The School of Business prepares a diverse student body for successful careers by offering high-quality professional business programs in a student-centered learning environment. As a teaching institution enriched by management practice-related and pedagogical scholarship and service, the School primarily serves undergraduate students while offering strategically-focused graduate programs.

**COURSE NUMBER AND TITLE:** AC 413 PA - Auditing

**CLASS MEETING TIME:** T R 9:30 – 10:50, CH 316

**PREREQUISITES:**
- AC 304 Intermediate Accounting I
- AC 353 Accounting Information Systems
- BU 255 Business Statistics

**INSTRUCTOR:** Dr. George Durler

**OFFICE:** Cremer Hall 109

**OFFICE HOURS:**
- M W 9:30 - 11:00
- M W 1:30 - 3:00
- T H 11:00 - 11:30
- and by appointment (see Dr. Durler's schedule on his web page)

**CONTACT NUMBERS AND ADDRESSES:**
- Office: 341-5476, Fax: 341-6346, Department office: 341-5346
- e-mail: mdurler@emporia.edu
- web page: www.emporia.edu/~mdurlerge

**REQUIRED TEXTS:**
- see Dr. Durler's web page for alternative versions.

**SUPPLEMENTAL MATERIALS:**
- Material supplied through ESU's Blackboard Internet Website. All students are expected to regularly (weekly at a minimum, daily is recommended) access their Blackboard account.

**COURSE DESCRIPTION:** This course is a study of basic theory and underlying principles of auditing financial statements for the purpose of rendering an opinion on the fairness of representations made therein. The purposes and procedures of tests of transactions and balances are presented. The scope of these procedures is considered in relation to the assessment of internal controls and audit risk.

**COURSE OBJECTIVES:**
1. Understand the role and function of independent auditing and assurance services.
2. Understand the environment of independent auditing and assurance services, including legal liability considerations, auditing standards of various standard setting boards (include U.S. GAAS), and professional responsibilities.
3. Understand basic auditing concepts of materiality, audit risk and evidence.
4. Understand assertions, types of audit evidence, and the concept of audit procedures.
5. Understand audit planning, internal control structure, and control risk.
6. Understand concepts of statistical sampling used in auditing.
7. Have a basic understanding of the audit report and matters that effect preparation of the audit report. While the focus of the course is on financial statement audits, the concepts are applicable to audits of all types including those that are non-accounting related.
**COURSE EVALUATION PROCESS:** Assessment of your comprehension of the course material will be determined from a combination of exams, papers, and homework assignments. Distribution of possible points for your grade is as follows:

**Grading:**

<table>
<thead>
<tr>
<th>Component</th>
<th>Possible Points</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Three examination @ 100 points each</td>
<td>300</td>
<td>38%</td>
</tr>
<tr>
<td>In Class presentations</td>
<td>up to 20</td>
<td>3%</td>
</tr>
<tr>
<td>Chapter assignments (Homework)/or quizzes</td>
<td>up to 120</td>
<td>15%</td>
</tr>
<tr>
<td>Risk assessment project</td>
<td>up to 100</td>
<td>13%</td>
</tr>
<tr>
<td>Team Audit Program project</td>
<td>up to 100</td>
<td>13%</td>
</tr>
<tr>
<td>Chapter Review Questions</td>
<td>50</td>
<td>6%</td>
</tr>
<tr>
<td>ACL problems</td>
<td>up to 100</td>
<td>13%</td>
</tr>
<tr>
<td><strong>Total possible points</strong></td>
<td><strong>790</strong></td>
<td><strong>100%</strong></td>
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Note that Dr. Durler reserves the right to change this schedule.

**Grade distribution:**

- **A** 90% - 100%
- **B** 80% - 89%
- **C** 70% - 79%
- **D** 60% - 69%
- **F** Below 60%

It is the policy of the School of Business that the plus/minus grade system is not used.

**Examinations:** Three examinations, including the Final, will be held during the semester. Examinations will be a combination of multiple choice, problem solving, and short essays. The instructor reserves the option to make the Final exam comprehensive. Students missing an exam for official University functions must provide written confirmation of their involvement in the function prior to the date of the exam. Makeup exams for those individuals and those missing the exam due to legitimate emergencies (definition of an emergency is at the discretion of the instructor and may require documentation) will be at a time determined by the instructor. Failure to arrange for a makeup exam in a timely manner (to be taken within a week when possible) will result in a penalty in points. Seating may be assigned or students may be requested to re-seat themselves before or during an exam. This should not be construed as an accusation that cheating has occurred. Calculators, if necessary, will be provided by the department to be used for exams. **Do NOT bring your own calculators. No other exam aids and NO electronic devices of any kind** (that includes your cell phones, translators, and iPods) are allowed. Non-English speakers should ask the proctor for definitions of words if necessary.

