ACC 383K.2 (02750 and 02755)  
TOPICS IN AUDITING  
MANAGEMENT AUDITING AND CONTROL  
SPRING 2016

**TIME:**  
MW 9:30AM -11AM IN ROOM CBA 4.324  
MW 12:30PM – 2PM IN ROOM CBA 5.330

**Instructor:** Steve Goodson  
**Office:** CBA 3.210  
**Department of Accounting**  
**The University of Texas at Austin**  
**Office Phone:**  
**e-mail:** Steve.Goodson@mccombs.utexas.edu  
**Hours:** MW 11:00 AM - 12:30 PM, and by appointment

**Course TAs:**  
Kristen Valentine  
Jordan Ramos  
**e-mail:** Kristen.valentine@phd.mccombs.utexas.edu  
**jordan.ramos@utexas.edu**

**REQUIRED TEXTS:**


2. The Institute of Internal Auditors Practice Guides. Available in Course Documents Section of Canvas.

**COURSE OBJECTIVES**

This course is designed for students who plan careers in the accounting and finance or internal audit functions of corporations or government entities or in the consulting/risk management/internal audit services of public accounting and internal audit sourcing firms. The purpose of the course is to introduce students to the current scope of internal auditing that extends far beyond the traditional external audit attestation of financial statements. Its objectives are to provide students with:

- A basic understanding of the use of internal auditing by top management and governing boards for controlling organizations.
- An understanding of techniques for risk assessment and management.
- Knowledge of the standards for conducting internal audits.
- An understanding of the organization and administration of internal audit functions.
- An understanding of the internal audit process.
- An ability to scope and establish criteria for an effective internal audit.
- The knowledge and ability to apply the basic tools used in evidence collection, including generalized audit software packages.
- The ability to effectively report the results of an internal audit.
Among the topics to be covered are:

- Organizational governance and the role of internal audit
- Providing value-added internal audit services
- Types of assurance and consulting internal audit services
- Risk assessments and allocation of audit resources
- The internal audit process
- Use of CAATS
- Internal control procedures and control system design
- Information technology risks and controls
- Internal auditor/auditee relations
- Effective engagement reporting and communications
- Quality assurance of the internal audit function
- Investigative auditing

These and other topics will be covered through lectures and readings, case studies by students, presentations by practitioners, and a team project. At the completion of the course students should be ready to assume positions in internal audit functions.

EXAMINATIONS AND GRADING

<table>
<thead>
<tr>
<th></th>
<th>POINTS</th>
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<tbody>
<tr>
<td>Exams (2)</td>
<td>200</td>
</tr>
<tr>
<td>Team Project</td>
<td>250</td>
</tr>
<tr>
<td>Quizzes</td>
<td>100</td>
</tr>
<tr>
<td>Class Participation</td>
<td>70</td>
</tr>
<tr>
<td>Short Assignments (4)</td>
<td>80</td>
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<tr>
<td><strong>TOTAL POINTS</strong></td>
<td>700</td>
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The University of Texas at Austin has instituted plus/minus grading for graduate students. Department of Accounting policy requires that a grading scale including pluses and minuses be used for all graduate accounting classes. University policy continues to prohibit use of plus/minus grading for undergraduate students. Department of Accounting policy requires that grades for undergraduate students enrolled in graduate accounting classes will be determined by dropping the plus or minus (if any) from their letter grade.

EXAMS. The exams will consist of multiple-choice questions, short answer and essay problems.
TEAM PROJECT. Students will complete a major field project this semester by working in groups of three to four, depending on the project scope. The projects will involve actual audit work in a government agency, company or non-profit organization and will be evaluated as follows:

<table>
<thead>
<tr>
<th>POINTS</th>
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<tbody>
<tr>
<td>Audit Engagement Letter</td>
</tr>
<tr>
<td>Written Description of Audit Client</td>
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<tr>
<td>Audit Client Interview</td>
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<tr>
<td>Deliverables and work papers</td>
</tr>
<tr>
<td>Class presentation</td>
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<tr>
<td>Final written report</td>
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<tr>
<td>Team evaluation</td>
</tr>
<tr>
<td>Presentation evaluations</td>
</tr>
<tr>
<td>Individual evaluations from project sponsors</td>
</tr>
<tr>
<td><strong>Total</strong></td>
</tr>
</tbody>
</table>

SHORT CASE ASSIGNMENTS. There will be four homework case assignments during the semester which will be posted to Canvas.

