

NEW YORK UNIVERSITY
LEONARD N. STERN SCHOOL OF BUSINESS

Auditing
ACCT-GB 3313 M1
Tuesday and Thursday 10:30am – 11:50am
Fall 2024

Professor: John P. Hopkins
Office: KMC 10-79
Cell Phone: 201-481-3280
Email: jph9504@stern.nyu.edu
Office Hours: Professor Hopkins

- Monday and Wednesday, 1:00pm – 2:00pm
- Tuesday and Thursday, 9:15am – 10:15am
 - While certainly not required, I recommend, whenever possible, making an appointment for office hours. I certainly welcome all students dropping by when convenient for your schedules, but I just want to avoid you having to wait as I will need to give priority to those students who did make an appointment.
 - You can access my calendar to schedule an appointment using the following booking link:
[linkhttps://calendar.app.google/KgbbxjquZyqCCuD6](https://calendar.app.google/KgbbxjquZyqCCuD6)
- Also available by appointment outside of the above days and times, including evenings and weekends via zoom.

Teaching Fellow: Riddhi Aggarwal
ra3778@stern.nyu.edu
Office Hours: Monday's at 3:30pm – 4:30pm via zoom (in person by appointment)
Zoom link:
<https://nyu.zoom.us/j/92075316070?pwd=1Ok3AUboyaU0ZjQn3lOYQ9vf9FhHcE.1>

COURSE DESCRIPTION:

Welcome to your Auditing class! This course provides an understanding of the history and regulatory environment of the auditing profession, the philosophy of the auditing process, and the ethical implications of auditing decisions. Critical thinking and communication skills are developed through a variety of means including theory (through reading), current events and case analyses, qualitative and quantitative problem solving, regulatory interpretation and the use of data analytics technology tools. As with most worthwhile events and activities in life, this course is not easy. Most students will not find the topics overly difficult, but the workload is steady and fairly heavy. Please consider this course as a career investment rather than just another step towards graduation or GPA goals. With this perspective, you will be able to put learning first and foremost.

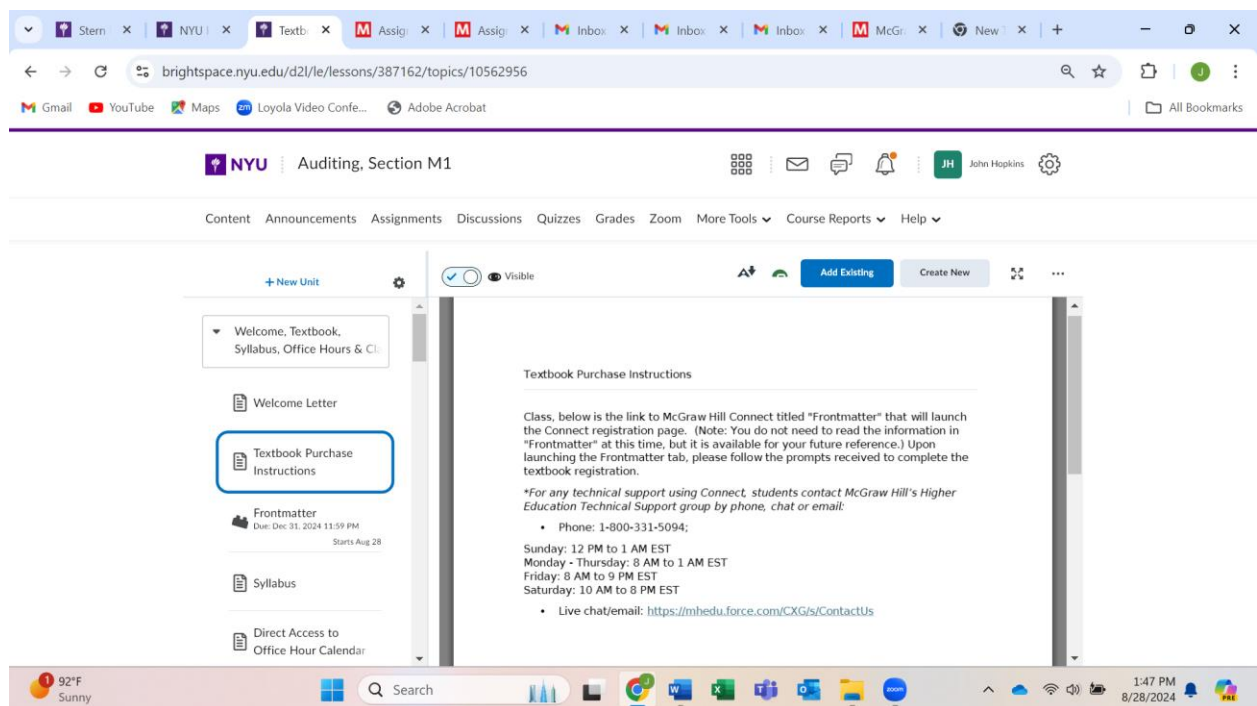
The course objectives for our class are (not in order of importance):

