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ACTG 641.01: Advanced Auditing

Casey J. McNellis

University of Montana - Missoula, casey.mcnellis@umontana.edu

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UNIVERSITY OF MONTANA
SCHOOL OF BUSINESS ADMINISTRATION
ACTG 641 – ADVANCED AUDITING (3 CREDITS)
SECTION 1: TR 9:40 - 11:00 AM - GBB 222
FALL 2014

Instructor: Dr. Casey J. McNellis, PhD, CPA
Office: GBB 309
Office Hours: MW 11:05 a.m. – 12:35 p.m.; 3:35 – 4:35 p.m. & by appointment
Email: Casey.McNellis@business.umt.edu
Phone: 406-243-4698

ACTG 641 Course Objectives

ACTG 641 is a topics-based course, providing graduate students the opportunity to examine ACTG 411 issues on a more in-depth basis, to gain proficiency on current events in the accounting profession, and to further develop both technical and “soft” skills in preparation for professional careers. Course meetings will be conducted using a seminar format with discussions that blend practical and theoretical considerations. The primary focus of the course is external auditing, but other types of auditing services will also be discussed.

Course Learning Goals

ACTG 641 students will be expected to:

1. Contribute to course discussions with insightful comments and questions
2. Effectively communicate accounting and auditing information
3. Understand current events facing the accounting profession
4. Understand external auditing standards and practices
5. Research accounting standards in connection with external audit procedures
6. Identify cognitive pitfalls in auditor judgment and decision making contexts and how to avoid them
7. Apply generalized audit software to audit tasks
8. Demonstrate an understanding of other accounting and auditing services

Pre-requisites: Enrollment as MAcct student and ACTG 411 (or equivalent)

*****THIS COURSE MUST BE TAKEN FOR A LETTER GRADE*****

Drop/Add Policy

The last day to drop the class is the **45th instructional day (October 27)**. After this date, students must petition to drop the course (grade = WP only for grade percentages of 70% or higher at the time the petition is initiated). I will not sign petitions to drop after October 27 unless the circumstances are extraordinary (i.e. accident or illness; family emergency; or other circumstances beyond the student’s control). Per university policy, drop slips will not be signed for any reason after the last day of semester instruction. All of the policies can be found at the following link: <http://www.umt.edu/registrar/>. Please note that poor academic performance and its consequences are not valid reasons for petition approval.

Required Materials

Arens, A.A. and Elder, R.J. Computerized Auditing Using ACL Data Analytics, 3rd Edition.

*****This includes two spiral-bound books with access code. MUST BE PURCHASED NEW*****

The course will primarily make use of public documents available from the PCAOB (www.pcaob.org), the SEC (www.sec.gov), the AICPA (www.aicpa.org), as well as other organizations. Research articles can be accessed from the online databases through the Mansfield Library (www.lib.umt.edu).

Performance and Evaluation*

Group Work

Audit Failure Presentation	5.0%
Current Topic Presentation	15.0%
Financial Statement Presentation Project	25.0%
Major Term Paper	15.0%
Group Total	60.0%

Individual Work

PCAOB Enforcement Memos	2.5%
Audit Standard Memos	2.5%
Mid-Term Exam	15.0%
ACL Project	5.0%
Participation & Attendance	15.0%
Individual Total	40.0%
TOTAL	100.0%

***Failure to complete any of the assessments will result in a failing grade for the course.**

Grading Criteria

Course grades will be determined as identified below. **Grades are not negotiable.**

A	94-100%	B-	80-81.999%	D+	60-64.999%
A-	90-93.999%	C+	77-79.999%	D	50-59.999%
B+	87-89.999%	C	70-76.999%	F	Below 50%
B	82-86.999%	C-	65-69.999%		

Audit Failure Presentation

The class will be divided into 4 groups (2 groups of 4; 2 groups of 3) for this presentation. Each group will select a major audit failure that has occurred in the last 20 years and develop a 20-25 minute presentation that covers the relevant background information/facts, the specific accounting issue(s), the audit firm's responsibility, etc.

Current Topic Presentation

The class will be divided into 4 groups (2 groups of 4; 2 groups of 3) for this project. Towards the end of the semester, each group will give a 50 minute presentation to the class on a topic of interest to those entering the accounting profession. The presentation can cover one of many topics, including current events in some aspect of auditing (i.e. joint inspection agreements),

emerging technical auditing issues (fair value auditing), or relevant non-technical, professional issues (i.e. licensing requirements).

