ACCOUNTING 451
Auditing: Theory and Practice
Fall 2013

DR. CINDY SEIPEL, CPA, CFE
OFFICE: BC 333    OFFICE PHONE: (575) 646-5206    EMAIL: cseipel@nmsu.edu

OFFICE HOURS: M 2:15-3:15, TTH 11:35-1:00, F 9:30-10:30 and by appointment

MATERIALS:
Required—Johnstone, Gramling and Rittenberg Auditing (9th ed) with ACL software
Required—Scantron form 882. For individual quizzes, group quizzes and tests (approximately 15 total)
Optional—Gleim and Hillison, Auditing and Systems Exam Questions and Explanations, available in by
calling 800-87-GLEIM. Tell them you are a student at NMSU and there is a discount. Be sure to
get the most current edition as there have been many changes to the auditing standards which
were included for the first time in this edition.

PREREQUISITE: Acct 302 (with a C or better) or consent of the instructor

COURSE OBJECTIVES: After completing the course students should be able to:
1. define the term “independent auditing.
2. comprehend the appropriate components of the regulatory environment in accounting practices
3. explain the relationship between the client’s controls and the amount of substantive testing required as
well as understand and apply each
4. distinguish between the validity of external, external/internal and internal evidence.
5. define risk based auditing.
6. state the party with primary responsibility for the financial statements.
7. determine the nature of the audit report issued in various circumstances.
8. explain the importance of auditor independence and other regulatory ethical issues

EXPECTATIONS: As you expect a good attitude and preparation from me, I expect the same from you.
Specific daily expectations of students include
✓ Preparing for class
✓ Responding when asked
✓ Not using laptops in class without approval
✓ Not reading the newspaper, texting or engaging in social conversations until after class
✓ Staying in the room and seated unless an emergency arises
✓ Turning off cell phones unless the instructor is informed of an expected emergency call
✓ Not leaving class early unless the instructor is notified prior to class of the need to leave

EVALUATION: Your course grade will be determined approximately as follows:
Three regular exams, 100 points each     300 points
Comprehensive final                  150 points
ACL assignments                      20 points
Auditing case                        30 points
Chapter quizzes – individual         54 points
Chapter quizzes – group              54 points
Homework                             25 points
Group assignments                    35 points
Group evaluations                    12 points
Total                                680 points
Grades are guaranteed according to the following scale: A: 90% and above, B: 80-89%, C: 70-79%, D: 60-69%, F: below 60%. There will be no extra credit projects available to individual students.

EXAMS: Each exam will consist of subjective questions, such as essays, and objective questions, such as multiple choice, matching, and problems. The final exam is comprehensive. For regular excused absences, the student has the option of taking the exam early (however not more than two weekdays prior to the exam day) or allowing the final exam to be worth 250 possible points. An absence can only be considered excused if it meets university guidelines and the student has informed the instructor of his/her absence prior to the exam. For students who are participating in university activities, a letter from the sponsoring department must be provided a week prior to the activity. These students will have the additional option of taking a makeup exam during finals week at an agreed upon time.

ACL ASSIGNMENTS: A tutorial will be assigned. It is to be done individually. More information on this assignment will be provided later.

AUDITING CASE: An auditing case will be assigned. More information on this assignment will be provided later.

QUIZZES: In order to efficiently use the limited classroom time allocated for this class, it is essential that students carefully read and spend time studying the material before coming to class. Therefore, on the days indicated on the assignment schedule, a quiz will be given over the material contained in the chapter. Notes are available on Canvas in PowerPoint format to help in understanding the material presented in the textbook. Each quiz will be given twice, once on an individual basis and once on a group basis. Both scores will count equally for each group member assuming that each participates acceptably in the process. Information on the formulation of the groups will be given in class. The lowest individual and the lowest group quiz grade will be dropped.

Make-up quizzes will only be given if the student has an excused absence and informs the instructor of his/her absence prior to the quiz.

