

MGT 4041/6042
Audit & Financial Control Systems
Scheller College of Business
Spring 2027

Instructor: Professor Eric Condie
Phone: 404-385-5714
E-mail: eric.condie@scheller.gatech.edu
Office Hours: W & Th 11 a.m. -12:15 p.m.; 5-6 p.m.

BOOK:

- **Required:** Messier W. F., S. M. Glover, and D. F. Prawitt, Auditing & Assurance Services, 12th Edition, McGraw Hill Education, New York, NY: 2025.

COURSE WEBSITE:

<https://canvas.gatech.edu/>

LECTURE INFORMATION:

Section	Time	Room
All	3:30 pm – 4:45 pm Tu, Th	TBD Scheller College of Business

COURSE OBJECTIVES:

ASSURANCE SERVICES, AUDITING, AND RELATED BUSINESS KNOWLEDGE

- You will be given an opportunity to gain knowledge of the theory and practice of assurance services in general, and auditing in particular. Assurance services are those that improve the context or quality of information for a variety of decision-makers (e.g., providing assurance that a computer system is capturing and recording information accurately). Auditing is a special type of assurance service, one that includes the accumulation and evaluation of evidence about a company's financial and non-financial information to make and report a judgment about the relationship between the reported information and established criteria.
- You will be given an opportunity to gain knowledge of the judgments commonly made by auditors, including judgments about the evaluation of client-related risks, the accumulation and evaluation of audit evidence, and the issuance of an appropriate audit report. You will be given opportunities throughout the course to apply that knowledge by doing tasks that real auditors do in practice.
- This course is valuable to all students who wish to sit for the CPA exam, since completing this course is required for that exam. This course is of obvious benefit to students wishing to become external auditors - it provides insight on professional standards, and the application of those standards to the audits of client financial statements. It is also beneficial for students wishing to conduct internal or governmental audits because the judgment processes involved in external auditing are similar in those professional contexts. Students planning to become financial analysts, financial managers, or tax professionals will find this course beneficial because understanding the role of external auditors in the financial reporting process is key to understanding how management compiles financial statements that regulators and creditors will accept. Overall, this course yields knowledge about how external audits provide the credibility necessary for financial statements to add value in the capital markets.

CRITICAL THINKING SKILLS

- Critical thinking is a rational response to questions that cannot be answered definitively and for which all the relevant information may not be available. Critical thinking is an investigation whose purpose is to (1) analyze a problem, (2) arrive at a conclusion that integrates all available information, and (3) justify that conclusion convincingly to others. You will be given an opportunity to develop critical thinking skills by learning how to make audit judgments in the context of group discussion, as well as written and oral communication tasks.
- You must recognize that auditing is not like most of your previous accounting courses where you could reach a specific number or defined textbook answer. This course will help you develop and internalize a model for making audit judgments. Thus, you will need to apply the concepts by engaging in critical thinking about them.

CLASS PREPARATION:

This course moves quickly, and it is very important to keep up with the materials from the beginning. In order to succeed in this course, you should attend class regularly, participate during class sessions, and complete your homework assignments. Regular attendance is important to learning the course materials and is considered a course requirement. Please bring your textbook, lecture notes (posted on Canvas) and a calculator to class.

CONNECT:

An electronic version of the textbook is available through the McGraw Hill Connect® website: <http://connect.mheducation.com>. The homework for this course **will not** be assigned or submitted through Connect®. However, purchasing Connect® access may be a cheaper or more efficient option to purchasing a paper copy of the textbook.

The link for this course is below:

<https://connect.mheducation.com/class/e-condie-spring-2027-1>

GRADING POLICIES

The following points will be given for the above course requirements:

	<u>MGT 4041</u>	<u>MGT 6042</u>
Exam 1	150 points	145 points
Exam 2	150 points	145 points
Final Exam (cumulative)	225 points	215 points
Graded Homework-Section 1 (4-33, EarthWear Clothiers Ethics, 19-36)	40 points	40 points
Graded Homework-Section 2 (If You Need Love, Get a Puppy, EarthWear Clothiers Materiality, 5-40)	60 points	60 points
Graded Homework-Section 3 (Audit Documentation Case, EarthWear Clothiers Cash Workpapers, Search for Unrecorded Liabilities, and Inventory Count Cases)	65 points	65 points
Class Participation	<u>60 points</u>	<u>80 points</u>
Total Points	750 points	750 points

90% - 100%	A
80% - 89%	B
70% - 79%	C
60% - 69%	D
Below 60%	F

I may adjust the grade cut-offs based on the overall performance of the class, but don't assume this will happen.