**In-Class Presentations:** It is important for accounting professionals to be able to give presentations. To facilitate your ability to do so, each day we meet a student will be asked to give either a two minute review of the previous class session's material and/or chapter topic or a hometown report. Students will be judged on content and delivery of their presentations. The objective of these presentations is two-fold: 1) To review the material, and 2) to provide each student with an opportunity to speak before a group. The actual number of presentations will depend on the number of students enrolled in the course but each student will prepare at least two presentations during the semester. Presentations will begin the second week of the semester and continue each day, except exam days and the day after exams.

**Chapter Assignments or Quizzes:** Various problems or projects will assigned from each chapter. It is the student's responsibility to complete these assignments to achieve and understanding of the material and to participate in the class and online discussions. It will be determined throughout the semester whether assignments should be printed or electronically submitted. These can be submitted or
transmitted anytime before the due date set by Dr. Durler in class for that assignment. It is important for accountants to complete work in a timely manner, therefore, any assignment submitted late will be assessed a penalty in points (typically a minimum of 2 points but it may be more if it is significantly late). The point penalty may increase with the length of time the assignment is late. All homework should be done individually except where otherwise indicated. Working together, or providing answers to others, on these assignments will be considered cheating and may result in a substantial penalty in points and/or referral to appropriate University authorities for disciplinary action. Using ANY source except the textbook for answers and not referencing the source as a citation will also be considered plagiarism and cheating. I urge you to solve as many exercises and problems as possible in addition to those assigned. There is one homework assignment per chapter in the assignment schedule (multiple problems from a chapter still constitute only one homework), however only your top twelve scores will be used in determining your course grade. Note that past classes indicate the problems are more difficult at the end of the semester.

Assignments that require written answers must be written with proper English grammar and punctuation. That includes TWO spaces between sentences (MS Word's default is one, so change the default) if typed (failure to do so WILL result in a point penalty). Answers should reflect YOUR knowledge and understanding of the material, not the authors. Those that are copied or closely paraphrased from the textbook will be significantly penalized as incomplete. Improper use of homophones will also be penalized.

Quizzes may be substituted for chapter assignments at the discretion of the instructor. These quizzes will be administered on Blackboard. Quiz material will be taken from other auditing textbooks or created exclusively for this class.

Risk Assessment Project: Audits must be both effective and efficient. To achieve both objectives auditors spend more effort on areas identified as more likely to have issues and less effort on areas identified as less risky. Risk assessment is therefore an important aspect of auditing. A project on risk assessment will be done by each student.

Team Audit Program Project: Chapters 10 and 11 from the textbook have material regarding audits of the revenue and expenditure cycles. Each student will be assigned to a team to develop an audit program for the audit of either the revenue or expenditure cycle of a wholesale distributor. This team developed audit program will then be evaluated by members of another team, in addition to Dr. Durler, for feasibility and conformity with audit standards and typical requirements of an audit of such a company.

Chapter Review Questions: Several review questions from each chapter have been included in the assignment schedule. The purpose of assigning the questions is to encourage you to stay current with the reading assignments and/or to help you determine if you are comprehending the material by your determination if you can answer the questions. Your answers to all the questions will be collected for grading on the date we begin discussion of a chapter. You should answer all the questions assigned but only one will be selected to grade. These questions may also be a source for some exam essay questions.

ACL Problems: A copy of the software, Audit Control Language (ACL), is included with your edition of the textbook. A separate tutorial/manual titled "ACL in Practice" is included on the CD with the software. The authors of our textbook have also prepared a series of problems using ACL corresponding to the material in the textbook chapters (available on Blackboard). Some exercises from the
tutorial/manual and some problems from the authors will be assigned for you to gain some experience using audit detection software. If you obtained your book from a source other than the Union Bookstore or Textbook Corner and it did not include a copy of ACL, you will have to obtain ACL, and the tutorials and assignments, from another source on your own.

