Course Philosophy, Objectives, and Overview:
This is a second course in assurance services (graduate-level) that assumes basic knowledge from the first course and addresses contemporary professional issues. Some topics will be technical “nuts and bolts” requirements of professional standards and other topics will address emerging issues of the second decade of the 21st century. The readings include key professional standards of the PCAOB and IAASB, SEC guidance, scholarly papers, and many articles from the current financial press.

The course covers the following major topics: assurance services and standards, independence and professional ethics, enforcement & oversight of auditors, liability and viability of the profession, and specific professional practice challenges such as auditing estimates and group auditing. Combined, these sections will help you understand how the profession has evolved and how current and future events will likely affect your career.

Two important things have changed since the fall semester. First, many of you have experienced some of the conflicts and complexities of professional practice during your internship. Second, you have started the MPA graduate phase of your education and, to deal with professional complexities and conflicts, you must now take more responsibility for your own education. This course relates to both.

The primary objective of this course is to understand the structure, institutions, operation, mechanics, and risks of the auditing profession as a demand-driven value-adding endeavor and to evaluate its standards and regulatory environments. Each lesson is set up as a presentation of a professional problem(s) and alternatives to address the problem(s).
The course demands synthesis and integration of many different topics. Through class discussions, cases, assignments, and role-playing we will integrate ideas from the assigned readings. Each class will usually begin with a structured presentation and interactive class discussion. This will be followed with a hands-on activity and (sometimes) a quiz.

On most days approximately ten discussion questions will be provided (and available on Canvas) to help structure our daily discussions. You should come to class prepared to respond to these questions and actively participate. The class is intended to be interactive because many current auditing issues are not straightforward and require synthesis of many differing views. A non-trivial portion of your grade will be determined by your class participation. This is not to scare you but to make the class more rewarding and productive for all of us.

Some of our class discussions will cover auditing topics happening in real time. To facilitate these discussions, please follow me on Twitter @JohannsAudit, where I do the research and “push” relevant and timely content to you.

Discussions will be facilitated by cases and class activities. Some cases are conducted entirely within a class session and in groups of three students. A few cases are conducted as individuals outside of class and involve media such as government documents, PCAOB documents, and electronic databases such as Audit Analytics.

For both the discussion questions and the cases, I will ask for volunteers to respond or cold-call on particular students. Our objectives include enhanced learning and improved real-time responses to professional questions – you’ll thank me someday.

We may have some daily quizzes to keep everyone on track but are certain to have one evening mid-term and one comprehensive final examination to be held during the finals examination week. Please be certain that you clear your calendar for both examinations. The quizzes and the final examination will reflect the daily discussion questions and most questions will be in a structured format (e.g., short answer, multiple choice, or fill-in-the-blank) rather than an open essay.

Due to the dynamic nature of the profession, the course schedule is tentative and subject to change. If it does change, you will be notified.

Finally, I ask you to sit in the same seat for each class period. The seating chart will be finalized on the first day of class. This is primarily to help me learn your names because I care very much about each and every one of you.

**Readings, Preparation, and Assignments:**

Our readings will form the primary basis for discussions and are central to our exams. There is no textbook—all readings will be available at no charge on Canvas. Readings for most sessions are less than 30 pages in total (not counting professional standards) and most are short articles that capture the essence of a complex issue.
To prepare for class: I suggest that you set aside a fixed block of time for reading all of the assignments—and then manage your time so that you get the main idea or thrust of each reading. What is being said, who is saying it, and what might be their motivation? You should quickly scan all readings for the essentials—trying to get 80% of the ideas in 15% of the time required. You can come back later to read the details—after you know which ideas and concepts are most important.

Primary readings that provide background will be available at least one week prior to class, but current developments that will be discussed in class may not be available until twenty-four hours before class—because some of our readings have not yet been written. In addition, use of a search engine such as Google will be essential for some assignments.

Attendance:

Because each class period comprises one week of a typical semester length class and because of the interactive nature of our lessons, class attendance is especially important. Absences may be excused only if you notify me prior to class (emergencies excepted). Again, due to the nature of our course, participation during class is also important if you want full credit for your attendance.

Our class periods are 150 minutes each. For most class days, we will have approximately 75 minutes of presentation, questions, and background discussion followed by a break, in-class activity or case discussion, and specific follow up discussions. Again, I expect you to be on time and to participate in class discussions.

