

ACCOUNTING 5450
SEMINAR IN INTERNAL AUDITING
FALL 2023
Jose Lineros, PhD, CPA
(CISA, CIA, CFE, CRISC, CSX, MCTS)

Class meets in person Thursdays 2:00-4:50 pm in BLB 155

Office: BLB 399D, please email jose.lineros@unt.edu for convenient times for office hours, either in person or via Zoom

General Description of Subject

Internal Audit (IA) is increasingly becoming a source of strategic competitive advantage in business. Companies such as Amazon and Disney use their IA department to drive continuous improvement throughout their organizations. Ignoring its importance is essentially failing to properly govern your firm or business. The primary objective of this course is for you to become fluent in IA concepts and practices so that you can efficiently and strategically use them. If you do not understand the role of IA, you will be at a huge disadvantage in your accounting career. Thus, the IA concepts we will discuss in this course will be relevant not only to your success as an individual, but to the growth and prosperity of your firm. As such, mastery of this knowledge represents a core business requirement and will have universal application to other business disciplines.

COURSE OBJECTIVES

The course is designed to develop an understanding and appreciation for the audit function with an emphasis on internal auditing. The audit function as performed by both internal and external auditors is quite similar. Evidence is gathered for the purpose of arriving at a report distributed to interested parties. However, the major distinctions lie in the depth and breadth of audit involvement by each group. Also, the standards applied by internal and external auditors differ to a certain degree. The class will examine the difference between internal and external auditing focusing on such issues as independence, audit scope, reporting, and relations with auditee personnel. Additionally, the strategic importance of the internal audit function as a source of information anent operational, compliance, and financial issues will be emphasized. The format of the course will be discussion, case analysis, and guest speakers from the internal auditing profession. Focus throughout the course will be placed on discussion and class participation. So in order to provide meaningful input into class discussions and case analysis, you must be thoroughly prepared prior to each class meeting. Here are some of our learning objectives:

- Understand the importance of the Internal Audit (IA) function**
- Develop an ability to understand IA's professional framework**
- Enhance your ability to plan and execute an internal audit**
- Recognize the importance of effective IA governance**
- Understand how a knowledge of IA relates directly to the accounting profession**
- Discuss how IA affects, and is concordantly affected, by business forces**
- Understand IA's role in fraud prevention/detection**
- Recognize key components found on the CIA (certified internal auditor) exam**

COURSE PREREQUISITES

ACCT 4100 and 4400.

TEXTBOOK AND READINGS

Required:

Reding, Kurt F., Paul J. Sobel, Urton L. Anderson, Michael J. Head, Sridhar Ramamoorti, Mark Salamasick, and Chris Riddle. 2018. *Internal Auditing: Assurance and Consulting Services. Fourth edition* (older versions are acceptable). Altamonte Springs, FL: Institute of Internal Auditors Research Foundation.

ISBN-13: 978-0894139871

ISBN-10: 0894139878

Optional:

Gleim – CIA Review books 2022 – (2021 or older acceptable)

Part 1: Essentials of Internal Auditing;

Part 2: Practice of Internal Auditing;

Part 3: Business Knowledge for Internal Auditing.

ISBN's 978-1-61854-350-9; 978-1-61854-351-6; 978-1-61854-352-3.

Readings and memberships will also be assigned. Readings will either be available in Willis Library, on the Internet, or from the IIA.

MEMBERSHIPS

To access some of the IIA readings, you will need to join the IIA as a student member (free, Google IIA Student Membership). This will give you full access to both *Internal Auditor* magazine readings and the International Professional Practices Framework (IPPF), the latter substantially tested on the mid-term exam.

It will also allow you to join the local IIA Dallas chapter at no additional cost. If you attend an IIA monthly meeting (Dallas or Fort Worth) you will earn you **20 points of extra credit (added to numerator, not denominator). This must be completed by before December 1 and you must upload a phone pic selfie of yourself and either an IIA Board member or one of the speakers.** Networking is important, regardless of where you end up in your career – use this opportunity.

If the Dallas or Ft. Worth IIA host sessions online, I will be giving extra credit for attendance of the events. More details to come.

GRADING

Your final grade in this course will be determined from your performance on two exams, the internal audit project, presentations of readings, the topical presentation, and participation. Your grade will be determined as follows:

	<u>Points</u>
Mid-Term	325
Final (non-comprehensive)	325
Internal Audit Final Report/Consultation	225
Presentation of Final Audit Report/Consultation	75
Signature/Non-disclosure agreement	10
Peer Evaluation (due with IA Project)	10
<u>Participation/Professionalism</u>	<u>30</u>
Total	1000

Grades of 90, 80, 70 and 60% of the above points will guarantee grades of A, B, C, and D, respectively.

