

MGMT 443
Auditing – Section 001
CRN: 13514
University of New Mexico
Fall 2016

INSTRUCTOR:	Dr. Richard G. Brody, CPA, CFE, CFF, CGMA, FCPA
OFFICE:	ASM 2008
OFFICE PHONE:	505-277-7258
OFFICE HOURS:	Monday and Wednesday 10:30 - 11:00 and 12:15 – 12:45 and by appointment
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CLASSROOM:	GSM 117
MEETING TIME:	Monday & Wednesday from 11:00 – 12:15 p.m.

Course Prerequisite (or Corequisite): MGMT 341 – Financial Accounting II

Course Description:

This course will assist you in obtaining an understanding of the environment of auditing, including an overview of the accounting profession, auditing standards and professional ethics. In addition, the course will focus on the process by which an auditor forms an opinion as to the “fairness of presentation” of financial statements. The course will also cover topics such as deceptive practices in accounting, fraud/corruption, corporate social responsibility, and the importance of integrity and accountability in reporting systems. The implications of the Sarbanes-Oxley Act on both the public accounting profession and the corporate environment will be emphasized throughout the course.

Course Objectives:

The first objective of this course is to develop your understanding of the decisions made and methods used by auditors when verifying management’s assertions in corporate financial statements. Auditing does not take place in a vacuum, but rather in a complex economic and institutional environment. Thus, a second objective is to develop your understanding of the forces that shape auditing practice. The emphasis will be on real world cases/applications, as well as current events. This will also include international issues and practices, including the roles and responsibilities of auditors within a global context. A third objective is to develop and refine your understanding of internal control and the auditor’s role in documenting and testing controls. A lack of controls often creates an environment in which fraud and/or misstatements occur. The final objective is to provide you with the opportunity to improve the skills necessary to succeed in today’s business environment. These include both written and verbal communication skills, as well as critical thinking and problem solving skills. You will be expected to participate in the in-class discussions on assigned topics.

Required Texts:

1. Whittington & Pany, **Principles of Auditing and Other Assurance Services**, 20th edition
2. Gleim & Hillison, **Auditing & Systems**, 19th edition

Determination of Final Grade:

Exam 1	120
Exam 2	120
Final Exam	150
Quizzes	100
Group Case	60
Article Assignment - Presentation	<u>50</u>
Total Points available	600

Final Grade (based on total points)

582-600	A+	522-539	B+	463-479	C+
558-581	A	498-521	B	420-462	C
540-557	A-	480-497	B-	360-419	D
				< 360	F

- **Examinations**

There will be two examinations and a final examination. The format for the exams could include multiple choice, true/false, short answer/essay questions, problems and case analyses. The material will reflect the textbook reading, in-class videos, guest speakers and class discussion. The final exam is a comprehensive examination.

- **Quizzes**

Quizzes (6) will be given throughout the semester. The questions for each quiz will come directly from the Gleim & Hillison book (“Gleim”). **Missed quizzes may not be made up.** Your best 5 quizzes will be included in your final quiz score; that is, you will be able to drop one quiz for the semester (this may include a missed quiz). Specific quiz information is provided on a separate page later in this syllabus.

- **GroupCase**

The case will require you to use your own judgment and support your positions with academic and/or professional literature, real world information collected from practitioners, or any other outside source(s) you deem to be appropriate (other than ASM faculty or prior MGMT 443 students). A major purpose of this case is to allow you to practice the methodology for solving “real world” problems. Completed cases will be a maximum of 3 double-spaced typewritten pages of analysis (plus a title page and a references page for a total of 5 pages) and one team member will submit the case to his/her UNM Learn (Learn) class assignment folder.

Because teams provide virtually all professional services, your success will depend to a large extent to your ability to work as a team player and to communicate effectively with other team members. To encourage you to develop these abilities, you will work as part of a team for the case assignment. Teams will be formed in the same way that auditors are assigned to teams in practice – without the luxury of choosing your team members; that is, I will assign you to your team. At the end of the task, each team member will evaluate the other team members via a “peer evaluation form” and this evaluation will be incorporated into the determination of the final grade (there are penalties associated with incomplete or incorrect forms). Anyone discussing his/her peer evaluation form with other group members is subject to removal from the class.

