

**Upper Iowa University**  
External Degree Program

BA 433-06 AUDITING I

**COURSE DESCRIPTION:**

Auditing I provides an exploration of the concepts and principles applicable to an audit of financial statements. Topics will include the role of the auditor including professional standards, ethical and legal responsibility. Also included will be collection of audit evidence, the design of the audit procedure, various aspects of internal control, and demonstration of an elementary audit. Prerequisite: BA 322. Three semester credits.

**COURSE OBJECTIVES:**

1. Describe the role of the auditor in the American economy.
2. Identify professional standards, professional ethics, and the legal liability of auditors.
3. Evaluate internal control and special internal issues that can arise in a computer environment.
4. Illustrate a basic understanding of a basic audit case.

**REQUIRED COURSE MATERIALS:**

1. Text: Whittington, O. Ray & Pany, Kurt (2006). Principles of Auditing & Other Assurance Services (15th edition).

Note: A soft cover update of Chapters 5, 6, and 7 supplements the text. New York, New York: Irwin/McGraw Hill.

2. Syllabus

A variety of additional supplemental materials are available with the text, but are not required or assigned. You will need the soft cover update of Chapters 5, 6, and 7 supplement.

You may purchase your textbook through MBS Direct by calling their toll free number at: 800-325-3252 or through the UIU homepage: [www.uiu.edu](http://www.uiu.edu). Click on the link for current students then select order textbooks from the options in the left hand column. Follow the link and select External Degree for your location.

**COURSE GOALS:**

- I. At the end of Unit I the student is expected to:
  - A. Contrast the various types of audits, audit reports, and auditors.
  - B. Describe the nature of assurance services and attestation.
  - C. Describe the regulatory process that resulted from recent accounting irregularities.
  - D. Explain the typical organization of and responsibilities within CPA firms.

- E. Explain the role of PCAOB standards and generally accepted auditing standards.
  - F. Identify the authoritative status of the *Statements on Auditing Standards*.
  - G. Discuss the auditors' role for detecting errors, fraud, and illegal acts.
  - H. Explain the elements of a standard audit report and other reports issued by auditors.
  - I. Describe standards dealing with attestation, quality control, international auditing .
- II. At the end of Unit II the student is expected to:
- A. Explain the value and practice of the *AICPA Code of Professional Conduct*.
  - B. Explain the value and practice of the Institute of Internal Auditors Code of Ethics.
  - C. Explain the concept of independence and impairment of independence in auditing.
  - D. Contrast independence rules for audits of public with those of nonpublic firms.
  - E. Understand the different types of CPA liability.
  - F. Distinguish between CPA liability under common and statutory law.
  - G. Explain the proof requirements and defenses for third parties seeking recovery.
  - H. Explain the proof requirements for plaintiffs under statutory law and the defenses available to auditors.
  - I. Compare the Securities Act of 1933 with the Securities Exchange Act of 1934.
- III. At the end of Unit III the student is expected to:
- A. Identify and understand how to assess the risk components of an audit.
  - B. Explain the audit evidence and documentation requirements.
  - C. Develop, complete and analyze audit working papers.
  - D. Discuss the factors that affect the auditor's judgment on audit documentation.
  - E. Identify factors to be considered in accepting a new client.
  - F. Describe how auditors address fraud risk and risks of material misstatement.
  - G. Distinguish between the systems and substantive test portion of the audit.
  - H. Distinguish between competence and sufficiency of audit evidence.
  - I. Describe the major steps in the audit process.
- IV. At the end of Unit IV the student is expected to:
- A. Define internal control and its major components.
  - B. Discuss the techniques used by auditors to understand internal control.
  - C. Describe how auditors assess control risks.
  - D. Describe the major types of tests of control.
  - E. Describe the auditors' responsibility for communicating internal control issues.
  - F. Describe audits performed in accordance with the Sarbanes-Oxley Act of 2002.
  - G. Describe the nature and typed of information technology-based systems.
  - H. Describe the organizational structure in an information technology environment.
  - I. Explain internal controls in an information technology environment.
  - J. Describe the nature of generalized audit software programs and their use in audits.