QUIZZES There will be 10 quizzes worth 10 points each. Quizzes will be on Canvas and will be directly related to the reading materials. Quizzes are due before the identified class and will be available in Canvas one week prior to due date.

CLASS PARTICIPATION. 70 points will be awarded for participation in class.

ACADEMIC HONESTY
Accounting Department Policy:
The Department of Accounting has no tolerance for acts of scholastic dishonesty. The responsibility of both students and faculty with respect to scholastic dishonesty are described in detail in the department’s Policy Statement on Scholastic Dishonesty in the MPA Program and the Professional Program in Accounting. By teaching this course, I have agreed to observe all of the faculty responsibilities described in that document. By enrolling in this class, you have agreed to observe all of the student responsibilities described in that document. If the application of that Policy Statement to this class and its assignments is unclear in any way, it is your responsibility to ask me for clarification.

The student responsibilities embodied in the department’s Policy Statement on Scholastic Dishonesty are consistent with the GSB Honor Code and the University’s General Information catalog. However, you should obtain and read the department’s Policy Statement to ensure that you understand my responsibilities. Copies are available in CBA 2.302.

Students with Disabilities
The University of Texas at Austin provides upon request appropriate academic accommodations for qualified students with disabilities. For more information, contact the Office of the Dean of Students at 471-6259, 471-4641 TTY.

Class Web Sites and Student Privacy
In Spring 2001, web-based, password-protected class sites became available for all accredited courses taught at The University. Syllabi, handouts, assignments and other resources are types of information that may be available within these sites. Site activities could include exchanging e-mail, engaging in class discussions and chats, and exchanging files. In addition, class e-mail rosters will be a component of the sites. Students who do not want their names included in these electronic class rosters must restrict their directory information in the Office of the Registrar, Main Building, Room 1.
Religious Holy Days
By UT Austin policy, you must notify me of your pending absence at least fourteen days prior to the date of observance of a religious holy day. If you must miss a class, an examination, a work assignment or a project in order to observe a religious holy day, you will be given an opportunity to complete the missed work within a reasonable time after the absence.

Campus Safety
Please note the following recommendations regarding emergency evacuation from the Office Campus Safety and Security, (512) 471-5767, http://www.utexas.edu/safety/

- Occupants of buildings on The University of Texas at Austin campus are required to evacuate buildings when a fire alarm is activated. Alarm activation or announcement requires exiting and assembling outside.
- Familiarize yourself with all exit doors of each classroom and building you may occupy. Remember that the nearest exit door may not be the one you use when entering the building.
- Students requiring assistance in evacuation should inform their instructor in writing during the first week of class.
- In the event of an evacuation, follow the instruction of faculty or class instructors.
- Do not re-enter a building unless given instructions by the following: Austin Fire Department, The University of Texas at Austin Police Department, or Fire prevention Services Office.
- Behavior concerns Advice Line (BCAL): (512) 232-5050

Further information regarding emergency evacuation routes and emergency procedures can be found at: www.utexas.edu/emergency.

Behavioral Concerns Advice Line (BCAL)