HOMEWORK: If the homework is picked up on a random basis, grading will be based upon apparent effort. You should be prepared to submit solutions to written assignments the day they appear on the attached assignment schedule; late homework is not accepted. If you cannot attend class, send your homework with a friend or turn it in early. Other types of assignments such as in class problems or individual quizzes over speakers or films may be included in the category and will to be graded either on apparent effort or correctness, at the option of the professor. The lowest homework grade will be dropped.

GROUP ASSIGNMENTS: A number of cases, problems, exercises, projects, etc. will be assigned to be completed on a group basis. These will be done during the class period, with very little, if any, outside time needed. All members of the group will receive the group grade providing that all participate acceptably in the process. The lowest group assignment grade will be dropped. Each group member is expected to hand in an evaluation of all of the other group members on the day after each test. To attain all of the points allocated for these group evaluations, the students should turn in the evaluation on time and follow the instructions provided by the instructor regarding the required format.

Make-up group assignments will only be given in cases of excused absences. In addition, the students must inform the instructor of the absence prior to the class period in which the assignment is completed.
MULTIPLE CHOICE: In order to understand some of the important points covered in the chapter, students should be sure that they have gone over the multiple-choice questions at the end of the chapter. The answers to the multiple-choice questions are available in the Accounting Lab. Please note that answers to the homework problems are NOT available in the Lab.

ADVICE: Make full use of your instructor's help. Stay caught up every day. Be persistent. Ask questions in class. Don’t miss classes. If you do have to miss class, remember that you are responsible for all material covered and all announcements made in your absence. You are also responsible to check the Blackboard site periodically.

PLAGARISM: Plagiarism is using another person's work without acknowledgment, making it appear to be one's own. Intentional and unintentional instances of plagiarism are considered instances of academic misconduct and are subject to disciplinary action such as failure on the assignment, failure of the course or dismissal from the university. The NMSU Library has more information and help on how to avoid plagiarism at http://lib.nmsu.edu/plagiarism/.

INCOMPLETE ("I" grade): You should be aware of the Incomplete Grade policy. The grade of "I" will only be assigned according to the guidelines in the Undergraduate Catalog.

S/U GRADES: A grade of "C" or better must be earned to qualify as satisfactory performance on the S/U option if you are an undergraduate. Graduate students must earn a grade of "B" or better to qualify as satisfactory performance on the S/U option.

ACADEMIC APPEALS RULES: Details of the rules appear in the undergraduate catalog. The most important aspect is that the student must initiate the academic appeals process by submitting a written appeal to the faculty member within 30 days of the start of the term following the term in which the grievance occurred.

STUDENTS WITH DISABILITIES: Section 504 of the Rehabilitation Act of 1973 and the Americans with Disabilities Act (ADA) covers issues relating to disability and accommodations. If a student has questions or needs an accommodation in the classroom (all medical information is treated confidentially), contact:

Trudy Luken
Student Accessibility Services (SAS) – Corbett Center, Room 244
Phone: 646-6840 Email: sas@nmsu.edu
Website: www.nmsu.edu/~ssd/

DISCRIMINATION: NMSU policy prohibits discrimination on the basis of age, ancestry, color, disability, gender identity, genetic information, national origin, race, religion, retaliation, serious medical condition, sex, sexual orientation, spousal affiliation and protected veterans status. Furthermore, Title IX prohibits sex discrimination to include sexual misconduct, sexual violence, sexual harassment and retaliation. For more information on discrimination issues, Title IX or NMSU’s complaint process contact:

Gerard Nevarez or Agustin Diaz
Office of Institutional Equity (OIE) – O’Loughlin House
Phone: 646-3635 Email: equity@nmsu.edu
Website: www.nmsu.edu/~eeo
CPA EXAM AND 150-HOUR REQUIREMENT – New Mexico law requires applicants for the CPA license to have at least 150 semester hours of education. Texas and most other states also have the 150-hour rule, but the nature of these 150 hours can vary significantly from state to state. For example, in New Mexico, only 30 total hours of accounting are required to sit for the CPA exam. At last check, in Texas, 30 UPPER DIVISION accounting hours, plus an approved accounting ethics class plus two hours of a research class, are required to sit for the exam. Including sophomore-level accounting courses, this totals 41 hours of Accounting. (NMSU provides a Texas-approved accounting ethics class and a research class, but for Master of Accountancy Students only). An upper division business writing/communication class required for Texas CPA applicants. The one that you take as an undergraduate here doesn’t count as it is a sophomore level class. The MAcc program has an English class that is accepted by Texas that can be taken in the program.

