

Fall 2023

## ACCT 415-101: Auditing

Lee Heejae

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**Auditing**  
**ACCT 415-101**  
**Fall 2023**

**Instructor:** Heejae (Erica) Lee

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**Email:** heejae.lee@njit.edu

**Class Time & Location:** Tuesday 6 p.m. to 8:50 p.m., FMH 408

**Prerequisites:** ACCT 435

**Office Hours:** Wednesday, 3:00 p.m. to 6:00 p.m. by appointment

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### Course Overview

The course will cover the life cycle of the audit including accepting an audit engagement, evaluating entities' internal control procedures, gathering and testing audit evidence, and preparing an opinion on a company's financial statements. Emphasizes the importance of critical thinking, problem solving, and professional judgment in auditing the financial accounting information of an entity.

### Required Course Materials

- *Auditing & Assurance Services (with McGraw Hill Connect)* by Timothy Louwers, Penelope Bagley, Allen Blay, Jerry Strawser, and Jay Thibodeau. 9<sup>th</sup> edition. McGraw Hill.
- PCAOB Auditing Standards – Available at [www.pcaobus.org](http://www.pcaobus.org)
- AICPA Auditing Standards – Available at <https://www.aicpa.org/research/standards.html>

### Learning Outcomes

Upon successful completion of this course, the student should be able to:

- Document the rationale for an auditor's professional judgment in a difficult accounting context.
- Apply knowledge of the environment of public accounting (including professional standards, legal liability, and regulation) in performing written analyses of real-world cases.
- Gain familiarity with analytic tools and understand the purpose of different types of data analytics techniques and how to determine which techniques are most appropriate for the objectives of your analysis.
- Identify the stages of an audit and the tasks completed at each stage.
- Identify audit risks and objectives and the appropriate audit procedures to address the risks and objectives identified.
- Evaluate the characteristics of audit evidence and the appropriateness of audit evidence.
- Identify strong vs. weak internal controls; make recommendations to improve weak controls.
- Identify auditors' responsibility for an audit engagement and determine whether the auditors fulfilled their responsibility.
- Identify the different types of audit reports and which audit reports should be issued under specific circumstances.

## Expected Learning Outcomes

In addition to content-specific course objectives, the course intends to help students develop a wide range of analytical, communication, interpersonal, and technology skills, namely:

Competencies	Outcome
LC 1 Develop an Understanding of Business Concepts and the Technical Knowledge to Solve Business Problems	LO 1.1 Our students will demonstrate the knowledge and application of business fundamentals
	LO 1.2 Our students will demonstrate the ability to solve business problems using current technology
	LO 1.3 Our students will demonstrate the ability to use technology for effective project management
LC 2 Develop Effective Communication Skills	LO 2.1 Our students will demonstrate the ability to deliver effective presentations enhanced by technology
	LO 2.2 Our students will demonstrate the ability to write clear and concise reports based on relevant information
LC 3 Interact Effectively in Teams	LO 3.1 Our students will demonstrate the ability to understand and use team building behaviors to accomplish group tasks
LG 4 - Develop Ethical Reasoning Skills	LO 4.1 - Our students will demonstrate the ability to identify ethical dilemmas and make decisions grounded in ethical principles

## Course Website

Please go to CANVAS. The Canvas site is where most course materials are posted. Make sure you have an NJIT UCID and password so that you can access Canvas. I will use Canvas to post announcements and supplemental materials throughout the semester. **So, please be sure to check the site (canvas.njit.edu) frequently. Please contact the helpdesk (973-596-2900) for problems associated with Canvas.**

## Course Deliverables/ Final Grade Components

Your grade for this course will be based on the following components:

<u>Component</u>	<u>Weight</u>	<u>Total</u>
Participation (Include discussion)	10%	50
Reading Assignments	20%	100
Quizzes	10%	50
Audit Analytics Projects	20%	100
Exams	40%	200
<b>TOTAL</b>	<b>=100%</b>	<b>= 500</b>

### Reading Assignment (20%)

By each week, students are required to complete reading assignment. The assignment is due before the class starts (Tuesday 5:59 p.m.).

### Quizzes (10%)

There will be several quizzes throughout the course, consisting of multiple-choice questions and short answer questions. They will help you practice course concepts and prepare for the exams.

### Audit Analytics Project (20%)

Auditors can use analytics to gain richer insight into a company's risk profile to better audit planning. Auditors can also perform analysis of larger populations of data (e.g., entire populations of transactions) instead of just a sample. Auditors can also readily identify outliers and items that represent greater risk with analytics.

The audit analytics project will help you develop a broad understanding of how data and analytics are transforming business and how audit analytics will impact your role as an auditor or accountant as you begin your career. The assignment will help you to develop an analytical mindset. Specifically, you will develop the skills to ask the right questions, extract, load, and transform relevant data, apply appropriate data analytic techniques, and interpret the results. For insight into how data analytics can be used in auditing, see the EY article, "[Common threads: how big data and analytics can transform the audit](#)," in the April 2015 issue of *Reporting* magazine. The due dates will be outlined in the case requirements and posted to Canvas.

