



**COURSE SYLLABUS – FALL 2015**  
**BUS 425 Financial Statement Auditing**

**Professor & Course Information**

Instructor:	Kim Westermann, CPA, PhD	Phone:	(805) 756-1431
Office:	03 - 431	E-mail:	kdwester@calpoly.edu
Office Hours:	Wednesdays, 2:15pm to 3:45pm and by scheduled appointment	Class Dates:	Sept. 21–Dec. 2
Class Schedule:	Mondays & Wednesdays 12:00-2:00	Class Location:	03-300A
Textbook:	Auditing: A Risked-based Approach to Conducting a Quality Audit by Johnstone, Gramling, and Rittenberg 10th Edition	Textbook ISBN:	978-1-133-93915-3  *You do <u>not</u> need to purchase the CD that accompanies the book.

**Course Objectives**

You will be given an opportunity to gain knowledge of the theory and practice of assurance services in general, and auditing in particular. Assurance services are those that improve the context or quality of information for a variety of decision-makers (e.g., providing assurance that a computer system is capturing and recording information accurately). Auditing is a special type of assurance service, one that includes the accumulation and evaluation of evidence about a company's financial and non-financial information to make and report a judgment about the relationship between the reported information and established criteria.

This course is valuable to all students who wish to sit for the CPA exam, since completing this course is required for that exam. This course is of obvious benefit to students wishing to become external auditors - it provides insight on professional standards, and the application of those standards to the audits of client financial statements. It is also beneficial for students wishing to conduct internal or governmental audits because the judgment processes involved in external auditing are similar in those professional contexts. Students planning to become financial analysts, financial managers, or tax professionals will find this course beneficial because understanding the role of external auditors in the financial reporting process is key to understanding how management compiles financial statements that regulators and creditors will accept.

You must recognize that auditing is not like most of your previous accounting courses where you could reach a defined textbook answer. This course will help you develop and internalize a model for making audit judgments. Thus, you will need to apply the concepts by engaging in critical thinking about them.

**Teaching Methodology**

In a university course the focus is on your self-directed search for knowledge. Seminars, handouts, cases, textbooks, exams and other resources are all provided to help you learn. You therefore should attend all seminars and read all required readings in order to fully grasp and appreciate the concepts of Financial Statement Auditing. If you cannot attend because of work or other commitments, then you should take the class in another quarter when you are able to regularly attend.

Ultimately, it is up to you to choose how much work you do in each part of the course (being mindful that some things are required): preparing for classes, completing assignments, studying for exams, and seeking assistance or extra work to extend and clarify your understanding. You must choose an approach that best suits your learning style and goals in this course. Recommended questions as well as additional readings and case assignments are provided to guide your learning process. I have put a great deal of thought into the development and presentation of this course so students may experience a flexible but directed learning approach to Financial Statement Auditing.

## Grading

Course Requirements	Points
Midterm Exam #1	100
Midterm Exam #2	100
Final Exam	100
Case Assignments	125
Confirmation Project	75
<b>Total</b>	<b>500</b>

Letter Grade	Range*	Letter Grade	Range	Letter Grade	Range
A	93-100%	B-	80-82	D+	66-69
A-	90-92	C+	76-79	D	63-65
B+	86-89	C	73-75	D-	60-62
B	83-85	C-	70-72	F	<60

\*If your percentage grade falls “between” grades (e.g., 85.6%), I do not simply round up or down. Your letter grade will be determined at my discretion based on both *quantitative and qualitative* considerations (see professional behavior below).

## Important Notes and Expectations

### Students are expected to:

- Read the syllabus, course schedule, and Prof. Kim’s FAQ during the first week of the quarter.
- Read the assigned chapters/additional reading prior to each class according to the calendar.
- Complete the True-False, Multiple Choice, and Review Questions for each assigned chapter.
- Review PolyLearn announcements.
- Review Cal Poly e-mail account periodically.
- Submit assignments by the corresponding deadline.
- Read (and implement) feedback provided in case assignments.
- Exhibit professional behavior.