Tentative Course Requirements, Grading, and Missed assignments:

Your grade in the course will be determined as follows:

<table>
<thead>
<tr>
<th>Requirement</th>
<th>Points</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mid-term / In-Class Quizzes</td>
<td>120</td>
</tr>
<tr>
<td>Comprehensive Final Examination</td>
<td>120</td>
</tr>
<tr>
<td>In-Class Contribution to Group Discussion and Discussion Questions</td>
<td>120</td>
</tr>
<tr>
<td><strong>Total:</strong></td>
<td><strong>360</strong></td>
</tr>
</tbody>
</table>

Plus/Minus grading applies to this course.

In-class quizzes and the mid-term should help you keep up with the material and aid your preparation for the final examination. The in-class contribution points are obtained through active participation in class discussion of assigned questions, presentation of course material to the class, and respect of your classmate’s opinions.

Missed assignments due to a medical or personal emergency will be accepted late or excused. For such instances, you should provide supporting documents through the Student Emergency Services. Other missed or late assignments will not be accepted.
Academic Dishonesty:

The McCombs School of Business has no tolerance for acts of scholastic dishonesty. Such acts damage the reputation of the school and the degree and demean the honest efforts of the majority of students. The responsibilities of both students and faculty with regard to scholastic dishonesty are described in detail in the BBA Program’s Statement on Scholastic Dishonesty at [http://www.mccombs.utexas.edu/BBA/Code-of-Ethics.aspx](http://www.mccombs.utexas.edu/BBA/Code-of-Ethics.aspx).

By teaching this course, I have agreed to observe the faculty responsibilities described in that document. By enrolling in this class, you have agreed to observe the student responsibilities described in that document. If the application of that Policy Statement to this class and its assignments is unclear in any way, it is your responsibility to ask me for clarification. Students who violate University rules on scholastic dishonesty are subject to disciplinary penalties, including the possibility of failure in the course and/or dismissal from the University. Since dishonesty harms the individual, all students, and the integrity of the University, policies on scholastic dishonesty will be strictly enforced. You should refer to the Student Judicial Services website at [http://deanofstudents.utexas.edu/sjs/](http://deanofstudents.utexas.edu/sjs/) or the General Information Catalog to access the official University policies and procedures on scholastic dishonesty as well as further elaboration on what constitutes scholastic dishonesty.

Classroom Professionalism Policy:

The highest professional standards are expected of all members of the McCombs community. The MPA classroom experience is enhanced when:

- **Students arrive on time.**
- **Students minimize unscheduled personal breaks.**
- **Students are fully prepared for each class.**
- **Students respect the views and opinions of their colleagues.**
  - **Laptops are closed and put away.**
  - **Phones and wireless devices are turned off.**

To facilitate fairness to all students, cell phones, programmable calculators, and other electronic devices will not be permitted during the mini-exams or the final examination. Use of either may result in a zero on the examination or mini-exam. You may bring a simple four-function calculator to the exams.

University Policy on Class Websites (i.e., Canvas) and Student Privacy

Password-protected class sites will be available for all accredited courses taught at The University. Syllabi, handouts, assignments and other resources are types of information that may be available within these sites. Site activities could include exchanging e-mail, engaging in class discussions and chats, and exchanging files. In addition, class e-mail rosters will be a component of the sites. Students who do not want their names included in these electronic class rosters must restrict their directory information in the Office of the Registrar, Main Building, Room 1. For information on restricting directory information see: [http://www.utexas.edu/student/registrar/catalogs/gi02-03/app/appc09.html](http://www.utexas.edu/student/registrar/catalogs/gi02-03/app/appc09.html).
Privacy in Canvas

Information in Canvas is protected by your UTEID login. Please be aware that I will use a merged Canvas site for all sections of the course that I am teaching this semester. This will allow students in other sections to see that you are enrolled in the course and send you email from within Canvas. However, they will not actually learn your email address and no other personal data will be revealed through Canvas. If you have any concerns, please contact the ITS Help Desk at 475-9400 for help removing your name from view of other students.

Changing Sections

Per University policy, students cannot simply change sections because of a time or instructor preference. There is a waitlist process in effect. If you have a desire to change sections, please contact the Undergraduate Program Office or MPA office and they will do their best to accommodate your request.

