Southern Illinois University – Carbondale  
School of Accountancy  
Acct 465 – Internal Auditing  
Fall 2014 Syllabus

Instructors: Marcus Odom, CPA, PhD & James Cali, CPA, CFF, CGMA  
Class: Tuesday from 2:00 p.m sharp until 4:45 p.m.  
Classroom: Rehn 18  
Phone: (954) 261-2136  
E-Mail: jcali@business.siu.edu or jcali1512@yahoo.com

Course Description: This course is designed to improve and enhance your knowledge of internal auditing, information systems auditing, and written and oral communications skills.

It is recommended that you join the Institute of Internal Auditors (IIA) as a Student Member. Dr. Odom has made arrangements for you to join the IIA at a discount. Please consult the information in the email that was sent with the details pertaining to the discounted IIA Student Membership.

The course will discuss the role of the Internal Auditor and their relationship with:
- Board of Directors & Audit Committee
- Chief Executive Officer
- Members of Senior Management
- Division and/or Operations Managers
- External Auditors
- Stakeholders
- General Public

An emphasis of the course will be upon the use of computer-based aids and data mining software.

During the semester, some guest speakers may visit to share their experiences and expertise to enhance the quality of this course.

Course Objectives:
- To develop intellectual curiosity, the ability to spot the unusual, and the tenacity to discover the cause.
- To have the willingness to scrutinize details, without losing sight of the big picture.
- To understand financial deception in order to detect it and to develop deterrence measures.
- To understand evidence-gathering and investigative procedures.
- To accept that everything you do will be challenged.
- To develop the confidence to handle the challenge and respond.
- To begin the development of your “Professional Skepticism.”
- To apply your computer skills.
- To produce exceptional quality written reports.
- To enhance your verbal presentation skills.
- To refine your time management technique.
Course Material:


*NOTE: If you sign up for a Student Membership to the Institute of Internal Auditors (IIA) you will be able to purchase a new text book at a discount. To obtain more information about the IIA Student Membership visit the following website: https://na.theiia.org/membership/Pages/Student-Membership.aspx*

2) KnowledgeLeader provided by Protiviti: [http://www.knowledgeleader.com/](http://www.knowledgeleader.com/)
   A subscription will be set-up for each student at no cost. The subscription will be for the full semester as part of the KnowledgeLeader University program for students studying Internal Auditing.

3) *The Effective Use of Benford’s Law to Assist in Detecting Fraud in Accounting Data*, by Cindy Durtschi, William Hillison, and Carl Pacini, 2004, *Journal of Forensic Accounting* [http://faculty.usfsp.edu/gkearns/Articles_Fraud/Benford%20Analysis%20Article.pdf](http://faculty.usfsp.edu/gkearns/Articles_Fraud/Benford%20Analysis%20Article.pdf)


6) Articles / Cases - During the Semester some Articles and/or Case will be distributed via the D2L site.

**Grading Criteria:**

The final grade for this class will be based on the total number of points earned out of 1,000 total points available. The point values are as follows:

<table>
<thead>
<tr>
<th>Points</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>600</td>
<td>Homework (6 assignments each worth 100 points)</td>
</tr>
<tr>
<td>100</td>
<td>Exam #1</td>
</tr>
<tr>
<td>100</td>
<td>Exam #2</td>
</tr>
<tr>
<td>100</td>
<td>Case Study &amp; Presentation</td>
</tr>
<tr>
<td>100</td>
<td>Exam #3</td>
</tr>
<tr>
<td>1,000</td>
<td>Grand Total</td>
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</tbody>
</table>

<table>
<thead>
<tr>
<th>Points Range</th>
<th>Grade</th>
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</thead>
<tbody>
<tr>
<td>900 - 1,000</td>
<td>A</td>
</tr>
<tr>
<td>800 - 899</td>
<td>B</td>
</tr>
<tr>
<td>700 – 799</td>
<td>C</td>
</tr>
<tr>
<td>Under 699</td>
<td>D</td>
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Grading Criteria Explanation:

1. **Homework Assignments:**

All assignments will be posted on the Desire-2-Learn (D2L) site that has been established for this course. Your completed assignments must be submitted to the D2L Dropbox on or before the posted due date.