TEAM PEER REVIEW

One of the ACCT 5450 class assignments is a “live” internal audit project. Your class will complete an internal audit of assigned business units. I will be placing you in teams for the audits and for in-class activities. You are expected to work cooperatively and diligently with your team members. A portion of your project points are based on your peer evaluation. If you are having a problem with someone not working diligently on our audit assignment, your team leader should schedule a meeting with the person for resolution. If you need me as a mediator, I am willing to participate. However, professional auditors resolve their problems during engagements. This is an excellent opportunity to practice this skill.

IMPORTANT INFORMATION

After the automatic W drop date, if you wish to withdraw from the course, you must have earned at least a 60% average on all work to date, in order to receive a grade of W (withdrawal/pass). It is important that you monitor the drop dates (consult with Becky Andrews). I will not be monitoring it for you.

SPOT

Student feedback is important and an essential part of participation of this course. The Student Perception of Teaching (SPOT) is a requirement for all organized classes at UNT. This short survey will be made available at the end of the semester to provide you with an opportunity to evaluate how this course is taught.

INTERNAL AUDIT PROJECT (Option 1)

You will participate in an audit with help from the Dallas Institute of Internal Auditors. This audit will include planning, problem analysis, development and application of audit procedures, and submission of a final audit report. This will be a team project with consultation by an Audit

Manager or CAE from the Dallas or Ft. Worth IIA Chapters. Three hundred total points (225+75=300) points will be allocated to this project based on the organization, thoroughness, timeliness of deadlines, professional work product, and feedback from the client. Remember, internal auditors do not surprise auditees. Any findings should be vetted with the client prior to final audit report publication. Further information on this assignment will be provided in class.

Items to be included:

Opening Conference Meeting Agenda – 10-1

Engagement Letters - Due 10-1

a.) Client (provide evidence of delivery via email)

b.) Your assigned IIA Chapter Professional (provide evidence of delivery)

Process Map (Flowchart) - Due 10-14

Risk/control map - Due 10-30

Audit Program (what detailed steps will you follow to gain assurance) – 10-30

Working Papers (evidence of audit program execution) - Due 11-18

Control deficiencies and recommendations - Due 11-18

Closing conference agenda and notes - Due 11-25

Time log for each participant - Due 11-25

Written audit report to client (copy in paper to instructor and uploaded to Canvas) - Due 11-25

Email documentation of major communications - Due 11-25

Final written report uploaded to Canvas - Due 12-1 (this will be digitally delivered to me and the client – nothing on the final written report should surprise our client, be sure you've discussed all items with them)

Group presentation with slides on findings delivered on 12-1. Interim reports must also be included with the final report. You may only change interim reports with prior approval from your instructor.

INTERNAL AUDIT CONSULTATION PROJECT (Option 2)

You will participate in a consultation of municipal / state / or federal purchase cards or disbursements. These files are sourced from legally-required public internet records. You will find the files in Canvas under Modules (pick 2 files). This will be a team project with consultation by an Audit Manager or CAE from the Dallas IIA. You will be assigned a mentor from that group. Three hundred total points (225+75=300) points will be allocated to this project based on the organization, thoroughness, timeliness of deadlines, professional work product, and value of the findings. Further information on this assignment will be provided in class. Note – due to the unique nature of consultation work, the items below will be uploaded to Canvas under Discussion (where you assembled your teams) for my review (only one per team – elect a team leader who will upload all materials) – the only Canvas uploads will be your slide presentation and final consultation report.

Items to be included:

Data Analytics Objective Statement – Due 10-1

Data Analytics Plan – High Level - Due 10-1

a.) What will you analyze in this data – what are you looking for?

b.) How will you use Alteryx and Tableau to achieve your goal

Idealized Flowchart of how a Pcard or Disbursement should occur - Due 10-14

Risk/control map - Due 10-30

Working Papers (evidence of effective analytics consultation - Due 11-18

Potential findings organization should investigate further – Due 11-18

Time log for each participant - Due 11-25

Written consultation report to client (copy in paper to instructor and uploaded to Canvas) - Due 11-25

Final written consultation report uploaded to Canvas - Due 12-1 (this will be digitally delivered to me)

Group presentation with slides on findings delivered on 12-1. Interim reports must also be included with the final report. You may only change interim reports with prior approval from your instructor.