To find the requirements for a particular state, see the following AICPA website, which links to the various state boards of accountancy: http://www.aicpa.org/yellow/ypsboa.htm

Many who plan to sit for the CPA Exam choose to remain in school for a Master of Accountancy degree. If you are thinking about a career in public accounting, you may wish to consider this program as the most beneficial way to enhance your background and credentials before accepting a career position. In addition, the MAcc degree should allow you to meet the CPA certification requirements in most, if not all, states. If you are interested in entering the MAcc program at NMSU, please contact me (the director) at cseipel@nmsu.edu, Room BC 333, 646-5206 for more information. You should keep in mind, however, that professional certifications other than the CPA are available and may be more appropriate for your career objectives.

CAREER PLACEMENT: The prime time for job interviewing is the fall semester of the year you graduate, even if you graduate the following May or summer. May and summer graduates who do not interview in the fall will lose the opportunity to talk with a number of potential employers. It is therefore advisable to establish a placement credentials file at the NMSU Placement office in Garcia Annex sometime during the summer preceding your last academic year.

REMINDERS: You are responsible to drop the course, if necessary. The instructor MAY however, drop any individual who does not take the first test. To ensure that you will not be administratively dropped from the course, you must either take the first test or sign a contract indicating your intention to take the rest of the exams as scheduled. You should be aware of the following deadlines: The last day to drop a course with a "W" is October 15. The last day to withdraw from the university is November 15.
ACCOUNTING 451  
Auditing: Theory and Practice  
Fall 2013

DR. CINDY SEIPEL, CPA, CFE  
OFFICE: BC 333  
OFFICE PHONE: (575) 646-5206  
EMAIL: cseipel@nmsu.edu

OFFICE HOURS: M 2:15-3:15, TTH 11:35-1:00, F 9:30-10:30 and by appointment

MATERIALS:  
Required—Johnstone, Gramling and Rittenberg Auditing (9th ed) with ACL software  
Required—Scantron form 882. For individual quizzes, group quizzes and tests (approximately 15 total)  
Optional—Gleim and Hillison, Auditing and Systems Exam Questions and Explanations, available in by calling 800-87-GLEIM. Tell them you are a student at NMSU and there is a discount. Be sure to get the most current edition as there have been many changes to the auditing standards which were included for the first time in this edition.

PREREQUISITE: Acct 302 (with a C or better) or consent of the instructor

COURSE OBJECTIVES: After completing the course students should be able to:  
1. define the term “independent auditing.  
2. comprehend the appropriate components of the regulatory environment in accounting practices  
3. explain the relationship between the client’s controls and the amount of substantive testing required as well as understand and apply each  
4. distinguish between the validity of external, external/internal and internal evidence.  
5. define risk based auditing.  
6. state the party with primary responsibility for the financial statements.  
7. determine the nature of the audit report issued in various circumstances.  
8. explain the importance of auditor independence and other regulatory ethical issues

EXPECTATIONS: As you expect a good attitude and preparation from me, I expect the same from you. Specific daily expectations of students include  
✓ Preparing for class  
✓ Responding when asked  
✓ Not using laptops in class without approval  
✓ Not reading the newspaper, texting or engaging in social conversations until after class  
✓ Staying in the room and seated unless an emergency arises  
✓ Turning off cell phones unless the instructor is informed of an expected emergency call  
✓ Not leaving class early unless the instructor is notified prior to class of the need to leave

EVALUATION: Your course grade will be determined approximately as follows:  
Three regular exams, 100 points each 300 points  
Comprehensive final 150 points  
ACL assignments 20 points  
Auditing case 30 points  
Chapter quizzes – individual 54 points  
Chapter quizzes – group 54 points  
Homework 25 points  
Group assignments 35 points  
Group evaluations 12 points  
Total 680 points
Grades are guaranteed according to the following scale: A: 90% and above, B: 80-89%, C: 70-79%, D: 60-69%, F: below 60%. There will be no extra credit projects available to individual students.