Grades for assignments that are submitted after the due date will be subject to a grade reduction penalty. The penalty for late assignments will depend on the amount of time that has passed after the due date. If you are experiencing difficulty with the assignment or if there is some personal reason why you will be unable to submit the assignment on time, it is your responsibility to contact Professor Cali to discuss your situation prior to the assignment due date.

2. **Exams:**

There will be three (3) exams for this course. Each exam will be worth 100 points towards your final grade. All exams will be administered through the Desire-2-Learn (D2L) site that has been established for this course. The format for all exams will consist of a variety of multiple choice questions, problems, and/or essay questions.

It will be your responsibility to complete each exam during the allotted time. Exams submitted after the posted due date will not be accepted. If you are unable to take the exam within the allotted time period, it is your responsibility to contact Professor Cali to discuss your situation.

3. **Case Study Presentations:**

You will be given a realistic internal audit assignment to complete. You will be expected to work on this project throughout the majority of the semester. On November 4, 2014 your presentation of your audit findings and recommendations to the Chief Audit Executive (CAE) is due.

You will have the option to complete the Case Study individually or in a group of your choosing. The maximum size of a group will be five (5) students.

If you wish to work on the Case Study as a group, you will have to submit the names of the group members on or before the third week of the semester. Please note that your choice to work as a group is irrevocable. This means that if you decide to complete the Case Study as a group, you cannot later decide to complete it as an individual. Each member of the group is required to participate. Your participation in the group is extremely important and your attendance at group meetings is mandatory. In order to properly grade group member participation, you will be required to submit a performance evaluation for each member of your group. These performance evaluations will be taken into consideration in computing each group member’s individual grade. Unexcused absences and lack of participation in group meetings by and large will have an adverse impact on your grade.

Every student will be responsible for maintaining a weekly timesheet to document your activity and progress for your work on the Case Study.
**Attendance Policy:**

This course is being presented in a “Hybrid Format.” A Hybrid Format course combines a limited number of actual in class lectures with on-line lectures available on the Desire-2-Learn (D2L) site that has been established for this course.

Attendance will be taken on the dates when in class meeting are indicated on the course schedule. It is expected that you will attend these classes and actively participate in the discussions. Accept that everything you do will be challenged; therefore, your class participation is necessary to help you develop the confidence to handle these challenges and to respond. In order to meet these expectations, you should be committed to the following:

- Come to class prepared and ready to enhance your intellectual curiosity.
- Complete the readings, research, homework, and assignments on time.
- Ask and/or answer questions and take the initiative to provide information that is relevant and/or useful to the class.

**Classroom Etiquette:**

Professionally speaking, you never want to be late for a meeting with your clients, so with that thought in mind, kindly be ready to begin class on time. Prior to the start of class, be sure to turn off your phones, or place them in silent mode. Allow for adequate time to deal with jackets, backpacks, and class materials without disturbing others.

Respect your fellow students and your instructor by refraining from unwarranted side comments and personal conversations during class. Furthermore, you should never leave a meeting until your client has indicated the meeting is over.

**General Considerations:**

Internal Auditing ACCT 465 is being presented in a “Hybrid Format.” A Hybrid Format course combines a limited number of actual in class lectures with on-line lectures available on the D2L. On the dates when the class is schedule to meet, the session will last the full three (3) hours. Please keep in mind that the duration of this class may be longer than your other classes. Therefore, in order to gain the most from this class it will take a real commitment from you.

There is a great deal of material that needs to be covered in order to meet the stated Course Objectives. Each lecture including the in-class lectures will be available on the Desire-2-Learn (D2L) site that has been established for this course. During our in class meetings I will attempt to structure each class to accommodate a short five to seven minute break. Objections and/or complaints pertaining to deadlines and time commitments required for the successful completion of this class will generally not be viewed favorably.