Students with Disabilities

Students with disabilities may request appropriate academic accommodations from the Division of Diversity and Community Engagement, Services for Students with Disabilities, 512-471-6259, http://www.utexas.edu/diversity/ddce/ssd/.

Religious Holy Days

By UT Austin policy, you must notify me of your pending absence at least fourteen days prior to the date of observance of a religious holy day. If you must miss a class, an examination, a work assignment, or a project in order to observe a religious holy day, you will be given an opportunity to complete the missed work within a reasonable time after the absence.

Campus Safety

Please note the following recommendations regarding emergency evacuation from the Office of Campus Safety and Security, 512-471-5767, http://www.utexas.edu/safety:

- Occupants of buildings on The University of Texas at Austin campus are required to evacuate buildings when a fire alarm is activated. Alarm activation or announcement requires exiting and assembling outside.
- Familiarize yourself with all exit doors of each classroom and building you may occupy. Remember that the nearest exit door may not be the one you used when entering the building.
- Students requiring assistance in evacuation should inform the instructor in writing during the first week of class.
- In the event of an evacuation, follow the instruction of faculty or class instructors.
- Do not re-enter a building unless given instructions by the following: Austin Fire Department, The University of Texas at Austin Police Department, or Fire Prevention Services office.
- Behavior Concerns Advice Line (BCAL): 512-232-5050
- Further information regarding emergency evacuation routes and emergency procedures can be found at: http://www.utexas.edu/emergency.
**Tentative* Course Schedule (abbreviated):**

<table>
<thead>
<tr>
<th>#</th>
<th>Date</th>
<th>Topic</th>
<th>Readings and Assignments Listed in Canvas – due at start of class</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Mar. 21</td>
<td>Introduction to the course and overview of assurance</td>
<td></td>
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<tr>
<td>2</td>
<td>Mar. 23</td>
<td>Audits and reviews of financial statements</td>
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<tr>
<td>3</td>
<td>Mar. 28</td>
<td>Direct assurance: Audits of internal control over financial reporting</td>
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<tr>
<td>4</td>
<td>Mar. 30</td>
<td>Audit report modifications and alternative audit reports</td>
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<tr>
<td>5</td>
<td>Apr. 4</td>
<td>Other (Attest) Assurance Services</td>
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<tr>
<td>6</td>
<td>Apr. 6</td>
<td>Consulting, independence and professional ethics</td>
<td></td>
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<td>**</td>
<td>Apr. 8</td>
<td>Mid-term Examination. 9 – 11 a.m., Location: UTC 2.102A (Covers L1-L5)</td>
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<tr>
<td>7</td>
<td>Apr. 11</td>
<td>Auditing and corporate governance</td>
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<tr>
<td>8</td>
<td>Apr. 13</td>
<td>Professional judgment -- biases &amp; cultural challenges</td>
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<tr>
<td>9</td>
<td>Apr. 18</td>
<td>Materiality and Group/Component/Multi-Location Audits</td>
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<tr>
<td>10</td>
<td>Apr. 20</td>
<td>Auditing accounting estimates and corrections/adjustments</td>
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<td>11</td>
<td>Apr. 25</td>
<td>Audit transparency</td>
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<tr>
<td>12</td>
<td>Apr. 27</td>
<td>Audit firm oversight – Inspections and regulation</td>
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<tr>
<td>13</td>
<td>May 2</td>
<td>Litigation, competition, and future viability of the profession</td>
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<tr>
<td>14</td>
<td>May 4</td>
<td>Data analytics &amp; course wrap-up</td>
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<td>**</td>
<td>May 13</td>
<td>Comprehensive Final Examination, Time &amp; Location: TBD**</td>
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</table>

*While this is our roadmap, don’t be surprised if there are changes later. We are studying a dynamic profession and our course will respond accordingly. If and when there are schedule changes, you will be promptly notified.*

**Out-of class mid-term examination. Please make a note of this on your calendar. I will not offer an alternative exam time unless I am notified of a conflict within the first week of class.**

***Similar to the mid-term examination, please note the final exam time now so that we do not have any conflicts later. This date is somewhat tentative. I should know if it is final in Mid-April.***