### **WRITING PROFICIENCY:**

It is recommended that all papers and research are done in the APA style. We expect appropriate writing skills of proper grammar, punctuation, sentence structure, paragraph development, and logical sequence of thought in all written work, and exams.

It is recommended that all students purchase one of the two APA guide/manual listed on the UIU website.

1. Publication Manual of the American Psychological Association. \$27.00 new.
2. World's Easiest Guide to Using APA. \$22.00 new.

### **LIBRARY RESOURCES:**

As a student of Upper Iowa University, you have access to the resources of the Henderson-Wilder Library on the Fayette campus. If travel to the campus is not feasible, you can access the library through the University's website. Go to: [www.uiu.edu](http://www.uiu.edu) and click on Distance Learning. On the top of the page click the library tab. To use the InfoTrac, type in the user name of uiu, and the password is peacocks. Be sure to use all lower case as both items are case sensitive.

### **OTHER HELPFUL WEBSITES:**

**Research and Writing:** [www.ipl.org/teen/aplus](http://www.ipl.org/teen/aplus). Contains tips on how to write a research paper.

**Bartleby.com:** [www.bartleby.com/reference](http://www.bartleby.com/reference). This site has excellent references, such as *American Heritage Dictionary*, *Roget's Thesaurus*, *Elements of Style* and *Bartlett's Quotations*.

**Britannica.com:** [www.britannica.com](http://www.britannica.com). Plug in any subject, get articles and related Web sites.

**Google:** [www.google.com](http://www.google.com). This site is a great all-purpose search engine on the Web.

**The Internet Public Library:** [www.ipl.org](http://www.ipl.org). A great site to start research and has reference, newspaper, and magazine links. Also contains archives of academic papers and tutorials on how to improve writing.

### **COURSE OVERVIEW:**

Principles of Auditing will discuss the professional standards and ethical responsibilities that are required of accountants in the field of auditing. The course will explain the planning, procedures and reporting requirements of an audit. Legal liabilities and other auditing services will also be presented.

Themes:

- The Role of the Auditor in the American Economy
- Professional Standards
- Professional Ethics
- Legal Liability of Auditors
- Audit Evidence
- Audit Documentation
- Planning the Audit: Designing Audit Programs
- Internal Control
- Consideration of Internal Control in a Computer Environment

**COURSE REQUIREMENTS:**

**Unit I Chapters 1-2**

1. Read chapters.
2. Answer assigned questions in typewritten or neatly printed form.
3. Complete 10 multiple-choice quiz questions and 1 essay question for each chapter.

**Unit II Chapters 3-4**

1. Read chapters.
2. Answer assigned questions in typewritten or neatly printed form.
3. Complete 10 multiple-choice quiz questions and 1 essay question for each chapter.

**Midterm Exam Multiple Choice Test of 20 Questions**

Prepare by reviewing returned work and **especially the quizzes for Chapters 1- 4**.  
The exam is based on the previous multiple choice quiz questions.  
The exam will be closed book and you will have 2 hours to complete it.  
You must pass at least one proctored exam to pass the course.

**Unit III Chapters 5-6**

1. Read chapters.
2. Answer assigned questions in typewritten or neatly printed form.
3. Complete 10 multiple-choice quiz questions and 1 essay question for each chapter.

**Unit IV Chapters 7-8**

1. Read chapters.
2. Answer assigned questions in typewritten or neatly printed form.
3. Complete 10 multiple-choice quiz questions and 1 essay question for each chapter.

**Final Exam Multiple Choice Test of 20 Questions**

Prepare by reviewing returned work and **especially the quizzes for Chapters 5 - 8**.  
The exam is based on the previous multiple choice quiz questions.  
The exam will be closed book and you will have 2 hours to complete it.  
You must pass at least one proctored exam to pass the course.

**GRADING:**

**Upper Iowa University uses a standard grading system**

**A** = All work is excellent, shows exceptional understanding of materials; logical, clear, and insightful written and oral work, incorporates knowledge from other sources and moves easily to the next level of understanding, works well beyond minimum requirements.

