Internal Auditing & Corporate Governance

ACC 636 Internal Auditing, Corporate Governance, and Control

School of Accountancy & MIS
DePaul University

Winter Quarter, 2014-2015
5:30-8:45 PM/Wednesdays

Professor: Dr. Sandra Shelton
Office: 6022 DePaul Center
Office Hours: 4:00 – 5:00 pm Wednesday or by appointment
Phone: (312) 362-8098, Fax (312) 362-6208
Email: sshelton@depaul.edu

Required Text:


Course Description

The course addresses the overall role that internal audit plays as a critical part of an organization’s control and governance structure. The content of the course includes a case that incorporates the complete internal audit process for a hypothetical company, including identification of risk, planning, execution of fieldwork and reporting using CCH TeamMate software. CCH TeamMate software is widely accepted across Fortune 500 companies as the premier internal audit software package. In recognition of our Internal Auditing Program, DePaul University is the first school that ARC Logics has partnered with to make this software available for student use.

This course covers the strategic role and operations of an internal audit function from three key perspectives; the Chief Audit Executive, who is responsible for the functions, the chair of the audit committee, who oversees the function, and the CEO or CFO who is responsible for the function within the organization. The activities of each of these key stakeholders relative to internal audit are also covered. The relative roles and relationships with the organization’s external auditor and the organization’s other risk and control functions are also addressed. This course not only prepares students for internal audit roles and provides them with the skills to utilize electronic working papers but will also be relative for students interested in financial executive and external audit roles, which interface with internal audit functions.
Prerequisite: ACC 500

Course Objectives

This course provides an understanding of the internal audit function and the basic audit concepts that internal auditors need to know and understand. This course will allow students desiring a career in internal auditing to continue their education by taking courses directed at specific aspects of internal audit. In addition, since internal audit has become a significant portion of the advisory client services of many CPA firms, this course allows students interested in a career with a CPA firm to increase their auditing skills.

Assignments

Your success in this course requires your careful attention to and use of the course outline and assignment sheet that accompanies this syllabus. It is your guide through the material in your textbook and the other course materials. In order to cover the required material, only one or two days will be devoted to a chapter. As a result, this course requires more reading (and less problem solving) than you are used to in your other accounting courses. Systematic preparation for each class is an absolute must for success.

Chapter Assignments

Reading is an important aspect of the study of internal auditing. The assigned chapters must be read in advance of class. In class, we will be covering the principal points from your readings and clarifying questions that may have arisen in them. The questions at the end of each chapter of your text provide a review of the important content of the chapter. It is suggested that you develop answers to these questions as you review the content of the chapters.

Comprehensive Questions and Case Studies

The assigned questions and cases should be prepared in advance of the class on which they are assigned. Preparation of the questions and cases consists of notes or an outline as to how you would answer them. They will serve as a basis for class discussion. Class participation is strongly encouraged.

Class Projects:

The graduate internal auditing course addresses the overall role that internal audit plays as a critical part of an organization’s control and governance structure. CCH TeamMate will be incorporated into the graduate-level course by way of a case study. The case involves the internal
audit activities of a fictitious Chicago hospital. Students will be given a set of facts and source documents upon which they will implement audit procedures, including identification of risk, planning, execution of fieldwork and reporting and then record the audit procedures and results of their audit findings within the software.

**Physician Recruitment Line of Credit Agreements**
This project reviews a hospital’s process for recruiting new physicians to the community and analyzes whether the hospital is in compliance with STARK regulations. In addition, the process for approving and processing physician monthly draw requests are reviewed to determine if the process is efficient and internal control is adequate.

**Duplicate Invoice Review**
This project utilizes ACL audit software and is an analysis of several months of paid invoices to determine if any duplicate invoices have been paid.

