



School of Graduate Studies

1280 Main Street West
Hamilton, Ontario, Canada
L8S 4L8

Phone 905.525.9140
Ext. 23679
Fax 905.521.0689
<http://www.mcmaster.ca/graduate>

November 22, 2007

To : Members of the Faculty of Business Graduate Curriculum and Policy Committee

From : Medy Espiritu
Medy Espiritu
Assistant Secretary & SynApps System Administrator

The next meeting of the Faculty of Business Graduate Curriculum and Policy Committee will take place on **Wednesday, November 28, 2007 at 2:30 p.m. in DSB-421.**

Listed below are the agenda items for discussion.

Should you be unable to attend this meeting, please notify me at extension 24204 or email espiritu@mcmaster.ca.

A G E N D A

- I. Minor in Strategic Business Valuation
- II. Accelerated Offering for Health Services Management Specialization
- III. Master of Professional Accountancy Program (calendar copy)
- IV. New Courses for the Master of Professional Accountancy Program
-A700, A704, A746, A747, A751
- V. Course Number Change (A737 to A745)
- VI. Changes to the Management Accounting Specialization
- P722: required to elective
- A737: elective to required
- VII. Anti-requisite: A751 for A750
- VIII. Other Business

Recommendation to Introduce a Minor in the MBA Program in Strategic Business Valuation

To: Dr. Milena Head, Chair Graduate Curriculum & Policy Committee

From: Dr. Patricia A. Wakefield

DEPARTMENT: Strategic Market Leadership and Health Services Management

NAME OF PROGRAM: Strategic Business Valuation Specialization

PROGRAM DEGREE: M.B.A.

NATURE OF RECOMMENDATION:

This recommendation is to allow students in the M.B.A. program at DeGroote School of Business to minor in Strategic Business Valuation.

Requirements for the minor in Strategic Business Valuation would be:

V700 Strategic Business Analysis and Valuation

And two of the following:

V701 Financial Reporting and Disclosure Analysis

V702 Investor Psychology/Behavioural Finance

V703 Financial Modeling and Valuation

V704 Advanced Strategic Business Valuation

V705* Venture Capital and Valuation

* Antirequisite: Business F724

F712 Applied Corporate Finance

F721 Mergers, Acquisitions, and Corporate Control

Courses used in fulfillment of specialization requirements cannot also be applied to a minor area. Completion of minors is subject to course availability.

CONTACT INFORMATION REGARDING THE RECOMMENDED CHANGE:

Dr. Patricia A. Wakefield

Email; wakefie@mcmaster.ca

Extension: 27447

Date: November 21, 2007

Recommendation to Offer the MBA Health Services Management Specialization in an Accelerated Format

TO: Dr. Milena Head, Chair Graduate Curriculum and Policy Committee

FROM: Dr. D. Wayne Taylor, Director Health Services Management

RE: Offering the MBA Health Services Management Specialization to Accelerated
Students

After lengthy consultations with HSM faculty, APO staff and affected students I have concluded that it would be in the best interests of the School, the students and the healthcare industry that we, as soon as possible, begin admitting "accelerated" MBA students into the HSM specialization provided that they have a minimum of one year's work experience in the healthcare industry at the time of their application.

Y.L. Chan
Associate Professor
Accounting and Financial Management Services Area
ylchan@mcmaster.ca; ext. 23974

Date: October 22, 2007

To: Milena Head, Chair
Graduate Curriculum and Policy Committee

From: Lilian Chan, Chair
Accounting and Financial Management Services Area

RE: Curriculum Changes

Please include the following items for approval at the next meeting of the Graduate Curriculum and Policy Committee.

a. Master of Professional Accountancy Program (Calendar Copy)

Master of Professional Accountancy Program

The Faculty of Business offers a program leading to the Master of Professional Accountancy (MPAcc) degree. The objective of the program is to prepare candidates for pursuing professional accounting designations. The program provides candidates an opportunity to complete the 51-credit requirement for the Chartered Accountant (CA) designation, the prerequisite studies for the Certified Management Accountant (CMA) designation and courses required for Level 4 of the Advanced Studies and the Public Practice option of the PACE program for the Certified General Accountants (CGA) designation. Depending on their undergraduate education, candidates may have to complete extra courses in their master's program of study.

Admission Requirements

Candidates with a four-year undergraduate degree from a recognized university will be considered for admission to the program based on their previous academic work, letters of recommendation, and other information that provides evidence of their ability to successfully undertake a program of graduate studies in professional accountancy. The admission standards are stated as follows:

- A minimum B+ average (or 78%) in each of the most recent two years of university studies.
- A minimum B+ (or 78%) in each of the economics and commerce (business) courses taken in their undergraduate program of study, if applicable.
- Applicants whose native language is not English will be required to submit a valid TOEFL test score. A minimum acceptable score for this test is 80 with at least 20 for each component (internet based), 580 (paper based), or 237 (computer based). Other evidence of proficiency in English may also be considered.

For candidates who will be graduating in May with their first baccalaureate degree and applying for admission in the Summer term of the same calendar year, conditional offers will be made on the basis of the academic performance of their last 60 units of course work (equivalent to 20 half-courses) as well as all economics and commerce (business) courses completed. Candidates may be asked to withdraw from the Master's program if their academic performance does not meet the admission

standards stated above, with or without penalty according to policies of the School of Graduate Studies.

Full-time students are admitted into the program either in the Summer (May) or Fall (September) term. Part-time students can be admitted into the program in the Summer (May), Fall (September) or Winter (January) term.

Program Requirements

The Master of Professional Accountancy program is a course-based program. The regular program requires a completion of 12 half-courses and three terms of study. Depending on their undergraduate program of study, students can apply for course exemption of up to a maximum of four half-courses, or they may be required to complete some preparatory courses prior to admission and other courses to meet the credit requirement of different professional accounting organizations.

The Master of Professional Accountancy program consists of one required half-course and up to a maximum of 11 elective half-courses listed as follows:

Required:

Business A700 Emerging Issues in Professional Accountancy

Elective:

Business A701	Intermediate Financial Accounting I
Business A702	Intermediate Financial Accounting II
Business A703	Advanced Financial Accounting
Business A704	Advanced Accounting Topics
Business A717	Seminar in Accounting Theory
Business A721	Management Accounting Information for Strategic Development
Business A723	Accounting Information Systems
Business A727	Financial Fraud and Market Surveillance
Business A730	Canadian Taxation I
Business A732	Financial Planning: The Tax Perspective
Business A733	Canadian Taxation II
Business A745	Assurance
Business A746	Advanced Auditing
Business A747	Computer Control and Auditing
Business A718/A728/A738	Special Topics in Accounting
Business A719/A729/A739*	Independent Study
Business A750	Financial Statement Analysis
Business A751	Earnings Quality and Equity Analysis
Business F710	Financial Economics and Quantitative Methods
Business F712	Applied Corporate Finance
Business F716	International Financial Management
Business F721	Mergers, Acquisitions and Corporate Control
Business F722	Market Trading and Risk Management
Business P700	Business, Government and Global Environment
Business P720	Strategic Management
Business P722	Legal Aspects of Business

plus at most one elective 700-level half-course from the MBA programs or other graduate programs if the student has the prerequisite for the elective with permission of the respective Faculty.

*Students can complete at most one Independent Study course as an elective in the program.

Graduation from the Master of Professional Accountancy Program requires that a student successfully complete all course requirements, including EXTRA courses taken during the program of study, with at least a B average.

Courses (Elective courses in the MBA programs for the Master of Professional Accountancy program are not listed.)

Business A700 Emerging Issues in Professional Accountancy

This course is intended as a class by enabling and requiring students to synthesize all of their previous experiences and knowledge and apply them in specific, real life circumstances that students will encounter as they enter the professional world of accounting and finance. The course draws on concepts from accounting, business strategy, basic regulatory principles, financial economics, and other business disciplines for evaluating business decisions in a variety of contexts. The course will also make use of current events and topics in the professional accounting and business world as a way of furthering students' understanding of the application of the concepts they have learned in the classroom. It will be useful to students planning careers in public accounting, consulting, corporate management, investment banking, securities analysis, and credit analysis.

Prerequisite: Registration in the Master of Professional Accountancy Program.

Business A704 Advanced Accounting Topics

This course examines accounting standards in evolution, adopting critical perspectives on pressing issues such as why the current accrual reporting model is under strain, directions for future evolution of this model, and so on. The course will consist of readings, lectures, cases, presentations and discussion. The main objectives of the course are: (1) to discuss and evaluate selected financial reporting issues, emphasizing first principles; (2) to develop case analysis and writing capabilities; (3) to review professional standards and emerging issues pronouncements and to evaluate other selected literature related to the course topics.

Prerequisite: Business A703 and Business A717, or equivalence; and registration in the Master of Professional Accountancy Program.

Business A745 Assurance

This course considers the development of the audit function, the auditor's opinion, the theory of audit evidence and internal control evaluation, the selection, scope, and application of auditing procedures, legal requirements and professional standards, and operational audit. The roles of internal and external auditors are compared.

Prerequisite: Business A600 or equivalence.

Business A746 Advanced Auditing

This course will develop upon students' auditing and assurance knowledge learned in Introductory Auditing/Assurance. In addition, this course will examine special auditing topics such as comprehensive auditing, non-profit auditing, environment auditing and small business auditing. These topics will be augmented with auditing cases that will help provide students with a practical application of their knowledge learned to date.

Prerequisite: Business A703 and Business A745, or equivalence; and registration in the Master of Professional Accountancy Program.

Business A747 Computer Control and Auditing

This course examines the control and security of accounting information systems with an auditing perspective. The course will consist of three main modules: (1) Information systems auditing professional standards and guidelines, as well as a variety of control models. (2) Network and communications and e-business risks and controls. (3) Tools and techniques used for fraud and forensic auditing.

Prerequisite: Business A703 and Business A745, or equivalence; and registration in the Master of Professional Accountancy Program.

Business A751 Earnings Quality and Equity Analysis

This course will focus on the use of financial statements. It will give students the opportunity to combine the knowledge and skills that they have acquired in previous courses to assess the quality of a firm's earning. In addition to introducing standard analytical tools available to examine the financial performance of a firm, the course will focus on possible manipulation of information by managers. Different incentives exist for managers to manipulate accounting information. This course will examine these incentives and how they can lead managers to strategically set accounting policies to manipulate the bottom line of the income statement or any other relevant accounting information.

Prerequisite: Registration in Master of Professional Accountancy Program.

b. Master of Professional Accountancy Program (see Attachment)

(i) New Courses:

BUSINESS A700	Emerging Issues in Professional Accountancy
BUSINESS A704	Advanced Accounting Topics
BUSINESS A746	Advanced Auditing
BUSINESS A747	Computer Control and Auditing
BUSINESS A751	Earnings Quality and Equity Valuation

Motion: That BUSINESS A700, A704, A746, A747, and A751 be new courses for the Master of Professional Accountancy program.