### Exams (50%)

Exams will include multiple-choice questions and problems and **will be** cumulative. The exam questions will be based on reading assignments, lectures, and case materials covered in class.

The dates and times for the examinations are shown on the schedule. Students are expected to attend every examination. If a student has an acceptable excuse for missing an examination, **the student must inform the instructor and obtain permission to miss the examination before the examination**. Failure to obtain the necessary permission will result in a zero grade.

### Final Grades

Grades reflect the level of understanding of course content. Therefore, to achieve a grade of A or B in this class, expect to:

- Attend every class.
- Be prepared. This means actively participating in discussions, exercises, and activities to further understanding.
- Turn in all course deliverables in a timely and professional manner.

With less preparation and participation, expect a grade of C or lower.

**Final course grades will be based on the following scale (there will be NO curve):**

#### **Grading Scale**

A	B+	B	C+	C	D	F
90%	85%	80%	75%	70%	60%	<60%

## Policy for Late Work

All past-due assignments will receive 50% of the score. No exceptions. Exams and homework will be accessible for multiple hours on the exam/homework date and will not be accepted after this deadline. Make-up exams must be brought to the instructor's attention at least 24 hours before the deadline.

## Email Etiquette

This is a business course, and the expectation is that you will conform to appropriate business letter-writing practice in your email to me. The following are the basics.

- Put the course name (e.g. course name or course number) in the subject line
- Identify the e-mail's subject with a brief but descriptive summary of the topic. Include a proper salutation and the assignment details such as the title, homework, or test.
- Proofread your e-mail for proper sentence structure, capitalization, spelling, and punctuation.
- Conclude the e-mail message with a proper closing (e.g., Regards, Sincerely) and your full name.

## Academic Integrity

Learning is both an individual and a cooperative experience. Asking for and giving help freely in appropriate settings helps you learn. However, you should present only YOUR work as your own. University rules and standards define and prohibit "academic misconduct" by all members of the academic community including students. You are asked and expected to be familiar with these standards and abide by them.

Academic Integrity is the cornerstone of higher education and is central to the ideals of this course and the university. Cheating is strictly prohibited and devalues the degree that you are working on. As a member of the NJIT community, it is your responsibility to protect your educational investment by knowing and following the academic code of integrity policy that is found at: <http://www5.njit.edu/policies/sites/policies/files/academic-integrity-code.pdf>.

Please note that it is my professional obligation and responsibility to report any academic misconduct to the Dean of Students Office. ***Any student found in violation of the code by cheating, plagiarizing or using any online software inappropriately will result in disciplinary action. This may include a failing grade of F, and/or suspension or dismissal from the university.*** If you have any questions about the code of Academic Integrity, please contact the Dean of Students Office at [dos@njit.edu](mailto:dos@njit.edu).

## Accommodations

Educational access is the provision of classroom accommodations, auxiliary aids and services to ensure equal educational opportunities for all students regardless of their disability. If you are in need of accommodations due to a disability please contact Scott Janz ([oars@njit.edu](mailto:oars@njit.edu)), Associate Director of the Office of Accessibility Resources & Services (OARS), Kupfrian Hall 201, to discuss your specific needs. A Letter of Accommodation Eligibility from the OARS authorizing your accommodations will be required. Accommodations need to be requested in advance and will not be granted retroactively.

# Exam Code of Conduct

*NJIT policy requires that all midterm and final exams must be proctored, regardless of delivery mode, in order to increase academic integrity. Note that this does not apply to essay or authentic based assessments. Effective beginning Fall semester 2019, students registered for a fully online course section (e.g., online or Hyflex mode) must be given the option to take their exam in a completely online format, with appropriate proctoring.*

Any course that uses online proctoring for exams may require you to do an environmental scan. You are responsible for selecting a location where you are comfortable with yourself and your room being video and audio recorded. You may be asked to use your camera to scan all four walls of the room you are in, as well as the workspace, desk, and area around the computer. Ideally, your exam environment should be well-lit and free from distractions and interruptions.

In this course, you will be required to use the following proctoring method to ensure academic integrity for exams. See below for more information about how exams will be proctored in this course.

## Respondus LockDown Browser and Monitor

The [Respondus proctoring solution](#) has three possibilities:

1. **LockDown Browser:** A locked browser used to prevent students from printing, copying, going to another URL, or accessing other applications during an assessment in Canvas.
2. **Monitor:** Used in conjunction with LockDown Browser, Monitor is the usage of a webcam to record a user during the exam session.
3. **Live Proctoring:** Used in conjunction with both LockDown Browser and a video conferencing solution, the instructor live proctors students during the assessment.

Respondus works with both “[Classic](#)” and “[New](#)” quizzing engines in Canvas, but the process to enter the exam is different based on the quizzing engine. If information is not posted about which quiz will be used, contact your instructor.

If virtual machine software is detected on your device, you won't be able to run LockDown Browser, and you'll receive a warning, "The browser can't be used in virtual machine software such as Virtual PC, VMWare, and Parallels." You can find examples of VM software and troubleshooting steps on [Respondus's FAQ page for this topic](#).