OTHER:
E-MAIL TO THE INSTRUCTOR: All e-mail addressed to the instructor, or his assistants, MUST have a subject line which begins with "AC 413" without the quotes. (That is AC space 413.) This is to route the message to the appropriate mailbox. Failure to do this will result in a significant delay in replying to your message and/or no reply at all. I receive hundreds of e-mail messages a day and routing to the appropriate mailbox is necessary to avoid mistaking your message for SPAM or having it lost in the main mailbox. Messages from gmail other than g.emporia.edu, hotmail, and yahoo are typically treated as SPAM by our mail system filters, therefore you should use your ESU account to send e-mail related to the course.

ATTENDANCE POLICY: Attendance in the class is your responsibility as roll will not be taken each class meeting, however you are strongly encouraged to attend each session. Your absence will be noticed as your contribution to the class improves the quality of the subject matter for yourself, your fellow students and the instructor. Attendance also has an indirect "cause and effect" relationship with grades. Excessive absences may be considered in assigning a final grade. Job related absences are not valid reasons for missing exams, or failing to complete assignments. The instructor reserves the right to administratively remove a student for absences from class, disruptive behavior, lack of prerequisites, or academic dishonesty per University policy (see University Policy Manual 4E.13)

ACADEMIC DISHONESTY:
Academic dishonesty, a basis for disciplinary action, includes but is not limited to activities such as cheating and plagiarism (presenting as one's own the intellectual or creative accomplishments of another without giving credit to the source or sources).

The faculty member in whose course or under whose tutelage an act of academic dishonesty occurs has the option of failing the student for the academic hours in question, or for any components or requirements for that course. Departments, schools, and colleges may have provisions for more severe penalties. Emporia State University may impose penalties for academic dishonesty up to and including expulsion from the student's major or from the University. In addition, acts of academic dishonesty shall be grounds to deny admission to a department or program.

In addition to the penalties above, the faculty member shall notify in writing his/her department chair and the registrar of the infraction. The department chair shall forward a report of the infraction to the Provost and Vice President for Academic Affairs and Student Life. The registrar shall block the student from withdrawing from the course to avoid the penalties that result from the infraction (Emphasis added). The Provost and Vice President for Academic Affairs and Student Life shall act as the record keeper for student academic infractions. The Provost and Vice President for Academic Affairs and Student Life will notify the student in writing that an infraction has been reported and inform the student of the right to appeal and of the appropriate appeal procedures. The Provost and Vice President for Academic Affairs and Student Life shall notify the student, the department chair, and the faculty member who initiated the proceedings, of any additional action taken beyond those already imposed by the faculty member. Should a single infraction be so egregious, or should a student have a record of multiple infractions, the Provost and Vice President for Academic Affairs and Student Life may impose additional penalties, including expulsion of the student from the University.
The student has the right to appeal the charge of academic dishonesty (see the section entitled "Student Conduct" in the University Policy Manual). If after an appeal it is found that the student did not commit an act of academic dishonesty, no penalties will be imposed on the student.

A chair of a department or director of a program may request from the Provost and Vice President for Academic Affairs and Student Life a list of all currently enrolled ESU students within that major or program who have committed acts of academic dishonesty. This request may be a standing request to be filled automatically during each semester until the request is rescinded by the chair or director. In addition, a chair of a department or director of a program may submit to the office of the Provost and Vice President for Academic Affairs and Student Life a list of applicants to a program or major and the chair or director may be informed if any of the applicants has committed any acts of academic dishonesty.

Prior to the beginning of the next academic year, the office of the Provost and Vice President for Academic Affairs and Student Life shall send to the Chair of the Academic Affairs Committee of the Faculty Senate a list containing nonspecific student identifiers, such as Student 1, Student 2, etc., their specific academic infraction(s) reported to the Provost's office, the total number of infractions that have been reported for each student, and any actions taken by the Provost and Vice President for Academic Affairs and Student Life. (3D.0701 ACADEMIC DISHONESTY POLICY)

Cheating and plagiarism will not be tolerated. Any assignment with a significant quantity of "cut and paste" from sources will be considered an incidence of plagiarism. Repeatedly submitting assignments consisting of "cut and paste" work will be considered cheating and reported for University discipline. Submissions are expected to reflect YOUR understanding of the material, not your ability to copy from the authors or other sources. **Using ANY source except the textbook for answers and not referencing the source as a citation will also be considered plagiarism and cheating.** You are encouraged to share your knowledge and experience with your fellow students, however the final product of exams and assessments are meant to be individual efforts and those that are not may be punished by failure (score of zero) on that assignment and referral to the appropriate University offices. Do NOT work together to complete an assignment, unless it is a group assignment. Once you have completed it, then you may compare your results with another student if desired.