(ii) Change in Course Number:

Motion: That the course number of Business A737: Assurance be changed to Business A745: Assurance.

Rationale: The new course number BUSINESS A745 aligns the sequence of courses in assurance and auditing, BUSINESS A746 and A747, for the Master of Professional Accountancy program.

c. MBA Programs – Management Accounting Specialization

Motion: That BUSINESS P722 – Legal Aspects of Business be changed from a required course to an elective course for the Management Accounting specialization.

Motion: That BUSINESS A737 – Assurance (or BUSINESS A745: Assurance) be changed from an elective course to a required course for the Management Accounting specialization.

Rationale: The proposed changes reflect the recent curriculum modification in the CMA Prerequisite Studies.

d. Business A750: Financial Statement Analysis (see Attachment)

Motion: That Business A751: Earnings Quality and Equity Valuation be an antirequisite for Business A750: Financial Statement Analysis.

Rationale: Business A751: Earnings Quality and Equity Valuation, a new course developed for the Master of Professional Accountancy program, includes coverage on financial statement analysis and the incentive for managers to manipulate accounting information. There is a focus on earnings management, earnings sustainability and equity valuation. Business A750: Financial Statement Analysis, on the other hand, includes a detailed discussion of the analytical tools for financial statements, using a case approach. Because of the common topic of financial statement analysis in both courses, Business A751 should be an antirequisite for Business A750.

Thank you for your attention.



SCHOOL OF GRADUATE STUDIES

RECOMMENDATION FOR CHANGE IN GRADUATE CURRICULUM - FOR CHANGE(S) INVOLVING COURSES

PLEASE READ THE FOLLOWING NOTES BEFORE COMPLETING THIS FORM:

1. This form must be completed for **ALL** course changes. All sections of this form **must** be completed.
2. An electronic version of this form must be emailed to the Assistant Secretary and SynApps System Administrator (Email: espiritu@mcmaster.ca).
3. A representative from the department is required to attend the Faculty Curriculum and Policy Committee meeting during which this recommendation for change in graduate curriculum will be discussed.

DEPARTMENT/PROGRAM		Accounting and Financial Management Services Area		
COURSE TITLE		Emerging Issues in Professional Accountancy		
COURSE NUMBER	Bus A700	COURSE CREDIT		
		FULL COURSE ()	HALF COURSE (X)	QUARTER (MODULE) ()
INSTRUCTOR(S)		K. Kanagaretnam//E. Mohammad		
PREREQUISITE(S)		Registration in Master of Professional Accountancy program.		
NATURE OF RECOMMENDATION (PLEASE CHECK APPROPRIATE BOX)				
NEW COURSE	☒	DATE TO BE OFFERED: September 2008/09	WAS THE PROPOSED COURSE OFFERED ON DEAN'S APPROVAL? NO If YES, PROVIDE THE DATE:	
Will the course be CROSS-LISTED with another department? NO If YES, ATTACH TO THIS FORM ANY RELEVANT CORRESPONDENCE WITH THE OTHER DEPARTMENT(S). NOTE: CROSS-LISTING OF COURSES REQUIRES APPROVAL FROM <u>EACH</u> DEPARTMENT AND FACULTY CONCERNED.				
CHANGE IN COURSE TITLE		PROVIDE THE CURRENT COURSE TITLE:		
CHANGE IN COURSE DESCRIPTION		600-LEVEL COURSE (Undergraduate course for graduate credit) Please see #4 on page 2 of this form		
CHANGE TO FULL COURSE		CHANGE TO HALF COURSE	CHANGE TO QUARTER COURSE	
COURSE CANCELLATION		PROVIDE THE REASON FOR COURSE CANCELLATION:		
OTHER		EXPLAIN:		
BRIEF DESCRIPTION FOR CALENDAR - Provide a brief description (maximum 6 lines) to be included in the Graduate Calendar. This course is intended as a class by enabling and requiring students to synthesize all of their previous experiences and knowledge and apply them in specific, real life circumstances that students will encounter as they enter the professional world of accounting and finance. The course draws on concepts from accounting, business strategy, basic regulatory principles, financial economics, and other business disciplines for evaluating business decisions in a variety of contexts. The course will also make use of current events and topics in the professional accounting and business world as a way of furthering students' understanding of the application of the concepts they have learned in the classroom. It will be useful to students planning careers in public accounting, consulting, corporate management, investment banking, securities analysis, and credit analysis.				
CONTENT/RATIONALE - Provide a brief description, i.e., outline the topics or major sub-topics, and indicate the principal texts to be used. Topics included in the course are regulatory activities in the capital markets, corporate governance, internal controls, financial statement frauds, and the impact of emerging accounting issues and standards on practice. Guest speakers from the accounting profession and business organizations will be invited to discuss with students about emerging issues as well as the career opportunities in the professional accounting and finance fields.				

1. STATEMENT OF PURPOSE (How does the course fit into the department's program?) The purpose of the course is to provide students an opportunity to learn and understand the impact of regulations and standards on the practice of accounting. The regulatory environment , especially with regard to corporate governance and internal controls, will be examined in detail. With presentations from guest speakers from the accounting profession and business organizations, students will also gain an understanding of emerging issues as well as the career and responsibilities in the accounting and finance profession.
2. EXPECTED ENROLMENT: 20 to 25
3. DESCRIBE IN DETAIL THE METHOD OF PRESENTATION OF COURSE MATERIAL (i.e., lectures, seminars): Readings, lectures, and seminars.
4. DESCRIBE IN DETAIL THE METHOD OF EVALUATION: (For 600-level course, indicate the <u>Extra Work</u> to be required of graduate students, i.e., exams, essays, etc.) Class participation, group projects and examinations.
5. TO PREVENT OVERLAP, IS A COURSE IN THE SAME OR A RELATED AREA OFFERED IN ANOTHER DEPARTMENT? IF YES, PLEASE ATTACH TO THIS FORM ANY RELEVANT CORRESPONDENCE WITH THE OTHER DEPARTMENT(S). n/a
6. IF THE COURSE IS INTENDED PRIMARILY FOR STUDENTS OUTSIDE YOUR DEPARTMENT, DO YOU HAVE THE SUPPORT OF THE DEPARTMENT/PROGRAM CONCERNED? n/a
PLEASE PROVIDE THE CONTACT INFORMATION FOR THE RECOMMENDED CHANGE: Name: K. Kanagaretnam Email: giri@mcmaster.ca Extension: 27857

If you have any questions regarding this form, please contact the Assistant Secretary and SynApps System Administrator, School of Graduate Studies, extension 24204.

SGS/December 2006



Business A700
Emerging Issues in Professional Accountancy
Fall 2008
Course Outline

Accounting and Financial Management Services
DeGroote School of Business
McMaster University

COURSE OBJECTIVE

This course is intended as a class by enabling and requiring you to synthesize all of your previous experiences and knowledge and apply them in specific, real life circumstances that you will encounter as you enter the professional world of finance and accounting.

INSTRUCTOR AND CONTACT INFORMATION

Dr. Giri Kanagaretnam

Instructor

giri@mcmaster.ca

Office: DSB #328

Alicja Siek

Secretary

siekal@mcmaster.ca

Office: DSB #303

Office Hours: 09:00 – 16:00

Tel: (905) 525-9140 x24630

Course Website: N/A

COURSE ELEMENTS

Credit Value:	3	Leadership:	No	IT skills:	Yes	Global view:	Yes
WebCT:	No	Ethics:	Yes	Numeracy:	Yes	Written skills:	Yes
Participation:	Yes	Innovation:	No	Group work:	Yes	Oral skills:	Yes



COURSE DESCRIPTION

This course is intended as a class by enabling and requiring you to synthesize all of your previous experiences and knowledge and apply them in specific, real life circumstances that you will encounter as you enter the professional world of accounting and finance. The course draws on concepts from accounting, business strategy, basic regulatory principles, financial economics, and other business disciplines for evaluating business decisions in a variety of contexts. The course will also make use of current events and topics in the professional accounting and business world as a way of furthering your understanding of the application of the concepts you have learned in the classroom. It will be useful to students planning careers in public accounting, consulting, corporate management, investment banking, securities analysis, and credit analysis.

The course emphasizes the following:

- Practical applications of accounting and finance topics you have learned and will learn in this class.
- Real life experiences shared by senior executives in some of best known companies in the regions of Hamilton-Wentworth and the Greater Toronto Area
- Recent transactions and events, involving companies in the regions in many cases.
- Active class participation and interaction.

Consequently, this course will focus on the following:

- Pre-reading materials
- Lectures
- Class discussions
- Group projects

LEARNING OUTCOMES

Upon completion of this course, students will be able to complete the following key tasks:

REQUIRED COURSE MATERIALS AND READINGS

Custom Courseware

OPTIONAL COURSE MATERIALS AND READINGS

Kieso, Weygandt, Warfield, Irvine, Silvester, Young and Wiecek, 2005, *Intermediate Accounting, 7th Canadian Edition, Volumes 1 and 2*, John Wiley & Sons Canada Ltd.

CICA Handbook (available at the library).



EVALUATION

Learning in this course results primarily from readings, in-class discussion, and term product. Your final grade will be calculated as follows:

Components and Weights

Class Participation	20%
Term Project	30%
Examinations	<u>50%</u>
Total	<u>100%</u>

The instructor reserves the right to adjust the student's final grade by one grade point based on his/her overall performance for the course.

NOTE: The use of a McMaster standard calculator (Casio FX-991) is allowed during examinations in this course. See McMaster calculator policy at the following URL:

<http://www.mcmaster.ca/senate/academic/calculat.htm>

Conversion

At the end of the course your overall percentage grade will be converted to your letter grade in accordance with the following conversion scheme.

LETTER GRADE	PERCENT	LETTER GRADE	PERCENT
A+	90 - 100	C+	60 - 64
A	85 - 89	C	55 - 59
A-	80 - 84	C-	50 - 54
B+	75 - 79	F	0 - 49
B	70 - 74		
B-	65 - 69		

Class Participation

The success of this class, in large part, depends on your preparation for and active participation in class discussion. To provide incentives for you to do so, 20 percent of your course grade is based on class participation. Voluntary class participation is expected. However, the lecturer will also call on you to discuss issues related to the assigned readings and cases. The emphasis in class discussion is neither on quantity nor on having the “right answer.” Typically, there is no single “right” solution to many business problems, particularly the types of issues that will be discussed in this course. However, there is always something to be gained from examining a variety of well-reasoned viewpoints. The basic standard for class participation is that it reflects adequate and thoughtful preparation for class. I also encourage you to bring to the attention of the class articles in The Wall Street Journal or other business periodicals that are relevant to the topics covered in this course.

