

The University of Illinois at Chicago

College of Business Administration

Department of Accounting

Accounting 435 – Auditing (10092, 20042, 10080, 10076)

Fall Semester 2008 - 4 credit hours

Prerequisite: Accounting 316

Class meets on Monday & Wednesday from 2:00 PM to 3:50 PM

Wednesday Evenings 6:00 – 9:30 PM

Instructor:	Abel Galvan, CPA, MBA	Email - galvan@UIC.edu
	Office : 2319 University Hall	Phone: 312-413-8965
	Office Hours: Monday & Wednesday 4:30PM – 5:30PM or by appointment	

Catalog Description: Introduction to the audit function, ethical and legal environment, audit standards, objectives and procedures, materiality and audit risk, sampling, and reporting.

Required Materials:

1. Louwers, Ramsay, Sinason, and Strawser, Auditing and Assurance Services, 3rd Edition, McGraw-Hill-Irwin

Course Requirements and Grading:



Exam 1, 2	60 points (each)
Final Exam	70 points
Quizzes	75 points
Homework	25 points
Team Presentations	10 points
<u>Audit Project</u>	<u>25 points</u>
Total	325 points

A = Good 90% of course points

B = Above Average 80% of course points

C = Average 70% of course points

D = Below Average 60% of course points

In = Incomplete assigned only under conditions specified in the University catalog.

NO CURVE

Keys to Success:

Exams will be based on **textbook, lectures, cases** and **homework** assigned.

Expect the reading of each assignment to take two to three hours to complete and another hour to complete the assigned homework.

Here are my guidelines to class participation:

Examinations

There will be 3 exams during the semester for a total of 190 points. The format for the exam will be a combination of essays, matching, fill in the blank and/or multiple choice questions. The exams will be conducted during the first half of selected classes. The exams will come from the material covered in the text book and issues covered in the cases.

Homework

The homework assignments come from the textbooks or assigned in class. All work has to be completed to the best of your ability before you come to class so that you can participate in class activities and discussions. Homework assignments are due per schedule on the syllabus. **No Exceptions. Only you can turn in your work.** You will earn a total of 25 points toward your final grade for homework assignment you complete and turn in.

You will also be required to complete an audit of Sales. The project will be completed throughout the semester you will be advised regarding the due dates, the final portion is due on 7/30/08, the audit project is worth 25 points. Late audit projects will not be accepted – no exceptions. Begin work on your project early.

Team Project

In order to enhance your audit experience, audit teams will be formed during the first class and each team will be required to complete and present audit related case. The audit teams will also plan and write an audit program to be used on audit of Sales cycle for a fictitious company. The project syllabus and the sales transactions files will be posted on **Blackboard**. **The team may fire any member for any legitimate reason.**

Quizzes

Chapter quizzes will be given periodically. Some will be given **in class unannounced**, and some will be on-line via blackboard and must be taken by the deadline. No exceptions for computer problems will be granted.

CPA Simulations

Your textbook comes with CPA simulations provided by Kaplan CPA review. My advice is that you do these simulations to help reinforce your knowledge of the materials and practice for the exam.

Attendance

You are encouraged to attend class as often as possible. Missing one class in an auditing is like missing several classes in a non-analytical course so attendance is important. **You can't participate or take a quiz if you miss class.**

Any changes to this syllabus will be announced in class.

Embedded Course Assessments

Given a set of circumstances for a specific scenario, determine the correct type of audit report to be issued by the CPA	Critical thinking, Included in an exam and grade based on number answered correctly
Describe the independent CPA's responsibilities regarding SAS 99 Fraud	Comprehension of important topic Included in an exam as an essay, listing and describing the CPA's responsibilities regarding SAS 99, graded based on correctness
Describe the independent CPA's responsibilities regarding management's of internal control and the auditors responsibilities understanding and documenting the client's Internal Control. Identify the type of Internal Control report which should be issued for a set of circumstances	Critical thinking – included in an exam and graded based on the correctness of the response
Case study – given a scenario, and relevant facts about a business. Write an audit program, related sampling plan, select a random sample, execute audit plan, documenting audit work., interpret results and make a recommendation based on the results of the audit.	Application - requires student to apply concepts learned during the course

Course Tentative Schedule

Date	Topic	Assignment
8/27	Introduction	Read Chapters 1, 2,
	Lecture Chapter 1: Auditing and Assurance Services	E/P 1.47, 1.49, 1.52 1.53
	Lecture Chapter 2: Professional Standards	2.46, 2.48, 2.51, 2.52
9/3	Lecture Module B – Professional Ethics (pp 539)	Read Module B B.45, B.46, B.47, B.48
9/10	Lecture Module C – Legal Liability (pp 587)	Read Chapter C C.55, C.57, C.61, C.66, C.67
	Team Presentations	
9/17	Lecture: Chapter 12 Reports on Audited Financial Statements	Read Chapter 12
	Team Presentations	12.38, 12.39, 12.42, 12.45, 12.47, 12.48
9/24	Exam # 1 (6:15 P.M. – 7:45P.M. Chapters 1, 2 Module B, C)	Read Chapter 3 3.44, 3.47, 3.53
	Lecture Chapter 3: Management Fraud and Audit Risk	
10/1	Lecture Chapter 4: Engagement Planning	Read Chapter 4 4.52, 4.54, 4.56
	Team Presentations	
10/8	Lecture Chapter 5: Risk Assessment Internal Control Evaluation	Read Chapter 5 5.64, 5.68, 5.70
	Team Presentations	
10/15	Lecture Chapter 6: Employee Fraud and the Audit of Cash Team Exercise 6.49 Interbank Transfers	Read Chapter 6 6.45, 6.47, 6.48,
10/22	Exam # 2 (6:15 – 7:45Chapters 3,4, 5 – 12)	Read Chapter 7 7.54, 7.55, 7.56, 7.58
	Lecture Chapter 7: Revenue and Collection Cycle	
10/29	Lecture Chapter 7 Continued	Read Chapter 8
	Lecture Chapter 8: Acquisition and Expenditure Cycle including Appendix C – Payroll Cycle	8.39, 8.45, 8.47, 8C.20

11/5	Lecture Chapter 9: Production Cycle	Read Chapter 9 9.42, 9.43, 9.45, 9.46
11/12	Lecture Chapter 10: Finance and Investment Cycle	Read Chapter 10 10.47, 10.48, 10.50, 10.51
11/19	Lecture Module E: Overview of Sampling	Read Module E & F E.53, E.55, E.60, E.66
11/26	Lecture Module F: Variable sampling	Audit Project Due. Study for final
12/3	Catch up	
12/8	Monday Final Exam	