

# San José State University

School: College of Business  
Department: Accounting & Finance  
Course Number: 129A  
Title: Auditing: Financial Auditing  
Section: 3  
Semester: Fall  
Year: 2018

**Instructor:** Mike Williams  
**Office Location:** BT 856  
**Email:** michael.j.williams@sjsu.edu  
**Office Hours:** M 17:15-17:45 and by appointment  
**Class Day/Time:** M 18:00 – 20:45  
**Classroom:** BBC 107

## Faculty Web Page and MYSJSU Messaging

Course materials such as syllabus, handouts, notes, assignment instructions, etc. can be found on my faculty web page at <http://www.sjsu.edu/people/michael.j.williams> and/or on [Canvas Learning Management System course login website](http://sjsu.instructure.com) at <http://sjsu.instructure.com>. You are responsible for regularly checking with the messaging system through [MySJSU](http://my.sjsu.edu) at <http://my.sjsu.edu> (or other communication system as indicated by the instructor) to learn of any updates. I send Canvas messages frequently. If you have another mode of communication that works better for you let me know and I will try to accommodate.

## Course Description

Emphasis on process by which an accountant forms an opinion on financial statement fairness of presentation. Examines public accounting profession, application of relevant professional standards, auditing procedures, and professional ethics. Prerequisites: BUS1 120A, BUS1 121A with grade of C or better.

That's what the course catalog says. I didn't write that. This course emphasizes both the conceptual and the practical application of audit standards and procedures. It continues with the content and learning methods introduced in your earlier accounting courses and with emphasis on understanding relevant professional standards and applying those standards. As such, you should obtain an

understanding of the process by which an accountant forms an opinion on the “fairness of presentation” of financial statements and other information. This is not a theory course or a memorization course—you’ll be expected to learn concepts and apply them in practical situations which are not black and white. You are about to graduate and this course serves as a capstone to your accounting courses.

## Course Goals and Student Learning Objectives

The course provides a conceptual foundation of the financial auditing process. Upon successful completion of this course:

LO1 Students will understand the role of the public accountant in the American economy.

LO2 Students will understand generally accepted auditing standards.

LO3 Students will understand the standard audit report and circumstances that require variations thereof.

LO4 Students will understand what constitutes audit evidence and adequate documentation.

LO5 Students will understand how an audit is planned and how audit procedures are linked to audit risk and the assertions made in the financial statements.

LO6 Students will understand the concept of internal controls and their applicable audit procedures.

LO7 Students will understand the basic sampling concepts as they apply to audit sampling.

LO7 Students will understand the procedures to audit all financial statement elements.

LO8 Students will be exposed to classroom discussion cases involving professional judgment and ethical issues.

## Textbook

Principles of Auditing and Other Assurance Services, 21st edition by Whittington and Pany ISBN 978-0-07-772914-1. RENT, DO NOT BUY UNLESS YOUR BUSINESS DEGREE TELLS YOU THAT BUYING THE BOOK AND SELLING IT BACK IS CHEAPER THAN RENTING.

## Classroom Protocol

The skills and techniques you will learn and apply in this class will be extremely beneficial in many elements of your career, regardless of the path you take. Much of auditing is common sense and judgment, but to properly apply that judgment requires a strong grounding in the fundamentals of audit standards and procedures, as well as knowledge of accounting principles that you’ve acquired in your prior coursework.

This class will require time and effort on your part. ***Unless you come to class prepared, and attend class regularly, you will soon find yourself falling behind, and the material will seem more difficult.*** I suggest that you complete the reading of the chapter before class.

On exams you will be required to apply the concepts learned to arrive at a reasonable answer. *Ask questions, it gets you involved in the learning process, and makes class more interesting for all of us. I spent a dozen years in public accounting, and another 20+ as a consumer of audit services. Take advantage of that experience.*

The [University Policy S16-9](http://www.sjsu.edu/senate/docs/S16-9.pdf), Course Syllabi (<http://www.sjsu.edu/senate/docs/S16-9.pdf>) requires the following language to be included in the syllabus:

Success in this course is based on the expectation that students will spend, for each unit of credit, a minimum of 45 hours over the length of the course (normally three hours per unit per week) for instruction, preparation/studying, or course related activities, including but not limited to internships, labs, and clinical practica. Other course structures will have equivalent workload expectations as described in the syllabus.

### Dropping and Adding

Students are responsible for understanding the policies and procedures about add/drops, academic renewal, etc. Information on add/drops are available at

<http://www.sjsu.edu/advising/faq/index.htm#add>

Information about late drop is available at

<http://www.sjsu.edu/aars/policies/latedrops/>. Students should be aware of the current deadlines and penalties for adding and dropping classes.