Term Project

The term project serves as a synthesizing device for the course. Each group will have an option to choose one of two projects. The first option includes an evaluation and analysis of a financial fraud, including root causes, internal control failures, actions or inactions on the part of principals associated



with the situation and potential corrective actions that could or should have been undertaken. The second option includes the evaluation and analysis of a selected company's regulatory filings, including a focus on key risk factors, important elements of proposed transactions, compliance with rules and regulations and other matters.

In the first several weeks of class, we will assign persons to groups and make selections for the group project. The work product and related matters will be addressed in more detail then. The group will make a 30-45 minute presentation during the last two class sessions of the semester and will include both written and oral elements.

Examinations

There will two exams during the term. The exams will focus on the application of the topics covered in the immediately preceding class sessions and will include topics covered in the pre-reading material, course lecture material and class discussions.

ACADEMIC DISHONESTY

It is the student's responsibility to understand what constitutes academic dishonesty. Please refer to the University Senate Academic Integrity Policy at the following URL:

<http://www.mcmaster.ca/univsec/policy/AcademicIntegrity.pdf>

This policy describes the responsibilities, procedures, and guidelines for students and faculty should a case of academic dishonesty arise. Academic dishonesty is defined as to knowingly act or fail to act in a way that results or could result in unearned academic credit or advantage. Please refer to the policy for a list of examples. The policy also provides faculty with procedures to follow in cases of academic dishonesty as well as general guidelines for penalties. For further information related to the policy, please refer to the Office of Academic Integrity at:

<http://www.mcmaster.ca/academicintegrity>

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<http://library.mcmaster.ca/about/copying.pdf>

MISSED TESTS AND ASSIGNMENTS

The Faculty of Business has approved the following policy:



When students miss a regularly scheduled mid-term exam for legitimate reasons, as adjudicated by the Academic Programs Office (APO), the weight for that exam will be redistributed across other evaluative components of the course as deemed most appropriate by the instructor.

There are two exceptions to this “no make-up” rule.

- 1) If a student has a documented stress-related or retention-related disability (assessed through the Centre for Student Development) that is in conflict with mark redistribution, then a make-up exam may be given. In such cases, the test/exam will be administered through the CSD. When a student cannot write a final exam for documented, legitimate reasons, the student will be granted a deferred exam privilege.
- 2) If a student is representing the University at an academic or athletic event and is available at an overlapping scheduled time of the test/examination, the student may write the test/examination at an approved location with an approved invigilator, as determined by the APO.

Instructors cannot themselves allow students to unofficially write make-up exams/tests for finals. Adjudication of the request must be handled by the APO.

For any other issues pertaining to missed exams, tests or assignments, please contact the APO.

STUDENTS WITH DISABILITIES

Students with disabilities are required to inform the Centre for Student Development (CSD) of accommodation needs for examinations on or before the last date for withdrawal from a course without failure (please refer to official university sessional dates). Students must forward a copy of such CSD accommodation to the instructor immediately upon receipt. If a student with a disability chooses NOT to take advantage of a CSD accommodation and chooses to sit for a regular exam, a petition for relief may not be filed after the examination is complete. The CSD website is:

<http://csd.mcmaster.ca>

STUDENT EVALUATION OF TEACHING

It is the policy of the DeGroote School of Business to administer the Student Evaluation of Teaching forms towards the end of the semester and students are expected to participate in these evaluations.

COURSE SCHEDULE



Business A700
Emerging Issues in Professional Accountancy
Fall 2008
Course Outline

TOPICS, READINGS, ASSIGNMENTS

WEEKS

1	Course Introduction
2 and 3	Regulatory Activities in the Capital Markets • Fundamentals of the public company market regulatory scheme, including the OSC and SEC • Compliance activities – annual, quarterly, material event and other required reporting • Transaction-oriented activities – registration statements and related activities surrounding capital-raising transactions
4 and 5	Internal Controls • Business, legislative and regulatory history of The Sarbanes-Oxley Act of 2002 and related Canadian Regulations • Overview of key areas and current trends of Section 404 implementation, compliance, reporting and market reactions
6	Exam I
7	Corporate Governance
8 and 9	Financial Statement Frauds • Discussion and analysis of significant frauds, including root causes, internal control failures, actions or inactions of key principals and potential corrective actions. • Recent OSC and SEC enforcement actions in various financial statement areas, including revenue recognition, “cookie jar” reserves and others
10	Current Accounting Topics • Recent and emerging pronouncements impacting practice from CICA, AcSB, IASB, FASB, SEC and other regulatory and standards-setting bodies
11	Careers in Accounting and Finance • Discussion and analysis of opportunities, responsibilities and profiles of various accounting and finance responsibilities in public practice and a variety of industries
12 and 13	Group Project Presentations
	Exam II



SCHOOL OF GRADUATE STUDIES

RECOMMENDATION FOR CHANGE IN GRADUATE CURRICULUM - FOR CHANGE(S) INVOLVING COURSES

PLEASE READ THE FOLLOWING NOTES BEFORE COMPLETING THIS FORM:

1. This form must be completed for **ALL** course changes. All sections of this form **must** be completed.
2. An electronic version of this form must be emailed to the Assistant Secretary and SynApps System Administrator (Email: espiritu@mcmaster.ca).
3. A representative from the department is required to attend the Faculty Curriculum and Policy Committee meeting during which this recommendation for change in graduate curriculum will be discussed.

DEPARTMENT/PROGRAM		Accounting and Financial Management Services Area		
COURSE TITLE		Advanced Accounting Topics		
COURSE NUMBER	Bus A704	COURSE CREDIT		
		FULL COURSE ()	HALF COURSE (X)	QUARTER (MODULE) ()
INSTRUCTOR(S)		Herbert Herauf/Y.L.Chan.		
PREREQUISITE(S)		Bus A703 & A717, & registration in Master of Professional Accountancy program.		
NATURE OF RECOMMENDATION (PLEASE CHECK APPROPRIATE BOX)				
NEW COURSE	☒	DATE TO BE OFFERED: May 2008/09	WAS THE PROPOSED COURSE OFFERED ON DEAN'S APPROVAL? NO If YES, PROVIDE THE DATE:	
WILL THE COURSE BE CROSS-LISTED WITH ANOTHER DEPARTMENT? NO If YES, ATTACH TO THIS FORM ANY RELEVANT CORRESPONDENCE WITH THE OTHER DEPARTMENT(S). NOTE: CROSS-LISTING OF COURSES REQUIRES APPROVAL FROM EACH DEPARTMENT AND FACULTY CONCERNED.				
CHANGE IN COURSE TITLE		PROVIDE THE CURRENT COURSE TITLE:		
CHANGE IN COURSE DESCRIPTION		600-LEVEL COURSE (Undergraduate course for graduate credit) Please see #4 on page 2 of this form		
CHANGE TO FULL COURSE		CHANGE TO HALF COURSE	CHANGE TO QUARTER COURSE	
COURSE CANCELLATION		PROVIDE THE REASON FOR COURSE CANCELLATION:		
OTHER		EXPLAIN:		
BRIEF DESCRIPTION FOR CALENDAR - Provide a brief description (maximum 6 lines) to be included in the Graduate Calendar. This course examines accounting standards in evolution, adopting critical perspectives on pressing issues such as why the current accrual reporting model is under strain, directions for future evolution of this model, and so on. The course will consist of readings, lectures, cases, presentations and discussion. The main objectives of the course are: (1) to discuss and evaluate selected financial reporting issues, emphasizing first principles; (2) to develop case analysis and writing capabilities; (3) to review professional standards and emerging issues pronouncements and to evaluate other selected literature related to the course topics.				
CONTENT/RATIONALE - Provide a brief description, i.e., outline the topics or major sub-topics, and indicate the principal texts to be used. Skinner, Ross M. and Milburn, J. Alex, Accounting Standards in Evolution, 2nd edition. Toronto: Pearson Education Canada Inc., 2001. CICA Handbook. Selected Case Studies.				

1. STATEMENT OF PURPOSE (How does the course fit into the department's program?) The purpose of the course is to provide students an opportunity to gain an in-depth understanding of the conceptual framework of financial accounting/reporting such that they can apply their knowledge to deal with emerging issues on generally accepted accounting standards and policies. The course will prepare students for pursuing a professional designation and career in accounting.
2. EXPECTED ENROLMENT: 20 to 25
3. DESCRIBE IN DETAIL THE METHOD OF PRESENTATION OF COURSE MATERIAL (i.e., lectures, seminars): Readings, lectures, and case studies.
4. DESCRIBE IN DETAIL THE METHOD OF EVALUATION: (For 600-level course, indicate the <u>Extra Work</u> to be required of graduate students, i.e., exams, essays, etc.) Case studies/presentation, class participation and examinations.
5. TO PREVENT OVERLAP, IS A COURSE IN THE SAME OR A RELATED AREA OFFERED IN ANOTHER DEPARTMENT? IF YES, PLEASE ATTACH TO THIS FORM ANY RELEVANT CORRESPONDENCE WITH THE OTHER DEPARTMENT(S). n/a
6. IF THE COURSE IS INTENDED PRIMARILY FOR STUDENTS OUTSIDE YOUR DEPARTMENT, DO YOU HAVE THE SUPPORT OF THE DEPARTMENT/PROGRAM CONCERNED? n/a
PLEASE PROVIDE THE CONTACT INFORMATION FOR THE RECOMMENDED CHANGE: Name: Y. Lilian Chan Email: ylchan@mcmaster.ca Extension: 23974

If you have any questions regarding this form, please contact the Assistant Secretary and SynApps System Administrator, School of Graduate Studies, extension 24204.

SGS/December 2006



**Business A704
Advanced Accounting Topics
Summer 2008
Course Outline**

**Accounting and Financial Management Services
DeGroote School of Business
McMaster University**

COURSE OBJECTIVE

This course examines accounting standards in evolution, adopting critical perspectives on pressing issues such as why the current accrual reporting model is under strain, directions for future evolution of this model, and so on. The course will consist of readings, lectures, cases, presentations and discussion. The main objectives of the course are: (1) to discuss and evaluate selected financial reporting issues, emphasizing first principles; (2) to develop case analysis and writing capabilities; (3) to review professional standards and emerging issues pronouncements and to evaluate other selected literature related to the course topics; and (4) to practice presentation preparation and delivery skills.