Article Assignment- Presentation

- You will find a list of 55 articles posted on Learn (Articles 51 – 55 were written by me) in the “Article List” discussion area. Article topics vary a great deal and while all are related to auditing, some are more directly related than others. It is highly recommended that you review the abstracts/articles themselves before making a commitment.
- Verify that the article you would like to choose has not already been selected (by checking the “Article Selection” discussion area).
- Post your article selection (identify by the article number) in the “Article Selection” discussion area. I have posted a sample entry for you to follow. Note that you are posting this information in the subject line only as this will allow others to see the selected articles without opening up each posting to get this information. **Create a new thread when you post your article selection – do not reply to an earlier posting.**
- Why choose early?
 - You will have more choice as to which article you can select.
 - The article presentation schedule will be assembled based on the order that articles were selected. Those of you selecting early will have more choice in the determination of your presentation group. As the presentation groups fill up, you will have less choice as to the presentation date.
- **You may not change your article once you post your selection.**
- Once you have selected/posted your article:
 - Print out a copy of your article (already posted in PDF format).
 - Prepare a 4-5 minute PowerPoint presentation. You will need to practice to get the timing right. **There is an automatic 10% penalty if your presentation is not between 4 minutes and 5 minutes.** You will be timed!
 - Your first slide is to include your name and an *official APA* citation for your article. **There is an automatic 10% penalty if you do not follow APA.**
 - Post your PowerPoint presentation to your assignment folder at least **24 hours** before the day you are scheduled to present to the class (11:00 a.m. deadline). **There is an automatic 10% penalty if your assignment is submitted late. No changes are allowed – if you make any changes, the penalty will be applied.**
- If you need assistance with any part of this assignment, seek help from Learn support, one of the librarians in Parish, or one of your classmates.
- Your final score will be based on:
 - Following all of the above instructions.
 - Feedback from your classmates who will evaluate your presentation.
 - My evaluation of your presentation and your PowerPoint slides (using an oral communication rubric that will be distributed to you in advance).

Quiz Information - Gleim & Hillison (AKA "Gleim")

Our Test Chapter	Gleim & Hillison Sections	Quiz Coverage
1 & 2	SU 1 3.7	CPA CPA
3	2.1 – 2.7; 2.9; 2.10	CPA
4	2.8	All
5	4.2 - 4.4 10.1, 10.3	CPA CPA
6	3.1 – 3.6, 8.1 – 8.2	CPA
7	4.1, 5.1 – 5.3	CPA
9	15.1	CPA
10 & 11	10.2 6.1 – 6.3 SU 11	CPA CPA CPA
12	7.1 – 7.3, 7.6 SU 12	CPA CPA
16	4.5 9.1 – 9.2 14.1 – 14.4	CPA CPA CPA

Course, Anderson School of Management and UNM Policies

Homework

Homework will be assigned on a regular basis and will consist of problems at the end of the textbook chapter, short cases and/or Internet searches. These assignments are to be completed prior to coming to class and while it is not expected that you will achieve perfection on all assignments, it is expected that you will complete them **in writing**. The instructor may randomly select students each class period to individually present the assignments to the class.

Class Participation

The key advantage of class participation is that it forces each student to be well-prepared and thus become an active, rather than passive, learner. Participation also provides you with the opportunity to gain from the experiences and talents of everyone in the class. You should feel free to ask questions, provide supportive comments, or challenge **constructively** what has been said.

Missed Exams

If you miss an exam without the permission of the instructor a score of zero will be assigned. Make-up exams are granted at the discretion of the instructor, only with prior arrangement, and must be completed prior to the next class meeting (unless circumstances involved make this clearly impractical).

Attendance/Promptness

It is expected that you will attend every class and that you will arrive on time. Recurring lateness or repeated absences will be considered grounds for removal from the course. If a guest speaker is scheduled for class, it is imperative that you arrive promptly.

Written Assignments

All written assignments must follow APA standards (guidelines will be distributed) and it is expected that they will be free of errors (this includes typos and spelling or grammatical errors). Handwritten corrections are not acceptable. No late assignments will be accepted. It is recommended that you have someone else review your work as it is often difficult to find mistakes in your own work.

CAPS Writing Tutors are available to help out any stage of the writing process, from drafting to final editing. Register for CAPS on the third floor of Zimmerman Library. Individual appointments can be made by calling CAPS at 277-7205. Please visit <http://caps.unm.edu/writing> for the most current info on hours and locations, as well as information on current workshops. One-on-one support is also available from a writing expert who will be holding office hours in ASM (details TBD).