### The professor will:

- Use class time effectively.
- Respond to emails ([kdwest@calpoly.edu](mailto:kdwest@calpoly.edu)) within 48 hours. Please note that I generally read e-mail only twice per day, at approximately 12:00 and 3:00pm Monday-Friday.
- Provide feedback on case assignments within two weeks of due date.
- Grade examinations within one week of the examination date.
- Be available for student appointments and designated office hours (unless otherwise noted).
- Exhibit professional behavior.

### Course Communication

Cal Poly e-mail is my most preferred mode of communication. **Please note that I do not check the discussion boards or e-mail on PL.** All students are required to have an e-mail account at Cal Poly to be used for messages and as part of selected assignments. Your assignments are required to be submitted via PolyLearn. I will also send regular announcements via PolyLearn to your Cal Poly e-mail account.

Please be sure that your e-mails are written in a professional manner. As part of Cal Poly recruiting, I have the privilege of regularly meeting with representatives of the (local, regional, international) Public Accounting Firms. One complaint I **often** hear from the Firms with respect to university new graduates entering public accounting is that their written and verbal communication skills need improvement. View your communication with me in this course as practice! All e-mail correspondence with me should contain a proper greeting and salutation and should be reviewed for spelling and grammar before sending.

#### *Example of an appropriate e-mail:*

Good Morning (Hello, Dear...) Professor Westermann (or Kim),  
I would like to schedule an appointment with you to discuss my exam. Please let me know if/when you have 30 minutes available to meet.  
Regards (Take care, Sincerely...),  
Jim

#### *Example of an unacceptable e-mail:*

hey professor - can we met this week about my exam? thx. –JS

\*Saying “Professor” without my last name is like calling me “Miss” or “Ma’am.” Either refer to me by my first name or include my last name after using Professor

\*Grammar mistakes – yes, they happen to all of us, but you should be cognizant of errors when communicating with me (or your supervisor, or your client)

\*The use of slang and abbreviations are not appropriate when communicating with me (or your supervisor, or your client). “Hey” is like saying “yo – whaddup” – try “Good Morning,” or “Hello,” or “Dear.”

### Professional Behavior

- Professional behavior is characterized by the following attributes: arriving and leaving class on-time, courteous behavior in class (i.e., do not participate in side conversations, stay awake, do not read outside materials during class time, treat others with respect, do not use your cell phone, do not monopolize class discussions, speak honestly, etc.) and professional preparation for class.
- Students are expected to attend **all** class meetings, to be prepared, and to participate in discussions. Please note that if you are not in class, it is **your** responsibility to obtain any information missed (e.g., in-class assignments, announcements, material covered on the exam).
- The course will be taught primarily in a discussion mode. Contributions to class discussions (i.e., meaningful participation) and preparedness are important aspects of active learning. You should come to class with a list of questions on everything you do not understand, and you should be prepared to discuss your opinions on professional issues. In other words, you

do not have to have a specific question in order to participate. I am very interested in your opinions. You should not wait for me to call on you if you wish to maximize your performance in this class.

### *Midterm and Final Exams*

- Each midterm exam will consist of a combination of multiple-choice questions, short answer/objective questions, and/or short essay\*. Technical knowledge is an essential aspect to financial statement auditing. As such, the exams are used to test the **technical knowledge** and **application of that knowledge** that you have acquired during the quarter. This includes content from your textbook, assigned readings, case assignments, and applicable auditing standards. \*The Final Exam may be 100% multiple choice questions.
- I will provide you a detailed summary of exam coverage (posted on PL) the week before the exam is given. If you are concerned with “how do I study for your exams?” please review the document “Studying for BUS425 Exams” posted on PolyLearn .
- Each exam is closed textbook, closed notes, closed neighbors/friends, closed internet, etc.
- The exams are *not* cumulative, however material builds on concepts learned previously and may have interrelated questions.
- Makeup examinations will only be given under **EXTREME** circumstances (e.g., death in family, religious holiday) and with documented/written support of cited circumstance.

