

Course Syllabus

University of Texas at Dallas

Internal Audit

Course Information

<i>Course Number/Section</i>	ACCT 6380.501
<i>Course Title</i>	Internal Audit
<i>Course Location</i>	SOM 1.212
<i>Semester</i>	Fall, 2011
<i>Days & Times</i>	Wednesday 7:00 PM – 9:45 PM

Professor Contact Information

<i>Professor</i>	Mark Salamasick, CIA, CISA, CSP – Director of Center for Internal Auditing Excellence
<i>Email Address</i>	mark.salamasick@utdallas.edu Do not send homework to this email address. Only post homework to eLearning. You will not receive credit if you do not post to eLearning.
<i>Office Phone</i>	(972) 883-4729
<i>Office Location</i>	SOM 4.218
<i>Office Hours</i>	Wednesday and Thursdays, and other times by appointment, however prefer appointment.
<i>Other Information</i>	Internal Audit Program Website: som.utdallas.edu/iaep UTD Internal Audit Student Chapter Website: www.utdallasiaa.com Course information on eLearning

Course Pre-requisites, Co-requisites, and/or Other Restrictions

- The prerequisite for the class is that you have an undergraduate degree or be in the last 30 hours of the undergraduate degree program. Fast track students are strongly encouraged to take this course.
- The other prerequisite for the class is that you have a strong desire to learn about Internal Audit. You should also have a strong interest in completing the twelve to eighteen credit hour program in Internal Audit and taking the Certified Internal Auditor (CIA) or Certified Information Systems Auditor (CISA) exam.
- Students should have outstanding written and verbal communication skills prior to taking the class. If this is an area you need to work on it is strongly suggested you do this prior to taking the class.

Course Description

The course will cover internal audit from a broad perspective that includes information technology, business processes, and accounting systems. Topics include internal auditing standards, risk assessment, governance, ethics, audit techniques, and emerging issues. The course covers the design of business processes and the implementation of key control concepts and uses a case study approach that addresses tactical, strategic, systems, and operational areas. Business improvements in the effectiveness and efficiency of business processes and controls will be covered in the areas of operations, finance and

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technology. The course is open to all degree programs and includes a series of courses for a concentration in internal audit. This is the first course leading to an Internal Auditor Education Partnership Certificate and will prepare students to sit for the Certified Internal Auditor exam.

This course requires a significant degree of participation from all students on projects throughout the course. If you feel you cannot put in the effort of the practical course case studies and real life audit experience it is recommended you NOT take this course. Past students have commented that this course requires a lot of work.

Student Learning Objectives/Outcomes

1. Be able to discuss internal audit standards, guidelines, and emerging issues such as the COSO ERM model, Sarbanes Oxley and the new IPPF internal auditing standards.
2. Be able to understand risks, controls, development of an audit program along with execution of fieldwork and the final audit report preparation and presentation.
3. Be able to distinguish between various industries differences in major processes, risk and evaluation of operational data.
4. Be able to discuss the importance of business processes in the internal audit process along with the variances of audit groups based on industry and other environmental factors.
5. Be able to pass parts one and two of the Certified Internal Auditor (CIA) exam.
6. Be able to work with internal audit groups in a team setting.
7. Network with internal auditors in the DFW area and internationally.
8. Learn the concepts of efficient and effectively controlled environments. Also, be able to explain why these controls may not be necessary.
9. Develop skills necessary to be able to perform an internal audit and prepare an internal audit report.
10. Be able to describe some of the common features of audit software and be able to describe scenarios where to integrate software into audit practice.

