

SYLLABUS
ACCT 70511
ADVANCED ASSURANCE SERVICES
FALL 2021

Professor: Tim Morrison
Phone: 574-631-9079

Office: **321J** MCOB
Office hours: Monday 1 pm – 3pm and by
arrangement

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Meeting Times: Section 1—M/W, 10:00-11:15 am; MCOB **122**
Section 2—M/W, 11:30-12:45 pm; MCOB **122**

Introduction and Course Content

This course is designed to build upon your knowledge base obtained in your undergraduate auditing and accounting classes and focus on audit areas where the most professional judgment and skepticism need to be applied. Our focus primarily will be on PCAOB standards and multinational public company audits. You will be assigned to an audit team (comprised of approximately 4 students) and that audit team will be assigned a Fortune 100 public company that will be the subject of a number of audit team projects and presentations during the course of the semester. The audit areas of focus include:

- Performing risk assessment, including the identification of significant accounts and the relevant assertions, and the determination of inherent and significant risks
- How to conduct a group audit for a multinational audit client
- With respect to internal control over financial reporting (ICFR), performing a walkthrough and identifying controls that will be tested for design and operating effectiveness
- Developing a substantive procedures audit program for two significant risks, including accounting estimates, identified in your risk assessment procedures
- Utilizing data analytics techniques, including use of the EY Helix General Ledger Analyzer for students and Tableau Desktop software, to assess potential risks, design substantive analytical procedures to address such risks, and communicate an audit status update to an audit committee
- Performing a limited review of unaudited financial information for your audit team's assigned company

Our class sessions will include lectures, time devoted for audit teams to work on the group projects during class and ask me questions, and presentations to be made by the audit teams based on completed group assignments.

Learning Objectives

Upon successful completion of this course, you will be able to:

- Demonstrate the ability to work as a member of an audit team to produce high quality audit deliverables
- Demonstrate the ability to present, as a member of your audit team, the issues and your team's response to those issues for a higher risk portion of an audit engagement
- Demonstrate the key issues and risks in the development of a group audit plan and the supervision of component auditors
- Assess risks in the audit process, including identification of significant accounts, the relevant assertions, and the associated inherent risks
- Assess control risk through the testing of design and operating effectiveness of internal controls
- Design appropriate procedures to audit significant accounts, including accounting estimates
- Demonstrate an ability to develop and visualize data analytical-driven risk assessment and substantive audit procedures
- Articulate the auditor considerations for reporting, including the components of the auditor's report for annual financial statements and quarterly reviews

Course Materials

Course materials include:

- 2020 annual reports on Form 10-K and March and June 2021 Forms 10-Q for The Coca-Cola Company and Pepsico, Inc. (included in Canvas)
- Materials for audit team projects are included in Canvas, including project descriptions and deliverables
- PPT slides and other class materials will be included in Canvas
- Required readings of PCAOB auditing standards can be accessed through pcaobus.org; under "Standards" on the home page click "Auditing Standards" and you will be able to access the individual (AS XXXX) standards. Additionally, the PCAOB standards are included in Canvas
- Other required readings are included in Canvas

Audit team assignments, including the assignment of either The Coca-Cola Company or Pepsico, Inc., are included in Canvas.

Adaptability, Flexibility and Patience

This course has been designed for in-person class sessions. Hopefully, we will be able to meet that objective for the entire semester and that objective will be achievable for all of us. However, it is possible that as the semester progresses, we may encounter a “curve-ball” or two. If so, we will all need to adapt to a new paradigm and different rules of engagement; this will require both a willingness to be flexible and the application of some degree of patience as we navigate the “curve-ball.” You have my commitment in this regard and hopefully I will be able to count on your commitment. My objective, first and foremost, is to your safety and health and then to provide a challenging and engaging auditing course.

Class Preparation

Those who have historically been more successful in this course have studied the assigned readings before class, come to class prepared to think about the implications of those readings in particular situations, actively participate in class discussion, and ask questions concerning the assigned readings.