1. Use auditing concepts and variables (e.g. client acceptance, risk assessment, materiality, understanding and testing of internal controls, analytical procedures, substantive audit testing, documentation of evidence, and completing an audit engagement) to make audit planning, testing and evaluation decisions.

2. Analyze real-world examples as they relate to assurance concepts.
3. Understand and apply statistical sampling concepts to audit testing.
4. Work with a team to learn to access and interpret publicly-available financial data and SEC filings to assess risk for a public company.
5. Examine issues currently facing the profession (e.g., regulation, new standards, technological advancements, legal liability, independence, and more).
6. Examine characteristics of good professional judgment as well as common threats to good judgment.
7. Deliberate on the importance of professional skepticism and integrity for professionals and consider implications of ethical dilemmas that professionals commonly face.
8. And by default, help prepare for the Audit component of the CPA Exam, if applicable.

REQUIRED TEXT AND MATERIAL:

- *Auditing and Assurance Services, A Systematic Approach, 12th edition, McGraw-Hill. Messier, Glover, Prawitt, ISBN 978-1-264-10067-5. With access to Connect.*
- Please access Brightspace under the tab titled “Textbook Purchase Instructions” (please see screenshot below) to register for the textbook.
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- **Course Materials:** I will post the slides I will use in class on Brightspace. I recommend that you bring either a digital or printed version to class if you would like to take notes.

Auditing Standards:

- All PCAOB standards can be found at <http://pcaobus.org/Standards/Pages/default.aspx>.

GRADES

Grade Components	Percent
Four short exams (equally weighted)	32%
Team Project: 1. "Using Public Company Filings to Plan the Audit and Perform Risk Assessment Procedures" (10%)	15%
Discussion Board Assignments: 1. The Enron Fraud and the Role of the PCAOB (3%) 2. Auditor Independence (3%)	6%
Final Exam	32%
Participation for in-class discussions on team project and discussion board assignments, as well as general in-class participation and attendance	7%
Homework ("Smartbook" and "Homework" assignments in Connect)	8%
Total	100%

Each component of the class is discussed in detail below:

SHORT EXAMS

There will be four (4) short exams throughout the course that will cover recent material. **The short exams will be given promptly at the beginning of our class for approximately 15-20 minutes. If you arrive late, you will not be given extra time to complete the exam.** Exam material will be based on class lectures and exercises.

TEAM PROJECT

Audits are conducted in teams so we will simulate that experience. You will have one team project in our class. Students will be able to sign-up for teams utilizing Brightspace, which I will explain in class.

The project is a Fraud Risk Assessment that you will complete as a team; detailed instructions will be provided separately.

DISCUSSION BOARD ASSIGNMENTS

We will have two discussion board assignments throughout the semester that demonstrate the principles we are studying in-class, such as case studies, research assignments, data analytics tools and pre-class assignments. The assignments provide current event reading and the opportunity for deeper reflection.

Please note that the class discussion on these assignments is an important component of your participation grade; thus, if you do not attend class on the date the cases are due, you will miss the opportunity to participate. These assignments are equally weighted and **late submissions cannot be accepted**. It is your responsibility to keep track of the due dates and the method of submission.

FINAL EXAM

There will be a final exam at the end of the semester. It will be semi-cumulative, and I will provide a study guide that specifies the topics. Completing the assigned reading, participating in class exercises and completing the assignments from your textbook will best prepare you for the exam.