INSTRUCTOR AND CONTACT INFORMATION

Section C01:
Instructor:
Email:
Office:
Office Hours:
Tel:
Class Location:

Secretary: Alicja Siek
Email: siekal@mcmaster.ca
Office: DSB 303
Office Hours: 09:00 – 16:00
Tel: (905) 525-9140 x24630
Course Website: N/A

COURSE ELEMENTS

Credit Value: 3	Leadership: Yes	IT skills: Yes	Global view: Yes
WebCT: Yes	Ethics: Yes	Numeracy: Yes	Written skills: Yes
Participation: Yes	Innovation: Yes	Group work: Yes	Oral skill: Yes



COURSE DESCRIPTION

The course includes topics on the conceptual framework of financial accounting/reporting, revenue and expense recognition, contingencies and environmental costs, tangible capital assets, intangible assets including goodwill and research and development (R&D), assets impairment, accounting for leases and income taxes, as well as accounting for employee compensation including options.

The course considers these topics using readings, problems and cases to provide students with an in-depth appreciation of the field. Throughout the course, the objective is to develop your ability to use your knowledge of accounting and analytical methods to solve problems in the areas of planning and control and the way in which they contribute to developing and implementing strategy in organizations.

LEARNING OUTCOMES

Upon completion of this course, students will be able to complete the following key tasks:

- Apply the conceptual framework of financial accounting/reporting to resolve various accounting issues.
- Understand the ongoing debates and emerging issues regarding general accepted accounting standards and policies.

REQUIRED COURSE MATERIALS AND READINGS

Skinner, Ross M. and Milburn, J. Alex, *Accounting Standards in Evolution*, 2nd edition.
 Toronto: Pearson Education Canada Inc., 2001.
 CICA Handbook.

OPTIONAL COURSE MATERIALS AND READINGS

EVALUATION

Learning in this course results primarily from readings, in-class discussion, case analysis as well as report and presentation. Your final grade will be calculated as follows:

Components and Weights

Class Participation	15%
Case Reports and Presentation	25%
Final Exam	<u>60%</u>
Total	<u>100%</u>

The instructor reserves the right to adjust the student's final grade by one grade point based on his/her overall performance for the course.

NOTE: The use of a McMaster standard calculator (Casio FX-991) is allowed during examinations in this course. See McMaster calculator policy at the following URL:

<http://www.mcmaster.ca/senate/academic/calculat.htm>

Conversion

At the end of the course your overall percentage grade will be converted to your letter grade in accordance with the following conversion scheme.

LETTER GRADE	PERCENT	LETTER GRADE	PERCENT
A+	90 - 100	C+	60 - 64
A	85 - 89	C	55 - 59
A-	80 - 84	C-	50 - 54
B+	75 - 79	F	0 - 49
B	70 - 74		
B-	65 - 69		

Participation

Class participation is an essential part of the course. Students are expected to study the assigned materials in advance, attempted the assigned problems and cases, and be prepared to discuss them during class. Marks assigned for class participation will be based mostly on discussions of cases and problems. There are no marks assigned for class attendance.

Case Study/Presentation

Each of the presentation groups will be responsible for at least one presentation, on the topic(s) randomly assigned by the instructor.

The objectives of the presentations are a) to review and update current accounting standards as reflected in the CICA Handbook sections and EIC's, exposure drafts, and FASB pronouncements (if instructor requests) that pertain to the topic; b) to tie in the current standards with the first principles underlying the standards; and c) to demonstrate the group's presentation preparation and delivery skills.

Case presentation must be of professional quality and all group members have to participate in the presentation. Each group must present at least (and usually) once during the term. The presentation must be supported by handout notes to be distributed to each class member before or during the presentation. The allotted time for a presentation is 45-60 minutes. Groups must be formed from within a class section.

Final Exam

There will be one comprehensive final examination. The rules customarily followed by the DeGroote School of Business will govern absence from the examinations.

Important Note: Any non-communicating calculators will be allowed in both midterm and final examinations. Your attention is directed to the **ACADEMIC INTEGRITY POLICY, ANY VIOLATIONS** will be dealt with according to this policy.

Academic dishonesty consists of misrepresentation by deception or by other fraudulent means and can result in serious consequences, e.g., the grade of zero on an assignment, loss of credit with a notation on the transcript (notation reads: "Grade F assigned for academic dishonesty."), and/or suspension or expulsion from the university.

It is your responsibility to understand what constitutes academic dishonesty. For information on the various kinds of academic dishonesty, please refer to the Academic Integrity Policy, specifically Appendix 3, located at http://www.mcmaster.ca/senate/academic/ac_integrity.htm.

The following illustrates only three forms of academic dishonesty:

1. Plagiarism, e.g., the submission of work that is not one's own for which other credit has been obtained.
2. Improper collaboration in group work.



3. Copying or using unauthorized aids in tests and examinations.

In this course, we will be using a web-based service (Turnitin.com) to reveal plagiarism. Students will be expected to submit their work electronically to Turnitin.com and in hard copy so that it can be checked for academic dishonesty. Students who do not wish to submit their work to Turnitin.com must still submit a copy to the instructor. No penalty will be assigned to a student who does not submit work to Turnitin.com. All submitted work is subject to normal verification that standards of academic integrity have been upheld (e.g., Google search, etc.). To see [Guidelines for the Use of Turnitin.com](http://www.mcmaster.ca/academicintegrity), please go to <http://www.mcmaster.ca/academicintegrity>.

For this course, students will be expected to submit Assignment I, Case Reports I and II electronically to www.turnitin.com. The submission can be done by creating a user profile with your email address at McMaster and login with the class id: xxxxxxxx and password: yyyyyyyy. Students are not required to submit Appendices, Tables and Exhibits with numerical analysis to Turnitin.com. In the submission of assignments and case reports, students should include only their student numbers on their submitted work.

COPYRIGHT

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<http://library.mcmaster.ca/about/copying.pdf>

MISSED TESTS AND ASSIGNMENTS

The Faculty of Business has approved the following policy:

When students miss a regularly scheduled mid-term exam for legitimate reasons, as adjudicated by the Academic Programs Office (APO), the weight for that exam will be redistributed across other evaluative components of the course as deemed most appropriate by the instructor.

There are two exceptions to this “no make-up” rule.

- 1) If a student has a documented stress-related or retention-related disability (assessed through the Centre for Student Development) that is in conflict with mark redistribution, then a make-up exam may be given. In such cases, the test/exam will be administered through the CSD. When a student cannot write a final exam for documented, legitimate reasons, the student will be granted a deferred exam privilege.
- 2) If a student is representing the University at an academic or athletic event and is available at an overlapping scheduled time of the test/examination, the student may write the test/examination at an approved location with an approved invigilator, as determined by the APO.

Instructors cannot themselves allow students to unofficially write make-up exams/tests for finals. Adjudication of the request must be handled by the APO.

For any other issues pertaining to missed exams, tests or assignments, please contact the APO.



STUDENTS WITH DISABILITIES

Students with disabilities are required to inform the Centre for Student Development (CSD) of accommodation needs for examinations on or before the last date for withdrawal from a course without failure (please refer to official university sessional dates). Students must forward a copy of such CSD accommodation to the instructor immediately upon receipt. If student with a disability chooses NOT to take advantage of a CSD accommodation and chooses to sit for a regular exam, a petition for relief may not be filed after the examination is complete. The CSD website is:

<http://csd.mcmaster.ca>

RESEARCH USING HUMAN SUBJECTS

Research involving human participants is premised on a fundamental moral commitment to advancing human welfare, knowledge and understanding. As a research intensive institution, McMaster University shares this commitment in its promotion of responsible research. The fundamental imperative of research involving human participation is respect for human dignity and well-being. To this end, the University endorses the ethical principles cited in the Tri-Council Policy Statement: Ethical Conduct for Research Involving Humans:

<http://www.pre.ethics.gc.ca/english/policystatement/policystatement.cfm>

McMaster University has mandated its Research Ethics Boards to ensure that all research investigations involving human participants are in compliance with the Tri-Council Policy Statement. The University is committed, through its Research Ethics Boards, to assisting the research community in identifying and addressing ethical issues inherent in research, recognizing that all members of the University share a commitment to maintaining the highest possible standards in research involving humans.

If you are conducting original research, it is vital that you behave in an ethical manner. For example, everyone you speak to must be made aware of your reasons for eliciting their responses and consent to providing information. Furthermore, you must ensure everyone understands that participation is entirely voluntary. Please refer to the following website for more information about McMaster University's research ethics guidelines:

http://www.mcmaster.ca/ors/ethics/students_intro.htm

Organizations that you are working with are likely to prefer that some information be treated as confidential. Ensure that you clarify the status of all information that you receive from your client. You **MUST** respect this request and cannot present this information in class or communicate it in any form, nor can you discuss it outside your group. Furthermore, you must continue to respect this confidentiality even after the course is over.

STUDENT EVALUATION OF TEACHING

It is the policy of the DeGroote School of Business to administer the Student Evaluation of Teaching forms towards the end of the semester and students are expected to participate in these evaluations.

COURSE SCHEDULE

**Business A704
Advanced Accounting Topics
Summer 2008
Course Outline**

- WEEK 1 The Current Reporting Model - Why Is It Under Strain? Can We Fix It? Is a Conceptual Framework the Answer? (Topic 1)**
Course introduction. Introduce topic 1.
The focus of the introduction will be relevance to users given their information needs in a particular context.
Readings: 1. ASE, Preface & Ch. 1
- WEEK 2 Lecture/discussion. Case #1.**
Readings: 1. ASE, Ch. 4 & 5
 2. Notes on how to approach multi-subject cases.
- Initial Recognition (Topic 2) and Revenue Recognition (Topic 3).**
Initial Recognition. Lecture/discussion.
Readings: 1. ASE, Ch. 6
- WEEK 3 Revenue Recognition. Lecture/discussion.**
Readings: 1. ASE, Ch. 7
- Expense Recognition (Topic 4); Contingencies (Topic 5).**
Expense Recognition. Matching and Discounting. Lecture/discussion.
Readings: 1. ASE, Ch. 8, pp 122-136
- WEEK 4 Group Presentation 1.**
Contingencies and Environmental Costs. Lecture/discussion.
Case # 2.
Readings: 1. ASE, Ch. 8, pp 136-149
- WEEK 5 Tangible Capital Assets (Topic 6).**
Group Presentation 2.
Lecture/discussion.
Case # 3.
Readings: 1. ASE, Ch. 11
- WEEK 6 Goodwill and R&D (Topic 7).**
Lecture/discussion.
Readings: 1. ASE, Ch. 12
- Group Presentation 3.**
Other Intangibles (Topic 8).
Lecture/discussion.
Case # 4.



WEEK 7 **Asset Impairment (Topic 9).**
Lecture/discussion.

