

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

ACCOUNTING 630
AUDITING & ASSURANCE
FALL 2005

INSTRUCTOR

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Office Hours: After class, by e-mail, and by appointment

CONTENT

Accounting 630 examines the auditing, attestation, and assurance services available to managers to improve the quality of the information they use and report. The course objectives are to: (1) develop a conceptual understanding of the assurance process, (2) identify the roles professional assurance services play in the organization and in society, and (3) apply auditing and assurance concepts to a variety of business problems. 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: Concepts for a Changing Environment*, 5th Edition, by Rittenberg and Schwieger (South-Western, 2005). ISBN: 0-324-22310-2

Casebook: *Auditing Cases: An Interactive Learning Approach*, 2nd Edition, by Beasley, Buckless, Glover, and Prawitt (Prentice Hall, 2003). ISBN: 0-13-067484-2

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

GRADES

Grades will be based on the following:

Class Participation	20%
Case Assignments	30%
Final Examination	<u>50%</u>
Total	100%

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 good observations and by calling my attention to articles in the press that apply course concepts.

CASE ASSIGNMENTS

Case assignments are marked in italics on the course outline. These assignments are designed to reinforce the concepts 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 one to two page typed analysis of the case due at the beginning of class on the date assigned. The write-up should address the issues raised in the case and show the reader you can use the framework we are developing to discuss different assurance situations. The questions at the end of each case provide an indication of the issues you should address in your write-up, but they are not necessarily questions that need to be answered explicitly. 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, December 15 from 1:30–3:30 p.m.* The final will test your ability to apply the concepts and principles covered in the course.

CONDUCT OF THE COURSE

The attached course outline shows the topics, chapter reading assignments, and case assignments that will be covered during the term. The textbook problems listed with each chapter reading assignment are an indication of the material on which you should focus your pre-class preparation. 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.

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 information you provide as private and confidential.

ACCOUNTING 630
FALL 2005
COURSE OUTLINE

Date	Topic	Assignment
Sep 7	Overview of Auditing and Assurance	-
Sep 12	The Importance of Auditing in Society	Chapter 1: 1-46, 1-48, 1-57
Sep 14	Corporate Governance and the Sarbanes-Oxley Act	Chapter 2: 2-50, 2-52, 2-57
Sep 19	Professional Ethics	Chapter 3: 3-31, 3-35, 3-41
Sep 21	<i>Analyzing the Fall of Two Giants</i>	<i>Enron and Andersen (7)</i>
Sep 26	Audit Risk and Business Risk	Chapter 4: 4-50, 4-57, 4-58
Sep 28	<i>Evaluating Client Business Risk</i>	<i>Dell Computer Corporation (9)</i>
Oct 3	Internal Control over Financial Reporting	Chapter 5: 5-51, 5-52, 5-56
Oct 5	Assessing Internal Control	Chapter 5: 5-59, 5-62, 5-65
Oct 10	Internal Control in Computerized Systems	Chapter 6: 6-38, 6-43, 6-47
Oct 12	<i>Identifying Inherent and Control Risk Factors</i>	<i>Comptronix Corporation (11)</i>
Oct 17	Gathering and Evaluating Audit Evidence	Chapter 7: 7-35, 7-36, 7-48
Oct 31	Communicating Audit Results	Chapter 16: 16-42, 16-46, 16-60
Nov 2	Attestation Services and Reports	Chapter 16: 16-51, 16-52, 16-56
Nov 7	<i>Identifying eBusiness Risks and Assurance Services</i>	<i>Harley-Davidson, Inc. (26)</i>
Nov 9	Auditing for Fraud	Chapter 8: 8-45, 8-46, 8-47
Nov 14	<i>Evaluating the Risk of Financial Statement Fraud</i>	<i>Xerox Corporation (17)</i>
Nov 16	Attribute Sampling and Variable Sampling	Chapter 9: 9-9, 9-33, 9-39
Nov 21	Class Cancelled	-
Nov 28	Probability Proportional to Size Sampling	Chapter 9: 9-42, 9-43, 9-44
Nov 30	Auditing Revenue and Related Accounts	Chapter 10: 10-57, 10-65, 10-75
Dec 5	<i>Developing Expectations for Analytical Procedures</i>	<i>Northwest Bank (22)</i>
Dec 7	Legal Liability	Chapter 17: 17-42, 17-52, 17-53
Dec 12	<i>Accounting Fraud, Litigation, and Auditor Liability</i>	<i>Phar-Mor, Inc. (6)</i>
DEC 15	FINAL EXAMINATION 1:30–3:30 P.M.	