HOMEWORK:

The graded homework will be turned in as a set by respective section on the date due. This is similar to submitting a set of audit workpapers for the audit engagement manager to review. All homework will be completed with your group and submitted electronically via e-mail in either pdf, Microsoft Word or Excel. Homework assignments are due at the latest by **11:59 pm** on the day noted in the course schedule. Only submit one homework set per group, which includes the group number and each group member's name. **Late assignments will not be accepted.** The use of AI in responding to homework assignments is **not permitted** and points will be deducted from your homework grade if it is used. I want you to think through your responses and demonstrate proficiency in writing responses.

- Section 1 – due 2/2/27
- Section 2: – due 3/9/27
- Section 3 – due 4/20/27

COURSE EXPECTATIONS FOR IN-CLASS LECTURES

Group Activities:

Working effectively in groups/teams is critical to any successful professional career. This is especially the case in public accounting. During this class, you will participate in a variety of group activities in class. In terms of group learning and networking, you will be assigned to three groups during the semester, in which you will work during class (and sometimes outside of class) to accomplish tasks requiring critical thinking. We will rotate these groups and seating assignments so that you get to know more of your classmates; relationships developed now often last into times in your upcoming work life and practicing networking skills is an important part of your professional development.

Class Participation

The course will be taught primarily in a discussion mode and its success depends on active participation from every student. To get the most out of the course, you must be prepared for discussion every day. You should come to class with a list of questions on everything you do not understand, and you should be prepared to discuss your opinions on professional issues. In other words, you do not have to have a specific question in order to participate; I am very interested in your opinions. You should not wait for me to call on you if you wish to maximize your performance in this class.

8% of the course grade (60 points) is earned through class participation (80 points for MGT 6042 students). Classroom attendance and meaningful participation are significant determinants of the

participation points you will receive. Students will receive 1 point for each day they attend class. Another 1 point will be earned per day for some type of meaningful participation (e.g., question or comment relevant to the lecture topic). Each student will automatically earn 2 participation points for each mid-term exam. An additional 5 points may be earned at the end of the semester for students demonstrating professional behavior throughout the semester. Professional behavior is demonstrated through being respectful to the viewpoints of the other students in the class and working well in a group setting. With 26 lecture days, 2 mid-term exams, and 10 points for professional behavior, the maximum number of point that may be earned during the semester is 66.

Class participation points are earned by being in class. Because a total of 66 out of 60 points are possible, missing up to three days during the semester will not affect your participation points. If you must miss class for an extended period of time, contact the Dean of Students to verify your absence excuse and let me know so that I may help you catch up on the material that you missed.

EXAMS:

There will be two mid-term exams given on the assigned dates in the Course Schedule. The mid-term exams will be given during class and the final exam will be given during finals week. The format of the exams will include multiple choice and true/false questions.

The general policy is that there are no make-up exams. If extraordinary circumstances prevent a student from taking an exam at the specified time, including absence related to Georgia Tech-sponsored activities, he or she must make arrangements with me at least several days prior to the date of the exam and provide appropriate documentation (e.g., athlete travel letter). No late exams will be given to students who simply miss an exam without having made alternative arrangements.

GRADING FOR MGT 6042 STUDENTS:

This course is cross-listed for undergraduate (MGT 4041) and graduate (MGT 6042) students. To reflect the different expectations between undergraduate and graduate coursework, more weight is placed on in-class participation and less weight is place on the exams for 6042 students compared to 4041 students. See the “Grading Policies” section on page 2 above. This reflects greater emphasis placed on individual analysis and participation. The exams will be graded the same for both 4041 and 6042 students, and then the points will be re-weighted for 6042 students when they are entered into Canvas. Similarly, in-class participation will be tracked the same way for both 4041 and 6042 students, and the points will be re-weighted for 6042 students when they are entered into Canvas.

ACADEMIC INTEGRITY:

Georgia Tech aims to cultivate a community based on trust, academic integrity, and honor. Students are expected to act according to the highest ethical standards. For information on Georgia Tech's Academic Honor Code, please visit <http://www.policylibrary.gatech.edu/student-affairs/academic-honor-code> or <http://www.catalog.gatech.edu/rules/18/>.