Grading

Grades will be determined based on total points earned; the mean grade for this course is expected to be approximately 3.45 in accordance with College and department guidelines. The point allocation is as follows:

| | | |
|---|--------------|-------------|
| Test #1 | 200 | 20% |
| Test #2 (a) | 245 | 24% |
| Audit Team Project #1 – Risk assessment | 115 | 12% |
| Audit Team Project #2 – Internal controls | 100 | 10% |
| Audit Team Project #3 – Substantive procedures | 100 | 10% |
| Audit Team Project #3.1 – clearing review notes | 30 | 3% |
| Audit Team Project #4 – Data analytics | 105 | 11% |
| Audit Team Project #5 – Quarterly review | (a) | (a) |
| Audit Team Presentation in class | 55 | 5% |
| Class participation and professionalism | 50 | 5% |
| | <u>1,000</u> | <u>100%</u> |

- (a) The audit team project (#5) on performing a quarterly review for your assigned company will be graded with Test #2 and points for that project will be added to the Test #2 score.

Audit Team Projects are due at the start of class on the due date. Meeting client/deliverable deadlines is an important part of delivering high quality work, late deliverables will not be accepted.

Examinations

We will have two tests. Test #1 will cover class sessions #1-12 and will be held during our designated class period. Test #2 will cover class sessions #14-26, and will be held during the final examination period. Refer also to the class session-by-class session section of this syllabus.

Group (Audit Team) Projects – Brief Summary

You will be assigned to an audit team for the semester. Each team will be assigned either Coca-Cola or Pepsico as your audit client. Projects 1, 3, 3a, and 5 are specific to your audit client. Project #2 – Internal Controls and Project #4 – Data Analytics is based on a hypothetical company and not specific to your audit client.

I have designated seven full class sessions and portions of four additional class sessions as in-class audit team meetings/workshops for the audit teams to meet during this time to work on specific projects and ask me questions. **Please refer to Appendix A for additional information on each audit team project, including in-class presentations required of specific teams for each project. Refer also to “Team Rooms” below regarding space in the MCOB building available for audit teams to utilize during these in-class sessions.**

Refer to Canvas for audit team assignments, including each audit team’s audit client (Coca-Cola or Pepsico) and the materials needed to complete each project.

Team Rooms

As noted above, a portion of our class sessions will be designated as in-class audit team meetings/workshops. Audit teams can meet in our classroom, or alternatively, in a Team Room in the MCOB building. No other sites are acceptable for the in-class designated sessions, without my advance approval.

The Graduate Team Rooms available are rooms 135-139, with rooms 138 and 139 dedicated to MSA students. Additionally, Giovanini Commons room L067 (which includes two separate team rooms) also is available. Room L067 requires you to enter four-digit PIN after swiping your card. Rules for the use of team rooms are posted on team room doors. It is my understanding that if a single individual is utilizing one of these team rooms, your audit team has priority and the individual student has ten minutes to vacate. Additionally, for certain days (which I will communicate the session before) we also have access to MCOB 266 and/or MCOB 369.

MBA Team Rooms 143-148 are not available to MSA students.

Honor Code

The Code of Honor will be strictly applied as described in the *Mendoza College of Business Graduate Academic Code of Honor*. Students will not give or receive aid on tests. This includes, but is not limited to, viewing the tests of others; sharing answers or notes with others; and using books, notes, smart phones or similar electronic devices while taking the tests. The use of smart phones or similar electronic devices also is prohibited upon subsequent review of test results. For the audit team projects, teams must work completely independently. In all situations, relying on solutions from other individuals or teams, whether or not they are currently in the course, including solutions available on internet sites, constitutes plagiarism.

With respect to tests, students are not allowed to use calculators that store text or handheld computers.

Honor Code – Audit Team Activities

Accounting professionals must have the ability work with others to accomplish objectives. This skill requires not only developing the ability to work cooperatively towards the completion of a common goal, but also the ability to consult with others openly and honestly to reach a consensus around complex tasks that oftentimes have no clear-cut answers.