PARTICIPATION

Our curriculum incorporates in-class team exercises, in-class demonstrations, guest speakers and robust discussions, thus, your success depends critically on your presence in class. Class sessions are your chance to get help when you need it most from your peers and me. Please make every effort to arrive to class on time and remain for the entire class period. I would appreciate knowing if you are going to arrive to class late, and, if you are going to be late, please enter as unobtrusively as possible. If you will miss class for exceptional reasons, I would appreciate it if you would notify me in advance. Although I understand there are times when you may not be able to attend a class, habitual absences will hurt your performance.

I hope you will be an active participant in class. I will be prepared for class and make every effort to create a hospitable and inclusive environment where you feel comfortable expressing your ideas. By participating in this course, I expect you to make the same effort in return. If ever you feel this is not an inclusive environment, please reach out to me and I am happy to discuss this together. I reserve the right to adjust your final grade based on your level of participation and professionalism in class.

Please note that I will sometimes “flip the classroom” and provide pre-recorded lectures as advance preparation. We will also welcome several guests to our class to discuss how our academic topics relate to the real world.

HOMEWORK

Each module within Brightspace will provide a link that will automatically connect you to CONNECT. Students are required to submit homework and quizzes in CONNECT. Grades will be posted in Brightspace.

CLASS ATTENDANCE / PARTICIPATION:

You are expected to attend all classes. As we will cover a great deal of material *in* the class sessions, which will include material not covered in the readings and/or homework, your attendance will be critical in keeping you current and prepared for the exams as all subjects covered, both in class and in the written materials, will be part of each exam. Past semesters have shown a strong correlation between class attendance and overall course performance. The material we cover in class supplements the material in the book. Therefore, reading the book is a complement (not a substitute) for attending class. I understand that over the course of 26 sessions, conflicts may arise and you may need to miss a class. If you miss class, please make sure to stay updated and review the material that you missed.

To make lectures more engaging, my class slides are edited to omit certain key words and phrases. I encourage you to take an active role in the learning process and fill out the notes as you listen. These notes are labeled "Edited" in Brightspace. If you are unable to attend a class lecture, please utilize the class recording, textbook chapters, and peer collaboration to complete the notes.

BRIGHTSPACE

I will use our learning management system, Brightspace, extensively to email you, post lecture notes, post case studies, solutions, relevant articles and other course material so please make sure you are correctly registered and checking our site on a regular basis.

ACADEMIC INTEGRITY

Our undergraduate [Academics Pillar](#) states that ***we take pride in our well-rounded education and approach our academics with honesty and integrity.*** Indeed, integrity is critical to all that we do here at NYU Stern. As members of our community, all students agree to abide by the NYU Stern Student Code of Conduct, which includes a commitment to:

- Exercise integrity in all aspects of one's academic work including, but not limited to, the preparation and completion of exams, papers and all other course requirements by not engaging in any method or means that provides an unfair advantage.
- Clearly acknowledge the work and efforts of others when submitting written work as one's own. Ideas, data, direct quotations (which should be designated with quotation marks), paraphrasing, creative expression, or any other incorporation of the work of others should be fully referenced.
- Refrain from behaving in ways that knowingly support, assist, or in any way attempt to enable another person to engage in any violation of the Code of Conduct. Our support also includes reporting any observed violations of this Code of Conduct or other School and University policies that are deemed to adversely affect the NYU Stern community.

The entire Stern Student Code of Conduct applies to all students enrolled in Stern courses and can be found here: www.stern.nyu.edu/uc/codeofconduct

To help ensure the integrity of our learning community, prose assignments you submit to Brightspace will be submitted to Turnitin. Turnitin will compare your submission to a database of prior submissions to Turnitin, current and archived Web pages, periodicals, journals, and publications. Additionally, your document will become part of the Turnitin database.

USE OF GenAI

GenAI can be a powerful thought partner for some of our work. The use of genAI related tools is allowed in this class **only in ways noted in the assignments**. As with all assignments, learning from the work is your responsibility. You must use the tools in as an assistant to achieving our learning objectives.

When in doubt, for every assignment, you should include a description of:

- Which tools and techniques you used (Include your prompts, plugins used, etc.);
- Which parts of the assignment you used them for;
- What you think you learned from the work you did, and why you think that matches the goals of the assignment.

