SYLLABUS
ACCT 401
CONTEMPORARY ISSUES IN AUDITING
Spring 2012
AMERICAN UNIVERSITY IN CAIRO
School of Business
Department of Accounting

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Course Prerequisites
ACCT 305

School Vision, Mission, and Core Values

School Vision

The School of Business sees itself becoming globally recognized as the leading business school connecting the region to the world

1 Ph.D. Business Administration (Accounting) – Syracuse University, NY, USA, 2007
M.S. Accounting – Syracuse University, NY, USA, 2002
B.COM. Accounting – Ain Shams University, Cairo, Egypt, 1999

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School Mission
The School of Business strives to create an environment that fosters the development of principled and innovative business leaders and entrepreneurs who can make a difference.

School Core Values

Excellence in student learning, teaching, intellectual contributions and services are all fundamental to the achievement of the school mission and the development of graduates ready to pursue successful careers in Egypt and beyond.

Lifelong Learning
Individual development of students and fostering of a culture of lifelong learning are important to striving for excellence.

Collaboration and Teamwork
Shared goals and actions of all those representing and associated with the school will be demonstrated by the collective benefit of all and in regular collaboration with different constituencies.

Integrity
Personal integrity and ethical professional behavior represent drivers and consistent with the school’s actions and objectives.

Cultural Diversity and Exposure
Pursuing diversity in its multidimensional definition as a platform and guiding principle for all school policies and programs.

Regional Impact
Focusing on sharing knowledge and intellectual contributions that would help realize an impact on the markets the school serves.

Continuous Improvement
Curricula offerings should be relevant, dynamic and with operational and strategic significance leading to a culture of continuous improvement.

Rationality in Using Resources
Rationalize and maximize the use of available human, financial and technological resources and infrastructure.

Adaptation, Relevance and Currency
The regular updating of curricula and services offered to adapt to a dynamic, changing and competitive global environment.

Community Engagement and Service
The importance of addressing social and community service issues and priorities

**Mission of the Department of Accounting**

Our mission is to provide a world class accounting education to serve the needs of the business community and the accounting profession.

**Objectives of the course**

This course highlights the governance aspects of the auditing function and its role in promoting financial transparency. Topics covered will include fraud auditing, advanced audit sampling techniques, auditing in IT environments, and the auditor’s professional responsibilities. The material and activities of this course have been selected to aid students in their progress toward achieving the following competencies:

- Understanding how the auditing fits in corporate governance systems
- Be familiar with contemporary legislations concerning corporate governance such as the Sarbanes-Oxley Act SOX (2002) and the Egyptian code of corporate governance and its auditing function implications
- Acknowledging that agency problems creates a demand for auditing
- Understanding how different corporate governance codes view the audit function, auditor characteristics, and responsibilities
- Defining audit quality and its elements
- Exposure to practical auditing cases and scenarios
- Identifying the recent changes auditing theory, practice, and rules
- Understand the broad concept of corporate governance and its role as a deterrent of managerial malfeasance.
- Identify the major tools of corporate governance while focusing on the auditing function.
- Understand the role of both the internal audit and audit committee from a corporate governance perspective and their relationships with quality audit.
- Distinguish between fraudulent financial reporting and misappropriation of assets.
- Be familiar with the major fraud schemes and their corresponding auditing detection techniques.
- Distinguish between statistical and non-statistical sampling and between probabilistic and non-probabilistic sample selection.
- Identify the effects of IT, including e-commerce, on the auditing function.
- Apply audit sampling for test of controls, substantive tests of transactions, and tests of details of balances.
**Learning Goals:**

The addition to the specific objectives of the course, the material and activities have been selected to aid and support students in their progress towards achieving the following learning goals:

1. **Ethics:** Each student will be able to define, analyze and evaluate ethical issues and the need for socially responsible organizations.
2. **Communication:** Each student will demonstrate effective written and oral communication skills.
3. **Leadership:** Each student will be able to demonstrate knowledge of effective leadership styles, teamwork and collaborative behavior.
4. **Application of Accounting Concepts:** Each student will be able to demonstrate an understanding of financial and managerial accounting concepts and applications.
5. **Auditing and Tax Accounting:** Each student will be able to demonstrate an understanding of auditing and taxation concepts and applications.