Required Textbooks and Materials

- **Internal Auditing: Assurance & Consulting Services, 2nd Edition:** Urton Anderson, Mike Head, Sri Ramamoorti, Kurt Reding, Mark Salamasick, Cris Shreve, and Paul Sobel. ISBN 978-0894136436. The textbook is available at the Off-campus bookstore on Campbell Road at a discounted price or it can be ordered through the IIA International at 877-867-4957 or website at www.theiia.org. We will be using the second edition of this textbook which went through extensive changes from the first to second edition due to the new standards and restructuring of the text.
- **The Goal: A Process of Ongoing Improvement, Second Revised Edition:** Eliyahu M. Goldratt and Jeff Cox, 1992. The edition of the book doesn't really matter. Can be obtained from Half Price books, online or many other sources.
- **Student Membership in IIA International:** Required and available for \$50. See www.theiia.org for more information on membership benefits. This will give you membership to the IIA for one year with subscription to the magazine and access to restricted areas of the website. You should also join the UTD student IIA chapter which is \$15 per semester and to be eligible to interview for internships, full time positions, resume book, company visits, free attendance at Dallas IIA Chapter meetings, North Texas ISACA meetings and much more. For those also interested in IT

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Audit it is recommended that you join the Information Systems Audit and Control Association (ISACA) with information available at www.isaca.org.

- **Access to the Protiviti KnowledgeLeader website:** Provided to students free of charge in this program. You will be provided with ID and password to this site.

Strongly Recommended Course Materials

- **CIA Model Exam Questions from the IIA International:** Cost is \$25 for IIA members this is another reason to join IIA International. The Model questions version which came out in the spring, 2010 has been aligned with the new IPPF.
- **Gleim CIA Review Materials, 15th Edition:** (Parts 1 and 2 for this course, but exam is all 4 Parts.) The material is available directly from Gleim at a discount to UTD students by calling their toll free number (800) 874-5346. Other review materials and courses are available, but we have had a good success with Gleim in the past along with Dr. Glen Sumners review sessions which are planned for September 23 through 26. These sessions are available to student chapter members at a significantly discounted price. You must be an IIA International member and a UTD Student Chapter member to take advantage of these discounts.

Suggested Readings/Text

The course will have numerous handouts and case studies that will be used to stimulate class discussion. It is your responsibility to obtain all handouts if class periods are missed. Information will be available in eLearning. Numerous presentations will be used to compliment the course with current material and most speakers will provide copies of materials for posting on eLearning.

Course Contents

Class Audit Project:

One of the most beneficial portions of the class is to get actual internal audit work experience. We have integrated actual internal audit work experience into this class since the first year of starting the program. Since the program has grown we have also made this into an even more beneficial experience for you while assisting some audit organizations complete their audit plans. You have the opportunity to work on an audit with UTD, UT Southwestern Medical, City of Garland, VHA, Novation, Ft. Worth ISD, Parkland Hospital, and Susan G. Komen Foundation. You must interview to work on this assignment with one of these audit groups. You can also choose not to work on an audit with one of these groups and work on the alternative project. During the first and second class you will receive more information about the audits along with the requirements of the audit. If you miss either of these two classes you should take this course in a subsequent semester. Typically the audits will require 5 to 10 hours outside of class per week. Usually the team selects a day of the week to work together, but it is up to the team and will be addressed as part of the interview process.

Alternate Class Project:

For those deciding not to work on the Internal Audit class project or those not being selected in the interview process you will have the opportunity to work on an alternative project. The number of students selected for the audits will vary based on the number of audits each audit group will perform along with the backgrounds of the students in the class. We try to give most students the option of working on one of these actual audits, however due to the increase in size of the class this may not be possible. So if you don't have adequate time and can't make commitments for the actual audit please tell us now and select the alternative project as you are taking away a slot for students that will make

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the time and benefit from this project. The alternative project this semester involves each student selecting a business process to document, evaluate the risks, document the audit program, perform testing and determine typical areas for improvement. Each student will have to develop a proposal of what they will select and come up with a plan to complete the project. Other proposals for the alternative project can be discussed and proposed to the instructor, but require pre-approval early in the semester.

CIA Review Exams:

Two tests will be given during the semester to test your preparedness for the actual CIA exam parts 1 and 2. Students will be expected to study and learn the exam material outside of class and be prepared with any questions during the class. Content for the tests is integrated into the course throughout.

CIA Exam (Parts 1 and 2):

It is highly recommended that those students planning on completing the internal audit program sit for the CIA exam during the class or soon after the test in class. Students who have studied and scored high on the class test have all passed Part 1 and Part 2 when taken within weeks after the class test.