BCAL is a service for students, faculty, and staff of the university to discuss their concerns about another individual’s behavior. Trained staff members will assist the caller in exploring available options and strategies. They will also provide appropriate guidance and resource referrals to address the particular situation. Dialing (512) 232-5050 will connect you to trained staff members 24/7/365. Calls to BCAL can be anonymous, and there is also an on-line reporting form (not anonymous).
<table>
<thead>
<tr>
<th>Date</th>
<th>Class</th>
<th>Topic</th>
<th>Reading</th>
<th>Viewing Assignment</th>
<th>Team Project</th>
</tr>
</thead>
<tbody>
<tr>
<td>W January 20</td>
<td>CLASS 1</td>
<td>What is Management (Internal) Auditing?</td>
<td>1. Canvas Reading: Course Syllabus</td>
<td></td>
<td></td>
</tr>
<tr>
<td>M January 25</td>
<td>CLASS 2</td>
<td>Mike Peppers, Chief Audit Executive – University of Texas System</td>
<td>The Internal Auditing Profession; IIA International Professional Practices Framework</td>
<td>Text - Chapter 2, Canvas Reading: International Standards for the Professional Practice of Internal Auditing, Canvas Reading: A New Framework for a New Age, IA magazine – August 2015</td>
<td>Sponsors Listed on Canvas (locations and websites) Email instructor with any transportation limitations by 5:00 PM</td>
</tr>
<tr>
<td>W January 27</td>
<td>CLASS 3</td>
<td></td>
<td>Review Text – Chapter 2</td>
<td>Invest in Yourself, 2015 – 2016 Global Chairman of the Board, IIA on Canvas in Reading and Viewing Assignments or the IIA website: <a href="https://na.theiia.org/about-us/Pages/2015-2016-Chairmans-Video.aspx">https://na.theiia.org/about-us/Pages/2015-2016-Chairmans-Video.aspx</a></td>
<td></td>
</tr>
<tr>
<td>M February 1</td>
<td>CLASS 4</td>
<td></td>
<td></td>
<td>QUIZ 1: Covers Class 1, 2 &amp; 3 readings. To be completed in canvas by 10pm the night before class.</td>
<td>Email instructor with Team and Sponsor Preferences by 5:00 PM; Update Personal Resume</td>
</tr>
<tr>
<td>W February 3</td>
<td>CLASS 5</td>
<td></td>
<td></td>
<td></td>
<td>Assignment: Case 1 – Opens in Canvas today. Due February 7 by 10 PM</td>
</tr>
<tr>
<td>M February 8</td>
<td>CLASS 6</td>
<td>Guest Speaker to be confirmed</td>
<td></td>
<td>QUIZ 2: Covers Class 4-6 readings. To be completed in canvas by 10pm the night before class.</td>
<td>Assignment: Case 2 – Opens in Canvas today. Due February 21 by 10 PM Due</td>
</tr>
<tr>
<td>W February 10</td>
<td>CLASS 7</td>
<td></td>
<td></td>
<td></td>
<td>Assignment:</td>
</tr>
<tr>
<td>M February 15</td>
<td>CLASS 8</td>
<td>Lyn Beaty, Chief Audit Executive Halliburton</td>
<td>Risk Management and Internal Control in Practice</td>
<td>Assignment: Case 2 – Opens in Canvas today. Due February 21 by 10 PM Due</td>
<td>Assignment:</td>
</tr>
</tbody>
</table>
W  February 17  CLASS 9
TOPIC: Business Processes and Risks
READING: Text - Chapter 5
QUIZ 3: Covers Class 8-9 readings. To be completed in canvas by 10pm the night before class.
TEAM PROJECT: Engagement Letter Due by 10:00 PM in Canvas

M  February 22  CLASS 10
TOPIC: Managing the Internal Audit Function
READING:
1. Text, Chapter 9
2. Canvas Reading: In-Class Group Exercise

W  February 24  CLASS 11 - Guest Speaker: Mark Salamasick, University of Texas System
TOPIC: Audit Evidence and Procedures
READING: Text, Chapter 10
QUIZ 4: Covers Class 10-11 readings. To be completed in canvas by 10pm the night before class.

M  February 29  CLASS 12
TOPIC: Performing the Assurance Engagement
READING: Text, Chapter 12

W  March 2  CLASS 13 - Guest Speaker to be confirmed.
TOPIC: Performing the Assurance Engagement
READING: Text, Chapter 13
QUIZ 5: Covers Class 12-13 readings. To be completed in canvas by 10pm the night before class.

M  March 7  CLASS 14 – TOPIC: EXAM 1

W  March 9  CLASS 15
TOPIC: NO CLASS – PROJECT WORK DAY

March 14-18  SPRING BREAK!

