

Fall 2015

## ACCT 4162

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Week	Tentative Topics	What's Due at the beginning of class	
<b>Aug 19</b>	Introduction; Micro Audit Case: Start Audit & Cash	Bring UNO ID; Bio; Assign teams, oral reports, teams, & SEC chapters	
<b>Aug 26</b>	Audit History <u>Readings</u> & Micro Audit Case: REVENUE CYCLE	2 comments due on Moodle before class	START AUDIT Due->10
<b>Sept 2</b>	Case: Ocean-New Client and Case: Laramie: Planning [paper] Micro Audit Case – REVENUE	2 comments due Ocean: Due: Q1 & Laramie Due: Q1 -> 10 each, 20	
<b>Sept 9</b>	Ethics <u>Readings</u> 1 <sup>st</sup> Day Micro Audit Case REVENUE (PPS); INVENTORY	2 comments due SEC Ch.1-5 Oral Reports	CASH due ->10
<b>Sept 16</b>	Case: Red Bluff I/C and Case: Easy Clean Evaluation Form [paper]; Micro Audit Case: EXPENDITURE CYCLE	2 Due: Red Bluff Q1&2 & Easy Clean Eval.Form ->10	ARDUAL DUE (1/2 of Revenue Cycle) ->10
<b>Sept 23</b>	Fraud Std. SAS 240 Fraud <u>Readings</u> ; <u>Speaker</u>	2 comments due	PPS only Due->10
<b>Sept 30</b>	Cases: Enron & Case: World Com Micro Audit Case: FINANCING and PPE	2 comments due 2 Due: Enron Q1; WorldCom: Q3, ->10 each, 20	INVENTORY Due ->10
<b>Oct 7</b>	Case: Anonymous Caller Audit Case: FINANCING &PPE and COMPLETING THE AUDIT	Due: Caller Q1, ->10	EXPENDITURE Due ->10
<b>Oct 14 Drop Date</b>	Cases: Brent Dorsey Staff Pressures* and Rental Fraud* Micro Audit Case: Financing & PPE *See full case name below	2 comments due 2 Due: Staff Q2& Rental Q1&2, ->10 each, 20	
<b>Oct 21</b>	<u>SEC Speaker</u> Micro Audit Case		FINANCING and PPE Due->10 each, 20
<b>Oct 28</b>	<b>SEC TEST on Chapters 1-5</b>		
<b>Nov 4</b>	Ethics <u>Readings</u> 2 <sup>nd</sup> Day	2 comments due	COMPLETING the AUDIT Due, not team->10
<b>Nov 11</b>	Case: Surfer Dude Case	Surfer Due: Q1 & 7->10	CASH FLOW STMT. [not team] ->20
<b>Nov 18</b>	Graduate cases presentations	Graduate cases due & present papers	
<b>Nov. 25</b>	Catch up on oral reports		
<b>Dec 2</b>	<b>Test on Readings &amp; Cases</b> [not on the audit case]	Last day of class before final exam	
<b>Dec.9</b>	<b>FINAL EXAM</b>	5:30-7:30 pm	
	*A Day in the Life of Brent Dorsey: Staff Auditor Professional Pressures	*Nathan Johnson Rental Car Reimbursement: Solving Ethical Dilemmas—Should He Pocket the Cash?	

**Prerequisite:** Acct 3161

**ACCT 5162:** You must be enrolled in 5162 to take this class for graduate credit for a Masters degree.

**Texts:**

- (1) Auditing Cases, by Beasley, Buckless, Glover, Prawitt, Prentice-Hall, latest or earlier edition
- (2) Micro, Inc.: A Computerized Audit Practice Case, Revised Edition, Joyce Lambert, S. J. Lambert, III, and James Hruska **on Moodle**. You print it out & assemble in a 3-ring binder.

