

LSC Use Only
Number: _____
Submission Date: _____
Action-Date: _____



UWUCC USE Only
Number: 01-16e
Submission Date: 00-59e
Action-Date: App 11/27/01
Senate App 2/26/02

CURRICULUM PROPOSAL COVER SHEET
University-Wide Undergraduate Curriculum Committee

I. CONTACT

Contact Person Duane Ponko Phone 357-2686

Department Accounting

II. PROPOSAL TYPE (Check All Appropriate Lines)

X COURSE Forensic/Int'l. Audit
Suggested 20 character title

X New Course* ACCT 432 Forensic and Internal Auditing
Course Number and Full Title

Course Revision _____
Course Number and Full Title

Liberal Studies Approval+ _____
for new or existing course Course Number and Full Title

Course Deletion _____
Course Number and Full Title

Number and/or Title Change _____
Old Number and/or Full Old Title

New Number and/or Full New Title

Course or Catalog Description Change _____
Course Number and Full Title

PROGRAM: _____ Major _____ Minor _____ Track

New Program* _____
Program Name

Program Revision* _____
Program Name

Program Deletion* _____
Program Name

Title Change _____
Old Program Name

New Program Name

III. Approvals (signatures and date)

T. P. ... 11/5/98
Department Curriculum Committee

... 11/6/98
College Curriculum Committee

DM Ponko 11-5-98
Department Chair

... 2/28/01
College Dean

+ Director of Liberal Studies (where applicable)

* Provost (where applicable)

PART II: DESCRIPTION OF CURRICULAR CHANGE

1. SYLLABUS OF RECORD FORMAT

I. Catalog Description

ACCT432 – Forensic and Internal Auditing

3 credit hours
0 lab hours
3 semester hours
(3c-0l-3sh)

Prerequisites: ACCT303, Junior Standing

This course introduces students to forensic auditing in fraudulent financial reporting and employee theft. This course also covers the foundations of internal auditing and operational audits performed by internal auditors.

II. Course Objectives

1. Students will have an understanding of the roles and duties performed by internal auditors that includes operational audits. This will add to the “external auditing” exposure in ACCT431 Auditing (required course) that students receive.
2. Students will be alerted to the large number of fraudulent financial reporting cases that exist and the auditor’s new responsibilities in investigating these cases.
3. Students will examine the enormous financial implications of employee theft in business and ways to deter fraud.
4. Students will learn how the accounting profession plans to integrate the new focus on fraud into the role and duties of the internal auditor.

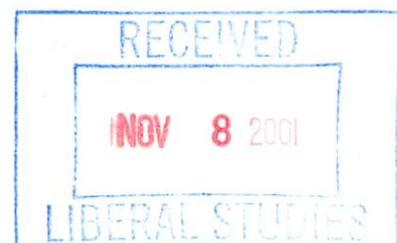
III. Course Outline

A. Nature of Internal Auditing (5 hours)

1. The history of internal auditing and the effect on the accounting profession of the Foreign Corrupt Practices Act
2. The nature of this discipline and career path versus the external auditor
3. Relationship to the external auditor

B. Internal Auditing Professional Standards (1 hour)

1. The Code of Ethics
2. External influences



- C. Assessing Internal Controls (2 hours)
 - 1. Preventive controls
 - 2. Breakdowns
 - 3. Correcting weaknesses
- D. Overview of Human Relations Within the Audit Environment (3 hours)
 - 1. The audit interview
 - 2. The forensic interview
- E. The Preliminary Survey and Audit Program (5 hours)
 - 1. Entrance conference
 - 2. Interviews and documentation
- F. Divisional Assignments (4 hours)
 - 1. Operational, management, and performance audits
 - 2. Special investigations
 - 3. Client communications
- G. Audit Reporting and Follow-Up (3 hours)
- Exam (1 hour)
- H. Fraud Auditing (1 hour)
 - 1. Responsibilities under SAS No. 82
- I. Current Fraudulent Financial Reporting Cases (7 hours)
 - 1. Motivation to produce fraudulent business results
 - 2. Red flags
 - 3. Reasons for lack of detection
- J. Employee Theft (9 hours)
 - 1. Extent of problem
 - 2. The historic lack of discovery by auditors and the failure to prosecute
 - 3. Rationale of criminals
 - 4. Examination of case studies
- K. The Ultimate Integration of Forensic Work Within the Internal Audit Department (1 hour)

Final Exam (2 hours)

Total Course Hours: 42

IV. Evaluation Methods

Although this is left to the discretion of the instructor, recommendations are as follows:

80% tests – One exam at mid-term to cover the internal auditing portion and the final to concentrate on the forensic area. Tests will probably consist of short essay, case analysis, and some multiple choice questions.

10% - In-class participation based on case analysis

10% - Writing assignments based on special projects and case analysis

Semester grades should be based upon a traditional 100-point scale (90-100 = "A", 80-89 = "B", 70-80 = "C", 60-70 = "D", below 60 = "F").

V. Required Textbooks, Supplemental Books and Readings

Required Text

Flesher, Dale L. (1996). Internal Auditing Standards and Practice, Institute of Internal Auditors.

Supplemental Books and Readings

Arthur Andersen. (1992) Business Ethics Program, New York: Arthur Andersen.

Association of Certified Fraud Examiners. (1996). Tools and Techniques Preventing and Detecting Fraud. Austin, Texas: Association of Certified Fraud Examiners.

Association of Certified Fraud Examiners. (1996). Introduction to Fraud Examination. Austin, Texas: Association of Certified Fraud Examiners.

Association of Certified Fraud Examiners. (1990). Cooking the Books. Austin, Texas: Association of Certified Fraud Examiners.

Atkinson, R. M. (1997). Modern Internal Auditing (CPE Edition), New York: John Wiley and Sons, Inc.

