

STEPHEN M. ROSS SCHOOL OF BUSINESS
AT THE UNIVERSITY OF MICHIGAN

ACCOUNTING 630
AUDITING & ASSURANCE
FALL B 2008 / WINTER A 2009

INSTRUCTOR

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Office Hours: Before and after class, by e-mail, and by appointment

CONTENT AND OBJECTIVES

Accounting 630 examines the auditing, attestation, and assurance services provided by the public accounting profession to improve the quality of information businesses use and report. The objectives of the course are to: (1) develop a conceptual understanding of the assurance process, (2) examine the roles professional assurance services play in the organization and in society, and (3) apply auditing and assurance principles to a variety of business settings. The course meets the auditing education requirement to sit for the CPA Exam and other professional certification examinations. It also will be of interest to managers and consultants who must address ethical, risk assessment, internal control, and information verification issues in business organizations.

RESOURCES

Textbook: *Auditing: A Business Risk Approach*, 6th Edition, by Rittenberg, Schwieger and Johnstone (South-Western, 2008). ISBN: 0-324-65015-9

Casebook: *Auditing Cases: An Interactive Learning Approach*, 4th Edition, by Beasley, Buckless, Glover, and Prawitt (Prentice Hall, 2009). ISBN: 0-13-242350-2

CTools Site: <http://ctools.umich.edu>

GRADES

Grades will be based on the following:

Homework	10%
Class Participation	30%
Case Assignments	30%
Final Examination	30%

HOMEWORK

Homework consists of questions from the text. These items will provide a variety of settings in which we can discuss the material. You must answer all of the items in each homework assignment and come to class prepared to discuss your answers. We will use the assigned problems as springboards for further discussion so come to class prepared to engage in active learning.

The answers to the questions marked in *bold italics* are to be written up in sufficient detail to be handed in for credit. These will be graded for completeness and effort. The homework is due at the beginning of class on the date assigned.

CLASS PARTICIPATION

Active involvement with the course material inside and outside of class is the key to mastering this subject. Your class participation grade will be based primarily on the quality of your contributions to the discussions of the cases and the textbook material. You also can earn class participation points by sending e-mails to me with insightful observations on the material and by calling my attention to articles in the press that apply course concepts.

CASE ASSIGNMENTS

Case assignments are marked in italics in the course outline. These assignments are designed to reinforce the concepts and principles in the text and to provide real-world settings in which to discuss the material. You must read and analyze each case and come to class prepared to discuss your analysis.

Write-ups are required for each of the assigned cases. A case write-up is a two page, typed analysis of the case that must be turned in at the beginning of class on the date assigned. The write-up should identify and discuss the important issues raised in the case and show the reader you can use the framework we are developing to assess the situation. Be sure to use facts and/or reasoning to back up observations that you make. The format for the write-ups may include prose, bullet points, or outlines as long as the analysis is comprehensible. Write-ups will be graded on a scale of 9 (outstanding) to 5 (inadequate) based on the soundness of analysis, the application of relevant principles, and the clarity of writing. You are encouraged to discuss the cases with class members and to share ideas, but your case write-up must be an independent effort.

FINAL EXAMINATION

The final exam will be given on *Thursday, February 19, 2009 from 7:00–9:00 p.m.* The final will test your ability to apply the concepts and principles covered in the course.

SERVICES FOR STUDENTS WITH DISABILITIES

If you think you need an accommodation for a disability, please let me know at your earliest convenience. Some aspects of the course, the assignments, the in-class activities, and the way I teach may be modified to facilitate your participation and progress. As soon as you make me aware of your needs, we can work with the Office of Services for Students with Disabilities to help us determine appropriate accommodations. I will treat all information you provide as private and confidential.

ACADEMIC INTEGRITY

Personal integrity and professionalism are fundamental values in business and at the Ross Business School. We value both cooperation and competition as means to stimulating high performance and raising standards. However, we seek cooperation and competition that are constructive, and which are professional, not personal, in nature. To help ensure that these values are upheld and to maintain equitability in the evaluation of your work, this course will be conducted in strict conformity with the Academic Honor Code.