**Accounting 4162 Readings List**

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**AUDIT HISTORY:**

- 1. Development of Accounting & Auditing Standards, Jrl. of Accty. May 1987
- 2. Pacioli Revisited, JofA, May, 1987, pp. 195-197

**ETHICS [ 1<sup>st</sup> day]**

- 3. How Following Orders Can Harm Your Career
- 4. Ethics Prison Audit Partner
- 5. PCAOB Sanctions Three Auditors
- 6. Auditor Independence: Another Case of Misplaced Loyalty

**ETHICS [ 2nd day]**

- 7. If the Auditors Sign Off, Does That Make It Okay?
- 8. Tips Traded on Golf Course Led to KPMG Executive's Downfall
- 9. KPMG Scott London Leaks started in an effort to help out someone
- 10. Auditor Independence: Another Case of Misplaced Loyalty

**FRAUD**

- 11. SAS AUC 240
- 12. Man Who Figured Out Madoff Scheme (\$50 B. Fraud) 60 Minutes March 2009
- 13. CPA Pleads Guilty in Madoff Fraud Scheme, Accounting Today, June 25, 2014
- 14. Accountant Who Helped Madoff Cover Up Scan Avoid Prison 2015

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## Oral Reports

SEC book:

Ch. 1 \_\_\_\_\_

Ch. 2 \_\_\_\_\_

Ch. 3 \_\_\_\_\_

Ch. 4 \_\_\_\_\_

Ch. 5 \_\_\_\_\_

**“Leaders of the Accounting Profession: 14 Who Made a Difference,” Journal of Accountancy, May 87, pp. 46-71 [Some missing pages are advertisements.]**

1. Robert H. Montgomery \_\_\_\_\_
2. George O. May \_\_\_\_\_
3. William A. Paton \_\_\_\_\_
4. Carman G. Blough \_\_\_\_\_
5. Andrew Barr \_\_\_\_\_
6. Samuel J. Broad \_\_\_\_\_
7. John L. Carey \_\_\_\_\_
8. Paul Grady \_\_\_\_\_
9. Eric L. Kohler \_\_\_\_\_
10. A. C. Littleton \_\_\_\_\_
11. Weldon Powell \_\_\_\_\_
12. Leonard Spacek \_\_\_\_\_
13. Charles E. Sprague \_\_\_\_\_
14. William W. Werntz \_\_\_\_\_

Acct. 4162/5162(601) Fall 2015 6pm Wed [jlambert@uno.edu] (280-6429)

Dr. Joyce Lambert Office KH 478E Hours: 4-6pmT,W & 8:30-9:30T-Th until finals week

ACCT 4162/G Advanced Auditing 3 cr. - Prerequisite: ACCT 3161. Current auditing concepts and prospective developments in professional and internal auditing. Cases and readings used to illustrate applications of auditing standards, statistical sampling, professional ethics, and legal liability.

**Acct 4162 Tentative Grading Plan:**

1. 90: Cases, due at the start of the class, 10 points. **Answer each case on Moodle unless noted as "paper." Turn in the "paper" cases at the start of the class.** [Individual assignments] Since we will be discussing the cases in class, they will not be accepted late.
2. 110: Audit case assignments due at the start of class, one per team except *Completing the Audit [10pts.]* & *Cash Flow [20 pts.]* which are individual assignments. Since we will be discussing these in class, they will not be accepted late. **Keep track of your time and indicate the hours spent by each partner at the top of the first page of each assignment.**
3. 50: SEC Test, 50 points
4. 50: Test on Readings & Cases, 50 points
5. 100: Final Exam, 100 points
6. Discussion Comments, 2 points per class, for Cases & Readings: 2 typed comments due at the start of class **on Moodle** when they are assigned. If more than 1 reading/case, make comments on different readings. Since we will be discussing the cases in class, they will not be accepted late.
7. Class preparation, participation -
8. 100: Graduate project, 100 points

The final course grade will be based on total course points adjusted as appropriate to reflect the instructor's subjective evaluation. Subjective evaluation will include some of the following: class participation, asking pertinent questions, offering opinions, responses to assigned materials, evaluation of test performance, satisfactory attendance [missing more than one week of classes] etc.

