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ACTG 641.01: Advanced Auditing

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ACTG 641 – Advanced Auditing
Spring 2018
MW 8-11am, GBB 225
Dr. Terri Herron, CPA

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Office Hours:
MW 2-3:30 and by appt

ACTG 641 - Advanced Auditing (3 Credits)

Research cases in auditing and coverage of contemporary topics in auditing, typically including attestation standards, other reports and services, legal and ethical environment, and fraud detection.

Course Objectives

ACTG 641 extends the foundational audit concepts learned in ACTG 411. Students will apply audit standards to complex cases, apply data analytics techniques in an audit environment, learn standards applicable to other attest and non-audit/non-tax engagements, develop judgment and decision making skills, and research professional topics.

Program Learning Goals (PLG)

This is a required course in the MAcct. Program learning goals are for MAccts students to:

1. Obtain a deeper master of technical accounting competencies
2. Understand the role of the accounting profession in business and the economy, along with the importance of professionalism and ethics in carrying out this role
3. Communicate effectively through both written and verbal means
4. Demonstrate a high level of critical thinking skills
5. Be prepared for certification as a CPA

Course Learning Goals

This course facilitates the program learning goals. ACTG 641 students will:

- Understand external auditing standards and practices applicable to public companies, private companies, nonprofits, and government entities (PLG 1, 2, 5)
- Apply external auditing standards using a data analytics tool (PLG 1, 4)
- Contribute to discussions with insightful comments and questions (PLG 3, 4)
- Analyze fact-base cases, applying applicable professional standards (PLG 1, 2, 3, 4, 5)
- Understand standards applicable to non-audit services (PLG 1, 2, 5)
- Identify judgment and decision-making pitfalls common in auditing (PLG 2, 4)
- Understand current events impacting audit-related services (PLG 1, 2)

Prerequisites

Admission to MAcct., cumulative GPA of 3.0 or better in all accounting fundamental courses taken to date, ACTG 411, graduate student in business or consent of accounting graduate director. This course

must be taken for a letter grade. Students must complete this course with a C or better to take (or continue in) the review course, ACTG 694 Accounting Problems.

How You Will Learn

The only thing certain about the audit environment is uncertainty. Auditors at every level make judgments every day. My goal for you is that you will learn to critically think in situations where there is no black and white answer, for you to exercise your professional skepticism, for you to learn when to speak up and when to listen. I expect you to demonstrate a strong knowledge of auditing standards by applying them to **cases**. You will learn the basics of standards applicable to non-audit services such as compilations, reviews, and agreed-upon procedures. This course includes learning how to use actual **audit software** to accomplish audit procedures, and you'll use a number of data sets to practice these procedures. Finally, as you are on the cusp of launching your careers, you will give some serious consideration to what you really need to know to be successful in the first couple of years. You will do this through **research and presentation** on a professional life topic. Some work will be completed individually and some in **teams**.

Required Textbook

You are required to purchase this new from the bookstore. It includes a code for one-time download of the software, so you cannot buy it used under any circumstances. *Data Analytics for Auditing Using ACL (4ed)*, Arens, Elder, & Borsum 2017. Armond Dalton Publishers Inc. (set of 2 books)

How You Will Be Assessed

Audit cases and other assignments	25%	A = 92.0%+
Professional topic presentation	20%	A- = 90.0-91.9%
ACL projects	35%	B+ = 88.0-89.9%
Quizzes	10%	B = 82.0-87.9%
Participation	<u>10%</u>	B- = 80.0-81.9%
Total	<u>100%</u>	C+ = 78.0-79.9%
		C = 70.0-77.9%

Students must earn a C or better in this required graduate course.

Participation

Being a good audit team member requires effective interpersonal skills. These include being prepared for meetings, speaking up in meetings, and being an active, effective listener. I will assess student participation after each class period where discussions are a significant portion of class. You will receive a positive mark if you engage in discussion and/or answer questions without being col- called. You will receive a negative mark if you do not engage, you are not actively listening (e.g., looking at your phone), and/or dominating a discussion. I expect attendance at every class unless you are ill.

Cases

A number of cases will be assigned in this course – some individual and some group cases. All case solutions must be typed with proper grammar, punctuation, and appropriately concise and to the point. Evidence supporting conclusions should be cited, where appropriate (e.g., applying a particular audit standard). Students will both lead and participate in case discussions. Due to the nature of auditing, there may not be “right” answers to case questions. These cases will be assessed on your ability to support your position with evidence.