Incompletes

An "I" may be awarded only when a small portion of a student's work is incomplete due to circumstances beyond his or her control and s/he is otherwise earning a passing grade. "I" grades are to be used in emergency situations only and never as a means to avoid a poor grade.

Exam and Case Retention

After exams/cases are graded, the instructor will review them in class. They may also be reviewed in the instructor's office. These materials will be retained for two weeks after final grades are posted and then be destroyed.

UNM Learn

This class will make extensive use of Learn. You should check the website **frequently** as you will find class announcements, assignments, private e-mails and other information.

If you are having problems with Learn, you can contact free technical support via telephone (505-277-0857) or email (learn@unm.edu). It is your responsibility to learn and effectively use Learn and questions are not to be directed to your instructor as other resources are available to assist you.

Academic Integrity

Anderson School of Management faculty, staff and students commit to values of trust, honesty, integrity, and accountability. We will not tolerate academic dishonesty. By enrolling in any course at Anderson, the student accepts the Anderson Academic Honesty Code and affirms the following pledge:

I will not lie, cheat, fabricate, plagiarize or use any other dishonest means to gain unfair academic advantage.

Any violation of the code of conduct will be taken very seriously and appropriate sanctions will be applied. FOR FULL TEXT OF ANDERSON'S ACADEMIC HONESTY CODE, please visit <http://www.mgt.unm.edu/honesty>.

Students with Disabilities

Qualified students with disabilities should contact the Accessibility Resource Center. Reasonable accommodations will be given to any individual with a legitimate disability. Please contact the instructor privately for arrangements. If you are a qualified person with disabilities who might need appropriate academic adjustments, please communicate with me as soon as possible so that we may make appropriate arrangements to meet your needs in a timely manner. Frequently, we will need to coordinate accommodating activities with other offices on campus. Course materials can be made available in alternative formats.

Campus Policy Regarding Sexual Misconduct

In an effort to meet obligations under Title IX, UNM faculty, Teaching Assistants, and Graduate Assistants are considered "responsible employees" by the Department of Education (see p. 15 - <http://www2.ed.gov/about/offices/list/ocr/docs/qa-201404-title-ix.pdf>). This designation requires that any report of gender discrimination which includes sexual harassment, sexual misconduct and sexual violence made to a faculty member, TA, or GA must be reported to the Title IX Coordinator at the Office of Equal Opportunity (oeo.unm.edu). For more information on the campus policy regarding sexual misconduct, see: <https://policy.unm.edu/university-policies/2000/2740.html>

Religious Holidays

Students must submit written requests for accommodation to their course instructor. The student should submit the request by the end of the second week of the semester. The request should include the date, times, and specific event for which accommodation is being requested.

Copyrights

Students must obtain my permission to tape lectures. Under no circumstances may these materials be sold to others.

Cell Phones

Cell phones are very disruptive to class. As a matter of courtesy, all audible signals of communication devices should be turned off or disabled during classes (that is, you are prohibited from using a cell phone or smartphone during class). Individual discretion should be used in determining when exceptions should be made relative to emergency personnel or situations.

Use of Computers

Students are permitted to use computers during class for note-taking and other class-related work only. Those using computers during class for work not related to that class will be asked to leave the classroom for the remainder of the class period.

Accounting Department Twitter Account

In today's fast-paced, competitive environment, understanding the accounting industry and staying current on best-practices is necessary for success. You are urged to find a variety of ways to stay up-to-date, including following the ASM Accounting Department's Twitter account at @unm_asm_acctg. The Twitter account will provide you with current research, events, and job information in the accounting industry. You will also have the opportunity to ask questions regarding the accounting industry and employer expectations, share your expertise, and celebrate achievements in the field. Creating a Twitter account and following the Accounting Department on Twitter is not mandatory and students who choose to interact via this forum should be mindful of their social media interactions.