An optional review session is offered at UTD at a significantly reduced rate available to students, but you must register online at www.dallasiaa.org. NO late student registrations will be permitted since seating is limited. This optional review session sponsored by the Dallas IIA and held at UTD is conducted by Dr. Glenn Sumners who runs the Center for Internal Auditing at LSU. The review sessions are held all day on September 23 through 26. Part one through part four is covered on consecutive dates. If enrollment is not sufficient from the Dallas IIA members this review session may be cancelled.

Case Studies

Four case studies will be given out throughout the semester which will enable you to explore various topics related to internal auditing. Cases will be performed together in groups which will be assigned by the professor. The case details will be posted on eLearning. Please be sure each member of the group submits a copy of the assignment on eLearning before the case deadline.

Other Assignments, Quizzes, and Class Participation

Throughout the semester, there will be other assignments given and quizzes for each chapter covered in the textbook. Class participation is highly encouraged.

Other Class Activities

IIA Student Chapter (www.utdallasiaa.com)

During the fall semester of 2003 a student chapter of the IIA was formed at UTD. Participation in the chapter is requirement for all those in the Internal Auditing Education Partnership program and participation highly recommended for others in the internal audit class.

We continue to need assistance with the student chapter as the chapter will be having meetings, site visits, mock interviews, internship opportunities, receptions, and a resume book. Information sessions about the program will be held throughout the year with participation from the student chapter. This will be a great opportunity for those wanting to get full time employment, internships, learn more about the program, network with many companies throughout the country along with IIA International.

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Dallas Chapter of the Institute of Internal Auditors (www.dallasiia.org)

The Dallas IIA Chapter has monthly meetings during lunch on the first Thursday of the month. Four meetings will be held during the fall semester and you are strongly encouraged to attend: September 1, October 6, November 3, and December 1. You are invited to attend the luncheon meetings from the Dallas Chapter of the IIA at a reduced rate of \$25 or free if you are a member of the IIA student chapter and IIA International as long as you guarantee that you will show. You MUST register in advance with one of the TA's. These meetings offer you an opportunity to network with audit professionals, hear great speakers, and learn more what is going on in the Dallas area. The local chapter has more than 2,000 members and is one of the only platinum chapters in the world. The international IIA site is www.theiia.org.

North Texas ISACA Meetings and Calendar (www.isacantx.org)

The North Texas Chapter of ISACA meetings are recommended for those interested in IT Audit. Similar to the Dallas IIA free admission is available to members of our student chapter. Non-chapter members can also attend these meetings at \$10. You must however register online in advance at www.isacantx.org. The meetings are planned for the second Thursday of the month at lunch time. The local ISACA chapter has over 1,400 members and is very important for those serious about getting into Information Technology Audit. The national website for ISACA is www.isaca.org.

Class Portal and Current Topics:

A number of websites will be valuable resources during the course of the semester. All students will have free access to the subscription service of the Protiviti KnowledgeLeader site. We are one of only few classes in the country to have this access and you need to take advantage of the resource during the class. This will allow us to be very current on our topical coverage along with indexed links to numerous other sources. You will have an id and password that is issued for use during this class. Current topics from the site will be discussed during the class. You will also receive a twice a month newsletter from Protiviti of current audit events. You are expected to follow-up and read accordingly for discussion in class.

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The class schedule is subject to change, based on the needs of the students. We will have many guest speakers for the class in addition many case studies to cover. Changes to the class will be discussed as the need arises.

