The course is essential to your major in Accounting. You cannot become a CPA without audit experience. The course covers an introduction to the principles and concepts of the audit, which is one of the services offered by the accounting profession. Primary emphasis is placed on:

- The auditing standards accountants are required to abide by when auditing financial statements
- The role of the CPA/auditor in gathering audit evidence
- Analytical review procedures and reporting
- The CPA/auditor's ethical and legal responsibilities
- The role of the Securities and Exchange Commission and other agencies.

Audit topics covered in this class also include sampling, internal control issues, audit programs, and reporting.

This course describes the critical role that auditors play in companies and capital markets. Although auditors perform a variety of functions for private firms and government entities, this class emphasizes assurance services, and financial statement audits, in particular. It builds on the content introduced in your earlier accounting courses and helps you to develop the critical eye and knowledge necessary to challenge and test the accuracy of information provided by managers. It gives students an understanding of auditors’ responsibilities and the many professional standards they must follow. It discusses the audit process, from planning and risk assessment to the completion of substantive audit procedures and the issuance of audit reports. It also stresses the critical role of ethics in the accounting profession and covers the ethical standards that guide audit practitioners.

COURSE MATERIALS


Access to McGraw Hill Connect is mandatory for all students and is included with the textbook package. All homework will be completed through Connect, and your grades throughout the semester will also be tracked there. To access McGraw Hill Connect, go to the website for your section:

Section 1: http://connect.mheducation.com/class/j-cheng-spring01
In the “Register to your class” box, verify that the correct section is listed and click “Register now.” At the next screen, enter your email address. If you have previously used Connect with the email address you entered, you will be prompted for your password. On the next screen, you have several choices. If you purchased the textbook package, you can enter the registration code that you received. If you have not yet purchased the package, you may wish to choose “Start courtesy access,” which will give you a two week free trial with access to the e-book. Otherwise, you can click “Buy online” and choose either Connect Plus ($130), which includes e-book access, or Connect ($90), which does not. After you purchase the “Buy online” version of the textbook, there is an option to purchase the loose-leaf book for $40, which includes shipping and handling charge. The loose-leaf book is $260 in the bookstore, in conjunction with Connect.

Blackboard will be used primarily for class announcements, so please be sure to check it and your official Rutgers email regularly.

**LEARNING GOALS AND OBJECTIVES**

By the end of the course, a student who studied diligently should be ready to pass the auditing section of the CPA exam with minimal additional review. Addressing the Critical Thinking Learning Skills Goal and the Ethics Learning Goal of the Rutgers Business School, a student should be able to:

Understand the meaning of independence

Formulate an audit plan

Understand internal control

Identify and assess the risks of material misstatement

Identify relevant assertions related to an audit of financial statements

Know how to perform a test of controls

Know key substantive tests related to key areas of a financial statement Know which audit report is relevant in various situations

In order to accomplish these learning goals, students are expected to complete the assigned reading and homework questions and problems, as well as study diligently for exams. Lectures only cover highlights of the chapters. The chapters in the text contain more details and examples and any information from the chapters could be included on the midterm and final exam. The combination of the lectures, class discussion, the information in the text, as well as completion of homework are essential to obtaining a full understanding of auditing concepts. The illustrative audit case, Keystone Computers and Networks, Inc. has been incorporated in selected homework assignments and/or class discussions.

All homework questions will be noted in CONNECT---this will include questions that are computer graded as well as designated questions from the back of the chapter that will be manually graded.

Deadlines are important. NO credit will be granted for late work.
Auditing is about making judgments. Auditing is about brainstorming and discussing issues with your colleagues. Accordingly, there will be group discussions as part of every class. You will be required to familiarize yourself with certain questions in the text (which will be assigned before a certain class) that will enable you to participate in certain group discussions. As discussed below, class participation is a percentage of your overall grade. As part of my lecture, I will also be asking questions of the class. My objective is not only to teach auditing, but to have my students discuss auditing concepts.