Bologna and Fendquest. (1997). Fraud Auditing and Forensic Accounting. New York: John Wiley and Sons, Inc.

KPMG Peat Marwick LLP. (1999). 1998 Fraud Survey. New York: KPMG Peat Marwick LLP. (KPMG is the name of an international accounting firm)

Ratcliff, R. L. (1996). Internal Auditing Principles and Techniques, New York: Institute of Internal Auditors.

Taylor, D. H. (1986). Auditing: An Assertive Approach, New York: John Wiley and Sons, Inc.

VI. Special Resource Requirements

None

VII. Bibliography

Albrecht, W. S., and Searcy, D. J. (2001, May). Top 10 Reasons Why Fraud is Increasing in the U.S. Strategic Finance, 58-61.

Bean, J. W. (1999, January). The Audit Committee's Roadmap. Journal of Accountancy, 47-54.

Beasley, M. S., Carcello, J. V., Hermanson, D. R., and Lapides, P. D. (2000, December). Fraudulent Financial Reporting: Consideration of Industry Traits and Corporate Governance Mechanisms. Accounting Horizons, Vol. 14, No. 4, 441-454.

Beasley, M. S., Carcello, J. V., and Hermanson, D. R. (1999, May). Just Say "No". Strategic Finance, 53-58.

Beek, C. M., Rexroad, W. M., Leinicke, L. M., and Ostrosky, J. A. (1999, April). The CPA As Sleuth: Working the Fraud Beat. Journal of Accountancy, 20-23.

Calderon, T. G., and Green, B. P. (1994, April). Signaling Fraud by Using Analytical Procedures. The Ohio CPA Journal, 27-38.

Dennis, A. (1998, November). Rethinking Internal Audits. Journal of Accountancy, 93-96.

Dwyer, P. D. (1998, December). Embezzlement at the University of California: An Instructional Case in Employee Fraud. Issues in Accounting Education, Vol. 13, No. 4, 975-984.

Garceau, L. R. (2000, July-September). Internet Fraud. The Ohio CPA Journal, 50-55.

Garcia-Linares, M. A. (1999, April). A Watchful Eye. Strategic Finance, 69-72.

Hall, J. J. (1996, October). How to Spot Fraud. Journal of Accountancy, 85-88.

Hanno, D. M., and Highes, T. A. (1999, August). Defending Your Dollars. Strategic Finance, 56-60.

- Hansen, J. D., and Buckhoff, T. A. (2000, March). To Catch a Thief. Journal of Accountancy, 43-46.
- Heiman-Hoffman, V. B., Morgan, K. P., and Patton, J. M. (1996, October). The Warning Signs of Fraudulent Financial Reporting. Journal of Accountancy, 75-77.
- Jurinski, J., and Lippman, E. (1999, April). Preventing Financial Fraud. Strategic Finance, 64-67.
- Lindberg, D. L. (1999). Instructional Case: Lakeview Lumber, Inc.: A Study of Auditing Issues Related to Fraud, Materiality, and Professional Judgment. Issues in Accounting Education, Vol. 14, No. 3, 497-515.
- Nigrini, M. J. (1999, May). I've Got Your Number. Journal of Accountancy, 79-83.
- Peterson, B. K., and Gibson, T. H. (1999, February). Fraud Detection and Investigation: Microcomputer Consulting Services. Issues in Accounting Education, Vol. 14, No. 1, 100-115.
- Singer, T. (1996, January). Stop, Thief! Are Your Employees Robbing You Blind? Entrepreneur, 148-153.
- Strand, C. A., Welch, S. T., Holmes, S. A., and Strawser, R. H. (2000, October). Are Your Vendors Stealing From You? Strategic Finance, 66-71.
- Wells, J. T. (2001, March). Follow Fraud to the Likely Perp. Journal of Accountancy, 91-94.
- Wells, J. T. (2000, October). So That's Why It's Called A Pyramid Scheme. Journal of Accountancy, 91-95.
- Williger, S. D. (1994, March 28). Phar-Mor: A Lesson in Fraud. The Wall Street Journal, A12.
- Zeune, G. D. (2000, August). Are You Teaching Your Employees to Steal? Strategic Finance, 34-39.

2. COURSE ANALYSIS QUESTIONNAIRE

A. Details of the Course

- A1. This course is a controlled elective course for accounting majors.
- A2. This course has no effect on other courses.
- A3. This course was successfully offered as a special topics course during the 1998 spring semester.
- A4. This course is not intended to be a dual-listed course.
- A5. This course is not to be taken for variable credit.
- A6. A small number of universities offer internal auditing courses on the graduate level. The inclusion of forensic topics is just evolving at the formal education level.
- A7. By the associations of the Institute of Internal Auditors and the Association of Certified Fraud Examiners with forensic accounting issues, we obviously have their implicit recommendations to teach the content and skills associated with these topics.

B. Interdisciplinary Implications

- B1. This course will not be team-taught.
- B2. This course will not overlap with any other courses at the university.
- B3. Five seats will be reserved for students in the School of Continuing Education since many practitioners may be interested in the course.

C. Implementation

- C1. There are adequate faculty resources available. We expect to offer this course as a controlled elective at least once per academic year.
- C2. The available space is sufficient for this course.
- No additional equipment is necessary for this course.
- No laboratory supplies and other consumable goods are required for this course. Library materials are adequate for this course.
- No travel funds are required for this course.

C3. No grant funds are associated with this course.

C4. The course will be offered once every year in the spring and possibly in the summer.

C5. One section of this course will be offered at a time.

C6. Twenty-five students will be accommodated in this course. Due to participation and discussion, a larger class is not recommended.

C7. No professional society recommends enrollment limits for this course.

D. Miscellaneous

No additional information is necessary.