<u>Week</u>	<u>Date</u>	<u>Topic</u>	<u>Case Study</u>	<u>Text Chapter</u>
1	August 24, 2011	-Introductions -Internal Audit Project Discussion -Student Chapter Presentation -Resume Review Discussion -Introduction to Internal Audit -Audit Process and the COSO Model		Chapter 1
2	August 31, 2011	-Risk Management-Audit Process and Audit Planning- UTD Audit	Assignment #1	Chapter 4
N/A	September 2, 2011	-Interviews for Audit Assignments – Morning SOM Career Center		
3	September 7, 2011	--The International Professional Practices Framework		Chapter 2
4	September 14, 2011	Business Risks and Processes – JC Penney - Complete Reading of the Goal		Chapter 5
5	September 21, 2011	-Introduction to the Engagement Process	Case Study 1	Chapter 12
6	September 28, 2011	-Conducting the Assurance Engagement -Audit Evidence and Working Papers – Audit Automation and Teammate		Chapter 13 Chapter 10
7	October 5, 2011	- Communicating Assurance Engagement Outcomes and Performing Follow-up Procedures		Chapter 14
8	October 12, 2011	-Audit Sampling	Case Study 2	Chapter 11
9	October 19, 2011	--Corporate Governance -TEST: CIA Exam I		Chapter 3
10	October 26, 2011	- Internal Control		Chapter 6

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11	November 2, 2011	-IT Risks and Controls		Chapter 7
12	November 9, 2011	-Fraud Risks and Controls	Case Study 3	Chapter 8
13	November 16, 2011	-Begin Student Project Presentations -Managing the Internal Audit Function		Chapter 9
14	November 23, 2011	-Complete Project Presentations -The Consulting Engagement		Chapter 15
15	November 30, 2011	-TEST 2: CIA Exam II	Case Study 4	

Grading Policy

Your grade will consist of the following:

	<u>Percent</u>
Class Audit Project	25%
Two CIA Review Exams	25%
Case Studies	25%
Class Assignments, Quizzes, and Participation	25%
Total Points	<hr/> <hr/> 100%

You must earn above a 90% for an A, 80% for a B, 70% for a C and less than 70% is a failing grade. Grades of +'s will be given.

Course Policies

Make-up exams

There are no excused absences from the exams without a written excuse from a doctor or the academic dean. If there is a serious scheduling conflict, it is your responsibility to let the instructor know well in advance. All students should plan on taking exams as scheduled and if a conflict exists the exam should be scheduled prior to the exam date.

Class Quizzes

A three question multiple choice quiz will be given every week beginning the second week. These quizzes will be over material from the chapter to be covered in class. In the past these quizzes helped ensure that students read the text material and stayed current on the reading. A couple of the quiz scores will be dropped. However, there is no make up for missed quizzes and they will typically be given at the beginning of the class so don't be late to class.

Late Work

Since much of your work will be case study and projects it is imperative that you start these projects early and meet with you teams. After teaching this course for eight years those teams that start the process late tend to not perform as well on various projects. Team issues should be dealt with early in project so adjustments can be made quickly.

Class Assignments

All assignments should be completed and turned in on time. A significant reduction or zero points will be received for late assignments. A number of assignments will require you to prepare the assignment in PowerPoint and make a short presentation in class. Due to the increase in class size all groups may or may not be able to give a class presentation, but you should be prepared to give the presentation at any point. Most of these assignments will be due the Tuesday before class and should be posted to ELearning by each person in the group. Please do not send homework to my email or my TA's email address! Also do not send to our eLearning email accounts it should be uploaded to eLearning in the assignment area. Do not wait to the last minute to upload the assignment as the clock for the eLearning server may not be the same as your time. The system is set to allow you to resubmit the assignments up to the deadline if you have updates. Also, students have had problems in the past understanding how to upload to eLearning correctly. If in doubt ask one of the TA's.

Class Attendance

Notify the instructor in advance, if possible, if you cannot attend class. Class attendance is extremely important since many of the topics and guest speakers are unique to the class discussion. We will also be working on class projects involving actual audits with the UTD Audit Department, UT Southwest Medical, City of Garland, City of Plano, VHA, and Susan G. Komen Foundation. Meetings will be set up outside of class time for these groups to meet. If you know that will be a problem spending the time on the project please make a decision to sign up for the alternative project versus the audit project.

Since this is an extremely fast paced class I have found that those missing the first class have a lot of difficulty during the entire semester. If you are in this category you need to discuss with the TA to make sure you understand the requirements of the class. The first and second classes are the most important classes during the entire semester!