PREQUISITES

You must have completed Intermediate Accounting II to take this class. In order to audit, you have to understand accounting concepts. The more accounting experience a student has, the more apt the student will understand auditing concepts.

ACADEMIC INTEGRITY

I do NOT tolerate cheating. Students are responsible for understanding the RU Academic Integrity Policy (http://academicintegrity.rutgers.edu/files/documents/AI_Policy_2013.pdf). I will strongly enforce this Policy and pursue all violations. On all examinations and assignments that are to be done on your own, students must abide by the RU Honor Pledge, which states, “On my honor, I have neither received nor given any unauthorized assistance on this examination or assignment.” Although the Honor Pledge will not be explicitly included for online assignments, all policies continue to apply. The University’s consequences for cheating are severe. In addition, the audit profession and your individual career in this field are built on a foundation of integrity. There is no room for dishonesty of any kind for those who wish to have a career that lasts. See business.rutgers.edu/ai for more details.

ATTENDANCE AND PREPARATION POLICY

I expect you to attend all classes. If you are to be absent, report your absence in advance and email me directly at jieroncheng12@gmail.com. You are responsible for the materials covered in class and the homework assignment. If your absence is due to religious observance, a Rutgers-approved activity, illness, or family emergency/death, please send me an email with full details and supporting documentation within 3 days of your absence.

For weather emergencies, consult the campus home page. If the campus is open, class will be held.

I also expect you to remain for the entirety of each class session. If you are going to leave early, then please e-mail me in advance of the class.

Please complete all background reading and assignments. Students should review the material shown on Blackboard prior to that day’s class.
CLASSROOM CONDUCT

At this stage of your education, you are preparing to enter the professional world. While the classroom should be a fun and open environment, I expect all students to behave professionally. This means treating all others with respect. The following are some specific guidelines:

Students will fully participate in group discussions and assignments completed in class. Please note that this will not be possible if you have not adequately prepared for class. I would prefer not to cold-call students to answer questions, but I will do so if there is insufficient voluntary participation.

Laptops/tablets use during class is discouraged. However, if you feel it is necessary to improve your productivity, they may be used for taking notes and accessing course materials during class. However, if they are being used for other purposes, I will no longer allow them in class.

Cell phones must be turned off and put away (i.e. out of sight) during class.

Drinks and snacks are permitted, but please refrain from bringing full meals or other food that may be distracting to other students.

Except during exams and quizzes, restroom breaks are permitted. There is no need to ask.

HOMEWORK

Homework will be assigned regularly and will be due every Thursday by 1:00 PM. This deadline is built into the Connect system, which will not accept any submissions after that time. If you have a partially completed homework assignment at the deadline, it will automatically be submitted and you will get credit for what you have done. For automatically graded homework, you will receive your score within one hour of the deadline. If manually graded questions are included in the homework, I will do my best to get you your scores within 24 hours following the deadline. Homework is to be completed individually.

EXAM DATES AND POLICIES

There are TWO exams in this course:

Midterm Exam: Week 8 (Covers Chapters 1,2,3,4,5,6,7,8,17,18)---March 12, 2015 Final Exam: Based on Dates in Final Exam Schedule.

There will be no make-ups for missed exams without a qualifying excuse. If you have a qualifying excuse, a makeup date will be arranged. If you do not have a qualifying excuse, you will receive a zero for any missed assignments or tests.

During exams, the following rules apply:
If you have a disability that influences testing procedures, provide me an official letter from The Office of Disability Services at the start of the semester.

No cell phones or other electronics are allowed in the testing room.

You must show a valid Rutgers photo ID to enter the room and to turn in the exam.

If possible, alternate seating; do not sit next to another student or in your usual seat.

Use the restroom prior to the exam start

The honor pledge should be followed and if your exam has a place where you sign the pledge, your exam will not be accepted unless you sign the Honor Pledge.