**Tests:** *You must have a picture identification (i.e. Student ID or Drivers License) to take a test. Cell phones, and ear phones are not permitted. During a test or quiz you may not answer your cell phone, phone a friend, use text messaging, take a picture of the test nor have your phone on the desk/table. If you are expecting an urgent call, let me know, and I will answer your phone for you. Turn your phones to vibrate or other setting so as to not disturb the class. You are not allowed to have on your person or on your desk any books, papers, cell phones, purses, or school bags during the test nor when we go over a graded test. For the tests leave your books/purses/cell phone along the walls in the classroom. Makeup quizzes/cases will not be given. If you miss a case/quiz, your grade will be zero.*

**Assignments will not be accepted after the start of class since we will discuss them in class.**

They are due at the start of class and are to be done **without any assistance from anyone else**. You may research auditing standards or other sources **but not consult other people**. See Audit Research below in the Library database. I do not accept them late as we go over the case in class.

**Audit Research:** Go to the UNO web page, click on Library, databases, Accounting, Accounting Research Manager, enter student # + 00, Accounting & Audit Tab, AICPA, Auditing Standards (SAS) or other standards.

**Graduate Credit - Students Taking the Class for Graduate Credit [100 points]**

See separate assignment. This is not a team project!

**Oral Reports:** Students will present oral reports on leaders of the accounting profession and SEC chapters. Type SEC chapter questions & answers for the class to be handled out when making the presentation.

**Classroom Policies:** Attendance is required. If you miss more than one week of classes, a **5-point penalty** will be assessed for each class missed. **If we have an outside speaker, then this is not a day that you can miss. A 10-point penalty will assigned for an unexcused absence on a day that a speaker comes.** Sign in on the role that is passed around the class. If you cannot attend class for some reason, call the instructor or the Accounting Department and explain why. Please come on time as cases are due at the start of class. **You will write thank-you notes in class after each speaker.**

**GPA to Graduate:** To obtain a business degree from UNO you need a 2.0 in the following categories: Overall, UNO, Business, **Major, and in Major at UNO.** You cannot repeat & delete once you have reached 60 hours.

**Email:** I may send important emails to you during the semester, so make sure you read your UNO emails. If you email me, use your UNO email and indicate the course number in your subject line and include contact phone numbers. Due to viruses, I do not read email if I do not recognize the sender, and I do not open attachments. Students must have Internet access to [www.uno.edu](http://www.uno.edu) and Moodle.

**UNO ID:** Bring a copy of your UNO ID to class for my seating chart and put your row & seat number. Bring UNO ID to class for the tests and final exam.

**Bio:** Type a brief bio on yourself **on Moodle:** for example, tell me something about yourself (whatever you are willing to share), why you chose UNO, your major, career objective(s), tell me something about your country (if not U.S.), how you are doing since Katrina/Isaac, how I can remember your name, what is the best advice that you have received, etc.

**Micro Audit Case** (1) Assemble the Micro, Inc. Audit Case by either printing out the Word and Excel files and assembling them in numerical order **or** you can print out the scanned copy of Micro, Inc.

(2) Teams will be assigned. The assigned portions of the Micro Audit Case are **due at the** start of the class.

(3) Bring a pocket folder, one per team. Place your assignments on my desk in the classroom—one per team. If not turned in at the start of class, no points will be given since we will be going over the assignment in class. You will work with a partner. Enter the hours work by each partner's name on the first page of assignment. In addition in order to receive credit, you must turn in with each part stating the hours work and how the work was distributed. Each partner is responsible for doing the work and should keep a copy of the assignment.

If you have a problem with your partner, talk to your partner first & try to resolve it (don't come to me first). If it is not resolved with your partner, both partners should come and see me. You will not receive credit if you have not adequately participated on the audit. Each partner must sign a separate time sheet indicating hours worked and stating that the partner participation is worthy of credit (place in envelope) at the end of the semester. This partner evaluation will be used in the assessment of your grade.