I will do my best to be specific about when genAI is and is not permitted but please do your part by citing your work clearly when you use genAI. Be prepared to discuss your answers in class, or in conversation with me. As a reminder, taking credit for work you did not create is a violation of NYU's Academic Integrity policy.

GENERAL CONDUCT & BEHAVIOR

Students are also expected to maintain and abide by the highest standards of professional conduct and behavior. Please familiarize yourself with Stern's Policy in Regard to In-Class Behavior & Expectations (<http://www.stern.nyu.edu/portal-partners/current-students/undergraduate/resources-policies/academic->

[policies/index.htm](#)) and the NYU Student Conduct Policy (<https://www.nyu.edu/about/policies-guidelines-compliance/policies-and-guidelines/university-student-conduct-policy.html>).

STUDENT ACCESSIBILITY

If you will require academic accommodation of any kind during this course, you must notify me at the beginning of the course and provide a letter from the Moses Center for Student Accessibility (212-998-4980, mosescsa@nyu.edu) verifying your registration and outlining the accommodations they recommend. If you will need to take an exam at the Moses Center for Student Accessibility, you must submit a completed Exam Accommodations Form to them at least one week prior to the scheduled exam time to be guaranteed accommodation. For more information, visit the CSA website:

<https://www.nyu.edu/students/communities-and-groups/student-accessibility.html>

STUDENT WELLNESS

Classes can get stressful. I encourage you to reach out if you need help. The NYU Wellness Exchange offers mental health support. You can reach them 24/7 at 212 443 9999, or via the “NYU Wellness Exchange” app. There are also drop in hours and appointments. Find out more at

<http://www.nyu.edu/students/health-and-wellness/counseling-services.html>

{Please see the dates and assignments listed on the following pages.}

Please note: the dates and assignments listed on the following schedule are subject to change

	Date	Topic	Pre-Class Preparation (to be completed <u>before</u> class date)	After-Class Assignments (Below does not include Smartbook and Homework Assignments that are scheduled separately in Connect.)
1	Tuesday: 9/3	Welcome! Overview: What is Auditing? Begin Chapter 1		
2	Thursday: 9/5	Finish Chapter 1: Introduction to Auditing and the Demand for Auditing	Read Chapter 1	
3	Tuesday: 9/10	Chapter 2: Financial Statement Auditing Environment Class discussion: "Going Concern Case" (1)	Read Chapter 2 and watch the pre-recorded lecture before class. Our class time will be spent exploring the role of the Audit Committee and the PCAOB in more detail. Read "Going Concern Case" that is uploaded in Brightspace under the "Current Event Publications" tab.	

4	Thursday: 9/12	Begin Chapter 18: Reports on Audited Financial Statements	Read Chapter 18 (including the Discussion Case in Connect)	
5	Tuesday: 9/17	Finish Chapter 18 Class discussion: "Chapter 18 "Discussion Case"(1) Begin Chapter 19: Professional Conduct, Independence and Quality Control	Read Chapter 19	Discussion Board Assignment I in Brightspace: Read the "Auditor Independence" PowerPoint, along with the assignment reading links that are uploaded in Brightspace under the "Discussion Board Assignment I" tab. Provide your responses to the questions on our Discussion Board by: Monday, September 23 @ 11:59pm. After you have posted your response, please comment on at least one other classmates' submission by Thursday, September 26 @ 11:59pm.
6	Thursday: 9/19	Continue Chapter 19 Class discussion on the questions provided in the "Auditor Independence" PowerPoint. (1)		Discussion Board Assignment I in Brightspace: Review and come prepared to discuss the questions provided in the "Auditor Independence" PowerPoint. (1)
7	Tuesday: 9/24	Finish Chapter 19 Begin Chapter 3: Audit Planning, Types of Audit Tests, and Materiality	Read Chapter 3	

8	Thursday: 9/26	Short exam 1 Continue Chapter 3		
9	Tuesday: 10/1	Continue Chapter 3 Guest Lecturer: Mitchell Cohen, PWC		
10	Thursday: 10/3	Finish Chapter 3 Begin Chapter 4: Risk Assessment	Read Chapter 4 (including the Discussion Case in Connect)	Team Project: Read "Using Public Company Filings to Plan the Audit and Perform Risk Assessment Procedures" document that is uploaded in Brightspace under the "Team Project" tab. <i>(Note: Team Project due Sunday, November 24.)</i>
11	Tuesday: 10/8	Continue Chapter 4 Class discussion on the Team Project questions in the "Using Public Company Filings to Plan the Audit and Perform Risk Assessment Procedures" document. (1)		Team Project: Review and come prepared to discuss the questions provided in the "Using Public Company Filings to Plan the Audit and Perform Risk Assessment Procedures" document. (1)
12	Thursday: 10/10	Finish Chapter 4 Class discussion: Chapter 4 "Discussion Case" (1)		

