
Capital University of Economics and Business
Overseas Chinese College
Course Syllabus

<u>Year and Semester</u>	2023 Spring
<u>Course Name</u>	Audit and Assurance
<u>Course Code</u>	FA203
<u>Course Type</u>	<input type="checkbox"/> General Education (Required) <input type="checkbox"/> General Education (Elective) <input type="checkbox"/> Basic Disciplinary Course <input checked="" type="checkbox"/> Professional Course (Required) <input type="checkbox"/> Professional Course (Elective) <input type="checkbox"/> Professional Course (Expanded)
<u>Course Credits</u>	4
<u>Course Hours</u>	64
<u>Prerequisites</u>	FA102 Financial Accounting
<u>Instructor:</u>	Yuanyuan Lyu
<u>Contact Information</u>	Lvyuanyuan@cueb.edu.cn
<u>Office Hours</u>	Mon. & Wed. 9:55-11:30; Fri. 8:00-9:35
<u>Learning Center</u>	Tue. 9:55-11:30; 18:00-20:00 (on-line)
<u>Grade/Section</u>	2021BA
<u>Course Time/Place</u>	Tue.8:00-9:35; Fri.9:55-11:30; Boxue 204

Text Book

Alvin A. Arens, Randal J. Elder, Mark S. Beasley. *Auditing and Assurance Services, An Integrated Approach, 15th Edition*. China Renmin University Press, Beijing, ISBN 978-7-300-24326-9.

Reference Book

O. R. Whittington, K. Pany. *Principles of Auditing and other Assurance Services, 19th Edition*. China Renmin University Press, Beijing, ISBN 978-7-300-22007-9.

Course Description

Students will take a course which use an integrated approach to give a brief introduction of the knowledge and understanding of the process of carrying out the assurance engagement and its application in the context of the professional regulatory framework. The objective is to provides up-to-date coverage of globally recognized auditing concepts with practical examples of the implementation of those concepts in real-world settings. Students will develop the auditor's decision-making process in a financial statement audit, as well as an integrated audit of both financial statements and internal control over financial reporting required for accelerated filer public companies.

Student Learning Objectives

After completing this course, students will be able to:

Knowledge:

- Describe assurance services and distinguish audit services from other assurance and non-assurance services provided by CPAs.

- Identify quality control standards and practices within the accounting profession.
- Specify the conditions required to issue the standard unqualified audit report. Identify the types of audit reports that can be issued when an unqualified opinion is not justified.
- Describe accountants' liability to clients and related defenses. Describe accountants' liability to third parties under common law and related defenses.

Capability:

- Apply the eight types of evidence used in auditing.
- Make client acceptance decisions and perform initial audit planning.
- Assess client business risk.
- Select the most appropriate analytical procedure from among the five major types.
- Apply the concept of materiality to the audit.

Mindset:

- Distinguish ethical from unethical behavior in personal and professional contexts.
- Resolve ethical dilemmas using an ethical framework.
- Explain the importance of ethical conduct for the accounting profession.
- Apply the AICPA Code rules and interpretations on independence and explain their importance.

Website Source

1. <https://www.sec.gov>
2. <https://www.aicpa.org>

Teaching Methods

This course contains lectures, class discussions, homework, quizzes, presentation and exams. Textbook content will be introduced first. Then real case and practice questions will be delivered to students as a way to test their understanding of the knowledge. This will require individual or group assignment in or after class.

Grade Criterion

Component	Weight	Description
Final Exam	20%	A cumulative final examination will be given based on all of the contents of the class. The exam paper may be composed of multiple-choice questions, short answer questions, essay questions. Students should rely primarily on homework assignments to give them a sense of what they may see for material on exams.
Mid-Term Test	20%	A cumulative midterm test will be given based on all of the contents that have been taught in class. The exam paper may be composed of multiple-choice questions, short answer questions, essay questions.
Homework	15%	Assignments will be collected at the clearly stated date. Late assignments will not be accepted. The graded assignments will be kept by the tutor for reference and won't be returned to students.
Quizzes	15%	There will be at least 2 quizzes during the semester. Quizzes may or may not be announced in advance. It may also be used as a way to check the attendance. Quizzes will test your

		knowledge of both concepts and the application of those concepts.
Presentation	10%	The students will be divided into several groups to prepare a presentation. Each student is required to be involved in the presentation. The topics can be selected from the textbook or lectures. Each group need to finish a PPT related to the topic which is given and hand in the related resources to the teacher before the presentation.
Participation	10%	Individuals will be asked to participate individually in a question. The performances should be counted in their participation.
Attendance	10%	Refer to attendance policy listed below
Total	100%	

Detailed Grade Computation

	Before Midterm	After Midterm
Attendance	5%	5%
Participation	5%	5%
Homework	5%	10%
Quizzes	5%	10%
Presentation		10%
Midterm test	20%	
Final exam		20%
Total	40%	60%

Grading Policy

A+ 97-100 A 93-96 A- 90-92 B+ 87-89 B 83-86 B- 80-82
 C+ 75-79 C 70-74 C- 67-69 D+ 63-66 D 62-60 F 0-59

Exam Schedule

Midterm Test: TBN

Final Exam: TBN

Assessment of Student Performance

☞ Self-Study and Reading ability Practice

Instructor will give out the chapters or the reference books to read and use class hours to have discussion; students should be able to show a proactive attitude and ability for self-study and reading. Knowledge and oral English will be elements of homework or presentation score.