Group Presentation 4.

Readings: 1. ASE, Ch. 18, pp 367-380
Case # 5.

WEEK 8 **Lease Accounting – How It Works & Problems Yet To Be Resolved (Topic 10).**
Lecture/discussion.

Group Presentation 5.

Readings: 1. ASE, Ch. 13
Case # 6.

WEEK 9 **Financial Position and Capital (Topic 11).**
Lecture/discussion.

Readings: 1. ASE, Ch. 9

Financial Instruments (Topic 12).

Group presentation 6.

Lecture/discussion.

Readings: 1. ASE, Ch. 17

WEEK 10 **Employee Compensation: Pensions and Other Future Benefits (Topic 13). Stock Based Compensation (Topic 14).**

Pensions and Other Future benefits.
Lecture/discussion.

Group presentation 7.

Readings: 1. ASE, Ch. 14, pp. 255-283
Stock Based Compensation: lecture/discussion.
Case # 7

Readings: 1. ASE, Ch. 14, pp. 283-289

WEEK 11 **Statement Presentation and Disclosure, stressing FOFI, Segment Reporting
Discontinued Operations and Miscellaneous Topics. (Topic 15).**

Lecture/Discussion.

Readings: 1. ASE, Ch. 23
 2. ASE, Ch. 18, pp 380-392
Case #8.

WEEK 12 Accounting for Income Taxes (Topic 16).

Lecture/discussion.

Readings: 1. ASE, Ch. 16

Course Evaluations and Windup.

Tentative course outline is subject to change.



SCHOOL OF GRADUATE STUDIES

RECOMMENDATION FOR CHANGE IN GRADUATE CURRICULUM - FOR CHANGE(S) INVOLVING COURSES

PLEASE READ THE FOLLOWING NOTES BEFORE COMPLETING THIS FORM:

1. This form must be completed for **ALL** course changes. All sections of this form **must** be completed.
2. An electronic version of this form must be emailed to the Assistant Secretary and SynApps System Administrator (Email: espiritu@mcmaster.ca).
3. A representative from the department is required to attend the Faculty Curriculum and Policy Committee meeting during which this recommendation for change in graduate curriculum will be discussed.

DEPARTMENT/PROGRAM		Accounting and Financial Management Services Area		
COURSE TITLE		Advanced Auditing		
COURSE NUMBER	Bus A746	COURSE CREDIT		
		FULL COURSE ()	HALF COURSE (X)	QUARTER (MODULE) ()
INSTRUCTOR(S)		B. Carey/Y.L. Chan		
PREREQUISITE(S)		Bus A703 and A745; and registration in Master of Professional Accountancy Program.		
NATURE OF RECOMMENDATION (PLEASE CHECK APPROPRIATE BOX)				
NEW COURSE	☒	DATE TO BE OFFERED: May 2008/09	WAS THE PROPOSED COURSE OFFERED ON DEAN'S APPROVAL? NO If YES, PROVIDE THE DATE:	
WILL THE COURSE BE CROSS-LISTED WITH ANOTHER DEPARTMENT? NO If YES, ATTACH TO THIS FORM ANY RELEVANT CORRESPONDENCE WITH THE OTHER DEPARTMENT(S). NOTE: CROSS-LISTING OF COURSES REQUIRES APPROVAL FROM EACH DEPARTMENT AND FACULTY CONCERNED.				
CHANGE IN COURSE TITLE		PROVIDE THE CURRENT COURSE TITLE:		
CHANGE IN COURSE DESCRIPTION		600-LEVEL COURSE (Undergraduate course for graduate credit) Please see #4 on page 2 of this form		
CHANGE TO FULL COURSE		CHANGE TO HALF COURSE	CHANGE TO QUARTER COURSE	
COURSE CANCELLATION		PROVIDE THE REASON FOR COURSE CANCELLATION:		
OTHER		EXPLAIN:		
BRIEF DESCRIPTION FOR CALENDAR - Provide a brief description (maximum 6 lines) to be included in the Graduate Calendar. This course will develop upon students' auditing and assurance knowledge learned in Introductory Auditing/Assurance. In addition, this course will examine special auditing topics such as comprehensive auditing, non-profit auditing, environment auditing and small business auditing. These topics will be augmented with auditing cases that will help provide students with a practical application of their knowledge learned to date.				
CONTENT/RATIONALE - Provide a brief description, i.e., outline the topics or major sub-topics, and indicate the principal texts to be used. 1) Arens ,Loebbecke, Lemon, Spletstoesser, Auditing and Other Assurance Services, Canadian Ninth Addition ("ALLS") 2) Beasley, Buckless, Glover, Prawitt, Auditing Cases – An Interactive Learning Approach, Third Addition. ("BBGP") 3) Canadian Institute of Chartered Accountants Handbook, most recent edition 4) Rules of Professional Conduct and Council Interpretations, Institute of Chartered Accountants of Ontario (also available at http://www.icao.on.ca)				

1. STATEMENT OF PURPOSE (How does the course fit into the department's program?) The purpose of this course is to provide student an opportunity to gain an understanding of practical auditing applications and techniques; a better understanding of issues relevant to the auditing profession in today's environment; a better framework for analyzing auditing and assurance issues, and an understanding of comprehensive auditing, non-profit auditing, small business auditing, and environmental auditing. This course will prepare students for pursuing a professional designation and career in public accounting.
2. EXPECTED ENROLMENT: 20 to 25
3. DESCRIBE IN DETAIL THE METHOD OF PRESENTATION OF COURSE MATERIAL (i.e., lectures, seminars): Readings, lectures, seminars and case studies.
4. DESCRIBE IN DETAIL THE METHOD OF EVALUATION: (For 600-level course, indicate the <u>Extra Work</u> to be required of graduate students, i.e., exams, essays, etc.) Class participation, presentation, project and examinations.
5. TO PREVENT OVERLAP, IS A COURSE IN THE SAME OR A RELATED AREA OFFERED IN ANOTHER DEPARTMENT? IF YES, PLEASE ATTACH TO THIS FORM ANY RELEVANT CORRESPONDENCE WITH THE OTHER DEPARTMENT(S). n/a
6. IF THE COURSE IS INTENDED PRIMARILY FOR STUDENTS OUTSIDE YOUR DEPARTMENT, DO YOU HAVE THE SUPPORT OF THE DEPARTMENT/PROGRAM CONCERNED? n/a
PLEASE PROVIDE THE CONTACT INFORMATION FOR THE RECOMMENDED CHANGE: Name: Y. Lilian Chan Email: ylchan@mcmaster.ca Extension: 23974

If you have any questions regarding this form, please contact the Assistant Secretary and SynApps System Administrator, School of Graduate Studies, extension 24204.

SGS/December 2006

**Business A746
Advanced Auditing
Summer 2008
Course Outline**

**Accounting and Financial Services Management
DeGroote School of Business
McMaster University**

COURSE OBJECTIVE

This course is intended for students who are completing the ICAO 51 credit hour requirement in order to become Chartered Accountants. In particular, this course will help prepare students interested in a career in auditing.

INSTRUCTOR AND CONTACT INFORMATION

INSTRUCTOR INFORMATION:

Name:	Office Hours:
Location:	Course location:
E-Mail:	Time offered:
Phone:	
Fax:	

COURSE ELEMENTS

Credit Value: 3	Team skills: Yes	Environmental: Yes	Global: Yes
WebCT: Yes	Verbal skills: Yes	Ethical: Yes	Political: Yes
Participation: Yes	Written skills: Yes	Legal: Yes	Social: Yes
Case skills: Yes	Regulatory: Yes	Technical: Yes	Diversity: Yes
Innovation: No	Leadership: Yes		

COURSE DESCRIPTION

This course will develop upon your auditing and assurance knowledge learned in Introductory Assurance. In addition, we will examine special auditing topics such as comprehensive auditing, non-profit auditing, environment auditing and small business auditing. These topics will be augmented with auditing cases that will help provide students with a practical application of their knowledge learned to date.

LEARNING OUTCOMES

Upon completion of this course students should have:

- An understanding of practical auditing applications and techniques.
- A better understanding of issues relevant to the auditing profession in today's environment.
- A better framework for analyzing auditing and assurance issues.
- An understanding of comprehensive auditing, non-profit auditing, small business auditing, and environmental auditing.

REQUIRED AND OTHER COURSE MATERIALS AND READINGS

We will use the following reading materials in this course.

REQUIRED:

- 1) Arens, Loebbecke, Lemon, Spletstoesser, *Auditing and Other Assurance Services*, Canadian Ninth Addition ("ALLS")
- 2) Beasley, Buckless, Glover, Prawitt, *Auditing Cases – An Interactive Learning Approach*, Third Addition. ("BBGP")
- 3) *Canadian Institute of Chartered Accountants Handbook*, most recent edition
- 4) *Rules of Professional Conduct and Council Interpretations*, Institute of Chartered Accountants of Ontario (also available at <http://www.icao.on.ca>)

Other Materials:

- 5) Additional materials (readings and copies of the lecture overheads) will be posted on the course web-site.

EVALUATION

WEIGHTING OF THE COMPONENTS OF COURSE EVALUATION: The components of the course grade will be weighted as follows, tentatively. The instructor reserves the right to modify the weightings to adjust for more or less material covered during the semester.

COMPONENT	COMMENT	PERCENT
Midterm	Individual	15
Final	Individual	30
Presentation of article	Group	15
Group project	Group	30
Participation	Individual	10
Total		100%

CONVERSION

At the end of the course your overall percentage grade will be converted to your letter grade in accordance with the following conversion scheme.

LETTER GRADE	PERCENT	LETTER GRADE	PERCENT
A+	90 - 100	C+	67 - 69
A	85 - 89	C	63 - 66
A-	80 - 84	C-	60 - 62
B+	77 - 79	D+	57 - 59
B	73 - 76	D	53 - 56
B-	70 - 72	D-	50 - 52
		F	00 - 49

PRESENTATION OF ARTICLE

- Students will form a group of two people.
- Each group will sign up at the beginning of the first class for a presentation date during the term.
- Three groups will present each class, beginning in class two.

- Each group is responsible for preparing a presentation on a current assurance article (e.g. written on or after 2003) relating to the weeks topic. For example, each group presenting in week two will find a current assurance article on any of the auditing concept covered in that class. Each group presenting in week three will find a current assurance article on attest, review and other assurance services.
- Presentations should be 10 minutes in length maximum. An additional 5 minutes will be allocated for class questions.
- Each group is responsible for ensuring that they do not present the same article as the other group on the same date.
- Each group is also responsible for emailing a copy of the article to the entire class, including the instructor, by the Monday before their presentation date.
- Other members of the class are expected to read the articles and ask questions at the conclusion of the presentation.
- Students should provide a copy of their power-point presentation to the instructor on the day of their presentation.
- These articles may be tested on the mid-term or final exam.

