |

Note: Subject to change at instructor’s discretion and based on availability of speakers online sessions may change to class meeting sessions.
Research Memo Writing

Required sections (should be labeled as such):
1) **Heading** Proper business memo header:
   a) Memorandum to the File (if it is part of the audit documentation)
   b) Prepared by: _________   Date:
   c) Reviewed by: ________   Date:
   d) Client Name (careful this normally is the company that was audited, not the accounting firm, not the course instructor)
   e) Re: (what is it about)

2) **Facts**
   a) Brief – one paragraph

3) **Issues**—identify all issues and case questions involved (identify each case question by # when appropriate)

4) **Discussion, Research Citation, and Analysis**
   i) Research issues in the auditing and professional standards literature – provide precise cites to professional standards (example AU-C 311.20 ; AU-C311 (the entire codification on the consideration of fraud in a financial statement audit is not precise). **Note: cite the new “clarified audit standards – AU-C – instead of the “old” AU standards.**
   ii) **DO NOT COPY AND PASTE THE STANDARD INTO THE MEMO – major points off for this**
   iii) Depending on the case, identify alternative solutions and arguments for and against each alternative

5) **Conclusions** (based on citation of authoritative support not merely your opinion or hunch)

**Apple Company preferred memo format:** A friend from high school worked for Apple Computers for many years- at point as Director of International Internal Audit. It may not fit our class writings, but you can see some parallels to the structure mentioned above. He said that Apple prefers the following sections in each memo (with a little rearranging “PRICE”):
   a. **Problem** – identify the problem (issue)
   b. **Evidence** – what are the facts that support the issue/problem?
   c. **Cause** – what causes the problem?
   d. **Impact** – what is potential impact (i.e., is this a big problem or a little problem)?
   e. **Recommendation** – what is the recommendation?

Other matters:

a) **Style/tone.** A professional, businesslike tone supported by professional standards. Avoid a familiar tone and refrain from making emotive statements (e.g., “I think,” “I feel”).

b) **Citations.** Citations from research of professional standards and regulations should be associated with the text in the write-up rather than as references at the end of the paper. The level of authority of the citation should be considered and acknowledged. Specific cites (section/paragraph) over general cites (standard/regulation) are preferred.

   c) **Filename:** “LastName_CaseName” example: “Deis_TomLazyCase”