☞ Homework

Students should finish their homework by themselves. Copying from others will be treated as cheating and the homework scores will be lowered. Students should hand in all assignments on time. Late assignments will be accepted at the discretion of the instructor (i.e., when the student was ill or had an excused absence). Late assignments without reasonable proof will be refused and the score will be zero.

☞ Attendance

Because the course covers a great deal of material, attending every class session is very important for

performing well.

- Being late for 15 minutes or more is considered an absence.
- Five hours or above of unexcused absences will result in the lower level of the final grade by one grade band (e.g., from C- to D+). Any excused absence must be discussed directly with the teacher.
- Absence which is more than 1/3 of the total teaching hours will cause an F (a failing grade) directly. However, students are still welcome to continue attending classes.
- An incomplete grade (I) will be considered in case of medical or family emergencies.

☞ Participation

- Students should participate in classes actively. Half of participation grade is determined by their presentation in class. They are encouraged to ask questions relevant to the subject and express their own opinions. Every student should respect the ideas, opinions, and questions of their classmates.
- Students should also use office hours to ask questions or talk with the instructor for good communication and effective learning.
- Frequent visiting the instructor and chatting in English during office hours is highly recommended.
- Any misbehavior and non-class related activities in class will result in the lower level of the participation grade, including ringing cell phones.
- All above behaviors will be solely evaluated by the instructor for scoring.

☞ Textbook

Students must bring the textbook to class.

Teacher's Office Hour

- ♦ The instructor's office hour is shown in the front of the office door.
- ♦ Students are suggested to use the instructor's office hour and learning center to ask questions or talk with the instructor once at least per week for good communication and effective learning, which is recorded in the students' participation.
- ♦ The time can be scheduled by instructors or students, or both.

Cheating and Plagiarism

Cheating is not tolerated. Any student caught cheating on a quiz; test or exam will be given a mark of zero (0) for the particular work. At the beginning of the semester the definition of plagiarism will be carefully explained, when any thoughts or writings of another person are used, they must be clearly identified (usually one uses quotation marks) and the source notes. **If any student is caught cheating on any homework assignment, the highest score the student can earn in that course is a "C".**

Topical Course Outline

Week	Date/ Hours	Topics	Homework
1		Introduction to the course	—
Part 1 The auditing profession			
Lesson 1&2 describe assurance services, including auditing and the role of certified public accounting (CPA) firms and other organizations in performing audits.			
1	2 hours	Lesson 1 Introduction to audit and assurance	—

		(Chapter 1 The Demand for Audit and Other Assurance Services) 1.1 Assurance services 1.2 Concept and types of audits 1.3 Distinction between auditing and accounting 1.4 Types of auditors 1.5 Informatization of audit (supplementary) * Audit case	
1	2 hours	Lesson 2 The CPA profession (Chapter 2 The CPA Profession) 2.1 Certified public accountant 2.2 Certified public accounting firms 2.3 The public accounting profession 2.4 Quality control in CPA firms * Audit case * Course ideological and political education: Describe the key functions performed by the CPA, especially the one to the public.	
2			
3			
Lesson 3 provides a detailed discussion of audit reports, which are the final products of the audits.			
4	2 hours	Lesson 3 Audit reports (Chapter 3 Audit Reports) 3.1 Standard Unqualified audit report 3.2 Unqualified Audit Report with Emphasis-of-matter Explanatory Paragraph or Modified Wording 3.3 Qualified opinion 3.4 Adverse opinion 3.4 Disclaimer of opinion 3.6 Auditor's decision process for audit report	
Lesson 4 and the self-study chapter emphasize the regulation and control of CPA firms through ethical standards and the legal responsibilities of auditors.			
4	2 hours	Lesson 4 Professional ethics (Chapter 4 Professional Ethics) 4.1 What are ethics 4.2 Ethical dilemmas 4.3 Special need for ethical conduct 4.4 Code of Professional Conduct 4.5 Threats to independence and safeguards to independence * Audit case	
Self-study		Legal liability (Chapter 5 Legal Liability) 1 Business failure, audit failure, and audit risk 2 Liability to clients 3 Liability to third parties	