GROUP TERM PROJECT – SIMULATED AUDIT OF PUBLIC COMPANY

- Students will form groups of four people.
- Each group will sign up at the beginning of the second class for a topic.
- Each group will choose a public company that has undergone audit scrutiny (e.g. due to a financial statement restatement) in the past. Students will obtain a copy of the company's annual report to shareholders containing the audited financial statements that were eventually restated.
- Groups will prepare an audit planning memorandum detailing their audit plan for the year in question. Groups should make sure that the audit planning memorandum specifically addresses the reason why the company's financial statements were restated (e.g. high risk area), and the audit procedures they would have used to avoid this problem from happening. The audit planning memorandum is worth five out of thirty marks for the project. The audit planning memorandum is due on June 27, 2006. Five pages maximum. Bullet points are acceptable for the planning memo.
- Groups will then prepare a mock audit file detailing what they would have done had they been the company's auditors for each section of the balance sheet (e.g. cash, a/r, etc.) and income statement (revenue, expenses). The mock audit file should be as complete as possible based on the group's understanding of what is in an audit file. The audit file is worth fifteen out of thirty marks for the project. The audit file is due on July 18, 2006.
- Groups will then present the results of their audit to the class on July 18 and 25, 2006. The presentation should focus on why the company had to restate their financial statements and the specific audit procedures you implemented on your mock audit file to avoid this from happening had you been the company's auditor. The presentation is worth ten out of thirty marks. Presentations should be fifteen to twenty minutes maximum, followed by five minutes of questions.

- Students should provide the instructor with a copy of their PowerPoint slides on the day of their presentation.

PARTICIPATION

Name cards are used to help give credit for your participation. You must have a name card with your **full first and last name** clearly written and displayed in front of you for every class. Participation in discussion aids in assimilation of concepts and is an essential part of your professional development. Classes are more interesting and intellectually stimulating if there is participation from everyone. **In order for you to gain maximum benefit from discussions, it is essential that you complete assigned text material and readings in advance, as well as attempt case problems.** Therefore class participation marks will be awarded on the basis of each student's contribution to discussions, and relevant questions and comments during lectures. Class participation is not equivalent to class attendance. Specifically, students who fail to participate in case discussions will receive a class participation mark of zero, regardless of regular class attendance. Students unable to attend class should inform the instructor before class of the conflict.

EXAMINATION

There will be a midterm and a comprehensive final examination during the examination period. There will be no makeup for the midterm examination. Absence from the scheduled midterm without prior approval of the instructor will result in a grade of zero. Approval for absence from an examination will only be granted for a valid reason (e.g. illness), and this portion of the grade will be re-weighted to the final examination. Absence from the final examination will be governed by the rules customarily followed by the School of Business. Examinations will be based on all assigned readings and cases, as well as class discussions and presentations.

ACADEMIC DISHONESTY

Please note that students involved in academic dishonesty will receive a **ZERO** grade on the particular component in which the infraction occurred and a notation of academic dishonesty in the Dean's office; and may receive a **ZERO** grade on the course, and a notation of academic dishonesty on their transcripts. The University Senate Resolutions on Academic Dishonesty states:

Academic dishonesty is not qualitatively different from other types of dishonesty. It consists of misrepresentation by deception or by other fraudulent means. In an academic setting this may take any number of forms such as copying or use of unauthorized aids in tests, assignments, examinations, lab reports, term papers, or cases; plagiarism; talking during in-class examinations; submission of work that is not your own without citation; submission of work generated for another course without prior clearance by the instructor of both courses; submission of work

generated by another person; aiding and abetting another student's dishonesty; and giving false information for the purpose of gaining admission or credits; and forging or falsifying McMaster University documents. No excuses for violation of this policy, including ignorance of the policy, are accepted.

For more detailed information please see: http://www.mcmaster.ca/policy/ac_ethics.htm

Please be careful when handing in assignments, reports, essays and/or cases that are based on individual work. TAs have been instructed to **NOT** grade any paper that is deemed to have similar content with another person's work. In instances when work is suspected to be copied, all students involved will be notified and the case will be reviewed by the Dean's office.

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<http://library.mcmaster.ca/about/copying.pdf>

MISSED TESTS AND ASSIGNMENTS

The Faculty of Business has approved the following policy:

Where students miss a regularly scheduled midterm or one of the term tests for legitimate reasons as adjudicated by the Academic Programs Office (APO), the weight for that test will be redistributed across other evaluative components of the course at the discretion of the instructor.

Documentation explaining such an absence must be provided to the APO within **five (5) working days** upon returning to school. The approved McMaster University Medical Form must be used. There will be no makeup for missed examinations. If an examination is missed without a valid, documented excuse, students will receive a grade of **ZERO** for that component.

Students must notify their instructor at least **ten (10) days** before a midterm examination in the case of a scheduled conflict because of a valid reason. Please contact the academic advisor in the APO well in advance of the 10 day deadline in order to confirm the validity of the conflict. Special examination arrangements may be made due to: a conflict with a religious holiday, and/or a conflict between two overlapping scheduled midterm examinations. Failure to meet the

stated deadline may result in the denial of special arrangements. Varsity athletes must contact the APO within **five (5) working days** in order to make special arrangements for the Athletics & Recreation Department to administer a midterm examination due to a scheduled conflict with an athletic event.

In the case of final examinations, students should contact the Examinations Office in Gilmour Hall #114 at least **ten (10) days** in advance of a scheduled period of three (3) final examinations in one calendar day or three (3) consecutive examinations. Academic regulations pertaining to final examinations can be found in the calendar. Once a student sits for (and completes) a final examination, no special consideration will be granted. If a student is unable to complete an examination due to a compelling medical reason, a Petition for Special Consideration requesting a deferral must be filed within **one (1) week** to the APO with signed medical documentation.

Examinations are not rescheduled for purposes of travel. Students must arrange to be available for the entire range of examination dates.

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STUDENTS WITH DISABILITIES

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COURSE SCHEDULE

**Business A746
Advanced Auditing
Summer 2008
Course Schedule**

Session 1 – Review of auditing concepts

- Items to consider before accepting clients (knowledge of business and industry, independence)
- Professional responsibilities
- Engagement letters
- Materiality
- Summary of unadjusted errors
- Control testing
- Combined audit approach
- Audit of cash – an example
- Audit of A/R – an example
- Audit of Prepaids – an example
- Audit of Property, plant and equipment – an example

Session 2 – Review of auditing concepts

- Presentation of articles by three groups
- Audit of A/P and accruals – an example
- Audit of Bank debt – an example
- Audit of Income taxes – an example
- Audit of the income statement – an example
- Subsequent review
- Legal letter and contingent liabilities
- Minute review
- Management letter
- Auditing Case – BBGP – The Runners Shop: Litigation Support Review of Audit Documentation for Notes Payable

Session 3 – Attestation, review and other assurance services

- **NOTE > Afternoon class will be rescheduled to an agreed upon time**
- Presentation of articles by three groups
- ALLS – Chapter 23.
- Auditing Case – BBGP – Ann Taylor Stores Corporation: Determination of Planning Materiality and Tolerable Misstatement
- Auditing Cases – BBGP – EyeMax Corporation: Evaluation of Audit Differences

Session 4 – Fraud and forensic auditing

- Presentation of articles by three groups
- ALLS – see index under fraud for various references through text
- Auditing Case – BBGP – The Anonymous Caller: Recognizing It's a Fraud and Evaluating What to Do
- Auditing Case – BBGP – Waste Management, Inc.: Manipulating Accounting Estimates

Session 5 – Internal Auditing and Comprehensive Audits

- Presentation of articles by three groups
- ALLS – Chapter 25
- Auditing Case – BBGP – Northwest Bank: Developing Expectations for Analytical Procedures
- Questions regarding midterm

Session 6 - MIDTERM

Session 7 – Not-for-profit organizations and small business audits

- Presentations of articles by three groups
- Readings will be posted on class website a week in advance
- Auditing Case – to be announced

Session 8 - Sampling

- Presentation of articles by three groups
- ALLS – Chapter 11
- Auditing Case – to be announced

Session 9 – Environmental Auditing and Professional Issues

- Presentation of articles by three groups
- Readings will be posted on class website a week in advance
- Auditing Case – to be announced
- Group mock audit file due for Group project

Session 10 – Auditing Service Organizations

- Presentation of articles by three groups
- View www.cica for information pertaining to audits of service organizations
- Other readings will be posted on website a week in advance
- Group mock audit file due for Group project

Session 11 – Class Presentations of Group Term Project

Session 12 – Class Presentations of Group Term Project

Session 13 – Final Exam



SCHOOL OF GRADUATE STUDIES

RECOMMENDATION FOR CHANGE IN GRADUATE CURRICULUM - FOR CHANGE(S) INVOLVING COURSES

PLEASE READ THE FOLLOWING NOTES BEFORE COMPLETING THIS FORM:

1. This form must be completed for **ALL** course changes. All sections of this form **must** be completed.
2. An electronic version of this form must be emailed to the Assistant Secretary and SynApps System Administrator (Email: espiritu@mcmaster.ca).
3. A representative from the department is required to attend the Faculty Curriculum and Policy Committee meeting during which this recommendation for change in graduate curriculum will be discussed.

DEPARTMENT/PROGRAM		Accounting and Financial Management Services Area		
COURSE TITLE		Computer Control and Auditing		
COURSE NUMBER	Bus A747	COURSE CREDIT		
		FULL COURSE ()	HALF COURSE (X)	QUARTER (MODULE) ()
INSTRUCTOR(S)		M. Gomma/Y.L. Chan.		
PREREQUISITE(S)		Bus A703 and A745; and registration in Master of Professional Accountancy Program.		
NATURE OF RECOMMENDATION (PLEASE CHECK APPROPRIATE BOX)				
NEW COURSE	☒	DATE TO BE OFFERED: May 2008	WAS THE PROPOSED COURSE OFFERED ON DEAN'S APPROVAL? NO If YES, PROVIDE THE DATE:	
WILL THE COURSE BE CROSS-LISTED WITH ANOTHER DEPARTMENT? NO If YES, ATTACH TO THIS FORM ANY RELEVANT CORRESPONDENCE WITH THE OTHER DEPARTMENT(S). NOTE: CROSS-LISTING OF COURSES REQUIRES APPROVAL FROM EACH DEPARTMENT AND FACULTY CONCERNED.				
CHANGE IN COURSE TITLE		PROVIDE THE CURRENT COURSE TITLE:		
CHANGE IN COURSE DESCRIPTION		600-LEVEL COURSE (Undergraduate course for graduate credit) Please see #4 on page 2 of this form		
CHANGE TO FULL COURSE		CHANGE TO HALF COURSE	CHANGE TO QUARTER COURSE	
COURSE CANCELLATION		PROVIDE THE REASON FOR COURSE CANCELLATION:		
OTHER		EXPLAIN:		
BRIEF DESCRIPTION FOR CALENDAR - Provide a brief description (maximum 6 lines) to be included in the Graduate Calendar. This course examines the control and security of accounting information systems with an auditing perspective. The course will consist of three main modules: (1) Information systems auditing professional standards and guidelines, as well as a variety of control models. (2) Network and communications and e-business risks and controls. (3) Tools and techniques used for fraud and forensic auditing.				
CONTENT/RATIONALE - Provide a brief description, i.e., outline the topics or major sub-topics, and indicate the principal texts to be used. Hunton, Bryant, and Bagranoff. Core Concepts of Information Technology Audit. ISACA Standards and Guidelines, ISACA Code of Ethics download at http://www.isaca.org/standard/stdownload.htm .				