Team submissions represent the collaborative effort of all team members. **In that regard, it is expected that all team members will have participated in all phases of the projects; and, you will be asked to confirm that level of your participation in the team member evaluation for the projects.** Furthermore, by participating in the submission, team members are affirming they have each contributed their fair share to the projects. Accepting credit for a team project without doing one’s fair share could be considered academic dishonesty and a violation of the *Graduate Academic Code of Honor*.

Audit Team Presentations in Class

Audit Teams – All Projects

Each audit team is required to present once during the semester. These presentations will cover Projects #1-#4. These in-class presentations are expected to require approximately 30 minutes. The presentation is expected to cover the significant issues and resolution of those issues for the assigned Project that is the subject of the presentation. The audience includes your professor, in the role of an audit committee chair, and the other students in your class. Audit teams are expected to leave approximately five minutes for questions and answers. Please refer to **In-Class Presentations—Evaluation and Grading Considerations** in the same Canvas folder as this syllabus for a description of the expectations for your audit team presentation and how these presentations will be graded. Please also refer to Appendix A for the dates of the presentations, the Project to be presented, and the audit teams assigned for these in-class presentations.

Class Participation & Professionalism

Whether or not you end up working for a public accounting firm, as an accountant in a corporate environment, or in some other position, your ability to communicate both verbally and in written form is critical to your success. You cannot sit in meetings and never offer ideas, not ask questions, or not respond to those leading the meeting—at best, they will assume you are not prepared. The written assignments relative to the Projects will allow you to advance your written communication skills and the assigned in-class presentations will allow you to advance your verbal communication skills. That said, your commitment to active participation in class also will allow you to advance your verbal skills.

It is expected that all students will attend those class sessions designated as “in-class audit team meeting/workshop” and classes where audit teams will be making presentations on a Project. Otherwise, I do not take attendance.

Professionalism is a rather broad topic that includes everything from being prepared and on time, compliance with the University’s rules of engagement, attending required class sessions (as noted in the immediately preceding paragraph), actively participating in class, to your conduct while in class or another setting (e.g., not dual tasking through e-mail or texting, or sleeping). There are 50 points allocated to class participation and professionalism.

Class participation includes your active engagement on those days designated as in-class audit team meetings/workshops and when other audit teams are presenting one of the assigned Projects. Active participation and engagement usually is demonstrative of preparedness. My experience, although limited, is that Notre Dame students are generally polite and considerate of others. If I believe your conduct is in some fashion less than professional (e.g., disruptive of class or disrespectful), I will attempt to speak with you privately the first time.

Technology

This course relies heavily on access to computers, specific software, and the Internet. At some point during the semester you WILL have a problem with technology: your laptop will crash, a file will become corrupted, a server will go down, or something else will occur. These are facts of an auditor’s life, not emergencies. Technology problems will not normally be accepted as excuses for unfinished work. Count on “stuff” happening and protect yourself by doing the following:

- Plan ahead – start early, particularly if scarce resources are required

- Save work often – at least every ten minutes
- Make regular backups of files in a different location from the originals
- Save drafts of work at multiple stages
- When editing an image, set aside the original and work with a copy
- Practice safe computing when surfing the web and checking email
- On your personal computer, install and use software to control viruses and malware

Office Hours

Office hours are Monday 1 pm -3 pm and by arrangement. Generally, I plan to be in the office when I am not in class. Drop-ins are welcome; however, I suggest you call or e-mail ahead to make sure I am around. I will attempt to accommodate all reasonable requests for appointments.

Changes to the Syllabus

While I do not anticipate the need to make changes to the syllabus or other aspects of this course, I will consider the need if I believe that a change will benefit most of the students.

Support for Student Mental Health at Notre Dame

Care and Wellness Consultants provide support and resources to students who are experiencing stressful or difficult situations that may be interfering with academic progress. Through Care and Wellness Consultants, students can be referred to The University Counseling Center (for cost-free and confidential psychological and psychiatric services from licensed professionals), University Health Services (which provides primary care, psychiatric services, case management, and a pharmacy), and The McDonald Center for Student Well Being (for problems with sleep, stress, and substance use). Visit care.nd.edu.