		* Audit case * Course ideological and political education: Explain the auditor's responsibility for discovering material misstatements due to fraud or error, and the need to maintain professional skepticism when conducting the audit.	
5		● Quiz 1 (5 points, Lesson 1-4)	—
Part 2 The audit process			
Lesson 5-8 deal with auditors' and managements' responsibilities, audit objectives, and general audit evidence concepts.			
5	2 hours	Lesson 5 Audit responsibilities and audit process (Chapter 6 Audit Responsibilities and Objectives) 5.1 Objective of conducting an audit 5.2 Management's responsibility 5.3 Auditor's responsibility 5.4 Setting audit objectives 5.5 The audit process	—
5	2 hours	Lesson 6 Audit objectives and management assertions (Chapter 6 Audit Responsibilities and Objectives) 6.1 Management assertions 6.2 Setting auditing objectives * Audit case * Course ideological and political education: Explain the objective of conducting an audit of financial statements and an audit of internal control.	—
6	2 hours	Lesson 7 Audit evidence – persuasiveness and types 7.1 Persuasiveness of evidence 7.2 Types of audit evidence	—
6	2 hours	Lesson 8 Audit evidence decisions and audit documentation 8.1 Audit evidence decisions 8.2 Audit documentation * Audit case	—
Lesson 9-16 study various aspect of audit planning in depth, including risk assessment and auditors' responsibility for detecting fraud.			
7	2 hours	Lesson 9 Audit planning 9.1 Accept client and perform initial audit planning 9.2 Understand the client's business and industry 9.3 Assess client business risk * Audit case	—
7	2 hours	Lesson 10 Analytical procedures 10.1 Perform preliminary analytical procedures 10.2 Five types of analytical procedures 10.3 Financial ratios * Course ideological and political education: Case analysis – The fall of Enron: Did anyone understand their business?	—

8	2 hours	Lesson 11 Materiality 11.1 Introduction to materiality 11.2 Materiality for the financial statements as a whole 11.3 Performance materiality	—
8	2 hours	Spring Sports	
9		● Midterm Test	
9	2 hours	Lesson 13 Internal control 13.1 Internal control & its objectives 13.2 Management and audit responsibilities for internal control 13.3 COSO components of internal control	—
10	2 hours	Lesson 14 Control risk Process for understanding internal control and assessing control risk 14.1 Phase 1 Obtain and document understanding of internal control design and operation 14.2 Phase 2 Assess control risk 14.3 Phase 3 Design, perform and evaluate tests of controls 14.4 Phase 4 Decide planned detection risk and substantive tests * Course ideological and political education: Case analysis - Rogue trader circumvents controls causing \$7 billion in loss. How could the internal control protect investors?	—
10	2 hours	Lesson 15 Fraud auditing – 1 15.1 Types of fraud 15.2 Conditions for fraud 15.3 1- Assessing the risk of fraud 15.4 2- Corporate governance oversight to reduce fraud risks	—
11	2 hours	Lesson 16 Fraud auditing – 2 16.1 3- Responding to the risk of fraud 16.2 Specific fraud risk areas 16.3 Responsibilities when fraud is suspected * Course ideological and political education: Case analysis – Accounting scandal rocks public trust.	—
11	2 hours	● Quiz 2 (5 points, Lesson 9-16)	—
Lesson 17-18 Summarizes and integrates audit planning and audit evidence			
12	2 hours	Lesson 17 Overall audit strategy and audit program – 1 17.1 Types of tests 17.2 Selecting which types of tests to perform 17.3 Impact of information technology on audit testing 17.4 Evidence mix	—
12	2 hours	Lesson 18 Overall audit strategy and audit program – 2 18.1 Design of the audit program 18.2 Summary of key evidence-related terms	—

18.3 Summary of the audit process			
Part 3 Completing the audit			
13	2 hours	Lesson 19 Completing the audit	——
13	2 hours	Lesson 20 Completing the audit * Course ideological and political education: Identify the auditor's responsibilities when facts affecting the audit report are discovered after its issuance.	——
Part 4 Application of the audit process to the sales and collection cycle			
14	2 hours	Lesson 21 Audit of the sales and collection cycle: tests of controls and substantive tests of transactions	
14	2 hours	Lesson 22 Audit sampling for tests of controls and substantive tests of transactions	
15	2 hours	Lesson 23 Competing the tests in the sales and collection cycle: accounting receivable	
15	2 hours	Lesson 24 Audit sampling for tests of details of balances	
16	2 hours	Presentation	
16	2 hours	Presentation	
17		Final exam	

Note: Over the course of the semester, every attempt will be made to follow the daily schedule listed in the syllabus. However, depending on overall class progress, the syllabus may be adjusted. Any departures from the syllabus will be announced in class.

The Wechat group will mainly be used to inform the students daily study activities and tasks. Xuexitong will be mainly used to upload PPT and release some leaning materials and quizzes.

Important Dates

Spring Semester, 2023	
Feb. 11-12	Registration
Feb. 13	Classes Begin
Apr. 5	Qing Ming Festival
Apr.21	Spring Sports
	Midterm Test
May 1	Labor Day
June 22	Dragon-Boat Festival
	Final Exams for Sophomores and Juniors
	Social Practice for Sophomores and Juniors
	Revision (Freshmen)
	Final Exam Period (Freshmen)
	Summer Vacation Begins

Note: This syllabus is tentative and may be changed or modified throughout the semester. All students will be notified and a new syllabus will be given.