Any student suspected of cheating or plagiarizing on a quiz, exam, or assignment will be reported to the Office of Student Integrity, which will investigate the incident and identify the appropriate penalty for violations.

ACCOMODATIONS FOR STUDENTS WITH DISABILITIES

If you are a student with learning needs that require special accommodation, contact the Office of Disability Services at (404) 894-2563 or <http://disabilityservices.gatech.edu/>, as soon as possible, to

make an appointment to discuss your special needs and to obtain an accommodations letter. Please also e-mail me as soon as possible in order to set up a time to discuss your learning needs.

STUDENT-FACULTY EXPECTATIONS AGREEMENT

At Georgia Tech we believe that it is important to strive for an atmosphere of mutual respect, acknowledgement, and responsibility between faculty members and the student body. See <http://www.catalog.gatech.edu/rules/22/> for an articulation of some basic expectation that you can have of me and that I have of you. In the end, simple respect for knowledge, hard work, and cordial interactions will help build the environment we seek. Therefore, I encourage you to remain committed to the ideals of Georgia Tech while in this class.

COURSE SCHEDULE

DATE	Reading	TOPIC, ASSIGNMENT, AND NOTES
1/12/27 Tu	Chapter 1	Topic: What is Auditing?
1/14/27 Th	-----	No Class
1/19/27 Tu		Topic: Fraud
1/21/27 Th		Topic: Fraud In-class case: 4-33
1/26/27 Tu	Chapter 19	Topic: The AICPA Code of Professional Conduct In-class cases: EarthWear Clothiers Ethics, 19-36
1/28/27 Th	Chapter 2 & Chapter 3	Topic: Auditing Standards and Audit Planning
2/2/27 Tu	Chapter 4	Topic: Risk of Material Misstatement In-class case: If You Need Love, Get a Puppy <u>Due:</u> Section 1 Graded Homework
2/4/27 Th	Chapter 4	Topic: Risk of Material Misstatement, In-class case: EarthWear Clothiers Planning & Materiality
2/9/27 Tu	Chapter 4	Topic: Risk of Material Misstatement
2/11/27 Th	Chapter 5	Topic: Audit Evidence In-class case: Laramie Wire Manufacturing (not graded, but still counts for participation points)
2/16/27 Tu	Chapter 5	Topic: Audit Evidence In-class case: 5-40, Parts I & II
2/18/27 Th	Chapter 5	Topic: Substantive Analytical Procedures
2/23/27 Tu	-----	Topic: Review for Exam 1
2/25/27 Th	Exam 1	Exam in Class
3/2/27 Tu	Chapter 6 & Chapter 7	Topic: Discuss Exam, Internal Controls over Financial Reporting
3/4/27 Th	Chapters 8 & 9	Topic: Audit Sampling
3/9/27 Tu	Chapter 5 & AS 1215	Topic: Audit Documentation In-class case: EarthWear Clothiers Accounts Receivable (not graded, but still counts for participation points) <u>Due:</u> Section 2 Graded Homework
3/11/27 Th	Chapter 10	Topic: Auditing the Revenue Process

3/16/27 Tu	Chapter 10	Topic: Auditing the Revenue Process In-class case: Audit Documentation Case
3/18/27 Th	Chapter 16	Topic: Auditing the Cash and Investments Process
3/22-3/26 M-F	-----	Spring Break – No Class
3/30/27 Tu	Chapter 16	Topic: Auditing the Cash and Investments Process In-class case: EarthWear Clothiers Cash Workpapers
4/1/27 Th	-----	Topic: Review for Exam 2
4/6/27 Tu	Exam 2	Exam in class
4/8/27 Th	Chapter 11	Topic: Discuss exam, Auditing the Purchasing Process In-class case: EarthWear Clothiers Search for Unrecorded Liabilities
4/13/27 Tu	Chapter 13	Topic: Auditing the Inventory Management Process In-class case: EarthWear Clothiers Inventory Testing
4/15/27 Th	Chapter 17	Topic: Audit Completion
4/20/27 Tu	Chapter 17 & Chapter 18	Guest Speaker – Jason Perry, Southeast Region Managing Partner, Grant Thornton <u>Due:</u> Section 3 Graded Homework
4/22/27 Th		Topic: Audit Completion, The Auditor's Report
4/27/27 Tu	Chapter 18	Topic: The Auditor's Report
4/29/27 Th	Final Exam	Cumulative 2:40-5:30 pm