Inclusivity

The University of Notre Dame is committed to social justice. I share that commitment and strive to maintain a positive learning environment based on open communication, mutual respect, and non-discrimination. In this class we will not discriminate on the basis of race, sex, age, economic class, disability, veteran status, religion, sexual orientation, gender identity, color, or national origin. Any suggestions as to how to further such a positive and open environment will be appreciated and given serious consideration.

Students with Disabilities

It is the policy and practice of The University of Notre Dame to provide reasonable accommodations for students with properly documented disabilities. Students who have questions about the Office of Disability Services or who have, or think they may have, a disability are invited to contact the Office of Disability Services for a confidential discussion in the Sara Bea Learning Center for Students with Disabilities or by phone at 574-631-7157. Because the University's Academic Accommodations Processes generally require students to request accommodations well in advance of the dates when they are needed, students who believe they may need an accommodation for this course are encouraged to contact the Office of Disability Services at their earliest opportunity. Additional information about Disability Services and the process for requesting accommodations can be found at disabilityservices.nd.edu.

Class outline

| Session No. | Date | Topic | Reading | Notes |
|-------------|------|---|--|-------|
| 1 | 8/23 | Introduction; Syllabus; Professional Skepticism; Audit teams meet to begin planning | | |
| 2 | 8/25 | Planning, including Risk Assessments | AS Sections <ul style="list-style-type: none"> • 1101 • 2101 • 2105 • 2110 2020 Annual Report for assigned company | |
| 3 | 8/30 | Planning, including Risk Assessments | Annual Report for assigned company | |
| 4 | 9/1 | Planning, including Risk Assessments (½) and in-class audit team meeting/workshop (½) | <ul style="list-style-type: none"> • Annual Report for assigned company • AICPA AU-C 600 (up through & including Appendix C) | |
| 5 | 9/6 | In-class audit team meeting/workshop – Risk assessment (Project #1) | Annual Report for assigned company | |
| 6 | 9/8 | In-class audit team meeting/workshop – Risk assessment (Project #1) | Annual Report for assigned company | |
| 7 | 9/13 | Project #1 on Risk assessment due Audit teams C-101 (C-201) and P-101 (P-201) present in class | | |

| Session No. | Date | Topic | Reading | Notes |
|--------------------|-------------|--|---|--|
| 8 | 9/15 | Integrated Audits – audits of ICFR and financial statements | <ul style="list-style-type: none"> • AS Section 2201 (skip Appendix C) • COSO Executive Summary | |
| 9 | 9/20 | Integrated Audits – audits of ICFR and financial statements | <ul style="list-style-type: none"> • PCAOB Staff Audit Practice Alert No. 11 (pp 19-25 only – Testing MRC); • SEC Release 34-84429_Oct 2018; • Deloitte – Management Review Controls | |
| 10 | 9/22 | ICFR audits (½) and In-class audit team meeting/workshop (½) – Internal Controls (Project #2) | | |
| 11 | 9/27 | In-class audit team meeting/workshop – Internal Controls (Project #2) | | |
| 12 | 9/29 | <p>Project #2 on Internal Controls due</p> <p>Audit teams C-102 (C-202) and P-102 (P-202) present in class</p> | | |
| 13 | 10/4 | Test #1 (A) | | This is last session before interterm week – we do not meet on Wed Oct 6 |
| 14 | 10/25 | Substantive Tests | <p>AS Sections</p> <ul style="list-style-type: none"> • 2301 (paras. 1-15 & 36-47) • 2305 • 1105 • 1201 • 1210 | |