**B** = Understanding of material is good to very good, demonstrates good grasp of material, good oral and written skills, produces more than the minimum requirements, quality of all work is high.

**C** = Satisfactory understanding of the material, submits only the minimum requirements, communicates adequately in oral and written formats, displays an adequate understanding of all basic concepts.

**D** = Quality and quantity written and oral work is below average and barely acceptable.

**F** = Quality and quantity written and oral work is unacceptable.

### **Numerical Grading Scale**

A	90-100%
B	80-89%
C	70-79%
D	60-69%
F	59% - below

### **Course grading system**

4 Study Lessons (50% questions/50% open material quiz)	50%
Midterm Exam (20 multiple-choice questions)	25%
Final Exam (20 multiple-choice questions)	<u>25%</u>
	100%

**NOTE:** In order to pass this course, you must get a passing grade (“D” or better), in one of the two exams and have enough cumulative points to earn a passing grade.

### **CHEATING, ACADEMIC DISHONESTY AND PLAGIARISM:**

Because cheating, academic dishonesty and plagiarism are affronts to the University community as a whole and a denial of the offender’s own integrity, they will not be tolerated. Cheating includes but is not limited to:

- the use of unauthorized books, notes or other sources in the giving or securing of help in an examination or other course assignments,
- the copying of other students’ work or allowing others to copy your work,
- the submission of work that is not your own or allowing others to submit your work as theirs,
- the submission of the same work for two or more classes without the approval of any instructors involved.

Academic dishonesty includes, but is not limited to:

- sharing academic materials knowing they will be used inappropriately,
- having access to another person’s work without permission,
- providing false or incomplete information on an academic document,
- changing student records without approval.
- obtaining and using texts intended for instructor use only.

Plagiarism includes, but is not limited to:

- the presentation of another’s published or unpublished work as one’s own,
- taking words or ideas of another and either copying them or paraphrasing them without proper citation of the source,
- using charts, graphs, statistics or tables without proper citation.

Detected cheating, academic dishonesty, or plagiarism will result in consequences that may, at the instructor's discretion, include course failure. In addition, an offender may be reported to the Senior Vice President for the Extended University, the Dean of the Extended University, or designee for possible disciplinary action, which may include suspension or dismissal from the University. Upper Iowa University may make use of various plagiarism detection services. Individuals, by enrolling in courses offered by the University, consent to submission by the University of course-related assignments to such services and the retention of a copy of such assignments by the service.

Cheating, academic dishonesty and plagiarism infractions are tracked by the Dean of the Extended University, and cumulative evidence collected from multiple incidents will be considered when making suspension or dismissal decisions.

Extended University Catalog 2006/07 page 94.

[http://www.uiu.edu/catalogs/eu/html/univ\\_policies.html#cheating](http://www.uiu.edu/catalogs/eu/html/univ_policies.html#cheating)

### **ATTENDANCE:**

Even though a student does not attend a regular classroom in the traditional sense and keep up with a set schedule of assignments, it should be pointed out how important it is to keep yourself on a regular timely schedule if possible to complete and send in units. It is too easy to set work aside and decide to do it later. Suddenly, the need to complete assignments and get them in by deadlines can become stressful and, at times, impossible. The key would be to set time aside on a regular basis and submit work in a timely manner.

### **LIBRARY RESOURCES:**

As a student of Upper Iowa University, you have access to the resources of the Henderson-Wilder Library on the Fayette campus. If travel to the campus is not feasible, you can access the library through the University's website. For InfoTrac access information, please contact the library at [library@uiu.edu](mailto:library@uiu.edu).

### **WITHDRAWAL:**

If you wish to withdraw prior to the last day of the enrollment period you must contact the External Degree office by phone or in writing. After your original six month enrollment period you no longer have the option to withdraw from the course. You must finish the course or have a final grade assigned based on the coursework submitted.

### **SPECIAL NEEDS:**

If you require accommodation for special needs, please provide documentation to: Director of External Degree.

**This syllabus is tentative and subject to change.**