**Text and other reading materials**

- Other reading materials
**Grading:**

Point system is based on 100 points as followed:

<table>
<thead>
<tr>
<th>Description</th>
<th>Grades</th>
<th>Date</th>
</tr>
</thead>
<tbody>
<tr>
<td>Exam 1 (Mid-term)</td>
<td>20%</td>
<td>TBA (Approximately 4th week of February)</td>
</tr>
<tr>
<td>Exam 2 (Final Exam)</td>
<td>30%</td>
<td>Per AUC Exam Schedule</td>
</tr>
<tr>
<td>Homework Assignments</td>
<td>5 %</td>
<td></td>
</tr>
<tr>
<td>Individual Mini Cases</td>
<td>15%</td>
<td>TBA Via Blackboard</td>
</tr>
<tr>
<td>Group Comprehensive Cases</td>
<td>15%</td>
<td></td>
</tr>
<tr>
<td>Attendance/Class Performance</td>
<td>15%</td>
<td>N/A</td>
</tr>
</tbody>
</table>

**Homework:**

Homework assignments will be based on selected suggested problems which will be announced in class and via blackboard. Homework assignments will be given after each chapter and due dates will be indicated. Late and/or unorganized assignments will be penalized or even rejected. Additional practice problems will be solved in class and solutions to in-class problems will be posted on blackboard.

**Exams:** NO MAKE-UP for exams will be given except for emergency. Any emergency must be documented and approved by the instructor.

**Project:**

The project will be conducted by groups of 4-5 students. Groups will present assigned comprehensive auditing cases in addition to answering specified questions.

**Attendance:**

As stated in the university catalog, “students are expected to attend class; there is no system of permitted absence. The instructor in each class determines the effect of absence on a student’s grade in that class.” Students may not normally receive credit for a course if more than three weeks of classes (or their equivalents in summer school) are missed. Reference to attendance policy is in the AUC 2011 – 2012 catalog.
**Academic Integrity**

All students are expected to agree to and comply with the University Academic Integrity Policy which states: “Valuing the concepts of academic integrity and independent effort, the American University in Cairo expects from its students the highest standards of scholarly conduct. The University community asserts that the reputation of the institution depends on the integrity of both faculty and students in their academic pursuits and that it is their joint responsibility to promote an atmosphere conducive to such standards.” Detailed information about the University Academic Integrity Policy may be found in the University Catalog and on the University Web site.

**Schedule and Topics to be covered:**

<table>
<thead>
<tr>
<th>TOPIC</th>
<th>Chapter and / or readings</th>
</tr>
</thead>
<tbody>
<tr>
<td>Review of Auditing Basics</td>
<td>Readings</td>
</tr>
<tr>
<td>The Corporate Governance and the Audit Function</td>
<td>The Sarbanes Oxley Act of 2002, Egypt Code of Corporate Governance 2005, additional readings and cases</td>
</tr>
<tr>
<td>Professional Ethics</td>
<td>CH 4 (Arens et al.) and cases</td>
</tr>
<tr>
<td>Fraud Auditing</td>
<td>CH 11 (Arens et al.) and cases</td>
</tr>
<tr>
<td>Audit Sampling for Tests of Controls and Substantive Transactions</td>
<td>CH15 (Arens et al.) and cases</td>
</tr>
<tr>
<td>Audit sampling for Tests of Details of Balances</td>
<td>CH17 (Arens et al.) and cases</td>
</tr>
<tr>
<td>Completing the Tests in the Sales and Collection Cycle: Accounts Receivable</td>
<td>CH16 (Arens et al.) and cases</td>
</tr>
<tr>
<td>The Impact of Information Technology on the Audit Process</td>
<td>CH12 (Arens et al.) and cases</td>
</tr>
</tbody>
</table>
**Important Note on Accreditation**

**What is accreditation?** Accreditation refers to a voluntary, non-governmental action taken by an institution to undergo periodic external evaluation in order to maintain high quality standards and programs. Accreditation reviews generally involve steps taken by the university to self-evaluate and clarify its goals and missions. Reviews are also often comprehensive; they assess all components of a healthy program: (a) people – administration, faculty, staff, and students; (b) research and intellectual contributions; (c) courses and curricula; and (d) strategic planning.

**What is AACSB Accreditation?** The Association to Advance Collegiate Schools of Business (AACSB) is the largest and most recognized specialized accreditation worldwide for business degree programs. In a recent study, 93% of a sample of 305 deans from AACSB-accredited and in-process institutions from Asia, Europe, North America, South America, and the Oceania reported that AACSB Accreditation has a continuous positive effect on their ongoing curricula development, program design, and delivery methods. Having AACSB accreditation facilitates the recruitment of high-caliber faculty. Graduating from an AACSB accredited university opens doors to the most exclusive and competitive career opportunities worldwide.

To read more about the benefits of attending an AACSB accredited university online, go to: [http://www.aacsb.edu/aacsb-accredited/students.asp#null](http://www.aacsb.edu/aacsb-accredited/students.asp#null).