| Session No. | Date | Topic | Reading | Notes |
|-------------|-------|---|--|--|
| | | | <ul style="list-style-type: none"> • 1215 • 2501 | |
| 15 | 10/27 | Substantive Tests | | |
| 16 | 11/1 | Substantive Tests (½) and in-class audit team meeting/ workshop (½) (Project #3) | | |
| 17 | 11/3 | In-class audit team meeting/workshop – Auditing estimates (Project #3) | | |
| 18 | 11/8 | <p>Project #3 on Auditing estimates due</p> <p>Audit teams C-103 (C-203) and P- 103 (P- 203) present in class</p> | | |
| 19 | 11/10 | <p>Introduction of DA project</p> <p>In-class audit team meeting/ workshop – DA (Project #4)</p> | | |
| 20 | 11/15 | In-class audit team meeting/ workshop – DA (Project #4) | | Review notes on Project #3 distributed to audit teams |
| 21 | 11/17 | In-class audit team meeting/ workshop – DA (Project #4) | | |
| 22 | 11/22 | <p>Project #4 on DA due</p> <p>Audit teams C-104 (C-204) and P- 104</p> | | |

| Session No. | Date | Topic | Reading | Notes |
|-------------|------------|---|---|---|
| | | (P- 204) present in class | | |
| 23 | 11/29 | Reporting, including quarterly reviews of unaudited financial information | <ul style="list-style-type: none"> • AS Section 4105 • Paragraphs 1-39 and Appendices A&B • 10-Q for assigned company – 6/30/2021 • SEC Regulation S-X: Article 10: Interim Financial Statements | |
| 24 | 12/1 | In-class audit team meeting/workshop – Quarterly reviews (Project #5) | | Audit teams submit clearance of review notes on Project #3.1 |
| 25 | 12/6 | Reporting | <ul style="list-style-type: none"> • AS Sections: <ul style="list-style-type: none"> ○ 2415 ○ 2810 ○ 3101 • PCAOB Staff Audit Practice Alert No. 13 • PwC summary of auditor reporting model | Project #5 on quarterly reviews due (points will be added to Test #2 scores) |
| 26 | 12/8 | Reporting | <ul style="list-style-type: none"> • AS Sections 2901 & 2905 • Consequences of Attempted Cover-up | |
| | TBA | Test #2 | | |

(A) These PCAOB standards and amendments are effective for 2020 (and after) audits (and are included in Canvas).

Appendix A

| Project # and brief description | In-class audit team meetings/ workshops | Canvas folder | Due date | Class presentation assigned teams and date |
|---|--|-------------------------------------|-----------------|---|
| Project #1—Risk Assessment—conduct planning and risk assessment for Your Audit Client | 9/1 9/6 9/8 | Audit Team Projects #1, 3 & 5 | 9/13 | 9/13 Section 1 – C-101 and P-101 Section 2 – C-201 and P-201 |
| Project #2—Internal Controls—perform a walkthrough and identify key controls for testing (*) | 9/22 9/27 | Audit Team Project #2 | 9/29 | 9/29 Section 1 – C-102 and P-102 Section 2 – C-202 and P- 202 |
| Project #3—Substantive Auditing Procedures—Auditing Estimates—developing a response to audit a significant risk (designing substantive auditing procedures) for Your Audit Client | 11/1 11/3 | Audit Team Projects #1, 3 & 5 | 11/8 | 11/8 Section 1 – C-103 and P-103 Section 2 – C-203 and P-203 |
| Project #3.1—Clearing Review Notes—addressing audit supervisor review comments | N/A | Audit Team Projects #1, 3 & 5 | 12/1 | N/A |
| Project #4—DA—utilizing a data analytics tool based on EY’s HELIX, to address risk assessment and risk response in a revenues SCOT | 11/10 11/15 11/17 | Audit Team Project #4 | 11/22 | 11/22 (**) |
| Project #5—Quarterly Review—performing review procedures on Your Audit Client’s 6/30/2021 10-Q | 12/1 | Audit Team Projects #1, 3 & 5 | 12/6 | N/A |

(*) Projects #2 and #4 are based on a hypothetical company and is not specific to Your Audit Client (i.e., either Coca-Cola or Pepsico).

(**) These audit teams will share the in-class presentation for Project #4. See the Project #4 description and requirements document in Canvas for audit team assignments for the in-class presentation (see section entitled – Class Presentation Requirement).