### *Extra Credit Opportunities (“ECO”)*

- You will have the opportunity to earn additional points towards your cumulative midterm or final exam grades. You will be given a weekly “opportunity” which consists of 3 multiple-choice questions and/or other objective format questions (e.g., short answer, matching) that cover the material in the assigned readings for the week. Opportunities are closed book/notes. You will complete these opportunities **either individually or in teams of 2-5 people, which I will randomly assign each week.**
- If you are not in class (or not on time for class), there are NO “make-up” opportunities - NO EXCEPTIONS (for ANY reason so please do not ask me) If you are minimally late for class, and you show up with less than 5 minutes remaining, you will be permitted to complete the opportunity on your own in the remaining period of time only.
- The points assigned to opportunities will occur as follows: If your team gets 3 out of 3 answers correct, you will receive 3 additional points, added to your individual midterm(s) or final exam grade(s). If your team gets 2 out of 3 answers correct, you will receive 2 additional points, added to your individual midterm(s) or final exam grade(s). If your team gets 1 out of 3 answers correct, you will receive 1 additional point, added to your individual midterm(s) or final exam grade(s). **There is no partial ECO credit awarded.** You must get the entire question correct in order to receive ECO points (e.g., If you are asked to name 3 financial statement assertions, and you are only able to correctly name 2 financial statement assertions, you will NOT be awarded credit for the question, thus is the nature of “extra” credit.)
- It is important to note that if you do not receive points from an opportunity during a particular week, this CANNOT hurt you. Doing well on the opportunities can only help your grade. 100% of students who choose to participate in the weekly ECO have earned 1 or more points toward their final grade. Past ECO results show that approximately 50% of students receive a grade boost (e.g., B- to B) from participating.

- I do not offer any additional extra credit outside of the in-class ECO's (e.g., VITA, attending a presentation, watching movies, extra papers, etc.). **There are no exceptions.**

### *Case Assignments and Confirmation Project*

- Case discussions will be used as important mechanisms to explain and discuss the issues addressed in this course. For each case, you may be asked to think as an auditor, analyze the situation, and answer related case questions.

It is important to complete the answers to the case questions before coming to the class. This is a prerequisite for us to have interesting class discussions and for you to obtain learning insights. Therefore, you are required to submit your answers to the case questions before class begins on the date that the case questions are due.

Since we will be discussing the case questions during that class, please bring a copy of your deliverable to class. In addition, late submissions of case deliverables cannot be accepted (sorry) since we will be going over the deliverable in the class that they are due.

- You must work on the cases with one or two partner(s) (i.e., teams of 2-3 persons). This will allow you to think through the answers in a critical manner before coming to class. In addition, this will substantially lighten your workload. You may choose your partner(s). Please select a partner(s) with whom you can conveniently meet and collaborate. Finally, although you may discuss the cases with other classmates (e.g., over lunch or at the library), the work that you hand in must be completed by your team only. You may not collaborate with another team when you complete your final case analyses.
- Why Cases? Academic research indicates that using cases “assists auditing educators to meet the needs of the accountancy profession and society, not only in their demand for employable graduates, but also to produce professionals with critical, broad skills that will enable the recognition of the reality and far-reaching consequences of corporate failure.” (Drake, 2011)
- Confirmation Project: ALL team members MUST participate

### *Formatting/Submission of Case Assignments*

For all case submissions, please follow formatting guidelines in this section. Failure to follow formatting guidelines will result in lost points.

