

Tad Miller BUS 425 fall 2015

office hours MTWR 1:00-2:30

<http://clubs.cob.calpoly.edu/~cmiller/>

TR 9:10 in room 209

in room 319 cmiller@calpoly.edu 756-2831

There will be no office hours before the test on test days

Text Pearson Custom Publishing: BUS 425 Auditing
from Auditing and assurance services, **15th ed.**, by Arens, Elder & Beasley

OBJECTIVES

- 1. Understand the ethical, legal and regulatory environment of the auditing profession.**
- 2. Understand the role of management's financial statement assertions.**
3. Understand the need to plan and document the performance of an audit.
4. Know the nature and purpose of the auditor's evaluation of internal control.
- 5. Understand the types of audit evidence that support management's assertions.**
- 6. Understand the auditor's reporting alternatives.**

Grades

3 mid term exams and 1 final exam	100 pts each	400	A	93.0%
Vouch & trace project	25	25	A-	90.0
Accounts receivable project	25	25	B+	87.0
class preparation and participation		<u>50</u>	B	83.0
		500	B-	80.0
			C+	77.0
			C	73.0
			C-	70.0

All exams must be taken on the scheduled dates. If you must miss an exam, you must notify Tad before the exam is given and if the reason is acceptable then the remaining exams will be re-weighted.

Tues-Thurs		
Tues	10/6	Test #1
Fri	10/9	turn in Vouch & trace project by email
Thurs	10/22	Test #2
Fri	10/23	turn in Acc Rec project by email
Tues	11/10	Test #3
Tues	12/8	Final Exam 10:10am -1:00

- 1 Although the book refers to assurance engagements, attestation engagements and audit engagements, Focus your efforts on audit engagements.
- 2 The book refers to operational audits, internal audits, governmental audits and regulatory audits. Focus on audits of publicly held companies.

During a typical class, questions will appear on powerpoint slides. I will call on students to answer the question and a discussion will frequently follow. One comment that appeared too frequently on the course evaluations this fall was that students were not always sure what the correct answer was. If the correct answer to a question is unclear, you should feel free to ask what the correct answer is. At a minimum you should either understand why the answer is correct or I should guide you to a reference where you can learn the correct answer.

Syllabus for the 15th edition Tuesday-Thursday

chapter numbers are from the complete edition of the book

chapters in parenthesis are for the custom paperback version of the book

1	9/22	Tues			Codification Handout & Discussion			
			1(1)		The Demand for Audit Services			
2	9/24	Thurs	2(2)	p 23-36	The CPA Profession			
3	9/29	Tues			Objectives from Codification Handout			
			6(3)	p 58-61	Management Assertions			
			assign		Vouch & Trace Project			←
4	10/1	Thurs	HO		Readings AU-c 700, AU-c 705, AU-c 706, AU-c 708			
5	10/6	Tues			Test #1		distribute Inventory Handout	
6	10/8	Thurs	HO		Inventory Handout --- available online if I forget			
			assign		Acc Rec Sampling Project			←
	10/9	Fri			Vouch & Trace Project is Due by email			←
7	10/13	Tues	HO		Code of Prof Conduct (available online)			
8	10/15	Thurs	HO		overview of Legal Liability (available online)			
9	10/20	Tues	6(3)		Audit Responsibilities and Objectives			
				p 58-65	Management Assertions			
				p 126-131	Audit Risk Model	AR = IR * CR * DR		←
				p 68	RMM			
10	10/22	Thurs			Test #2			
	10/23	Fri			Accounts Receivable Project is Due by email			←
11	10/27	Tues	8(4)		Audit Planning and Analytical Procedures			
					Lincoln S&L handout			
12	10/29	Thurs	9(5)		Materiality and Risk			
				p 126-131	Audit Risk Model	AR = IR * CR * DR		
13	11/3	Tues	10(6)		Section 404 Audits			
14	11/5	Thurs	13(7)		Overall Audit Strategy and Audit Program			
15	11/10	Tues			Test #3			
16	11/12	Thurs	14(8)		Sales and Collection Cycle			
					don't worry about Sales Ret & Allow or write-offs			
17	11/17	Thurs	16(9)		Accounts Receivable (& the Inventory Handout)			
18	11/19	Tues	23(10)	p 315-330	Audit of Cash Balances			
					handout from Boynton's Book			←
19	11/24	Thurs	24(11)		Completing the Audit			
	11/26	Thurs			Thanksgiving			
20	12/1	Tues			wrap up			
21	12/3	Thurs			Review			
	12/8	Tues			Final Exam	10:10 am on Tuesday		
					Tuesday/Thursday Classes			
					Class Start Time	Exam Day	Exam Date	Exam Time
					7:10am or 7:40am	Tuesday	Dec 8	7:10am – 10:00am
					8:10am	Thursday	Dec 10	7:10am – 10:00am
					9:10am or 9:40am	Tuesday	Dec 8	10:10am – 1:00pm
					10:10am	Thursday	Dec 10	10:10am – 1:00pm