Financial Statement Presentation Project

This project will require students to research generally accepted accounting principles (GAAP), apply compilation standards, and use basic audit procedures to prepare financial statements of a hypothetical company along with a documentation file. The class will be divided into 4 groups (2 groups of 4; 2 groups of 3) for this project. In conjunction with ACTG 615, a tutorial on the FASB Codification will be provided prior to the commencement of the project. Additional details will be forthcoming.

Major Term Paper

The class will be divided into 4 groups (2 groups of 4; 2 groups of 3) for this project. Each group will select a recent development in auditing and submit an academic research paper (approximately 12-15 pages) that provides a contribution to the professional accounting community. Groups will be required to submit a topic/thesis statement in the early part of the semester. These projects will require the consultation with professional and academic literature.

Audit Standard/PCAOB Enforcement Memos

All students will be required to read auditing standards and PCAOB enforcement reports as a basis for class discussion. The Audit Standard Memos will be provided to all students and can be used to prepare for the Mid-Term Exam. For the PCAOB Enforcement Memos, each student will give a 5-10 minute presentation during the class meeting for which the related information is scheduled to be discussed.

Mid-Term Exam

The Mid-Term Exam will cover material from the auditing standards that you are reading and summarizing at the beginning of the term. The exam will assess students' comprehension of the material and will provide a glimpse of the types of questions covered on the MAcct exit exam (taken during Spring 2015). The exam will consist of multiple-choice and/or essay questions. There will be no make-up exams unless legitimate documentation substantiating an illness, a family emergency, a school-sponsored event, etc. is provided. If you have an emergency, please contact me by email or phone PRIOR TO THE EXAM to make arrangements.

ACL Project

This project is intended to introduce students to a software application that is extensively used in public accounting. Students are expected to learn the fundamentals of ACL on their own and complete the requirements of the project at their own pace throughout the semester. Additional details will be forthcoming.

Participation & Attendance

Attending class is strongly recommended. However, simply showing up for class is not sufficient for success in this course. Students are expected to actively participate in all aspects of the course. The participation grade will be partially based upon (but is not limited to) course attendance, adherence to course requirements, **meaningful** contribution to discussions and the

learning environment, preparedness for class, initiative in successful completion of course assessments (including group work), and professionalism.

Student Conduct

- Show up to class on time
- Keep cell phones off during class
- Put cell phones, laptops, etc. away during exams
- Respect each other
- Be professional

Academic Misconduct

Academic honesty is fundamental to the activities and principles of a university. All members of the academic community must be confident that each person's work has been responsibly and honorably acquired, developed, and presented. Any effort to gain an advantage not given to all students is dishonest whether or not the effort is successful. The UM academic community regards academic dishonesty as an extremely serious matter, with consequences that range from failure to expulsion. The University of Montana Student Conduct Code specifies definitions and adjudication processes for academic misconduct and states, "Students at the University of Montana are expected to practice academic honesty at all times." (Section V.A., available at http://www.umt.edu/vpsa/policies/student_conduct.php). It is the student's responsibility to be familiar the Student Conduct Code. In addition, reference to the SoBA Code of Professional Conduct can be found at <http://www.business.umt.edu/Soba/SoBAEthics/CodeofProfessionalConduct.aspx>.

Email

According to University policy, faculty may only communicate with students regarding academic issues via official UM email accounts. Accordingly, students must use their GrizMail accounts (netid@grizmail.umt.edu or fname.lname@umontana.edu). Email from non-UM accounts will likely be flagged as spam and deleted without further response. To avoid violating the Family Educational Rights and Privacy Act, confidential information (including grades and course performance) will not be discussed via phone or email.

Students with Disabilities

Reasonable accommodations are available for students with a documented disability. If you think you may have a disability adversely affecting your academic performance, and you have not already registered with DSS, please contact DSS in Lommasson 154. The University of Montana assures equal access to instruction through collaboration between students with disabilities, instructors, and Disability Services for Students (DSS). "Reasonable" means the University permits no fundamental alterations of academic standards or retroactive modifications. For more information, please consult <http://www.umt.edu/disability>.

School of Business Administration Mission Statement

The University of Montana's School of Business Administration enhances lives and benefits society by providing a world-class business education in a supportive, collegial environment. We accomplish this mission by acting on our shared core values of creating significant

experiences, building relationships, teaching and researching relevant topics, behaving ethically, and inspiring individuals to thrive.