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Classroom Citizenship

Discussion in class is the best way to learn as many of you bring varied backgrounds that can add different views to the class. Since this course has significant involvement with internal audit professionals and the Dallas IIA members it is imperative that students conduct themselves with the utmost professionalism. All students will have opportunities for employment at many companies through this program so keep in mind that your conduct is a reflection of the program and can impact the opportunities of others. We will also have many guest speakers along with individuals visiting class periodically.

Field Trip Policies / Off-Campus Instruction and Course Activities

The course projects may require students to perform audit work off campus at one of the various audit locations in addition to areas around the UTD campus. It is imperative that students maintain the confidentiality as they work on these projects. In addition there will be many opportunities to visit various companies and perform site visits. These activities are tied to the UTD IIA Student Chapter.

Student Conduct & Discipline

The University of Texas System and The University of Texas at Dallas have rules and regulations for the orderly and efficient conduct of their business. It is the responsibility of each student and each student organization to be knowledgeable about the rules and regulations which govern student conduct and activities. General information on student conduct and discipline is contained in the UTD publication, *A to Z Guide*, which is provided to all registered students each academic year.

The University of Texas at Dallas administers student discipline within the procedures of recognized and established due process. Procedures are defined and described in the *Rules and Regulations, Board of Regents, The University of Texas System, Part 1, Chapter VI, Section 3*, and in Title V, Rules on Student Services and Activities of the university's *Handbook of Operating Procedures*. Copies of these rules and regulations are available to students in the Office of the Dean of Students, where staff members are available to assist students in interpreting the rules and regulations (SU 1.602, 972/883-6391).

A student at the university neither loses the rights nor escapes the responsibilities of citizenship. He or she is expected to obey federal, state, and local laws as well as the Regents' Rules, university regulations, and administrative rules. Students are subject to discipline for violating the standards of conduct whether such conduct takes place on or off campus, or whether civil or criminal penalties are also imposed for such conduct.

Academic Integrity

The faculty expects from its students a high level of responsibility and academic honesty. Because the value of an academic degree depends upon the absolute integrity of the work done by the student for that degree, it is imperative that a student demonstrate a high standard of individual honor in his or her scholastic work.

Scholastic dishonesty includes, but is not limited to, statements, acts or omissions related to applications for enrollment or the award of a degree, and/or the submission as one's own work or material that is not one's own. As a general rule, scholastic dishonesty involves one of the following acts: cheating, plagiarism, collusion and/or falsifying academic records. Students suspected of academic dishonesty are subject to disciplinary proceedings.

Plagiarism, especially from the web, from portions of papers for other classes, and from any other source is unacceptable and will be dealt with under the university's policy on plagiarism (see general catalog for details). This course will use the resources of turnitin.com, which searches the web for possible plagiarism and is over 90% effective.

Email Use

The University of Texas at Dallas recognizes the value and efficiency of communication between faculty/staff and students through electronic mail. At the same time, email raises some issues concerning security and the identity

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of each individual in an email exchange. The university encourages all official student email correspondence be sent only to a student's U.T. Dallas email address and that faculty and staff consider email from students official only if it originates from a UTD student account. This allows the university to maintain a high degree of confidence in the identity of all individual corresponding and the security of the transmitted information. UTD furnishes each student with a free email account that is to be used in all communication with university personnel. The Department of Information Resources at U.T. Dallas provides a method for students to have their U.T. Dallas mail forwarded to other accounts.

Withdrawal from Class

The administration of this institution has set deadlines for withdrawal of any college-level courses. These dates and times are published in that semester's course catalog. Administration procedures must be followed. It is the student's responsibility to handle withdrawal requirements from any class. In other words, I cannot drop or withdraw any student. You must do the proper paperwork to ensure that you will not receive a final grade of "F" in a course if you choose not to attend the class once you are enrolled.

Student Grievance Procedures

Procedures for student grievances are found in Title V, Rules on Student Services and Activities, of the university's *Handbook of Operating Procedures*.

