

ACCT 5314 – AUDIT RISK AND CONTROLS
COURSE SYLLABUS
Fall Semester, 2013

I. INSTRUCTOR INFORMATION

Instructor: Professor Bryan

E-mail: bbryan@smu.edu (to be used only in emergency)

Office Phone: 214-768-3630

Office Hours: Crow 374; TTH, 3:30-4:30; W, 1:30 – 4:30 p.m.

II. REQUIRED MATERIALS

Auditing & Assurance Services: A Systematic Approach, 8th Edition, Messier, et. al., McGraw-Hill Irwin, ISBN: 978-0-07-802543-3

III. PREREQUISITES

ACCT 3311 and senior standing

IV. COURSE OBJECTIVE

The objective of ACCT 5314 is for you to learn the concepts of the integrated audit of internal control over financial reporting in accordance with PCAOB Audit Standard 5. In addition, you will learn fundamental procedures used in financial statement audits, specifically in the client acceptance and continuance, planning and risk assessment, and audit comfort cycle phases of the engagement.

V. STUDENT LEARNING OUTCOMES

At the end of this course, you should be able to demonstrate skills in the following areas:

1. An understanding of the purpose and conduct of the integrated audit.
2. An understanding of generally accepted auditing standards.
3. An understanding of client acceptance/continuance issues, specifically related to independence and risk assessment.
4. An understanding of the audit planning process, specifically related to risk assessment.
5. An understanding of the procedures used to gather audit evidence, including sampling techniques used in control and substantive testing.
6. An understanding of the auditor's responsibility for the detection of fraud.
7. An understanding of internal control evaluation and testing, as well as substantive testing in the revenue cycle.
8. An ability to select and use appropriate research methods and search tools for needed information in order to complete the risk assessment project (using databases and

periodicals to find authoritative information on the company's financial position, the financial position of primary competitors, and related articles on business and industry risks specific to the client).

9. An ability to evaluate sources of quality information to complete the risk assessment project (considering when and how sources such as the company website, SEC databases, are appropriate, and to be able to present information in an understandable manner while legally and ethically acknowledging these sources).

VI. GRADES

Grades are based on your performance on four exams and the comprehensive risk assessment team project. The distribution of points and the grading scale are as follows:

Exam #1:	100 points
Exam #2:	100
Exam #3:	100
Exam #4:	100
Project:	<u>100</u>
Total points:	<u>500</u> points

Grading scale:

500 - 460 points:	A
459 – 450 points:	A-
449 – 440 points:	B+
439 – 410 points:	B
409 – 400 points:	B-
399 – 390 points:	C+
389 – 360 points:	C
359 – 350 points:	C-
349 – 340 points:	D+
339 – 310 points:	D
309 – 300 points:	D-
Below 300 points:	F

Examinations will consist of multiple choice questions that mirror the questions used on the AUD portion of the Uniform CPA Examination.

The comprehensive risk assessment team project will be prepared based on a publicly traded client headquartered in the Dallas/Fort Worth, as chosen by the participating public accounting firm for each section of the course. Teams will be assigned on a random basis in order to mimic the risk assessment process used by auditors in the conduct of the integrated audit.

VII. COURSE POLICIES

Disability Accommodations: In order to receive academic accommodations for a disability, you must first be registered with Disability Accommodations & Success Strategies (DASS) to verify the disability and to establish eligibility for accommodations. You may call 214-768-1470 or visit <http://www.smu.edu/alec/dass.asp> to begin the process. Once registered, you should then schedule an appointment with me to make appropriate arrangements. (See University Policy No. 2.4; an attachment describes the DASS procedures and relocated office.)

Honor Code: The Southern Methodist University Honor Code as contained in the student handbook will be adhered to explicitly. The Honor Pledge is: "On my Honor, I have neither given nor received unauthorized aid on this work." A violation of the Honor Code will result in an "F" for the course and an "HV" on your transcript for three years.

Attendance: All students are expected to attend the section of the course for which he/she is registered. Prompt arrival (defined as in your seat, book open, and ready to begin the discussion) is expected at 9:30 a.m., 11:00 a.m., and 2:00 p.m., respectively.

Religious Observances: Religiously observant students wishing to be absent on holidays that require missing class should notify me via email at the beginning of the semester.

Excused Absences for University Extracurricular Activities: If you are participating in an officially sanctioned, scheduled University extracurricular activity, you will be given the opportunity to make up class assignments or other graded assignments missed as a result of your participation. It is your responsibility to make arrangements with me prior to any missed scheduled examination or other missed assignment for making up the work.

Examination Policy: No examinations will be offered/administered at any time other than the regular class periods noted on the assignment schedule.

Withdrawal Policy: The withdrawal policy for the Cox School of Business is the same as the university-wide withdrawal policy. Refer to this withdrawal policy for details.

Classroom Etiquette: The use of audio/video recording devices in class is prohibited without my written consent. In addition, the use of laptop computers and hand-held communications devices is prohibited. You are to bring the textbook/discussion materials to class for each class period.

Office Hours: You are expected to meet with me should you have questions on course content. This is an "e-mail free" course.

Deloitte Distinguished Speaker Series: All students are required to attend the special presentation by Mr. Brian Fox on Friday, September 13 at 10:30 a.m. in Georges Auditorium.

VII. DISCLAIMER

I reserve the right to change the assignment schedule and course policies if circumstances dictate. Any changes are announced in class.

IX. ASSIGNMENT SCHEDULE

Day/Date; Reading and/or Multiple Choice/Case Assignment

T/8-27; Course introduction

Th/8-29; Chapter 1

T/9-3; Chapter 1 review, Chapter 2

Th/9-5; Chapter 2 review, ***Deloitte Independence Education*** (courtesy of Deloitte),
<http://www.business.illinois.edu/responsibility/aiem/students/>

T/9-10; Chapter 3

Th/9-12; Chapter 3 review, ***Asher Farms, Inc.***

F/9-13; **Deloitte Distinguished Speaker Series**

T/9-17; **EXAM #1 (Chapters 1, 2, 3)**

Th/9-19; Chapter 4, ***Lost at Sea*** (courtesy of KPMG)

T/9-24; Introduction to and instructions for risk assessment project

Th/9-26; Chapter 4 review, Chapter 5

T/10-1; Chapter 5 review, ***Laramie Wire Manufacturing, Green Mountain Hydro Associates***
(courtesy of PwC)

Th/10-3; **EXAM #2 (Chapters 4, 5)**

T/10-8; MSA program information session

Th/10-10; ***NO CLASS (due to required attendance on September 13)***

T/10-15; **FALL BREAK**

Th/10-17; ***Building Blocks*** (courtesy of KPMG)

T/10-22; Chapter 6

Th/10-24; Chapter 6 review, Chapter 7

T/10-29; Chapter 7 review, **Pinnacle Motors, Inc.** (courtesy of PwC)

Th/10-31; Walkthroughs, **QTC Chocolate, Part 1** (courtesy of PwC)

T/11-5; Walkthroughs, **QTC Chocolate, Part 2** (courtesy of PwC)

Th/11-7; Chapter 8

T/11-12; Chapter 8 review, **Apple Grower** (courtesy of PwC)

Th/11-14: **EXAM #3 (Chapters 6, 7, 8)**

T/11-19; Chapter 9

Th/11-21; Chapter 9 review, Chapter 10

T/11-26; Chapter 10 review, **Morris Company** (courtesy of PwC)

Th/11-28; **THANKSGIVING BREAK**

T/12-3; **Receivables Application** (courtesy of KPMG), Risk assessment project discussion

Th/12-5; **EXAM #4 (Chapters 9, 10)**