Please keep in mind that when you enter the “real world” of the accounting profession the time constraints, deadlines, and pressure for “billable hours” are far greater than your current academic life.
Statement on Academic Dishonesty:

Academic honesty is fundamental to the activities and principles of a university. All members of the academic community must be confident that each person’s work has been responsibly and honorably acquired, developed, and presented. Any effort to gain an advantage not given to all students is dishonest whether or not the effort is successful. The academic community regards academic dishonesty as an extremely serious matter, with serious consequences that range from probation to expulsion. When in doubt about plagiarism, paraphrasing, quoting, or collaboration please consult Professor Cali or Dr. Odom.
| Week 1 | 8/19/14 | Chapter 1 – Introduction To Internal Auditing  
About the Profession  
Internal Auditing: History, Evolution, And Prospects |
|---|---|---|
| Week 2 | 8/26/14 | Chapter 2 – International Professional Practices Framework (IPPF)  
International Professional Practices Framework  
IIA Code of Ethics  
How Can Internal Audit Report Effectively to Its Stakeholders?  
How Do I Produce Quality Workpapers?  
Should Internal Audit Report to the CFO? |
| Week 3 | 9/2/14 | Chapter 3 - Governance  
IIA Practice Advisories 1111-1, 2110-1, 2110-2, 2110-3  
The Internal Audit Function: An Integral Part Of Organizational Governance  
How Internal Audit Adds Value to the Governance Process |
| Week 4 | 9/9/14 | Chapter 4 – Risk Management  
Discussion of Case Study Assignment  
What is Enterprise Risk Management (ERM) and what role in it does internal auditing play?  
Effective Enterprise Risk Management Starts with a Conversation  
Strengthening Enterprise Risk Management for Strategic Advantage |
| Week 5 | 9/16/14 | Exam #1 - Chapters 1, 2, 3 and 4 |
| Week 6 | 9/23/14 | Chapter 5 – Business Processes & Risk  
IPPF Standards 2010, 2120, 2200, 2210  
IPPF Practice Advisories 2010-1&2, 2120-1, 2200-1&2, 2210-1 |
|---|---|---|
| Week 7 | 9/30/14 | Chapter 6 – Internal Control  
COSO – Internal Controls |
| Week 8 | 10/7/14 | Chapter 7 – Information Technology Risk & Controls  
Guide to the Assessment of IT Risk (GAIT) -  
The GAIT Methodology  
GAIT for IT General Controls Deficiency Assessment  
GAIT for Business and IT Risk |
| Assignment #4 Due | 10/14/14 | Fall Break |
| Week 9 | 10/21/14 | Exam #2 - Chapters 5, 6, and 7 |
| Week 10 | 10/28/14 | Chapter 8 – Fraud Risks & Controls  
Managing the Business Risk of Fraud: A Practical Guide  
Internal Control Checklist – Recognizing Warning Signs |
| Week 12 | 11/4/14 | Case Study Presentation Due |
| Class Meeting Attendance Mandatory | | |
## Course Schedule – Subject to Revision

<table>
<thead>
<tr>
<th>Week 13</th>
<th>11/11/14</th>
<th>Veterans Day Holiday</th>
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</thead>
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| Week 13 | 11/18/14 | Chapter 10 – Audit Evidence & Working Papers  
Audit Evidence  
Formulating And Expressing Internal Audit Opinions  
Audit Working Papers |
| Week 14 | 11/25/14 | Chapter 11 – Audit Sampling  
Feierman, Joanne “Write It Right The First Time”  
Keith, Jonnie Killing the Spider  
Attribute Sampling Plans  
Audit Sampling |
| Week 15 | 12/2/14 | Chapter 14 – Communicating Assurance Engagement Outcomes & Performing Follow-Up Procedures  
Follow-up Engagements |
| Week 16 | 12/9/13 | Exam #3 – Chapters 8, 10, 11, and 14 |