EXAMS

There will be two exams this semester. Each exam will count 325 points. Please take high-quality lecture notes to engage with and prepare for tests.

I will preserve the exams taken in class and class assignments on file in my office for one year. After that, they will be destroyed in accordance with UNT retention policies. A missed exam will count as a zero (0) unless there is a documented, university-sanctioned, excuse for missing the exam. Note: Only a simple calculator may be used during tests.

The date and time of the final exam will be announced in class and via email.

ADA STATEMENT

AMERICANS WITH DISABILITIES ACT (ADA)

If you are a student who requires accommodations in compliance with the ADA, please consult with me during the first week of the semester. It is your responsibility to inform me of the disability at the beginning of the semester and provide me with documentation authorizing the specific accommodation. UNT's Office of Disability Accommodation (ODA), is responsible for verifying and implementing accommodations to ensure equal opportunity in all programs and activities. You must contact ODA who will instruct you how to proceed. I recognize that any disclosure by a student of their need for accommodation is extremely sensitive. I assure you that all conversations and other communications will be kept protected and confidential and disclosed only on a need-to-know basis.

The University of North Texas makes reasonable academic accommodation for students with disabilities. Students seeking reasonable accommodation must first register with the Office of Disability Accommodation (ODA) to verify their eligibility. If a disability is verified, the ODA will provide you with a reasonable accommodation letter to be delivered to faculty to begin a private discussion regarding your specific needs in a course. You may request reasonable accommodations at any time, however, ODA notices of reasonable accommodation should be provided as early as possible in the semester to avoid any delay in implementation. Note that students must obtain a new letter of reasonable accommodation for every semester and must meet with each faculty member prior to implementation in each class. Students are

strongly encouraged to deliver letters of reasonable accommodation during faculty office hours or by appointment. Faculty members have the authority to ask students to discuss such letters during their designated office hours to protect the privacy of the student. For additional information see the Office of Disability Accommodation website at <http://www.unt.edu/oda>. You may also contact them by phone at 940.565.4323.

SUCCEED AT UNT

UNT endeavors to offer you a high-quality education and to provide a supportive environment to help you learn and grow. As a faculty member, I am committed to helping you be successful as a student. Here's how to succeed at UNT: Show up. Find support. Take control. Be prepared. Get involved. Be persistent. To learn more about campus resources and information on how you can achieve success, go to <http://success.unt.edu/>. The following are some specific applications of Succeed at UNT for this class. A key to success is persistence.

Emergency Evacuation Procedures for Business Leadership Building:

□ **Severe Weather** In the event of severe weather, all building occupants should immediately seek shelter in the designated shelter-in-place area in the building. If unable to safely move to the designated shelter-in-place area, seek shelter in a windowless interior room or hallway on the lowest floor of the building. All building occupants should take shelter in rooms 055, 077, 090, and the restrooms on the basement level. In rooms 170, 155, and the restrooms on the first floor.

□ **Bomb Threat/Fire** In the event of a bomb threat or fire in the building, all building occupants should immediately evacuate the building using the nearest exit. Once outside, proceed to the designated assembly area. If unable to safely move to the designated assembly area, contact one or more members of your department or unit to let them know you are safe and inform them of your whereabouts. Persons with mobility impairments who are unable to safely exit the building should move to a designated area of refuge and await assistance from emergency responders. All building occupants should immediately evacuate the building and proceed to the south side of Crumley Hall in the grassy area, west of parking lot 24.

Emergency Notification & Procedures:

UNT uses a system called Eagle Alert to quickly notify students with critical information in the event of an emergency (i.e., severe weather, campus closing, and health and public safety emergencies like chemical spills, fires, or violence). The system sends voice messages (and text messages upon permission) to the phones of all active faculty staff, and students. Please make certain to update your phone numbers at <http://www.my.unt.edu>. Some helpful emergency preparedness actions include: 1) know the evacuation routes and severe weather shelter areas in the buildings where your classes are held, 2) determine how you will contact family and friends if phones are temporarily unavailable, and 3) identify where you will go if you need to evacuate the Denton area suddenly. In the event of a university closure, please refer to Blackboard for contingency plans for covering course materials.