MAcct Program Mission Statement

The Masters of Accountancy program provides breadth and depth in accounting, taxation, and business to develop a high level of understanding, skill and leadership capability for advancement in the accounting profession and other related business careers.

Assessment and Assurance of Learning Goals

As part of our assessment process and assurance-of-learning standards, the accounting faculty has adopted five learning goals for our MAcct program.

MAcct students will:

1. Obtain a deeper mastery of technical accounting competencies
2. Understand the role of the accounting profession in business and the economy, along with the importance of professionalism and ethics in carrying out this role
3. Communicate effectively through both written and verbal means
4. Demonstrate a high level of critical thinking skills
5. Be prepared for certification as a CPA

Course Schedule

<u>Date</u>	<u>Topic (subject to change)</u>	<u>Assignments (for next class, unless specified)</u>
Aug 26	Introduction/Syllabus/Expectations/Individual Assignments <i>Pick Groups (2 groups of 4; 2 groups of 3)</i>	Audit Standard Memos (due Sept.. 11) Mid-Term Exam (Sept. 25) PCAOB Enforcement Memos (due Oct. 21) ACL Project (due Nov. 6)
Aug 28	Introduction of group projects and deadlines	Audit Failure Presentations <ul style="list-style-type: none"> • Company Choice (due Sept. 16) • Presentation (Oct. 7-9) Current Topic Presentation <ul style="list-style-type: none"> • Topic/Synopsis (due Sept. 25) • Presentation (Oct. 28-Nov. 18) Major Term Paper <ul style="list-style-type: none"> • Topic/Synopsis (due Sept. 18) • Review (Oct. 14) • Final Paper (due Nov. 25) Financial Statement Presentation Project <ul style="list-style-type: none"> • Engagement File Review (Oct. 7) • Adjusting Entries Review (Oct. 28) • Documentation Review (Nov. 18) • Final Project (due Dec. 8)
Sept 2	Current Events: From the Field	Sweeney and Summers (2002) Nelson et al. (2003)
Sept 4	The Role of Academic Research in Accounting	PCAOB Release 2013-009 PCAOB Release 2013-005

Sept 9	Current Events: Major Topics in Auditing	Find news article on a major current event in auditing (i.e. new proposed standard, new auditing scandal, recent development in professional services, etc.)
Sept 11	Current Events: Major Topics in Auditing Audit Standard Memos Due	FASB Codification Case (due Sept. 18) Thornburg and Roberts (2008) SEC Litigation Release No. 17039 Find a news article discussing historical or political perspective on accounting
Sept 16	History and Politics in the Accounting Profession Audit Failure Presentation: Company Choice Due	
Sept 18	Professional Accounting Research Major Term Paper: Topics/Synopsis Due	
Sept 23	MAcct Writing Exam (GBB 213)	
Sept 24	Mid-Term Exam (9-11 a.m.) Current Topic Presentation: Topics/Synopsis Due	AU-C 930 SSARS 2 & 19
Sept 30	Compilation and Review Services	AT 101, 201, 601, 701
Oct 2	Attestation Services	
Oct 7	Audit Failure Presentations Engagement File Review (all week)	
Oct 9	Audit Failure Presentations	Knapp and Knapp (2012)
Oct 14	Judgment and Decision Making Major Term Paper : Review (all week)	Elevating Professional Judgment in Auditing and Accounting
Oct 16	Judgment and Decision Making	
Oct 21	PCAOB Enforcement PCAOB Enforcement Memos Due	
Oct 23	PCAOB Enforcement	
Oct 28	Current Topic Presentation 1 Adjusting Entries Review (all week)	
Oct 30	Current Topic Presentation 2	
Nov 4	ELECTION DAY – NO CLASS	
Nov 6	Current Topic Presentation 3 ACL Project Due	
Nov 11	VETERANS' DAY – NO CLASS	
Nov 13	Current Topic Presentation 4	
Nov 18	Documentation Review (all week)	
Nov 20	Project Release Day	
Nov 25	Project Release Day Major Term Paper Due	
Nov 27	THANKSGIVING BREAK – NO CLASS	
Dec 2	Project Release Day	
Dec 4	Project Release Day	
Finals Week	Financial Statement Presentation Project Due Monday, December 8	