In addition to grading the audit case for effort, I will be assigning points for the completeness of the documentation and cross referencing of your work. See Tips Grading Guide Workpaper Documentation for Micro, Inc. and explanation of Tickmarks and Workpaper Relationships on Moodle. Each partner should keep track of the corrected adjusting general entries as we go over them in class, Each student will be individually responsible for turning in Completing the Audit and Cash Flow Statement for which you need the adjusting entries.

**Accounting Awards:** Students must fill out a form in the departmental office during the fall semester or early in the spring semester. Check Moodle for the form.

**Recruiting:** Most recruiting occurs in the fall semester. You should contact the Career Coaching Center located in the 3<sup>rd</sup> floor in Kirschman Hall, 325.

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Dr. Joyce Lambert      Office KH 478E      Hours: 4-6pmT,W & 8:30-9:30T-Th until finals week

**Course Objective**

Our objective is to apply auditing standards and procedures to a simulated audit case using team work, to learn how to document audit workpapers, to cover current auditing topics, through readings, cases, class discussions, speakers, videos, and presentations.

**Academic Integrity:** Cheating in any form will not be tolerated. I will pursue any cheating to the maximum extent allowable. Read and sign UNO's policy on academic dishonesty.

Students are expected to conduct themselves according to the principles of academic integrity as defined in the statement on Academic Dishonesty in the UNO Judicial Code. Any student or group found to have committed an act of academic dishonesty shall have their case turned over to Judicial Affairs for disciplinary action which may result in penalties as severe as indefinite suspension from the University. Academic dishonesty includes, but is not limited to: cheating, plagiarism, fabrication, or misrepresentation, and being an accessory to an act of academic dishonesty.

**General Policy:** It is the policy of UNO to maintain an environment free from discriminatory practices, harassment (including sexual harassment) and retaliation, which is illegal and, which will not be tolerated. It is a violation of UNO policy to discriminate against any employee, student, or applicant on the basis of race, color, gender, age, religion, national origin, citizenship, disability, sexual orientation, genetic information, retirement or veteran status. The policy requires that all employees, students, and applicants be treated fairly with regard to all aspects of the employment and educational relationship.

**Disability Accommodation:** It is the University policy to provide, on a flexible and individualized basis, reasonable accommodations to students who have disabilities that may affect their ability to participate in course activities or to meet course requirements. Students with disabilities are encouraged to contact their instructors and/or the Office of Disability Services to discuss their individual needs for accommodations. **If you need accommodation, see me during the first week of classes in order to make the arrangements.**

**E2Campus Emergency Notification** For notice of emergencies go to:

<http://uno2.uno.edu/ucc/E2Campus/e2Campus.htm>

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**Memos:** You may be asked to write memos periodically during this class. You should use the following format to start your memo:

To: \_\_\_\_\_

Date: \_\_\_\_\_

From: \_\_\_\_\_

Subject: \_\_\_\_\_

\*\*\*\*\*

**Fax: 504-280-6426**

Last Name\_\_\_\_\_ First\_\_\_\_\_ Date\_\_\_\_\_

Acct. 4162/5162: Case: Easy Clean Co. and Internal Control Environment

Greatly

Greatly

Weakens Control    1        2        3        4        5        6        7    Strengthens Control

1. Integrity & Ethical Values

- Integrity \_\_\_\_\_

2. Commitment to Competence

- Mgt. competence \_\_\_\_\_
- Employee competence \_\_\_\_\_

3. Board of Directors/Audit Committee Participation

- Membership \_\_\_\_\_
- Knowledge \_\_\_\_\_
- Independent of mgt. \_\_\_\_\_
- Meet with officers & CPAs \_\_\_\_\_
- Oversees & takes action \_\_\_\_\_

4. Mgt's Philosophy & Operating Style

- Risks monitored \_\_\_\_\_
- Mgt low levels of risk \_\_\_\_\_
- Mgt high priority on I/C \_\_\_\_\_
- Mgt explicitly reduces risk \_\_\_\_\_

5. Organizational Structure

- Defined auth.& resp. \_\_\_\_\_
- Policies det. by mgt. \_\_\_\_\_
- Trans. proc. est. \_\_\_\_\_
- Organization is structured \_\_\_\_\_
- Mgt. supervise EDP \_\_\_\_\_