**	Tuesday: 10/15	No Class Fall Break-Monday Schedule		
13	Thursday: 10/17	Short exam 2 1 st in-class working session for Team Project, “Using Public Company Filings to Plan the Audit and Perform Risk Assessment Procedures” Watch and discuss “False Assurance” film (1)		
14	Tuesday: 10/22	Begin Chapter 5: Evidence and Documentation	Read Chapter 5 (including the Discussion Case in Connect)	Discussion Board Assignment II in Brightspace: Read “the Enron fraud and the role of the PCAOB” document that is uploaded in Brightspace under the “Discussion Board Assignment II” tab. Provide your responses to the questions on our Discussion Board by: Monday, October 28 @ 11:59pm. After you have posted your response, please comment on at least one other classmates’ submission by : Thursday, October 31 @ 11:59pm.
15	Thursday: 10/24	Finish Chapter 5 Class discussion on the questions provided in the “the Enron fraud		Discussion Board Assignment II in Brightspace: Review and come prepared to discuss the questions provided in the “the

		<p>and the role of the PCAOB” document. (1)</p> <p>2nd in-class working session for Team Project, “Using Public Company Filings to Plan the Audit and Perform Risk Assessment Procedures”</p> <p>Class discussion: Chapter 5 “Discussion Case”(1)</p>		<p>Enron fraud and the role of the PCAOB” document. (1)</p>
16	<p>Tuesday: 10/29</p>	<p>Begin Chapter 6: Internal Control in a Financial Statement Audit</p> <p>Class discussion on “What Internal Controls Could Have Prevented or Detected the Theft” case. (1)</p>	<p>Read Chapter 6</p> <p>Read “”What Internal Controls Could Have Prevented or Detected the Theft” that is uploaded in Brightspace under the “Current Event Publications” tab.</p>	
17	<p>Thursday: 10/31</p>	<p>Finish Chapter 6</p>		
	<p>Tuesday: 11/5</p>	<p>No Class</p>		

18	Thursday: 11/7	Short Exam 3 Begin Chapter 7: Auditing Internal Control over Financial Reporting	Read Chapter 7	
19	Tuesday: 11/12	Finish Chapter 7 Final in-class working session for Team Project.		
20	Thursday: 11/14	Chapter 8: Audit Sampling: An Overview & Application to Tests of Controls Guest Lecturer: Marice Sophos: Deloitte	Read Chapter 8	
21	Tuesday: 11/19	Chapter 9: Audit Sampling: An Application to Substantive Tests Class discussion on "SEC Press Release – Deloitte's Chinese Affiliate to pay \$20 million..." case. (1)	Read Chapter 9 Read "SEC Press Release – Deloitte's Chinese Affiliate to pay \$20 million..." that is uploaded in Brightspace under the "Current Event Publications" tab.	
22	Thursday: 11/21	Begin Chapter 10	Read Chapter 10 (including the Discussion Case in Connect)	

**	Sunday: 11/24			Team Project Due at 11:59pm
23	Tuesday: 11/26	Short exam 4 Finish Chapter 10 Class discussion: Chapter 10 "Discussion Case" (1)		
**	Thursday: 11/28	No Class Thanksgiving		
24	Tuesday: 12/3	Chapter 11: Auditing the Purchasing Cycle Class discussion: Chapter 11 "Discussion Case" (1)	Read Chapter 11 (including the Discussion Case in Connect) Watch the pre-recorded Chapter 11 lecture before class.	
25	Thursday: 12/5	Begin Chapter 17: Completing the Audit Engagement Guest Lecturer, Ralph Nanad, 10clear (AI)	Read Chapter 17	

26	Tuesday: 12/10	Finish Chapter 17		
	Tuesday 12/17 11:15am – 1:15pm	Final Exam		

(1) This will be a key component of your class participation grade.