1. STATEMENT OF PURPOSE (How does the course fit into the department's program?) The purpose of this course is to provide students an opportunity to gain an understanding of the control and security of accounting information systems with an auditing perspective. Students will be able to conduct an IT audit; identify and describe the general and application controls found in computerized accounting systems and the methods used to assess risks for these controls; identify, describe and assess systems development and documentation controls and how they impact computerized accounting systems; and identify and describe hardware and systems software controls and how they impact computerized accounting systems. This course will prepare students for pursuing a professional designation and career in accounting and auditing.
2. EXPECTED ENROLMENT: 20 to 25
3. DESCRIBE IN DETAIL THE METHOD OF PRESENTATION OF COURSE MATERIAL (i.e., lectures, seminars): Readings, lectures, seminars and case studies.
4. DESCRIBE IN DETAIL THE METHOD OF EVALUATION: (For 600-level course, indicate the <u>Extra Work</u> to be required of graduate students, i.e., exams, essays, etc.) Class participation, papers, projects, presentation and examinations.
5. TO PREVENT OVERLAP, IS A COURSE IN THE SAME OR A RELATED AREA OFFERED IN ANOTHER DEPARTMENT? IF YES, PLEASE ATTACH TO THIS FORM ANY RELEVANT CORRESPONDENCE WITH THE OTHER DEPARTMENT(S). n/a
6. IF THE COURSE IS INTENDED PRIMARILY FOR STUDENTS OUTSIDE YOUR DEPARTMENT, DO YOU HAVE THE SUPPORT OF THE DEPARTMENT/PROGRAM CONCERNED? n/a
PLEASE PROVIDE THE CONTACT INFORMATION FOR THE RECOMMENDED CHANGE: Name: Y. Lilian Chan Email: ylchan@mcmaster.ca Extension: 23974

If you have any questions regarding this form, please contact the Assistant Secretary and SynApps System Administrator, School of Graduate Studies, extension 24204.

SGS/December 2006

**Business A747
Computer Auditing and Control
Summer 2008
Course Outline**

**Accounting and Financial Management Services
DeGroote School of Business
McMaster University**

COURSE OBJECTIVE

The objective of this course is to gain an understanding of the control and security of accounting information systems with an auditing perspective. This will be achieved through:

- Understanding the methods auditors use to assess control risk in computerized accounting systems;
- Identifying and describing the general and application controls found in computerized accounting systems and the methods used to assess risk for these controls;
- Identifying, describing and assessing systems development and documentation controls and how they impact computerized accounting systems;
- Identifying and describing hardware and systems software controls and how they impact computerized accounting systems;
- Understanding system security controls and the impact of these controls on the overall reliability of computerized accounting information systems;
- Identifying the techniques available to help the auditor test computer programs, and
- Developing IS auditing skills using ACL.

INSTRUCTOR AND CONTACT INFORMATION

Administrative Assistant

Alicja Siek

Secretary

siekal@mcmaster.ca

Office: MGD/303

Office Hours: 09:00 – 16:00

Tel: (905) 525-9140 Ext. 24630

COURSE ELEMENTS

Credit Value:	3	Leadership:	Yes	IT skills:	Yes	Global view:	Yes
WebCT:	Yes	Ethics:	Yes	Numeracy:	No	Written skills:	Yes
Participation:	Yes	Innovation:	Yes	Group work:	Yes	Oral skills:	Yes

COURSE DESCRIPTION

This course examines the control and security of accounting information systems with an auditing perspective. The course will consist of three main modules:

1. IS auditing professional standards and guidelines, as well as a variety of control models including COSO and COBIT.
2. Network and communications and e-business risks and controls.
3. Tools and techniques used for fraud and forensic auditing including ACL, digital analysis using Benford's Law, regression and EnCase.

LEARNING OUTCOMES

Upon completion of this course, students will be able to complete the following key tasks:

- Conduct an IT audit using ACL;
- Identify and describe basic computerized information systems concepts;
- Identify and describe the general and application controls found in computerized accounting systems and the methods used to assess risks for these controls;
- Identify, describe and assess systems development and documentation controls and how they impact computerized accounting systems;
- Identify and describe hardware and systems software controls and how they impact computerized accounting systems;

REQUIRED COURSE MATERIALS AND READINGS

- *Core Concepts of Information Technology Audit*, by Hunton, Bryant, and Bagranoff
- *COBIT-Control Objectives for Information Technology* (ISACA)--Framework (download from www.isaca.org)
- ISACA Standards and Guidelines, ISACA Code of Ethics download at <http://www.isaca.org/standard/stdownload.htm>. Note that this is a very long document. You need only print out the portions listed in the syllabus.

EVALUATION

Learning in this course results primarily from readings, in-class discussion, case analysis as well as from the completion of a report and presentation. All work will be evaluated on an individual basis except in certain cases in which group work is expected. Peer evaluations will be collected along with the project and used to assist in assigning grades for the group assignments. Thus, group members will rate each other as to how substantially each group member contributed to the final product. A student may be penalized up to 100% of the total points available on any given group project for poor performance (as rated by their peers). The professor will decide on any grade adjustment based on peer evaluations. Your final grade will be calculated as follows:

Components and Weights

Midterm	20%
Final Exam	30%
ACL Group Project	10%
Research Paper Presentation (group)	10%
Research Paper (group)	20%
Participation	<u>10%</u>
	<u>100%</u>

Conversion

At the end of the course your overall percentage grade will be converted to your letter grade in accordance with the following conversion scheme.

LETTER GRADE	PERCENT	LETTER GRADE	PERCENT
A+	90 - 100	C+	67 - 69
A	85 - 89	C	63 - 66
A-	80 - 84	C-	60 - 62
B+	77 - 79	D+	57 - 59
B	73 - 76	D	53 - 56
B-	70 - 72	D-	50 - 52
		F	00 - 49

Midterm Exam

The midterm exam is worth 20% of your final grade. The exam will cover material from the book and the articles discussed during class. This exam is closed-book.

Final Exam

The final exam is worth 30% of your final grade. The exam is cumulative and is closed-book.

ACL Group Project

Students will complete a comprehensive case demonstrating their knowledge of ACL. The case requires students to follow an audit program and perform appropriate tests to achieve stated audit objectives. The case incorporates SAS 99 concepts to provide an opportunity for students to gain experience using ACL to detect fraud.

Research Paper Group Project

Professional and technical communications skills are exceedingly important to IT auditors. Such skills include both written and oral communication skills, since IS auditors must be proficient at writing audit reports and dealing with clients in a professional manner.

Each student group will complete a research paper and will deliver a corresponding presentation in class. The purpose of the paper is to develop your skills in (1) identifying IT audit issues important to people concerned with audit and control of information systems; (2) developing an IT audit idea into a manuscript; (3) working in a group towards a common goal; and (4) presenting the results of your efforts in oral and written form.

All papers must be typed and spell-checked. Poor grammar and spelling, as well as neglecting format guidelines will result in at least a letter grade deduction on the project. The research paper should be approximately 10-15 pages, double-spaced, 12-point font, not including the title page, references and appendices. All margins should be set at 1". References and citations should follow APA Guidelines (see <http://leo.stcloudstate.edu/research/apadocument.html>).

Students should turn in one copy of the paper plus email a copy to the instructor. Students should keep a backup copy. Papers are required to have at least 5 references from newspapers or other periodicals. This number does not include web sites and books. The following journals might be useful as reference sources: *IS Audit and Control Journal* (formerly *EDP Auditor Journal*); *Computer Security Journal*; *EDPACS*; *Journal of Systems Management*; *Management Accounting*; *Journal of Information Systems*; *Journal of Accountancy*; *CPA Journal*; *Internal Auditor*; *Journal of Cost Management*; and *Computerworld*. The paper should have a total of at least 10 references. Presentations should be between 20 and 30 minutes. Points will be deducted for presentations that are outside these limits. Presentation grades will be based on the clarity of the presentation and the information provided. Presenters are encouraged to demo software that may be applicable to their topic. Groups are required to present papers using PowerPoint or some other computerized graphics package.

The paper is framed in 3 deliverables as follows:

	Requirement	How	Due Date (% of Grade)
1	A proposal in the form of a question or situation for a topic, including an annotated bibliography of sources (potential sources)	Select a topic of interest to your group. Your only constraint on topic choice is that it must fall within the domain of IS audit/control/security. No two groups may choose the same topic. Topics will be assigned on a first come first serve basis. The following topics are suggestions, but by all means, feel free to select another appropriate topic that is not on this list. • Auditing End User Computing • Controlling Systems Design • Contiguous and Continuous Auditing • Encryption • Operating Systems Security and Audit • Auditing Networks and Distributed Systems • Auditing Client Server Systems • Auditing Databases • E-Commerce/EDI	5/10 (2%)
2	Outline	See http://web.princeton.edu/sites/writing/Handouts/Outlines.pdf for directions on writing an outline	5/31 (3%)
3	Final paper		7/19 (15%)
Total			20%

Participation

Students are expected to participate in class discussion where appropriate and/or when called on. Further, students are expected to conduct themselves at all times in a professional manner. Participation/Professionalism points are earned via active, meaningful, and consistent contributions to class discussion. These points are earned daily and constitute 10% of the total grade in the class.

Participation is a significant part of your overall course grade. Students will be assigned articles in which they are to lead the class discussion that day. Students are expected to be fully knowledgeable of the assigned article, including other readings relevant to the topic. Students may prepare whatever handouts or teaching aids they feel necessary. This component is worth 50% of the participation grade. The other 50% of the participation grade is awarded for insightful contribution to the class discussion on a consistent basis. Note that simply talking will not earn you participation points. You must make a contribution to the class discussion to receive participation points.