6. Assignment of Authority & Responsibility

- Code of conduct \_\_\_\_\_
- Del. of auth. for goals \_\_\_\_\_
- Job duties defined \_\_\_\_\_
- EDP doc. auth.clear & changes \_\_\_\_\_
- EDP documentation adequate \_\_\_\_\_

7. Human Resource Policies & Procedures

- EE. experience \_\_\_\_\_
- EE. understand duties \_\_\_\_\_
- Adequate training new EE. \_\_\_\_\_
- Workload control quality \_\_\_\_\_
- Turnover low acctg. people \_\_\_\_\_
- Turnover low nonacct. people \_\_\_\_\_

8. Overall Evaluation of Control Environment \_\_\_\_\_



## **Acct 5162 Graduate Fraud Project**

Research 8 frauds from the following:

1. 2 from the internet and
2. 3 from the Legislative Auditor website and
3. 3 from the News Orleans Inspector General's website and/or the Jefferson Parish Inspector General's website

Organize your paper into the following sections:

- I. Introduction – brief (no more than 1 page)
- II. Fraud – legal definition and auditing definition: give reference. Be sure to include the elements of fraud
- III. 10 Cases- Start each case on a separate page.
  - A. Describe overall case and the amount of the fraud
  - B. Describe how it was done, the facts; whether it is a city, state, or federal offense; Who were the victims
  - C. Explain what breakdown in internal control allowed it to happen
  - D. Explain what should be done to prevent this fraud in the future
- IV. Conclusion or Summary – brief
- V. Appendix: Include copies of the source articles numbered corresponding to the cases.

**NOTE: Be sure to pick cases that lend themselves to this analysis. Be specific in the internal controls sections. Do not use vague description such as segregate duties without detailing how and by whom.**

**This is not a team project.**

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Academic Integrity: Your instructor in this class will pursue any cheating to the maximum extent or penalty allowable under UNO's policy. Students are expected to conduct themselves according to the principles of academic integrity as defined in the statement on Academic Dishonesty in the UNO Judicial Code. Any student or group found to have committed an act of academic dishonesty shall have their case turned over to Judicial Affairs for disciplinary action which may result in penalties as severe as indefinite suspension from the University. Academic dishonesty includes, but is not limited to: cheating, plagiarism, fabrication, or misrepresentation, and being an accessory to an act of academic dishonesty. Academic integrity is fundamental to the process of learning and evaluating academic performance. Academic dishonesty will not be tolerated. Academic Dishonesty includes, but is not limited to, the following: cheating, plagiarism, tampering with academic records and examinations, falsifying identity, and being an accessory to acts of academic dishonesty. Refer to the UNO Judicial Code for further information, available online at: <http://www.uno.edu/> [Search judicial code]

UNO's Academic Integrity Pledge: ***I pledge that I have completed the work I am submitting according to the principles of academic integrity as defined in the statement on Academic Dishonesty in the UNO Judicial Code.***

**Excerpts from UNO's Academic Integrity Policy:**

Academic honesty and intellectual integrity are fundamental to the process of learning and to evaluating academic performance. Maintaining such integrity is the responsibility of all members of the University. All faculty members and teaching assistants should encourage and maintain an atmosphere of academic honesty. They should explain to students the regulations defining academic honesty and the sanctions for violating these regulations.

However, students must share the responsibility for creating and maintaining an atmosphere of honesty and integrity. Students should be aware that personally completing assigned work is essential to learning. Students who are aware that others in a course are cheating or otherwise committing academic dishonesty have a responsibility to bring the matter to the attention of the course instructor and/or academic unit head, or the Assistant Dean.

Academic dishonesty includes, but is not limited to, the following:

Cheating: The act of deception by which a student who misrepresents mastery of information on an academic exercise. These acts can be either premeditated or not. Examples include: copying or allowing someone else to copy from another student, unauthorized use of a textbook or other material during an examination; inappropriate and unauthorized collaboration during an academic exercise; unauthorized use or possession of specially prepared materials during an academic exercise, such as notes or formula lists.