If you want to take your exam on your iPad, you must ask your instructor to enable this feature from within the course settings and [download the LockDown Browser app](#).

In using LockDown Browser, students need:

- High-speed internet connection
- Windows or Apple Operating System

In using Monitor or Live Proctoring, students need:

- Webcam (internal or external)
- Microphone and Audio (internal or external)

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- NJIT ID or Photo-Issued ID
- To perform an environment check

Helpful Resources:

- [Introduction to Respondus LockDown Browser for Students Video](#)
- [Respondus Monitor Resources](#)
- [Respondus Computer Requirements](#)
- [Tips for Ensuring a Smooth Experience](#)
- [Respondus Privacy Policies](#)
- Questions or Problems? Contact:
  - [Respondus Live Chat](#)
  - IST Service Desk: 973-596-2900 or [Help.njit.edu](http://Help.njit.edu)

**Using LockDown Browser with “New” Quizzes in Canvas**

When accessing a New Quiz in Canvas using LockDown Browser, students must:

1. Download and install the [LockDown Browser link](#).
2. Log into Canvas using your standard browser.
3. Click on the course within your “Courses” list in which you have to take the exam that requires LockDown Browser.
4. After you enter the course, find the exam and click on it.
5. A new tab will open with a message stating “Assessment Loading”. You will also see a pop-up window asking you to open Lockdown Browser. Click “Open Lockdown Browser”.
6. Lockdown Browser will automatically launch and your quiz will be loaded into Lockdown Browser. Click “Begin” to take the quiz. Once a quiz has been started with LockDown Browser, you cannot exit until the “Submit Quiz” button is clicked.
7. If you are required to use a webcam (Respondus Monitor), you will be prompted to complete a Webcam Check and other Startup Sequence steps.
8. Once the exam has been submitted, Respondus will close to allow you to continue using your regular browser window.

**Tentative Course Schedule**

Module	Date	Course Topics	Assignment & Due
1	Sep 5	Course Introduction Auditing and Assurance Services Other Public Accounting Services	<b>Reading Assignment 1</b> (Extra Credit) is due by Sep 12, 5:59 p.m. (Read Chapter 1 and Module A) In class case: Rosie’s Restaurant
2	Sep 12	Professional Standards Professional Ethics Legal Liability	<b>Quiz for Module 1</b> Reading Assignment 2 is due by Sep 12, 5:59 p.m. (Read Chapter 2 and Module B, and C)

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<b>3</b>	Sep 19	Data and Analytics in Auditing The Analytical Mindset	<b>Quiz for Module 2</b> <b>Reading Assignment 3</b> is due by Sep 19, 5:59 p.m. (Read Module G and The Analytical Mindset) <b>Audit Analytics Project 1</b> is due by Sep 26 5:59 p.m.
<b>4</b>	Sep 26	Engagement Planning and Audit Evidence	<b>Quiz for Module 3</b> <b>Reading Assignment 4</b> is due by Sep 26 5:59 p.m. (Read Chapter 3)
<b>5</b>	Oct 3	The Audit Risk Model and Inherent Risk Assessment	<b>Quiz for Module 4</b> <b>Reading Assignment 5</b> is due by Oct 3, 5:59 p.m. (Read Chapter 4)
<b>6</b>	Oct 10	Risk Assessment: Internal Control Evaluation	<b>Quiz for Module 5</b> <b>Reading Assignment 6</b> is due by Oct 10, 5:59 p.m. (Read Chapter 5)
	Oct 17	Midterm Exam	Midterm Exam
<b>7</b>	Oct 24	Employee Fraud and the Audit of Cash	<b>Reading Assignment 7</b> is due by Oct 24 5:59 p.m. (Read Chapter 6)
<b>8</b>	Oct 31	Revenue and Collection Cycle	<b>Quiz for Module 7</b> <b>Reading Assignment 8</b> is due by Oct 31 5:59 p.m. (Read Chapter 7)
<b>9</b>	Nov 7	Acquisition and Expenditure Cycle	<b>Quiz for Module 8</b> <b>Reading Assignment 9</b> is due by Nov 7 5:59 p.m. (Read Chapter 8)
<b>10</b>	Nov 14	The Production Cycle and Auditing Inventory	<b>Quiz for Module 9</b> <b>Reading Assignment 10</b> is due by Nov 14 5:59 p.m. (Read Chapter 9)
<b>11</b>	Nov 21	Finance and Investment Cycle	<b>Quiz for Module 10</b> <b>Reading Assignment 11</b> is due by Nov 21 5:59 p.m. (Read Chapter 10)
<b>12</b>	Nov 28	Completing the Audit	<b>Quiz for Module 11</b> Read Chapter 11
<b>13</b>	Dec 5	Reports on Audited Financial Statements	Read Chapter 12



<b>14</b>	Dec 12	Audit Analytics Project Presentation	<b>Audit Analytics Project 2</b> is due by Sunday December 10 11:59 p.m.
	Dec 19	Final Exam	Final Exam

**The topics are tentative. Updates will be provided.**