The code and its related procedures can be found at the following website:

<http://www.bus.umich.edu/Academics/Resources/communityvalues.htm>

You must read the Academic Honor Code (either from the above website or from the Ross Statement of Community Values booklet). Claimed ignorance of the code and the related information on the site and in the booklet will be viewed as irrelevant should a violation take place.

The following specific policies apply to Accounting 630:

- (1) The use of materials from prior terms that are not made available as a part of the current term's course materials is prohibited. Examples of such prohibited items are previous student's case write-ups and solutions to the end-of-chapter questions. Current course materials include only the textbook, lecture outlines provided to you, resources available on the current CTools site, and any materials distributed or used during class sessions.
- (2) You may form a study group to discuss the assignment material, but you may not form a study group to divide the homework questions or case assignments and then copy the solutions of others. Comparing and discussing answers and approaches is permitted—trading answers and copying solutions is not permitted. If in doubt, remember that all work submitted for credit must be your own, so err on the side of caution rather than convenience. It is much more honorable and far better to miss an assignment and suffer the consequences than to violate the established values of the community in which you work.

CONDUCT OF THE COURSE

The attached course outline shows the topics, chapter reading assignments, homework questions, and case assignments that will be covered in the course. Interactive lectures, in-class exercises, and case discussions will be the primary means used to explore the course topics. You must come to class prepared to engage in active learning to get the maximum benefit from these sessions. In addition, please check the CTools site on a regular basis for updates and announcements.

AUDITING & ASSURANCE

COURSE OUTLINE

Date	Topic	Assignment
Oct 30	Introduction to Auditing and Assurance The Role of Auditing in Society	– Chapter 1: 1-15, 1-44, 1-48, 1-55
Nov 6	<i>Analyzing the Fall of Two Giants</i> Corporate Governance	<i>Enron and Andersen (Case 4.1)</i> Chapter 2: 2-9, 2-49, 2-51, 2-58
Nov 13	Professional Ethics Audit Risk	Chapter 3: 3-8, 3-31 , 3-38, 3-40 Chapter 4: 4-11, 4-46, 4-53 , 4-54
Nov 20	<i>Evaluating Client Business Risk</i> Audit Evidence	<i>Dell Computer Corporation (Case 2.2)</i> Chapter 5: 5-5, 5-42, 5-46, 5-50
Nov 25 (Tues)	Internal Control Assessing Internal Controls	Chapter 6: 6-10, 6-42, 6-43 , 6-47 Chapter 6: 6-18, 6-50, 6-53
Dec 4	<i>Identifying Inherent and Control Risks</i> The Integrated Audit	<i>Comptronix Corporation (Case 4.2)</i> Chapter 7: 7-4, 7-39, 7-42, 7-48
Jan 8	Computerized Information Systems Auditing for Fraud and Illegal Acts	Chapter 8: 8-5, 8-33 , 8-40, 8-43 Chapter 9: 9-33, 9-45 , 9-46, 9-47
Jan 15	<i>Evaluating the Risk of Fraud</i> Attribute Sampling	<i>Xerox Corporation (Case 4.5)</i> Chapter 10: 10-2, 10-4, 10-33, 10-34
Jan 22	Probability Proportional to Size Sampling Auditing the Revenue Cycle	Chapter 10: 10-14, 10-42 , 10-43, 10-44 Chapter 11: 11-4, 11-58 , 11-68, 11-75
Jan 29	<i>Expectations for Analytical Procedures</i> Communicating the Results of an Audit	<i>Northwest Bank (Case 8.2)</i> Chapter 17: 17-1, 17-42, 17-46, 17-59
Feb 5	Attestation Services and Reports Professional Liability	Chapter 17: 17-20, 17-50, 17-53 , 17-55 Chapter 18: 18-1, 18-41 , 18-42, 18-53
Feb 12	<i>Fraud, Litigation, and Auditor Liability</i> Synthesis	<i>Phar-Mor, Inc. (Case 4.6)</i> –
Feb 19	FINAL EXAMINATION 7:00–9:00 P.M.	