**EXAMS:** Each exam will consist of subjective questions, such as essays, and objective questions, such as multiple choice, matching, and problems. The final exam is comprehensive. For regular excused absences, the student has the option of taking the exam early (however not more than two weekdays prior to the exam day) or allowing the final exam to be worth 250 possible points. An absence can only be considered excused is it meets university guidelines and the student has informed the instructor of his/her absence prior to the exam. For students who are participating in university activities, a letter from the sponsoring department must be provided a week prior to the activity. These students will have the additional option of taking a makeup exam during finals week at an agreed upon time.

**ACL ASSIGNMENTS:** A tutorial will be assigned. It is to be done individually. More information on this assignment will be provided later.

**AUDITING CASE:** An auditing case will be assigned. More information on this assignment will be provided later.

**QUIZZES:** In order to efficiently use the limited classroom time allocated for this class, it is essential that students carefully read and spend time studying the material before coming to class. Therefore, on the days indicated on the assignment schedule, a quiz will be given over the material contained in the chapter. Notes are available on Canvas in PowerPoint format to help in understanding the material presented in the textbook. Each quiz will be given twice, once on an individual basis and once on a group basis. Both scores will count equally for each group member assuming that each participates acceptably in the process. Information on the formulation of the groups will be given in class. The lowest individual and the lowest group quiz grade will be dropped. Make-up quizzes will only be given if the student has an excused absence and informs the instructor of his/her absence prior to the quiz.

**HOMEWORK:** If the homework is picked up on a random basis, grading will be based upon apparent effort. You should be prepared to submit solutions to written assignments the day they appear on the attached assignment schedule; late homework is not accepted. If you cannot attend class, send your homework with a friend or turn it in early. Other types of assignments such as in class problems or individual quizzes over speakers or films may be included in the category and will to be graded either on apparent effort or correctness, at the option of the professor. The lowest homework grade will be dropped.

**GROUP ASSIGNMENTS:** A number of cases, problems, exercises, projects, etc. will be assigned to be completed on a group basis. These will be done during the class period, with very little, if any, outside time needed. All members of the group will receive the group grade providing that all participate acceptably in the process. The lowest group assignment grade will be dropped. Each group member is expected to hand in an evaluation of all of the other group members on the day after each test. To attain all of the points allocated for these group evaluations, the students should turn in the evaluation on time and follow the instructions provided by the instructor regarding the required format. Make-up group assignments will only be given in cases of excused absences. In addition, the students must inform the instructor of the absence prior to the class period in which the assignment is completed.
MULTIPLE CHOICE: In order to understand some of the important points covered in the chapter, students should be sure that they have gone over the multiple-choice questions at the end of the chapter. The answers to the multiple-choice questions are available in the Accounting Lab. Please note that answers to the homework problems are NOT available in the Lab.

ADVICE: Make full use of your instructor's help. Stay caught up every day. Be persistent. Ask questions in class. Don’t miss classes. If you do have to miss class, remember that you are responsible for all material covered and all announcements made in your absence. You are also responsible to check the Blackboard site periodically.

PLAGARISM: Plagiarism is using another person's work without acknowledgment, making it appear to be one’s own. Intentional and unintentional instances of plagiarism are considered instances of academic misconduct and are subject to disciplinary action such as failure on the assignment, failure of the course or dismissal from the university. The NMSU Library has more information and help on how to avoid plagiarism at http://lib.nmsu.edu/plagiarism/.