**DISABLED STUDENT POLICY:** Please contact the instructor immediately if (1) you have or think you have a disability or medical condition which may affect your performance, attendance, or grades in this class and for which you wish to discuss accommodations of class related activities or schedules, (2) you may require medical attention during class, or (3) you may need special emergency evacuation preparations of procedures.

Emporia State University will make reasonable accommodations for persons with documented disabilities. Students need to contact the Director of Disability Services and the professor as early in the semester as possible to ensure that classroom and academic accommodations are implemented in a timely fashion. All communication between students, the Office of Disability Services, and the professor will be strictly confidential. Contact the Office of Disability Services and Non-Traditional Student Programs at 106 Plumb Hall in person or at 620/341-6637 Voice, 620/341-6646 TTY, or via e-mail disabser@emporia.edu. Accommodations are provided on an individualized, as-needed basis after needs and circumstances have been evaluated.

**OFFICE HOURS POLICY and PHONE CALLS:** In general, I have an open door policy, if I am in my office I am usually willing to visit with you. During office hours I will usually set aside any other work to talk to you. However, outside of office hours I may occasionally ask you to come back later if I am involved in a project. Occasionally, it may be necessary to cancel office hours due to meetings or
other obligations. I will try to notify the class ahead of time and/or leave a note on my door at those times.

Due to the cost involved for the department, I prefer to return phone calls only within the local calling area. I would appreciate it if you don’t ask me to return a call to your cell phone if it doesn’t have a local Emporia number. Provide a local number where you can be reached if possible. If it is an emergency, please provide that information in your message so I can make an exception. An alternative means of communicating with me is by e-mail.

POSTING OF GRADES: I do NOT post grades. Blackboard has a feature for tracking your grades. However not all of the assessment in the course may be done through Blackboard, therefore your gradesheet in Blackboard may be incomplete. Periodically students will be provided information regarding their status in class. Per University policy, (3H.03 INFORMATION TECHNOLOGY USAGE) I can not send you grade information by e-mail or phone due to privacy concerns unless encrypted and at this time no acceptable encryption is available. No one else may obtain your scores without prior written permission from you and the approval of the instructor (this is the law).

CELL PHONES AND TEXTING: I do not require you to turn off your cell phones during class but it is expected you will set it to either silent or vibrate. The rest of the class does not care to hear your special song used as a ring-tone and it disrupts the class. **Texting is NOT ALLOWED at anytime** during class and anyone texting then will have their cell phone publicly confiscated until the end of the period. It is recommended that you don't check the time using your cell phone as that may appear to be texting.

DISCUSSION BOARD: A discussion board forum for complaints, comments, and suggestions for this course is available on Blackboard. So that you feel free to post there, Dr. Durler will not respond to a posting unless the person making the post requests a response. However, Dr. Durler does "subscribe" to the forum so you can be assured any post is read. This forum is available so you can make comments and suggestions during the semester, when modifications can still be made, instead of with the course evaluation when it is too late to make changes. I encourage you to post on this forum and you may do so anonymously if desired.

There is another Blackboard forum where you may post questions about completing assignments or questions about the course material. Dr. Durler will respond to postings in this forum and students are also encouraged to reply if you can help a fellow student without just giving them an answer.

WITHDRAWAL POLICY: The instructor reserves the option to initiate a student withdrawal for student's absences from class, disruptive behavior, lack of prerequisites, or academic dishonesty. **(4E.13 FACULTY INITIATED STUDENT WITHDRAWAL policy)** Students who decide to withdraw and receive an automatic "W" must complete the formal withdrawal procedure by Wednesday April 3, 2013. After that date, a student may not withdraw from the class nor may the instructor assign a "W".

COURSE TOPICS AND EXTENT OF COVERAGE: A tentative schedule of readings and assignments is provided separately. The schedule may (most likely will) change depending on class discussions and student comprehension of the material. Please note that the textbook has 21 chapters and therefore contains much more material than we can cover in class. You are encouraged to read the chapters not assigned for your own benefit and to retain the textbook for reference later in your career.