Plagiarism: The unacknowledged inclusion of someone else's actual words or paraphrases, ideas or data as one's own. This means that sources of information must be appropriately cited with footnotes or quotation marks and identified, whether published or unpublished, copyrighted or uncopyrighted.

Academic Misconduct: The actual or attempted tampering or misuse of academic records or materials such as transcripts and examinations. Examples are: stealing, buying, or otherwise obtaining all or part of an unadministered test or academic exercise; selling, bribing or giving away all or part of an unadministered academic exercise or any information about it; changing or altering a grade book, test, "drop form," or other official academic records of the University; unauthorized entry into a building or office for the purpose of changing a grade or tampering in any way with grades or examinations.

Falsification/Fabrication: The intentional use of false information or the falsification of research, findings, personal or university documents with the intent to deceive. Examples include citation of information not taken from the source indicated; listing sources in a bibliography not used in the academic exercise; inventing data or source information, submitting as one's own any academic exercise prepared totally or in part for/by another; taking a test for another student or permitting another student to take a test for oneself, submitting work previously used for credit in another course without express permission of the instructor; falsifying or misrepresenting oneself on resumes or other such documents or university related forms.

Accessory To Acts of Academic Dishonesty: The act of facilitating, supporting or conspiring with another student to commit or attempt to commit any form of academic dishonesty.

Tests: Asking others for information on a test before you have taken it as well as providing information about the test to others who have not yet taken it are both violations. I agree to not discuss the content of a test with anyone who has not taken the test.

**I understand that I could be subject to sanctions, including expulsion from the University and/or a permanent notation of having committed academic dishonesty being recorded on my transcript.  
I have read and agree to abide by UNO's Academic Integrity Policy:**

\_\_\_\_\_  
\*\*\*Signature\*\*\*\*\*

**Print: Last name \_\_\_\_\_ First name \_\_\_\_\_**

**ACCT. 4162/5162 – AUDIT CASE  
PARTNER EVALUATION at End of Project**

**YOUR NAME:** \_\_\_\_\_

**PARTNER'S NAME:** \_\_\_\_\_

**DATE:** \_\_\_\_\_

- Give a Satisfactory/Unsatisfactory to the performance of your partner, and then justify it by explaining why your partner deserves the score. Consider such factors as attitude, cooperation, willingness to help you, meeting when agreed upon, carrying his/her part of the work load, and any other factors you consider relevant. \_\_\_\_\_
- Based on your experience of working with your partner, would you select him/her for a similar project in another class? Explain.

\*\*\*\*\*

Sign statement below:

In my opinion, my partner, \_\_\_\_\_, completed his/her part of this project in an appropriate manner deserving of credit for the project.

Signature: \_\_\_\_\_

If you cannot sign this statement, indicate reasons below:

**Time Sheet Summary**  
**Due at end of the project**

Last Name \_\_\_\_\_ First \_\_\_\_\_

Audit Partner (if any) \_\_\_\_\_

Date: \_\_\_\_\_

TIME SHEET for MICRO, INC.: A COMPUTERIZED AUDIT PRACTICE CASE  
Revised Edition  
Joyce C. Lambert, S. J. Lambert, III, and James G. Hruska  
Copyright: McGraw-Hill Book Company, Inc.

Part	Hours
1. Starting the Audit	_____
2. Cash	_____
3. Revenue and Receipts Cycle	_____
4. Inventory	_____
5. Expenditure and Disbursement Cycle	_____
6. a. Financing Cycle	_____
b. Property, Plant & Equipment	_____
7. Completing the Audit & Cash Flow	_____ (your time)
Total	=====

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Note: Put time for each part on the first workpaper of each section and then turn in this sheet showing the total at the end of the project.

Sign statement below:

In my opinion, my partner, \_\_\_\_\_, completed his/her part of this project in an appropriate manner deserving of credit for the project.

Signature: \_\_\_\_\_

If you cannot sign this statement, indicate reasons below: