

Auburn University
Raymond J. Harbert College of Business
School of Accountancy
ACCT 3310/3313 – Business Processes and Internal Controls
Fall 2014

Instructor: Travis Holt, PhD, CPA	Time: 12:30–1:45, T, Th (Lowder 15)
Office: 338 Lowder Business Bldg.	2:00–3:15, T, Th (Lowder 124)
Phone: 334-844-6221	
Office Hrs: T & TH 9:30–11:00 and by appointment	
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COURSE OBJECTIVES:

ACCT 3310/3313 is designed to extend what you have learned in earlier accounting courses by developing knowledge of business processes, accounting for those business processes, and the internal controls surrounding such processes, both in a manual and computerized environment.

PREREQUISITES:

None

REQUIRED MATERIALS:

1. Hall, James A.: *Accounting Information Systems* (8e). [ISBN: 978-1-111-97214-1]
2. Arens & Ward: *Systems Understanding Aid* (8e). [ISBN: 978-0-912503-38-7] (Consumable – Do not rent)
3. Three scantron sheets (green) provided to the instructor before the first exam. (Not applicable to distance students.)

COURSE CONTENT:

During the first part of the semester, we will focus on basic business processes and internal controls. During the second part of the semester, we will focus on advanced business processes and internal controls. By understanding both basic and advanced business processes, we will be able to compare and contrast information flow as well as similarities and differences of internal controls in the systems.

GRADING SCALE:

A	90–100%
B	80–89%
C	70–79%
D	60–69%
F	≤ 59%

POINT DISTRIBUTION:

Exam 1	100 (points)
Exam 2	100
Final Exam	100
Rogue Trader Case	25
SUA Project	<u>100</u>
	425

ROGUE TRADER CASE:

Savage, A., Norman, C.S., and K.A. Lancaster. (2008). Using a Movie to Study the COSO Internal Control Framework: An Instructional Case. *Journal of Information Systems*, 22(1), 63-76. [Rogue Trader]

The Rogue Trader case requirements will be delivered in a separate document during the semester. The primary deliverable for the “Rogue Trader” case is a professionally prepared memo discussing the control issues found at Barings Bank (the subject of the movie) as described in detail within the case requirements. Ensure the memo is free from spelling and grammatical errors.

Case Instructions for Distance Learning Students:

Distance learning students will be required to submit the written deliverable of the Rogue Trader case to the professor via email.

SYSTEMS UNDERSTANDING AID (SUA) PROJECT:

Students will complete one individual project. The SUA project consists of a student assuming the role of three employees in a small sporting goods distributor in order to conduct two weeks’ worth of transactions as well as ‘closing the books’. The project focuses on a company that uses manual business processes.

The project has specific deliverables that are specified within the project materials. Any deviations will be expressly discussed in class.

Project Instructions for Distance Learning Students:

Distance learning students will be required to submit the Systems Understanding Aid (SUA) project by U.S. mail to the professor. The SUA project must be postmarked within 3 business days of the deadline specified on the syllabus.

CLASS POLICIES AND PROCEDURES:

- **Attendance:** Your attendance and active participation at all class meetings is expected. You are responsible for all material missed during absences.
- **Communication:** Throughout the semester I may find it necessary to communicate with you between class meetings. I will use email and/or *Canvas* for this purpose, so please check these regularly.
- **Classroom Environment:** I will strive to provide a classroom environment in which everyone is comfortable contributing, sharing viewpoints, and learning. Please remember to be respectful of each other and to conduct yourself in a professional manner at all times.

No electronic ‘gadgetry’ will be allowed in class during exams.

Laptops should only be used in class for course work (e.g., taking notes). Browsing, messaging, texting, etc. is not allowed on smart phones or computers.

Please be punctual. You are expected to be in the classroom and seated before class begins. I reserve the right to deny admittance once class has begun if tardiness becomes a problem.

I reserve the right to deduct 5 to 10 points from a student's point total for each instance of unprofessional behavior. Examples include (but are not limited to) the following: repeated tardiness, sleeping in class, disruptive chatter, monopolizing class time, and impolite or insensitive comments.

- **Office Hours:** I am here to be a resource for you. Feel free to drop in during my office hours to discuss course-related matters, professional/career issues, or just to chat. If my scheduled office hours are not convenient for you, please let me know so that we can arrange an alternative time to meet.
- **Course Preparation:** This course requires significant time outside of class. Please plan your time appropriately and consider the following suggestions.
 - Before a lecture, read the assigned material in order to be familiar with concepts.
 - Come to class and actively listen to and participate in the lecture. Ask questions regarding any unclear points.
 - Work the projects well in advance of their deadlines. Doing this will give you an opportunity to timely address concerns if they arise.
 - Begin studying for exams at least one week ahead of time.
- **Exams:** Exams may consist of problems, objective questions, and essays. All tests emphasize concepts, mechanics and applications. Graded exams are to be retained by the instructor.

For distance students, the general rule is for exams to be postmarked within 3 working days of the on-campus exam date.

- **Make-ups:** Professionals are expected to meet deadlines. Therefore, the general rule in this course is that missed exams and assignments will receive a grade of zero. Make-ups will only be allowed if a University approved excuse, as outlined in the *Student Policy eHandbook*, is communicated in writing to the instructor prior to the missed exam or assignment. Please note that a medical excuse must include a statement from the nurse or physician that the student was too ill to attend class on the date of the exam or assignment. Make-up exams are scheduled for Friday afternoons and are administered through the School of Accountancy. A student who fails to attend a make-up exam must have a valid excuse as described previously in this policy or receive a grade of zero for the make-up exam.
- **Accessibility:** Students who need accommodations are asked to electronically submit their approved accommodations through AU Access and to arrange a meeting during office hours the first week of classes, or as soon as possible if accommodations are needed immediately. If you have a conflict with my office hours, an alternate time can be arranged. To set up this meeting, please contact me by e-mail. If you have not established accommodations through the Office of Accessibility, but need accommodations, make an appointment with the Office of Accessibility, 1228 Haley Center, 844-2096 (V/TT).
- **The Office of Professional & Career Development (OPCD):** OPCD is now open to assist College of Business (COB) students with learning about their interests related to business careers (coaching, resources, and assessments), to assist students in learning how to market themselves (resumes, cover letters, interview preparation) for intern or career positions, and to prepare students (professional development seminars and programs) to perform as a business professional

as they start their careers. The OPCD will also host and facilitate events such as Career Expos, employer panels, and speakers for business students through academic classes, COB student organization meetings, and individual OPCD programs. Services are available for freshman- thru graduate-level students. Undergraduate students should ideally start preparing for interviews for intern and career positions as a first-semester Junior. For additional information visit 101 Lowder, www.business.auburn.edu/opcd or call 844-7203.

- ***School of Accountancy Career Development:*** In addition to the OPCD, **Mrs. Colby Lakas** in the School of Accountancy is dedicated to assisting with your career development. She is available to meet with you in 359 Lowder Hall to answer your questions about: (1) the Accounting Internship Program, (2) Accounting Recruiting Activities/Events, (3) Beta Alpha Psi, (4) the Financial Leadership Society, (5) the Master of Accountancy Program, (6) the 150-hour Requirement, (7) the CPA Exam, and/or (8) address any other questions you may have about your career.

Mrs. Lakas is **NOT** intended to replace a student's current undergraduate academic advisor – for academic matters, please visit the Office of Academic Advising in 147 Lowder. To make an appointment with Mrs. Lakas, please email her at colby.lakas@auburn.edu.

- ***School of Accountancy Academic Honesty Policy:*** We, the School of Accountancy (SOA) faculty, believe in the honesty and integrity of our students. Experience has taught us that many academic honesty issues arise from the lack of clear guidance and communication. The SOA Academic Honesty Policy was implemented to improve guidance and communication related to academic honesty. In addition to this policy, your professor will provide additional clarity as it relates to course-specific academic honesty issues.

General:

All portions of the Auburn University student Academic Honesty Code (Title XII) found in the Student Policy eHandbook will apply to this class. The Academic Honesty Code can be accessed at:

<https://sites.auburn.edu/admin/universypolicies/Policies/AcademicHonestyCode.pdf>. All academic honesty violations will be reported to the Auburn University Academic Honesty Committee.

Exams:

No part of any exam from any accounting course (past and present) at Auburn University may be possessed, reproduced, stored in a retrieval system, used in a spreadsheet, or transmitted in any form or by any means—electronic, mechanical, photocopying, recording, or otherwise—without the written permission of the course professor from which the exam originated. Violation of this policy will be considered a violation of the Academic Honesty Code.

Collaboration:

Many courses within the School of Accountancy require completion of projects, cases, exercises, and/or other assignments outside of the classroom environment. The professor may require that these assignments be completed individually or within a group setting. Each student (and group) should understand and abide by the collaboration guidelines for each assignment in order to avoid violating the Academic Honesty Code.

The acceptable level of collaboration may vary greatly from assignment to assignment, course to course, and from professor to professor. It is the professor's responsibility to notify students to what extent collaboration is allowed. Absent written notification from the professor you should

assume that collaboration of any sort is NOT permitted. Collaboration includes a number of activities, such as working together to complete an assignment, discussing an assignment before it has been completed, and discussing an assignment after it has been completed but before it has been turned in. Make sure that you understand the degree of collaboration allowed by the professor. If you are not sure, ask the professor.

- ***Syllabus Disclaimer:*** Please note that this syllabus is tentative and may be revised by the instructor. Any changes made to the syllabus will be announced in class, sent via email, or posted to *Canvas*.

Business Process and Internal Controls
Tentative Schedule – Fall 2014

DATE	TOPIC	Prepare for Today	
Tue.	8/19	Course Overview - Introduction	
Thurs.	8/21	How Accountants Gain Information	Hall Chapter 1
Tue.	8/26	Introduction to Business Processes	Hall Chapter 2
Thurs.	8/28	Documentation	Flowcharting in-class exercise
Tue.	9/2	Introduction to SUA	Read instructions and skim Ch. 1-4
Thurs.	9/4	Introduction to Internal Controls	Hall Chapter 3
Tue.	9/9	Case: Rogue Trader	
Thurs.	9/11	Finish Rogue Trader: Class Discussion	
Tue.	9/16	Overflow/Review for Exam 1	Rogue Trader Due
Thurs.	9/18	Exam 1	
Tue.	9/23	Revenue Cycle: Manual Process Focus	Hall Chapter 4 (145-171)
Thurs.	9/25	Expenditure Cycle: Purchases and Cash Dis.	Hall Chapter 5 (211-229)
Tue.	9/30	Expenditure Cycle: Payroll & Fixed Assets	Hall Chapter 6 (255-269)
Thurs.	10/2	Conversion Cycle	Hall Chapter 7 (299-314)
Tue.	10/7	Financial Reporting	Hall Chapter 8
Thurs.	10/9	Revenue Cycle: Computerized Process	Hall Chapter 4 (171-end)
Tue.	10/14	Expenditure Cycle: Computerized Process	Hall Ch. 5 (229-end)/Ch. 6 (269-end)
Thurs.	10/16	<i>Guest Speaker</i>	
Tue.	10/21	<i>Fall break</i>	
Thurs.	10/23	Overflow/Review for Exam 2	
Tue.	10/28	Exam 2	
Thurs.	10/30	In class SUA Work	
Tue.	11/4	In class SUA Work	
Thurs.	11/6	In class SUA Work	
Tue.	11/11	In class SUA Work	
Thurs.	11/13	Overview of Auditing	Hall Chapter 15 Appendix: SUA DUE
Tue.	11/18	Introduction to IT Controls	Hall Chapter 15
Thurs.	11/20	IT Controls: Security and Access	Hall Chapter 16
Tue.	11/25	<i>Thanksgiving break</i>	
Thurs.	11/27	<i>Thanksgiving break</i>	
Tue.	12/2	IT Controls: System Development	Hall Chapter 17
Thurs.	12/4	Review for Final	
		Final Exam	
		12:30 Section: Tue., Dec. 9, 12:00–2:30 p.m.	
		2:00 Section: Fri. Dec. 12, 4:00–6:30 p.m.	