Syllabus for the 14th edition

chapter numbers are from the complete edition of the book
chapters in parenthesis are for the paperback version of the book

	date	chapter						
1	#####	#####			Video "Cooking the Books (ZZZ Best)"	Codification Handout & Dis		
			1(1)	p. 1-15	The Demand for Audit Services			
2	#####	#####	2(2)	p 25-33	The CPA Profession			
3	#####	#####		p 33		Generally Accepted Auditing Standards (GAAS)		
			6(6)	p 153-57		Management Assertions		
			assign			Vouch & Trace Project		←
4	#####	#####	(3) or HO		Audit Reports	or Readings		
5	#####	#####			Test #1		distribute Inventory Handout	
6	#####	#####	HO		Inventory Handout (available online)			
7	#####	#####	(4) or HO		Prof Ethics of Code of Prof Conduct (available online)			
			assign			Acc Rec Sampling Project		←
8	#####	#####	(5) or HO		Legal Liability or Readings			
	#####	#####			Vouch & Trace Project is Due by email			
9	#####	#####	6(6)		Audit Responsibilities and Objectives			
				p 158		Management Assertions		
				p 256-61		Audit Risk Model	$AR = IR * CR * DR$	←
				p 164		RMM		
10	#####	#####			Test #2			
11	#####	#####	8(7)		Audit Planning and Analytical Procedures			
					Lincoln S&L handout			
	5/10	Fri						
12	#####	#####	9(8)		Materiality and Risk			
				p 256-61		Audit Risk Model	$AR = IR * CR * DR$	
	#####	#####			Accounts Receivable Project is Due by email			←
13	#####	#####	10(9)		Section 404 Audits			
14	#####	#####	13(10)		Overall Audit Strategy and Audit Program			
	#####	#####			Veteran's Day			
15	#####	#####			Test #3			
16	#####	#####	14(11)		Sales and Collection Cycle			
						don't worry about Sales Ret & Allow		
						don't worry about write-offs		
17	#####	#####	16(12)	p 371-93	Accounts Receivable (& the Inventory Handout)			
	#####	#####	17(13)		Audit Sampling for Tests of Details			
				p 555-65		steps for sampling plan		
						can skip Monetary Unit Sampling		
				p 573-78		variable sampling		
				p 578-82	???	difference estimation		probably NOT
18	#####	#####	23(14)	p 723-38	Audit of Cash Balances			
						handout from Boynton's Book		←
					Thanksgiving			
19	#####	#####	24(15)		Completing the Audit			
20	#####	#####						

Chapter Outlines for 13th edition of textbook

chapter						
		Video "Cooking the Books (ZZZ Best).				
1	p. 1-16	The Demand for Audit Services				
2	p 23-38	The CPA Profession				
	p 33	Generally Accepted Auditing Standards (GAAS)				
6	p 151-54	Management Assertions				
3	p 43-63	Audit Reports				
Tad's Inventory Handout						
4		Professional Ethics				
	p 75-81	read				
	p 82-92	Independence - STUDY				
	p 93-102	just read the box for each rule				
5	p 111-128	Legal Liability				
6	p 139-62	Audit Responsibilities and Objectives				
	p 153	Management Assertions				
	p 221	Audit Risk Model AR = IR * CR * DR				
	p 161	RMM				
8	p 171-96	Audit Planning and Analytical Procedures				
		Lincoln S&L handout				
9	p 211-35	Materiality and Risk				
	p 221	Audit Risk Model AR = IR * CR * DR				
10	p 251-82	Section 404 Audits				
13	p 297-321	Overall Audit Plan				
14	p 335-59	Sales and Collection Cycle				
		don't worry about Sales Ret & Allow				
		don't worry about write-offs				
16	p 371-93	Accounts Receivable & the Inventory Handout				
17		Audit Sampling for Tests of Details				
	p 409-419	steps for sampling plan				
	p 420-430	can skip Monetary Unit Sampling				
	p 430-36	variable sampling				
	p 436-442	???	difference estimation			probably NOT
23	p 453-70	Audit of Cash Balances				
		handout from Boynton's Book				
24	p 477-99	Completing the Audit				