ADA URL

<http://www.unt.edu/oda>

ACADEMIC DISHONESTY

ITAKE CHEATING VERY SERIOUSLY. Students caught cheating or plagiarizing will receive a zero for that particular assignment or exam. Additionally, the incident will be reported to the Dean of Students, which may impose further penalty. According to the UNT catalog, the term "cheating" includes, but is not limited to: a. use of any unauthorized assistance in taking quizzes, tests, or examinations; b. dependence upon the aid of sources beyond those authorized

by the instructor in writing papers, preparing reports, solving problems, or carrying out other assignments; c. the acquisition, without permission, of tests or other academic material belonging to a faculty or staff member of the university; d. dual submission of a paper or project, or re-submission of a paper or project to a different class without express permission from the instructor(s); or e. any other act designed to give a student an unfair advantage. The term "plagiarism" includes, but is not limited to: a. the knowing or negligent use by paraphrase or direct quotation of the published or unpublished work of another person without full and clear acknowledgment; and b. the knowing or negligent unacknowledged use of materials prepared by another person or agency engaged in the selling of term papers or other academic materials.

EMERGENCY NOTIFICATION & PROCEDURES

In case of inclement weather, pay close attention to canvas announcements as I will provide information via this method. Additionally, UNT uses a system called Eagle Alert to quickly notify you with critical information in the event of an emergency (i.e., severe weather, campus closing, and health and public safety emergencies like chemical spills, fires, or violence). The system sends voice messages (and text messages upon permission) to the phones of all active faculty staff, and students. Please make certain to update your phone numbers at www.my.unt.edu. Some helpful emergency preparedness actions include: 1) ensuring you know the evacuation routes and severe weather shelter areas, determining how you will contact family and friends if phones are temporarily unavailable, and identifying where you will go if you need to evacuate the Denton area suddenly.

ACCEPTABLE STUDENT BEHAVIOR

Student behavior that interferes with an instructor's ability to conduct a class or other students' opportunity to learn is unacceptable and disruptive and will not be tolerated in any instructional forum at UNT. Students engaging in unacceptable behavior will be directed to leave the classroom and the instructor may refer the student to the Dean of Students to consider whether the student's conduct violated the Code of Student Conduct. The university's expectations for student conduct apply to all instructional forums, including university and electronic classroom, labs, discussion groups, field trips, etc. The Code of Student Conduct can be found at www.unt.edu/csrr. You may not record class or guest speakers. You may not use laptop computers, tablets, or cell phones during class.

UNT Attendance Policy

<https://policy.unt.edu/policy/06-039>

COVID-19 impact on attendance

Attendance and Assignment Requirements

Attendance is expected. If you cannot attend a class, it is your responsibility to check with your partner or group to find out what happened during class and what was assigned. Late assignment approval is only considered in cases of personal or dependent's health (doctor's note required), family emergency, or other exigent circumstances. This does not guarantee approval, only provides a beginning point for case review.

Students are expected to attend class meetings regularly and to abide by the attendance policy established for the course. It is important that you communicate with the professor and the instructional

team prior to being absent, so you, the professor, and the instructional team can discuss and mitigate the impact of the absence on your attainment of course learning goals. Please inform the professor and instructional team if you are unable to attend class meetings because you are ill, in mindfulness of the health and safety of everyone in our community.

If you are experiencing any symptoms of COVID-19 please seek medical attention from the Student Health and Wellness Center (940-565-2333 or askSHWC@unt.edu) or your health care provider PRIOR to coming to campus. UNT also requires you to contact the UNT COVID Team at COVID@unt.edu for guidance on actions to take due to symptoms, pending or positive test results, or potential exposure.

Remote instruction may be necessary if community health conditions change or you need to self-isolate or quarantine due to COVID-19. Students will need access to a [webcam and microphone – faculty member to include what other basic equipment is needed] to participate in fully remote portions of the class. Additional required classroom materials for remote learning include: [list specific software, supplies, equipment or system requirements needed for the course]. Information on how to be successful in a remote learning environment can be found at <https://online.unt.edu/learn>.

Synchronous (live) sessions in this course may be recorded for students enrolled in this class section to refer to throughout the semester. Class recordings are the intellectual property of the university or instructor and are reserved for use only by students in this class and only for educational purposes. Students may not post or otherwise share the recordings outside the class, or outside the Canvas Learning Management System, in any form. Failing to follow this restriction is a violation of the UNT Code of Student Conduct and could lead to disciplinary action.

UNT encourages everyone to wear a face covering when indoors, regardless of vaccination status, to protect yourself and others from COVID infection, as recommended by current CDC guidelines. Face covering guidelines could change based on community health conditions.