INCOMPLETE ("I" grade): You should be aware of the Incomplete Grade policy. The grade of "I" will only be assigned according to the guidelines in the Undergraduate Catalog.

S/U GRADES: A grade of "C" or better must be earned to qualify as satisfactory performance on the S/U option if you are an undergraduate. Graduate students must earn a grade of "B" or better to qualify as satisfactory performance on the S/U option.

ACADEMIC APPEALS RULES: Details of the rules appear in the undergraduate catalog. The most important aspect is that the student must initiate the academic appeals process by submitting a written appeal to the faculty member within 30 days of the start of the term following the term in which the grievance occurred.

STUDENTS WITH DISABILITIES: Section 504 of the Rehabilitation Act of 1973 and the Americans with Disabilities Act (ADA) covers issues relating to disability and accommodations. If a student has questions or needs an accommodation in the classroom (all medical information is treated confidentially), contact:

Trudy Luken  
Student Accessibility Services (SAS) – Corbett Center, Room 244  
Phone: 646-6840  Email: sas@nmsu.edu  
Website: www.nmsu.edu/~ssd/

DISCRIMINATION: NMSU policy prohibits discrimination on the basis of age, ancestry, color, disability, gender identity, genetic information, national origin, race, religion, retaliation, serious medical condition, sex, sexual orientation, spousal affiliation and protected veterans status. Furthermore, Title IX prohibits sex discrimination to include sexual misconduct, sexual violence, sexual harassment and retaliation. For more information on discrimination issues, Title IX or NMSU’s complaint process contact:

Gerard Nevarez or Agustin Diaz  
Office of Institutional Equity (OIE) – O’Loughlin House  
Phone: 646-3635  Email: equity@nmsu.edu  
Website: www.nmsu.edu/~eeo
CPA EXAM AND 150-HOUR REQUIREMENT – New Mexico law requires applicants for the CPA license to have at least 150 semester hours of education. Texas and most other states also have the 150-hour rule, but the nature of these 150 hours can vary significantly from state to state. For example, in New Mexico, only 30 total hours of accounting are required to sit for the CPA exam. At last check, in Texas, 30 UPPER DIVISION accounting hours, plus an approved accounting ethics class plus two hours of a research class, are required to sit for the exam. Including sophomore-level accounting courses, this totals 41 hours of Accounting. (NMSU provides a Texas-approved accounting ethics class and a research class, but for Master of Accountancy Students only). An upper division business writing/communication class required for Texas CPA applicants. The one that you take as an undergraduate here doesn’t count as it is a sophomore level class. The MAcc program has an English class that is accepted by Texas that can be taken in the program.

To find the requirements for a particular state, see the following AICPA website, which links to the various state boards of accountancy: http://www.aicpa.org/yellow/ypsboa.htm

Many who plan to sit for the CPA Exam choose to remain in school for a Master of Accountancy degree. If you are thinking about a career in public accounting, you may wish to consider this program as the most beneficial way to enhance your background and credentials before accepting a career position. In addition, the MAcc degree should allow you to meet the CPA certification requirements in most, if not all, states. If you are interested in entering the MAcc program at NMSU, please contact me (the director) at cseipel@nmsu.edu, Room BC 333, 646-5206 for more information. You should keep in mind, however, that professional certifications other than the CPA are available and may be more appropriate for your career objectives.

CAREER PLACEMENT: The prime time for job interviewing is the fall semester of the year you graduate, even if you graduate the following May or summer. May and summer graduates who do not interview in the fall will lose the opportunity to talk with a number of potential employers. It is therefore advisable to establish a placement credentials file at the NMSU Placement office in Garcia Annex sometime during the summer preceding your last academic year.

REMINDEES: You are responsible to drop the course, if necessary. The instructor MAY however, drop any individual who does not take the first test. To ensure that you will not be administratively dropped from the course, you must either take the first test or sign a contract indicating your intention to take the rest of the exams as scheduled. You should be aware of the following deadlines: The last day to drop a course with a "W" is October 15. The last day to withdraw from the university is November 15.