

**BUS 648 Systems/Auditing  
Spring 2009**

**Dr. Pamela H. Church  
Phone: 843-3920 751-0898  
Office: 332 Buckman**

**Office Hours:** 10:45-11:45 TTh, 10:00-11:00 Fri.; other hours by appointment

**Course Description:** A comprehensive view of the development, implementation, and auditing of accounting information systems. The course will cover the theoretical and technical aspects of the attest function, with an emphasis on the establishment and analysis of controls in computer-based systems. Topics will include data integrity and quality, materiality, sampling, reports, ethics, and regulations.

**Prerequisites:** Completion of core courses.

**Course Objectives:** This course requires students to apply accounting and auditing concepts to analyses of real-world cases. Students will explore the design, control, and auditing of accounting information systems in light of requirements established by the FASB, Sarbanes Oxley, the PCAOB, and the AICPA. Assignments emphasize major business cycles; internal control objectives; technological and manual control procedures; preventing and detecting accounting fraud; and legal, ethical, and professional auditing guidelines.

**Student Expectations:** This course relies upon each student's thorough preparation and participation. Only by reading and analyzing all assigned cases and background material can students engage in the expected level of discussion.

**Textbooks and Other Resources:**

*Contemporary Auditing: Issues and Cases*, latest edition, Michael C. Knapp, South-Western Publishing.

*AICPA, Sarbanes Oxley, and PCAOB Professional Standards* – Available online

*Auditing and Assurance*, Arens, et al., Prentice Hall (or textbook covering similar material)

*Readings (handouts)*

**Grade Determination:**

Daily preparation, participation and quizzes	10
Case write-ups and presentations	15
Two tests	40
Final exam	20
Major paper/presentation	<u>15</u>
	100

**Daily Grades:** Daily homework may include reading assignments; questions from the casebook; outlines of cases, AICPA pronouncements, and articles; and CPA-exam types of problems. Also, quizzes may be given periodically. These assignments will not be accepted late. In the event of an excused absence, you should turn in the assignment early if possible.

**Cases:** A two student-team will be responsible for presenting each case. That team will write a thorough analysis of the case, emphasizing the accounting and auditing issues surrounding the situation. These analyses *must* include references to official pronouncements impacting corporate managers, auditors, and/or stockholders in the case. The other students in the class will read the case and come to class prepared to discuss the assignment and raise knowledgeable questions.

Each case analysis must include the following sections:

- Brief description of facts of the case
- Primary individuals involved in the case
- Discussion of the primary accounting issues
- Discussion of the primary auditing issues
- Official accounting pronouncements relevant to the case
- Official auditing pronouncements relevant to the case

**Systems paper/presentation:** Teams of two or three students will develop papers and presentations regarding the system for a primary cycle (revenue, expense, etc.). The paper and presentation must include the key elements, flow of information (including flowchart), risks, controls, key accounting and reporting requirements, audit objectives, and audit procedures for the cycle. These papers are due the day each team presents to the class.

**Attendance and participation:** Failure to attend and participate will affect the grade. The professor may lower the final grade by 3 points for each unexcused absence in excess of 2.

**Honor Code:** The Rhodes Honor Code is expected to be followed in all aspects of the course. All work is to be pledged.

**Systems/Auditing  
BUS 648  
Spring 2009**

<b>Day</b>	<b>Date</b>	<b>Topic</b>	<b>Cases</b>
Th	<b>January</b> 14	Introduction	
Tu	19	Design and audit of an accounting system - major cycles; the role of auditing in society; audit objectives/assertions	
Th	21	Evolution of auditing control - AICPA, Sarbanes-Oxley, PCAOB	Enron, NextCard
Tu	26	Reporting – types of audit reports	WorldCom
Th	28	Evidential Matter in an audit - types of evidence, characteristics of evidence	OAO Gazprom
Tu	<b>February</b> 2	“	Leslie Fay, Baan
Th	4	Risk and Materiality; analytical procedures	Golden Bear, Campbell Soup
Tu	9	Errors, irregularities, and fraud - regulations; implications for management and auditors	ZZZBest
Th	11	<b>Test 1</b>	
Tu	16	Internal Control - objectives and procedures for designing and auditing accounting system controls	U.S. Surgical
Th	18	Internal Control - new rules for publicly traded companies and their auditors	Goodner, Troberg
Tu	23	Legal Liability	Tenants, Equity Funding, Ultramares
Th	25	Legal Liability - recent developments	National Medical Transportation
Tu	<b>March 2</b>	Communications with Predecessor and Successor Auditors	General Technologies, PTL Club
Th	4	Related Parties - implications for controls and audits	Lincoln
Tu	9	Subsequent Events, Subsequent Discovery - responsibilities related to events occurring or emerging after the financial statement date and/or audit	Star Tech, Livent, American Fuel and Supply
Th	11	“	
Tu/Th	16/18	<b>Spring Break</b>	American Fuel and Supply
Tu	23	Statistical Sampling - methods, interpretation, audit implications	
Th	25	“	

Tu	30	<b>Test 2</b>	
Th	<b>April 1</b>	<b>Easter Recess</b>	
Tu	6	Professional Conduct - rules governing ethical issues including independence and confidentiality	Mallon, Jamaica Water, Koger
Th	8	Risks, controls, and audit implications of specific accounts and cycles – Revenue and receivables Flowcharting	Happiness, Inc., Health Management
Tu	13	Payroll, liabilities	Trolley Dodgers, CBI Holding
Th	15	Cash, Inventory	Perry Drug, Saks, Rocky Mountain
Tu	20	<b>Presentations</b>	
Th	22	Attestation Standards	Howard St. Jewelers, CapitalBank
Tu	27	Accounting & Review Services	Creve Couer
	29	“	
		<b>Final Exam</b>	