M  March 21  CLASS 16
Guest Speaker: USAA Audit Services, Glenn Prochnow and Jeff Rowland
TOPIC: Information Technology Risks and Controls
READING: Text, Chapter 7
QUIZ 6: Covers Class 16 readings. To be completed in canvas by 10pm the night before class.
ASSIGNMENT: Case 3 - – Opens in Canvas today. Due March 27 by 10 PM

W  March 23  CLASS 17
TOPIC: Reporting and Follow-up
READING: Text, Chapter 14, Canvas Reading: In-Class Group Exercise
M  March 28    CLASS 18
TOPIC: Performing the Consulting Engagement
READING:
   1. Text, Chapter 15
   2. Canvas Reading: In-Class Group Exercise
TEAM PROJECT: Audit Client Description Due by 10:00 PM in Canvas
QUIZ 7: Covers Class 17-18 readings. To be completed in canvas by 10pm the night before class.

W  March 30    CLASS 19 - Guest Speaker: Katherine A. Findlay Vice President Internal Audit Southwest Airlines
TOPIC: Coordination, Communications and Expectations of Audit Committees and External Auditors
READING - Canvas:
   1. PG - Interaction with the Board, August 2011
   2. PA – 2050-1: Coordination
TEAM PROJECT: Auditee Interview Due by 10:00 PM in Canvas
QUIZ 8: Covers Class 19 readings. To be completed in canvas by 10pm the night before class.

M  April 4    CLASS 20
TOPIC: NO CLASS – PROJECT WORK DAY
ASSIGNMENT:
   Case 4 - Opens in Canvas today. Due April 10 by 10 PM

W  April 6    CLASS 21
TOPIC: Investigative Auditing
READING:
   1. Text, Chapter 8
   2. Article: Rome Paper Mill Indictment

M  April 11    CLASS 22 - Guest Speaker: Luis Canuto, Director, Fraud, Deterrence & Examination - Dell
TOPIC: Internal Audits of Anti-Corruption and Ethics-Related Programs
READING - Canvas:
   1. PA 2440-2: Communicating Sensitive Information Within and Outside the Chain of Command
   2. PG – Evaluating Ethics-Related Programs and Activities, June 2012 (pp. 1-12)
   3. PG – Auditing Anti-Bribery and Anti-Corruption Programs, June 2014 (pp. 1-16)
   4. DOJ FCPA Resource Guide
QUIZ 9: Covers Class 21-22 readings. To be completed in canvas by 10pm the night before class.

W  April 13    CLASS 23 – Guest Speaker: Audrey Anderson, PETCO Animal Supplies, Inc.
TOPIC: Data Analytics
READINGS - Canvas:
   1. IA Magazine – Analytics Refresher
   2. IA Magazine – The Data Behind the Curtain
   3. IA Magazine – The Year Ahead
   4. IA Magazine – Gauge Your Analytics
QUIZ 10: Covers Class 23 readings. To be completed in canvas by 10pm the night before class.

M  April 18    Class 24
TOPIC: EXAM 2

W  April 20    Class 25
TOPIC: NO CLASS – PROJECT WORK DAY
<table>
<thead>
<tr>
<th>Day</th>
<th>Date</th>
<th>Class #</th>
<th>Topic</th>
<th>Team Project</th>
</tr>
</thead>
<tbody>
<tr>
<td>M</td>
<td>April 25</td>
<td>26</td>
<td>Creating Internal Audit Value</td>
<td>Project Presentations – Day 1</td>
</tr>
<tr>
<td>W</td>
<td>April 27</td>
<td>27</td>
<td></td>
<td>Project Presentations – Day 2</td>
</tr>
<tr>
<td>M</td>
<td>May 2</td>
<td>28</td>
<td></td>
<td>Project Presentations – Day 3</td>
</tr>
<tr>
<td>W</td>
<td>May 4</td>
<td>29</td>
<td></td>
<td>Project Team Evaluation Forms Due by 2:00 PM in Canvas</td>
</tr>
<tr>
<td>M</td>
<td>May 9</td>
<td>30</td>
<td></td>
<td>Team Project Binders and Final Written Audit Reports Due to CBA 4M by Noon</td>
</tr>
<tr>
<td>W</td>
<td>May 11</td>
<td></td>
<td></td>
<td>No Class Planned</td>
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**NOTE:** ALL CLASS READINGS CAN BE FOUND EITHER IN THE TEXTBOOK OR IN CANVAS UNDER READING ASSIGNMENTS.