- Work should be typed in 12-point font with 1 inch margins.
- For each assignment, please include the following information in the upper left hand corner of the document/spreadsheet:

Prepared by\*: Student Name(s), Student ID

Reviewed by\*: Student Name(s), Student ID

Group X, BUS425, Fall/Winter/Spring 201X Section (01 or 02)

Date - Assignment Reference (e.g., Case 1 | XXX)

\*Yes, you should write which student *actually* prepared the case and which student *actually* performed the review. If all team members prepared the assignment, only then should all members include their name under preparer/reviewer.

- The file name of your submitted assignment should be: "Group #\_Case#.docx"
- Assignments should be submitted by one group member on behalf of the group to PolyLearn by the beginning of class on the due date. Late assignments are not accepted.
- Please,
  - Review your own work before submission (see evaluation of case assignment below).
  - Do not list each case question before writing your individual responses. You have limited space to respond to cases, use it wisely. However, I should be able to tell what question you are responding to. For example, if the question is "did you play high school sports?", an appropriate response would be "In high school, I played tennis."
  - Do not summarize the case facts in your response unless you are supporting your response/opinion, or unless you are explicitly asked to do so.
  - Use your own words! If you are using someone else's words (e.g., definition or standard), be sure to use a citation.
  - Your case should be run through BOTH spell-check and grammar-check prior to submission.
  - Please pay attention to maximum page length for each case in the case instructions (e.g. some cases may be restricted to a one-page maximum, others will be 2-3 pages). Keep in mind that this does not mean your work has to be the maximum length. If you think you can answer the questions in less space, you should do so. Any cases received greater than the page maximum will not be graded and given the score of 0.
  - Be sure to follow the specified "format" as indicated in the individual case instructions e.g., if the case asks you to write a memo to the partner, then your response should be in the format of a memo, if the case consists of numbered questions, you should answer each question separately.

### *Evaluation of Case Assignments*

Written and oral communication skills are essential ingredient for success in today's business environment. Weekly case assignments are prepared in teams of 2-3 persons; therefore I expect all assignments to be proofread **before** submitting.

In this course, I will provide feedback on each written assignment as a means to help you improve your performance over the quarter. I will assess your work based on the following components:

- Content (i.e., does your response adequately answer the question being asked?),
- Spelling and grammar,
- Presentation and format (e.g., appropriate use of headings, numbering, general appearance),
- Business-appropriate language,
- Clarity and thoughtfulness of writing,
- Cohesiveness (e.g., writing style flows from question to question),
- Appropriate citations (i.e., quoted and/or paraphrased material require citation via immediate reference or works cited list).
- Incorporation of prior feedback, if applicable

### *Recording Class*

You are not permitted to record the class (e.g., video or audio recording) without my express permission. Recording my class without my permission will result in an automatic full grade reduction (e.g., A- to a B-).

### **Disability Notice**

If you have a disability and need assistance, please contact the Disability Resource Center. Upon contact, the Disability Resource Center will review your request and contact your professors or other personnel to make arrangements for appropriate modification and/or assistance.

### **Religious Holidays**

The University's policy on religious holy days as stated in the University Catalog and Student Handbook will be followed in this class. Any student may request to be excused from class to observe a religious holy day of his or her faith.

### **Academic Misconduct:**

*Statement of Understanding between Professor Westermann and BUS425 Student*

#### **Your One and Only Warning: ZERO Tolerance of Cheating and Plagiarism**

Cheating includes but is not limited to: fabrication, aiding and abetting, obtaining an unfair advantage, and unauthorized access to instructor-specific academic materials or administrative systems.

"Plagiarism means using words, ideas, or arguments from another person or source without citation. Cite all sources consulted to any extent (including material from the internet), whether or not assigned and whether or not quoted directly. For quotations, four or more words used in a sentence must be set off in quotation marks, with the source identified." (Carnegie Mellon)

Claims of ignorance or personal circumstance will not be tolerated to justify or rationalize dishonest acts.

For **ANY** form of cheating (no matter how big or small) I will seek the **harshest penalties** under CAL POLY's policy of academic misconduct.