### Assignments and Grading Policy

#### Grading Policy

Midterm Exams 2 @ 100	200
Assignments, Exercises and Quizzes	125
Engagement	25
Final	<u>150</u>
Total	<u>500</u>

#### **There is no extra credit nor will any be offered.**

*Corrections of Scores. If you believe there is a mistake in any of the grading, you must bring it to my attention within one week of the item's grading.*

*The final grade will be based on the university-approved grading system. I anticipate that the grading scale will not be higher than in the following table.*

<b>Grade</b>	<b>Point</b>
<b>A+</b>	<b>97.00%</b>
<b>A</b>	<b>93.00%</b>
<b>A-</b>	<b>90.00%</b>
<b>B+</b>	<b>87.00%</b>
<b>B</b>	<b>83.00%</b>
<b>B-</b>	<b>80.00%</b>
<b>C+</b>	<b>77.00%</b>
<b>C</b>	<b>70.00%</b>
<b>D</b>	<b>60.00%</b>
<b>F</b>	<b>Below 60.00%</b>

*Please note that I reserve the right to make changes to the syllabus as the semester proceeds. I attempt to bring in at least 3 guest speakers during the semester. This means the schedule will be changed during the semester. Any changes will be announced in class. YOU are responsible for finding out what happened during class should you miss class!*

*Exams: NO MULTIPLE CHOICE ON EXAMS. Exams will be essay and short answer. The exams are designed to mimic what you experience in auditing—documenting in clear concise language what you did, why you did it, and the conclusion you reach based on the evidence you examined. The final is comprehensive, with emphasis on later chapters.*

*Quizzes: 5 quizzes, with combination of multiple choice or responses to questions. This is part of the CPA exam preparation.*

*Assignments—in groups, just like audits.*

*Engagement: you will be called on in class in order to stimulate discussion. In an evening class, it's much better if there is dialogue rather than monologue (although I'm really good at monologue ☺). If you're not there or are otherwise unresponsive when called on, points are deducted. You start with 25 points and can only lose from there.*

*Homework: There is no assigned problems to be completed from the text. Students are encouraged to complete some of the exercises particularly if they do not understand the concepts. Problems from the text will appear in the quizzes, and we can spend part of the following week going over questions you have from the prior week's lecture and your followon work with problems in the text. I will go through a few key problems as well in class to assure that the concepts are reinforced.*

### ***Classroom Protocol***

***CLASS STARTS ON TIME.*** You may record my lectures for posterity, but they may not be published on social media or other places without my express written consent. I encourage the use of laptops or tablets as you'll want to look up information during class. Because it is a night class, and we may go up to 8:45 or later some nights, please be safe and walk in groups to parking structures or ask for escorts.

### **University Policies**

Per University Policy S16-9, university-wide policy information relevant to all courses, such as academic integrity, accommodations, etc. will be available on Office of Graduate and Undergraduate Programs' [Syllabus Information web page](http://www.sjsu.edu/gup/syllabusinfo/) at <http://www.sjsu.edu/gup/syllabusinfo/>

**SCHEDULE**

<b>Date</b>	<b>Topic</b>	<b>Reading</b>
<b>M 8/27</b>	Audit Evidence and Documentation Planning the Audit	Chapter 5 Chapter 6
<b>M 9/3</b>	Labor Day—NO CLASS	
<b>M 9/10</b>	Auditors Reports Introduction	Chapter 17 Chapter 1
<b>M 9/17</b>	Speaker #1—Mike Sallander and Tevy Tsun, Electronic Arts Professional Standards	Chapter 2
<b>M 9/24</b>	Legal Liability of CPAs	Chapter 4
<b>M 10/1</b>	Professional Ethics Review for Midterm	Chapter 3
<b>M 10/8</b>	<b>Midterm # 1 Chapters 1–2, 4-6, and 17</b> Internal Control	Chapter 7
<b>M 10/15</b>	Review Midterm Integrated Audits of Public Companies Internal Control in an IT environment Audit Sampling (powerpoint only)	Chapter 18 Chapter 8
<b>M 10/22</b>	Speaker #2 Cash and Investments	Chapter 10
<b>M 10/29</b>	Accounts Receivable and Rev. Rec.	Chapter 11
<b>M 11/5</b>	Inventories and Cost of Goods Sold	Chapter 12
<b>M 11/12</b>	<b>Midterm # 2 Chapters 3, 7 – 11, 18</b> Speaker #3	
<b>M 11/19</b>	Speaker #4 Property and Equipment Accounts Payable/Other Liabilities	Chapter 13 Chapter 14
<b>M 11/26</b>	Debt and Equity Capital Wrapping up the Audit	Chapter 15 Chapter 16
<b>M 12/3</b>	Presentations	
<b>M 12/10</b>	Presentations Review for Final	
<b>M 12/17</b>	<b>Final 17:15 – 19:30</b>	