ABSENCES

Absences due to participation in sponsored activities must be approved in advance by department chairs and academic deans. Within three days after the absence, students must obtain authorized absence cards from the Dean of Students for presentation to their instructors. Students with authorized absence cards may make up the work missed, when practicable, or be given special allowance so that they are not penalized for the absence.

Absences due to other causes, such as illness, emergency, death in the family, etc. are termed “excused” or “not excused” at the discretion of the instructor, but in accordance with applicable absence policies set by the department/division, school, college, or the course syllabus. Students should show proof that the absence was unavoidable, such as a physician’s statement, accident report, obituary, etc., and contact the instructor. (Note: The Student Health Center provides cards that verify the date and time of a student’s visit. Hospitalized patients are given a form showing the inclusive dates of their hospitalization.)

In accordance with state law, students who are absent due to the observance of a religious holiday may take examinations or complete assignments scheduled for the day missed within a reasonable time after the absence. Travel time required for religious observances shall also be

excused. Only holidays or holy days observed by a religion whose place of worship is exempt from property taxation under Section 11.20 of the Tax Code may be included.

ELECTRONIC DEVICES: Use of electronic devices (e.g., cell phones, smart watches, etc.) is **NOT ACCEPTABLE in this class**. If I discover your use of any of these devices in class, I will stop my discussion/lecture and ask you to put your device away. Beginning with the second instance, this will degrade your P&P grade. I realize many of you can effectively multi-task. However, this type of activity distracts me and affects my ability to lecture. If you have an incoming text you have to reply to, please do so in hallway outside of class or during breaks (thanks). **EXCEPTION:** If you are using your computer, iPad, or similar device to take notes, review the PowerPoint and assist in the learning process that is an acceptable purpose. Please note that checking Facebook/Instagram/YouTube etc. is not considered part of the learning process.

RETENTION OF STUDENT RECORDS

Student records pertaining to this course are maintained in a secure location by the instructor of record. All records such as exams, answer sheets (with keys), and written papers submitted during the duration of the course are kept for at least one calendar year after course completion. Course work completed via the Canvas online system, including grading information and comments, is also stored in a safe electronic environment for one year. You have a right to view your individual record; however, information about your records will not be divulged to other individuals without the proper written consent. You are encouraged to review the Public Information Policy and F.E.R.P.A. (Family Educational Rights and Privacy Act) laws and the university's policy in accordance with those mandates at the following link:
<http://essc.unt.edu/registrar/ferpa.html>

SUCCEED AT UNT

UNT endeavors to offer you a high-quality education and to provide a supportive environment to help you learn and grow. And, as a faculty member, I am committed to helping you be successful as a student. Here's how to succeed at UNT: Show up. Find support. Take control. Be prepared. Get involved. Be persistent. To learn more about campus resources and information on how you can achieve success, go to success.unt.edu.

Accounting 5450 – Tentative Schedule

WEEK	Week of:	TOPIC(S)
1	8/21	Introduction to Internal Auditing and its history
2	8/28	Meet the Engagement Clients
3	9/4	Internal Audit and Fraud Risks
4	9/11	Internal Control Ch. 6
5	9/18	Ch. 2 International Professional Practices Framework (IPPF) / Governance
6	9/25	IT Risks and Controls Ch. 7
7	10/2	ERM Control Framework / Risk Management / Business Processes and Risk / Audit Risk Ch. 3, 4, 5
8	10/9	Mid-Term Exam – in class – lockdown browser required, bring/check out a laptop - 65 MC questions – 60 minutes – open notes, open book – no digital media – only paper.
9	10/16	Advanced topics 1
10	10/23	Evidence / Working Papers, Audit Sampling, Ch. 10, 11
11	10/30	Engagement process, Assurance Engagement, Communication, Consulting Engagements. Ch. 12-15
12	11/6	Engagement process, Assurance Engagement, Communication, Consulting Engagements. Ch. 12-15
13	11/13	(Thanksgiving - lecture content delivered asynchronously – no class)
14	11/20	Thanksgiving Break - enjoy
15	11/27	Audit Project Presentations
16	12/4	Future directions for Internal Audit – Block Chain / DA / Audit Bots
Finals week		Final exam timing TBD – non-comprehensive, in class, lockdown browser required, bring/check out a laptop, 65 MC questions – 60 minutes – open notes, open book – no digital media – only paper.

L Dates and assignments are tentative and subject to change. Changes will be announced in class. This syllabus does not constitute a contract.