

Augsburg Weekend College
ACCOUNTING 423 - Spring 2009

A. COURSE INSTRUCTOR

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B. COURSE OBJECTIVES

After taking the course the student should have a general conceptual understanding of audit theory and the procedures to be employed to allow an independent CPA to reach an opinion on the reliability of financial statements and to issue an audit opinion covering those statements. The course incorporates the graduation skills of speaking and writing and substantial effort in the class goes to making these an integrated part of the course.

C. TEACHING METHOD

The course will use a three step approach:

- 1) Brief discussion of the chapter material.
- 2) Class room review of selected problems and concepts.
- 3) Use of case studies to re-emphasize points.

The bankruptcy of Enron and even the current financial turmoil have thrown a spotlight on various aspects of accounting and auditing and the Sarbanes-Oxley Act resulted in a major change in an auditor's responsibilities. The course has been designed to use publicly available material from the general media to highlight issues and provide practical experience with the tools of auditing. A significant amount of the course will relate to the COSO concepts of internal control and to the auditor's responsibility for identifying and reporting fraudulent activities under SAS #99 and the relatively recently promulgated AICPA SASs. Additional focus on the Public Company Accounting Oversight Board's Audit Standards #2 & AS#5 will also be included.

D. REQUIRED MATERIALS

Text: Principles of Auditing Whittington and Pany, Richard D. Irwin, (Homewood, IL, 2004)

Powerpoint Slides will be loaded to Moodle.

E. CLASS SCHEDULE (See Attached)

F. GRADING

Exam	40%
Case study – Written presentation	25%
Group Project	25%
Implementation Exercise	<u>10%</u>
	100%

There will be one examination, a “take home” final. It will be worth 40% of the grade. It will consist of essay questions and comprehensive problems. In order to help prepare for the final, the class will incorporate a number of non-graded proficiency checks to familiarize participants with the testing method and emphasize previous important concepts.

CaseStudy – Each participant will prepare a paper on a matter relating to the continuing crisis in public accounting. There will be two broad topics: (1) A specific instance of failure of public accounting (**other than Enron**) the causes and potential action that should be taken to prevent recurrence in the future or (2) methods and techniques of forensic accounting. The topics will be chosen from a list provided by the instructor. For the forensic methods paper the participant should describe what techniques could have been applied by Arthur Andersen to address the deficiencies in Enron disclosure.

Group Project – An audit is essential a team effort in assessing the assertions of management embodied in a financial statement. The objectives of this project are as follows:

1. To acquaint students with the annual report and Form 10-K of a publicly held company audited by a CPA firm.
2. To provide data for the practical application of certain steps in the audit process.
3. To allow students to experience working in teams, as is done in actual auditing.

A detailed set of steps for the group project will be emailed to the participants. The group project will be due at the final class June 20th. The group project will make up 15% of your overall grade.

Implementation Exercise – Each student will prepare a written solution to the audit case assigned. These reports will resolve the problem given in the case and should be around of five pages in length. You are to assume that you are the manager of in a public accounting firm reviewing the work of auditors for compliance with Generally Accepted Accounting Principles (GAAP). The goal of your report will be to identify the accounting and audit issues that are raised and to identify the audit steps to be taken to resolve them.

G. ASSISTANCE/QUESTIONS

Because of our respective schedules, we will hold a help session, EVERY WEEK, unless you are informed otherwise. While attendance at these sessions is voluntary, it is the best time to discuss questions regarding the assignments including giving additional feedback regarding the reading and writing assignment. Tentatively, we will meet either Thursday (as announced in class) from 7:30 pm to 8:30pm in Room _____. I also am available for response by internet and I check my e-mail every day except Sunday.

H. ATTENDANCE POLICY

Attendance records will be kept and a significant portion of class requires participation. My feeling is that it is difficult to do well in the class without frequent attendance, however, I realize that emergencies and other commitments may intervene to prevent class attendance. The oral presentation must be made in front of the class group. While difficult from a timing standpoint if you contact me sufficiently in advance we may be able to accommodate problems with the oral presentation. Failure to do the case presentation prior to close of class on June 21st will result in a score of 0% for that item.

I. INSTANCES OF PLAGIARISM OR CHEATING

At the recommendation of the Academic Dean, I want to outline my policy regarding the consequences of plagiarism or cheating. If it is determined that a student engaged in such activity on an assignment, it would void the assignment and result in a grade of 0% for the test, or quiz. The homework points are being assigned for the effort put forth in the assignment and joint work on homework is not considered cheating. The consequences of cheating or plagiarism could also in extreme cases lead to other sanctions including expulsion from Augsburg College. Expulsion is subject to the due process of the administration and is not at my sole discretion.

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Auditing
Tentative Class Schedule

Instructor: Kinney G. Misterek
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Date	TOPIC	ASSIGNMENT
04/05	Introduction/ Explanation of Expectations Enron Overview “Smartest Guys in the Room”	Chapters 1,2
04/19	Sarbanes –Oxley and Its Implications Introduction to PCAOB and AS#2 Professional Ethics and Consequences	Chapter 3,4 Chapter 3, 4
04/26	Professional Ethics and Consequences Evidence Audit Plan	Chapter 3, 4 Chapter 5, 6
05/10	Internal Controls Audit Sampling	Chapter 7,8 Chapter 9
05/17	Breakdown in Financial Reporting Paper Due Implementation	Chapters 10 thru 16
06/07	Implementation(continued)	Chapters 10 thru 16
06/21	Reporting Group Project Due Implementation Exercises Final Due	Chapter 17