Course Outline
(Topical coverage subject to change)

<u>Date</u>	<u>Topic</u>
August	22 Course overview [attendance is mandatory on this day – if you do not personally sign in, you will be dropped from the class]
	24 Chapter 1 – The Role of the Public Accountant
	29 Chapter 2 – Professional Standards
	31 Chapter 2 – Professional Standards
September	5 Labour Day Holiday
	7 Quiz 1 – Chapters 1 and 2 Chapter 3 – Professional Ethics
	12 Chapter 3 – Professional Ethics
	14 Chapter 3 – Professional Ethics
	19 Chapter 4 – Legal Liability of CPAs
	21 Quiz 2 – Chapters 3 and 4 Chapter 4 – Legal Liability of CPAs
	26 Exam 1 (Chapters 1 – 4)
	28 Chapter 5 – Audit Evidence and Documentation
October	3 Chapter 5 – Audit Evidence and Documentation
	5 Chapter 5 – Audit Evidence and Documentation Chapter 6 – Planning the Audit
	10 Chapter 6 – Planning the Audit Group Case Assigned
	12 Quiz 3 – Chapters 5 and 6 Chapter 6 – Planning the Audit
	17 Chapter 7 – Internal Control
	19 Public accounting firm demo Group Case time

October	24	Chapter 7 – Internal Control Group Case Due
	26	Chapter 7 – Internal Control
	31	Quiz 4 – Chapters 7 and 9 Chapter 9 – Audit Sampling
November	2	Exam 2 (Chapters 5, 6, 7, 9)
	7	Chapter 10 – Cash
	9	Chapter 10 – Cash Confirmation.com
	14	Chapter 10 – Cash Chapter 11 – Accounts Receivable and Revenue
	16	Chapter 11 – Accounts Receivable and Revenue
	21	Quiz 5 – Chapters 10 and 11 Chapter 11 – Accounts Receivable and Revenue Presentations – Group 1
	23	Chapter 12 – Inventories and Cost of Goods Sold Presentations – Group 2
	28	Chapter 12 – Inventories and Cost of Goods Sold Presentations – Group 3
	30	Chapter 12 – Inventories and Cost of Goods Sold Chapter 16 – Auditing Operations and Completing the Audit Presentations – Group 4
December	5	Chapter 16 – Auditing Operations and Completing the Audit Presentations – Group 5
	7	Quiz 6 – Chapters 12 and 16 Chapter 16 – Auditing Operations and Completing the Audit Presentations – Group 6
	14	Final exam from 10:00 – 12:00 (Chapters 1 – 7, 9 – 12, 16)

Key Leadership Skill(s) and Perspectives addressed in this course:

Interpersonal and Communication Skills	Analytical and Critical Thinking Skills	Information Technology Skills	Reflective Thinking and Experiential Learning	Ethical and Social Consciousness	Multicultural Competence
X	X	X	X	X	X

INTERPERSONAL AND COMMUNICATION SKILLS: An integral part of being an auditor is being able to understand and communicate with various parties, including client employees and fellow auditors. Written and verbal communication skills will be addressed via weekly assignments, class presentations, cases, and the team project.

ANALYTICAL AND CRITICAL THINKING SKILLS: One of the key attributes of an auditor is having strong problem solving skills. The ability to evaluate problems, analyze data, propose alternative courses of action and make a final decision will be addressed via weekly assignments and cases.

INFORMATION TECHNOLOGY SKILLS: As part of any audit, an auditor must have basic computer proficiency, including the ability to use word processing, presentation and spreadsheet software. In addition, it is important to have the skills needed to conduct basic research via the Internet. These areas will be addressed via weekly assignments, current event assignments and class presentations.

REFLECTIVE THINKING AND EXPERIENTIAL LEARNING: The process of auditing involves more than just accounting knowledge. We will focus on a multidisciplinary approach to solving problems and, via our weekly assignments, cases and class discussion, will see the importance of other disciplines such as management, finance, psychology and organizational behavior. We will also discuss, on a regular basis, the importance of personal professional development for an auditor.

ETHICAL AND SOCIAL CONSCIOUSNESS: Ethical dilemmas often lead to fraudulent behavior and we will, via weekly assignments, cases and class discussion, focus on the importance/significance of corporate social responsibility and related ethical and legal responsibilities of both companies and individuals. Environmental liabilities have also become a significant issue for many companies and the impact on the accounting profession continues to develop. Using information available on the internet, we will address issues in this area via class discussion.

MULTICULTURAL COMPETENCE: Auditing issues are not limited to the United States and we will, via class discussion, cases and journal articles, address global issues, including the impact of culture on decision making.