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**FINAL GRADE ASSIGNMENT**

Course grades are determined as follows:

<table>
<thead>
<tr>
<th>Grade percentage allocation</th>
<th>Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Midterm</td>
<td>30</td>
</tr>
<tr>
<td>Final Exam</td>
<td>35</td>
</tr>
<tr>
<td>Quiz – Connect</td>
<td>15</td>
</tr>
<tr>
<td>Homework – Connect</td>
<td>15</td>
</tr>
<tr>
<td>Attendance / Class Participation</td>
<td></td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>100</strong></td>
</tr>
</tbody>
</table>

I do not anticipate giving extra credit assignments.

- Grade distribution: The **anticipated** grade distribution is:

  A    90 to 100
  B+   85 to 89
  B    80 to 84
  C+   75 to 79
  C    70 to 74
  D    60 to 69
  F    Below 60

Grade posting: Midterm grades will be posted in Blackboard. Final grades will be posted in REGIS.

Warning grades will be either be posted in REGIS or by email.

Your final grade is not subject to negotiation. If you feel I have made an error, submit your written argument to me within one week of receiving your final grade. Clarify the precise error I made and provide all due supporting documentation. If I have made an error, I will gladly correct it. But I will
adjust grades only if I have made an error.

Accounting (33:010:415)

COURSE SCHEDULE

Week 1 – 1/22/15  Chapter 1: Role of Public Accountant in the American Economy
Week 1 – 1/22/15  Chapter 2: Professional Standards
Week 2 – 1/29/15  Chapter 17: Auditors’ Reports
Week 3 – 2/5/15  Chapter 3: Professional Ethics
Week 3 – 2/5/15  Chapter 4: Legal Liability of CPAs
Week 4 – 2/12/15  Chapter 5: Audit Evidence and Documentation
Week 5 – 2/19/15  Chapter 6: Audit Planning, Understanding the Client, Assessing Risks and Responsibilities
Week 6 – 2/26/15  Chapter 7: Internal Control
Week 7 – 3/5/15  Chapter 8: Internal Control: Computer Environment
Week 7 – 3/5/15  Chapter 18: Integrated Audits of Public Companies

Week 8 – 3/12/15  Midterm

Week 9 – 3/26/15  Chapter 9: Audit Sampling
Week 9 – 3/26/15  Chapter 10: Cash and Financial Instruments
Week 10 – 4/2/15  Chapter 11: Accounts and Notes Receivable & Revenue
Week 11 – 4/9/15  Chapter 12: Inventories and Cost of Goods Sold
Week 12 – 4/16/15  Chapter 13: Property Plant and Equipment
Week 12 – 4/16/15  Chapter 14: Accounts Payable and Other Liabilities.

1/14/15 – 3/22/15 SPRING BREAK
Week 13 – 4/23/15  Chapter 15: Debt and Equity
Week 13 – 4/23/15  Chapter 16: Auditing Operations & Completing the Audit
Week 14 – 4/30/15  Chapter 16: Auditing Operations & Completing the Audit
Week 14 – 4/30/15  Chapters 19 & 20: Additional Assurance Services: Historical & Other
TBA  Final Exam  (Final Exam Period is May 7 - May 13)

Note: Certain items in this syllabus is subject to change during the semester.

SUPPORT SERVICES


- If you are a military veteran or are on active military duty, you can obtain support through the Office of Veteran and Military Programs and Services. http://veterans.rutgers.edu/.

- If you are in need of mental health services, please use our readily available services. Rutgers Counseling and Psychological Services – New Brunswick: http://rhscaps.rutgers.edu/.

- If you are in need of physical health services, please use our readily available services. Rutgers Health Services – New Brunswick: http://health.rutgers.edu/.

- If you are in need of legal services, please use our readily available services: http://rusls.rutgers.edu/.

- If you are in need of additional academic assistance, please use our readily available services. Rutgers University-New Brunswick Learning Center: https://rlc.rutgers.edu/