Professional Topic Presentations

One surprise students have when they start their careers is that there are lots of things that can make your professional life easier or harder. Student teams will self-identify a topic of substance to research and create a 45-minute “CPE style” training session to the class. You are encouraged to contact local CPAs to get insights into your topic. These topics are not necessarily related to accounting but are focused on the whole person, whether it be focused on expertise, efficiency, health, or wellness. Think of it as “How to Adult” but for new CPAs and much more in-depth.

ACL Projects

Audit Command Language (ACL) is a commercial software package used by many audit firms, including the Big 4. It is a Windows-based database application that allows auditors to review, extract, sample, compare, manipulate, and evaluating entire client files/populations. Each student will purchase a book that has a code allowing you to download the software on a laptop. If you have a Mac, you need to have the Windows operating system installed (more about this in class). The first part of the projects are self-directed training activities and exercises so that you can become proficient in the in using the software (not graded). The second part of the projects is a series of cases where you will complete tasks using simulated data files (graded). Some portion of the second part will be completed in teams. Several class days are designated as ACL project work days so you can complete these projects entirely outside of class. There will be an ACL quiz where you demonstrate your proficiency with the software.

Quizzes

In addition to the ACL quiz, you will complete a few quizzes on content learned in the course. These will be pre-announced.

Excused absences

Absences are “excused” ONLY in these very narrow and specific situations: (1) University-approved absences with documentation, (2) documented health emergencies, (3) civil service such as military duty and jury duty, (4) documentation of a job interview during class, and (5) other emergencies deemed appropriate by the instructor. In all cases, you must notify me prior to the quiz/exam unless the emergency makes such notification infeasible. Most reasons students miss class do not fit the excused absence definition. For example, oversleeping, feeling under the weather, traveling for work, or taking care of other personal business are not excused absences. Note that I do not provide makeup quizzes/exams or provide due date extensions unless there is a pre-approved excused absence.

Academic Honesty

Did you know research tells us that students who cheat are more likely to commit fraud in their professional life? All students are expected to practice academic honesty. Specifically, you are not to use any unauthorized source in completing cases and assignments (such as solutions manuals, completed cases) or work with other students unless it is specified as a team assignment.

Work Product Pride

Auditors have their work reviewed by supervisors, managers, and one or more partners. As well, auditor documentation is reviewed during the intra-firm quality control, peer review, and PCAOB inspection processes. I expect you to produce work products that are neat, concise, easy to read, and complete. Technical work products should reference authoritative literature, and where appropriate, contain a clearly marked purpose and conclusion.

Availability

Most weeks, office hours will be Monday and Wednesday from 2-3:30. Some weeks, I will need to move office hours to accommodate some of my other work commitments. I make every attempt to respond to emails within 24 hours during the business week. Please reserve your more detailed questions for in-person visits.

Accommodations

If you have a disability accommodation request, please see me before the end of the second week. I require certification from the DSS office; no foreign language accommodations are provided. Any accommodations must not alter the nature of the course or impede on learning objectives.

Adds/Drops

- **January 30th** is the last day to add the course without instructor approval. Makeup work for late adds will not be offered.
- **February 9th** is the last day to drop the course without instructor approval.
- **April 2nd** is the last day to drop the course without petitioning the dean. I follow UM and departmental policy for petitions. Thus, I will not approve petitions to drop after April 2nd unless the student meets the requirements in the UM catalog, which states, "During this timeframe, students may drop courses only by petition. Note that not all petitions are approved, and that documented justification is required. Some examples of documented circumstances that may merit approval are: accident or illness, family emergency, or other circumstances beyond the student's control. Instructors and advisors have the right to indicate they do not recommend the drop. However, it is the decision of the Dean of the student's major to approve or deny the request to drop courses" (emphasis added). Please note that poor academic performance and its consequences are not valid reasons for petition approval. If approved, grade=WP only for 70% or higher.
- **Note:** you must complete this course with a C or better as a condition of enrolling (or staying enrolled in) the CPA review course, ACTG 694

SoBA Mission Statement

The University of Montana's School of Business Administration enhances lives and benefits society by providing a world-class business education in a supportive, collegial environment. We accomplish this mission by acting on our shared core values of creating significant experiences, building relationships, teaching and researching relevant topics, behaving ethically, and inspiring individuals to thrive.