In attempting to resolve any student grievance regarding grades, evaluations, or other fulfillments of academic responsibility, it is the obligation of the student first to make a serious effort to resolve the matter with the instructor, supervisor, administrator, or committee with whom the grievance originates (hereafter called "the respondent"). Individual faculty members retain primary responsibility for assigning grades and evaluations. If the matter cannot be resolved at that level, the grievance must be submitted in writing to the respondent with a copy of the respondent's School Dean. If the matter is not resolved by the written response provided by the respondent, the student may submit a written appeal to the School Dean. If the grievance is not resolved by the School Dean's decision, the student may make a written appeal to the Dean of Graduate or Undergraduate Education, and the dean will appoint and convene an Academic Appeals Panel. The decision of the Academic Appeals Panel is final. The results of the academic appeals process will be distributed to all involved parties.

Copies of these rules and regulations are available to students in the Office of the Dean of Students, where staff members are available to assist students in interpreting the rules and regulations.

Incomplete Grade Policy

As per university policy, incomplete grades will be granted only for work unavoidably missed at the semester's end and only if 70% of the course work has been completed. An incomplete grade must be resolved within eight (8) weeks from the first day of the subsequent long semester. If the required work to complete the course and to remove the incomplete grade is not submitted by the specified deadline, the incomplete grade is changed automatically to a grade of **F**.

Disability Services

The goal of Disability Services is to provide students with disabilities educational opportunities equal to those of their non-disabled peers. Disability Services is located in the Student Services Building 3.200. Office hours are Monday-Thursday, 8:30 a.m. to 6:00 p.m. and Friday, 8:00 a.m. to 5:00 p.m.

The contact information for the Office of Disability Services is:

UT Dallas Student AccessAbility
800 W. Campbell Rd., SSB32
Richardson, TX 75083
(972) 883-2098 (voice or TTY)

Essentially, the law requires that colleges and universities make those reasonable adjustments necessary to eliminate discrimination on the basis of disability. For example, it may be necessary to remove classroom

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prohibitions against tape recorders or animals (in the case of dog guides) for students who are blind. Occasionally an assignment requirement may be substituted (for example, a research paper versus an oral presentation for a student who is hearing impaired). Classes enrolled students with mobility impairments may have to be rescheduled in accessible facilities. The college or university may need to provide special services such as registration, note-taking, or mobility assistance.

It is the student's responsibility to notify his or her professors of the need for such an accommodation. Disability Services provides students with letters to present to faculty members to verify that the student has a disability and needs accommodations. Individuals requiring special accommodation should contact the professor after class or during office hours.

Religious Holy Days

The University of Texas at Dallas will excuse a student from class or other required activities for the travel to and observance of a religious holy day for a religion whose places of worship are exempt from property tax under Section 11.20, Tax Code, Texas Code Annotated.

The student is encouraged to notify the instructor or activity sponsor as soon as possible regarding the absence, preferably in advance of the assignment. The student, so excused, will be allowed to take the exam or complete the assignment within a reasonable time after the absence: a period equal to the length of the absence, up to a maximum of one week. A student who notifies the instructor and completes any missed exam or assignment may not be penalized for the absence. A student who fails to complete the exam or assignment within the prescribed period may receive a failing grade for that exam or assignment.

If a student or an instructor disagrees about the nature of the absence [i.e., for the purpose of observing a religious holy day] or if there is similar disagreement about whether the student has been given a reasonable time to complete any missed assignments or examinations, either the student or the instructor may request a ruling from the chief executive officer of the institution, or his or her designee. The chief executive officer or designee must take into account the legislative intent of TEC 51.911(b), and the student and instructor will abide by the decision of the chief executive officer or designee.

Off-Campus Instruction and Course Activities

Off-campus, out-of-state, and foreign instruction and activities are subject to state law and University policies and procedures regarding travel and risk-related activities. Information regarding these rules and regulations may be found at the website address given below. Additional information is available from the office of the school dean. (http://www.utdallas.edu/BusinessAffairs/Travel_Risk_Activities.htm)

These descriptions and timelines are subject to change at the discretion of the Professor.

This syllabus includes all the information required by the Southern Association of Colleges and Schools Accreditation (SACS).