**Grading**

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<thead>
<tr>
<th>Component</th>
<th>Weight</th>
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<tbody>
<tr>
<td>Mid-term examination</td>
<td>25%</td>
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<tr>
<td>Final examination</td>
<td>30%</td>
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<td>Class Projects:</td>
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<tr>
<td>Physician Recruitment Line of Credit Agreements:</td>
<td>20%</td>
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<tr>
<td>Case Presentations/Discussions</td>
<td>15%</td>
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<td>ACL Analysis:</td>
<td>10%</td>
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<td><strong>Total</strong></td>
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**Grading Scale**

- A = 93% and Above
- A- = 90% to 92%
- B+ = 87% to 89%
- B = 83% to 86%
- B- = 80% to 82%
- C+ = 77% to 79%
- C = 73% to 76%
- C- = 70% to 72%
- D+ = 67% to 69%
- D = 60% to 66%
- F = 59% and Below
Exams

The mid-term and final examinations may contain multiple choice questions and essay questions. The final will be comprehensive.

Other Policies

Assignments are to be handed in on the due dates. Examinations are to be taken when scheduled. Cases of academic dishonesty are viewed as a serious violation of professional ethics and will result in an F Grade.

Accommodations

From CSD: Students seeking disability-related accommodations are required to register with the Center for Students with Disabilities (CSD) enabling you to access accommodations and support services to assist your success. There are two office locations that can assist you or you can inquire via email at csd@depaul.edu.

Academic Integrity: The faculty and administration support an environment free from cheating and plagiarism. Each student is responsible for being aware of what constitutes cheating and plagiarism and for avoiding both. Work done for this course must adhere to the University Academic Integrity Policy, which you can review in the Student Handbook or by visiting Academic Integrity at DePaul University (http://academicintegrity.depaul.edu).
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<thead>
<tr>
<th>Week</th>
<th>Topics</th>
<th>Assignments</th>
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| 1/7  | Course Overview  
Get acquainted and Review Syllabus  
Group assignments  
Discussion of Differences between External and Internal Auditing  
Introduction to Internal Auditing  
The Professional Practices Framework: Standards of Practice | Chapter 1  
Discussion Questions: 2 & 3  
Chapter Case  
Article Group 1  
Chapter 2  
Discussion Questions 1 through 3  
| 1/14 | Internal Control  
COSO | Chapter 6  
Discussion Questions: 1, 2 & 3  
Chapter Case |
| 1/21 | IT General Controls | Case Study  
*Alek Ismayilov*  
*Dennis Trejo*  
*Financial Services Advisory*  
*Ernst & Young, LLP* |
<table>
<thead>
<tr>
<th>Date</th>
<th>Topic</th>
<th>Chapters/Notes</th>
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<tbody>
<tr>
<td>1/28</td>
<td>Introduction to the Engagement Process/Conducting the Assurance Engagement</td>
<td>Prior to class Review the following in TeamMate: Hospital Summary &amp; Financial Statements; Description of Internal Audit Department; Stark Regulations. Project 1: Testing LOC Agreements.</td>
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<tr>
<td>2/4</td>
<td>Corporate Governance/ Risk Assessment Process</td>
<td>Chapters 4 &amp; 5 Internal Audit Case Study Complete Internal Audit Report for Project 1 Dick Anderson Clinical Professor of Risk Management The Center for Strategy, Execution, and Valuation.</td>
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<td>2/11</td>
<td>Midterm Examination</td>
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<td>2/18</td>
<td>Fraud Risks and Controls</td>
<td>Chapter 8 Discussion Questions: 1, 2, 4, &amp; 5 Chapter Cases 1 and 3 Robert Gould Director, Internal Audit Harley-Davidson</td>
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<td>Chapter</td>
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<td>2/25</td>
<td>Emerging Issues in IA</td>
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<td>3/4</td>
<td>Information Technology Risks and Controls</td>
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<td>Managing the Internal Audit Function</td>
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**Final Examination**

*Reading Assignments are posted to D2L by Date*