ACADEMIC DISHONESTY

Please note that students involved in academic dishonesty will receive a **ZERO** grade on the particular component in which the infraction occurred and a notation of academic dishonesty in the

Dean's office. Students may also receive a **ZERO** grade on the course, a notation of academic dishonesty on their transcripts (i.e., Notation reads: "Grade of F assigned for academic dishonesty"), and/or suspension or expulsion from the university. The University Senate Resolutions on Academic Dishonesty states:

Academic dishonesty consists of misrepresentation by deception or by other fraudulent means. In an academic setting this may take any number of forms such as copying or use of unauthorized aids in tests, assignments, examinations, lab reports, term papers, or cases; plagiarism; talking during in-class examinations; submission of work that is not your own without citation; submission of work generated for another course without prior clearance by the instructor of both courses; submission of work generated by another person; aiding and abetting another student's dishonesty; and giving false information for the purpose of gaining admission or credits; and forging or falsifying McMaster University documents. No excuses for violation of this policy, including ignorance of the policy, are accepted.

For more detailed information see the following link:

http://www.mcmaster.ca/policy/ac_ethics.htm

It is the student's responsibility to understand what constitutes academic dishonesty. Please be careful when handing in assignments, reports, essays and/or cases that are based on individual work. In instances when work is suspected to be copied and/or plagiarized, all students involved will be notified and the case will be reviewed first by the instructor and then by the Office of Academic Integrity.

COPYRIGHT

McMaster University has signed a license with the Canadian Copyright Licensing Agency (Access Copyright) which allows professors, students, and staff to make copies allowed under *fair dealing*. Fair dealing with a work does not require the permission of the copyright owner or the payment of royalties as long as the purpose for the material is private study, and that the total amount copied equals **NO MORE THAN 10 percent** of a work or an entire chapter which is less than 20 percent of a work. In other words, it is illegal to: i) copy an entire book, or ii) repeatedly copy smaller sections of a publication that cumulatively cover over 10 percent of the total work's content. Please refer to the following copyright guide for further information:

<http://library.mcmaster.ca/about/copying.pdf>

MISSED TESTS AND ASSIGNMENTS

The Faculty of Business has approved the following policy:

Where students miss a regularly scheduled midterm or one of the term tests for legitimate reasons as adjudicated by the Academic Programs Office (APO), the

weight for that test will be redistributed across other evaluative components of the course at the discretion of the instructor.

Documentation explaining such an absence must be provided to the APO within **five (5) working days** upon returning to school. The approved McMaster University Medical Form must be used. There will be no makeup for missed examinations. If an examination is missed without a valid, documented excuse, students will receive a grade of **ZERO** for that component.

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<http://csd.mcmaster.ca>

COURSE SCHEDULE

Business A747 Computer Auditing and Control Summer 2008 Course Schedule

WEEK	TOPIC	Reading Assignment or Homework/Project Due This Day
1	- Course Introduction - Overview of IT Audit and Conducting an IT Audit - ISACA Standards, Guidelines, and Procedures - models <i>Groups Assigned</i>	Hunton, Bryant and Bagranoff (hereafter "HBB"), Chapter 1 ISACA Guidelines pages 1-7 <i>"Integrated IT Audit, Part 1," John Tongren, ITAudit Forum, Vol. 2, March 1, 1999,</i> http://www.theiia.org/itaudit/index.cfm?fuseaction=forum&fid=46 <i>"IT Audit Approach, Internal Controls, and Audit Decisions of an IT Auditor, Part 1" Jagdish Pathak, ITAudit Forum, Vol 3, June 15, 2000</i> http://www.theiia.org/itaudit/index.cfm?fuseaction=forum&fid=126 <i>"IT Audit Approach, Internal Controls, and Audit Decisions of an IT Auditor, Part 2" Jagdish Pathak, ITAudit Forum, Vol 3, Aug. 1, 2000,</i> http://www.theiia.org/itaudit/index.cfm?fuseaction=forum&fid=127 <i>"Audits from Hell," Carole Fennelly, ITAudit Forum, Vol. 2, March 15, 1999,</i> http://www.theiia.org/itaudit/index.cfm?fuseaction=forum&fid=177
2	Ethical and Legal Issues for IT Auditors - ISACA Code of Ethics - Irregular and Illegal Acts - Regulatory and Legal Issues	HBB, Chapter 2 <i>"The Role of Ethics in Information Security," by Peter Hiller, IT Audit Forum, Vol 1, Dec.1, 2003.</i> http://www.theiia.org/itaudit/index.cfm?fuseaction=forum&fid=5466 <i>"Document-retention Policies," by Mark Grossman, IT Audit, Vol. 6, May 15, 2003</i> http://www.theiia.org/itaudit/index.cfm?fuseaction=forum&fid=5410 <i>"The Risks of Outsourcing," by Alan Oliphant, IT Audit Forum, Vol. 6, Nov. 15, 2003.</i> http://www.theiia.org/itaudit/index.cfm?fuseaction=forum&fid=5465 <i>"What auditors should know about media failures," by Bill Viggiano, IT Audit Forum, Vol. 1, Sept. 1, 1998.</i> http://www.theiia.org/itaudit/index.cfm?fuseaction=forum&fid=277 Research Deliverable 1 Due (5/10)
3	Information Technology Risks & Controls - Identifying IT Risks - Identifying IT Controls	HBB, Chapter 3 COBIT Executive Summary <i>"Use of Information Technology in Audit Management," Parts 1 and 2,</i>

WEEK	TOPIC	Reading Assignment or Homework/Project Due This Day
	- Documenting IT Controls - Monitoring IT Risks & Controls - COBIT, COSO, and other control	by Charles LeGrand, IT Audit Forum, Vol 4, November 15, 2001, and Vol. 4, December 15, 2001, http://www.theiia.org/itaudit/index.cfm?fuseaction=forum&fid=345 http://www.theiia.org/itaudit/index.cfm?fuseaction=forum&fid=321 “An Introduction to Computer Auditing—Part Deux, No. 5,” Alan Oliphant, ITAudit Forum, Vol 2, Nov. 1, 1999, http://www.theiia.org/itaudit/index.cfm?fuseaction=forum&fid=197 “Two Views of Internal Controls: COBIT and the ITCG,” Yan and Makal, ITAudit Forum, Vol 1, Dec. 1, 1998 http://www.theiia.org/itaudit/index.cfm?fuseaction=forum&fid=43 “A Framework for and Automated Risk Assessment Tool,” Will Ozier, ITAudit Forum, Vol 2, August 15, 1999, http://www.theiia.org/itaudit/index.cfm?fuseaction=forum&fid=228
4	Information Systems Deployment Risks - Developing Strategic Plans - Managing Development Projects - Acquiring Software Applications - Developing Software Applications - Changing Software Applications - Implementing Software Applications	HBB, Chapter 4 Database Management and Controls “Securing the Database: What are the Issues?” Tom Turner, ITAudit Forum, Vol. 2, Sept. 15, 1999, http://www.theiia.org/itaudit/index.cfm?fuseaction=forum&fid=215 “Auditing Database Systems,” John Yu, IT Audit Forum, Vol. 3, Sept. 15, 2000. http://www.theiia.org/itaudit/index.cfm?fuseaction=forum&fid=273 “An Introduction to Computer Auditing—Part Deux, No. 12 Part B,” Alan Oliphant, ITAudit Forum, Vol 3, Aug 15, 2000, http://www.theiia.org/itaudit/index.cfm?fuseaction=forum&fid=359 “An Introduction to Computer Auditing—Part Deux, No. 12, Part A,” Alan Oliphant, ITAudit Forum, Vol 3, July 15, 2000, http://www.theiia.org/itaudit/index.cfm?fuseaction=forum&fid=358 Systems Development Life Cycle “An Introduction to Computer Auditing—Part 5,” Alan Oliphant, ITAudit Forum, Vol 2, Feb. 15, 1999, http://www.theiia.org/itaudit/index.cfm?fuseaction=forum&fid=191 “An Introduction to Computer Auditing—Part Deux, No. 14, Part A,” Alan Oliphant, ITAudit Forum, Vol 3, Dec 1, 2000, http://www.theiia.org/itaudit/index.cfm?fuseaction=forum&fid=362
5	IT Network and Telecommunication Risks - Network and Telecommunications Technologies - Risks - Network and Telecom Security	HBB, Chapter 6 Telecommunications “Telecommunications Issues,” by Mark Grossman, IT Audit Forum, Vol. 6, Jan 1, 2003 http://www.theiia.org/itaudit/index.cfm?fuseaction=forum&fid=525 Firewalls

WEEK	TOPIC	Reading Assignment or Homework/Project Due This Day
		“Firewall Traffic Control,” Parts 1 and 2, Andrew Makal, IT Audit Forum, Vol. 4, January 1, 2001 and Vol. 4, February 15, 2001, http://www.theiia.org/itaudit/index.cfm?fuseaction=forum&fid=226 http://www.theiia.org/itaudit/index.cfm?fuseaction=forum&fid=227 Operating System Security and Audit “Network and Security Management Software as Audit Tools,” Charles LeGrand, ITAudit Forum, Vol. 4, Sept. 1, 2001, http://www.theiia.org/itaudit/index.cfm?fuseaction=forum&fid=319 “Source Code Escrow” by Mark Grossman, ITAudit Forum Vol. 4, November 15, 2001, http://www.theiia.org/itaudit/index.cfm?fuseaction=forum&fid=342 “Are You Hiding In Plain Sight?” Ellen Daniels, ITAudit Forum, Vol. 4, April 15, 2001, http://www.theiia.org/itaudit/index.cfm?fuseaction=forum&fid=234 “Pssst, What’s Your Password?” Mike Cook, ITAudit Forum, Vol. 4, April 15, 2001, http://www.theiia.org/itaudit/index.cfm?fuseaction=forum&fid=264 Viruses and Worms “Super Worms Could Pose New Security Threats, by Tim McCollum, IT Audit Forum, Vol. 6, Aug. 1, 2003, http://www.theiia.org/itaudit/index.cfm?fuseaction=forum&fid=5435 Research Paper Deliverable 2 Due (5/31)
6	E-Business Risks (Continued) • Models • Technologies • Risks • Specialized E-business Applications • Managing Third Party Providers • Third Party Assurance Services	HBB, Chapter 7 “Electronic Commerce, Parts 1 and 2,” Albert Marcella, ITAudit Forum, Vol. 1 Sept. 1, 1998 and Vol 1, Oct. 15, 1998. http://www.theiia.org/itaudit/index.cfm?fuseaction=forum&fid=85 http://www.theiia.org/itaudit/index.cfm?fuseaction=forum&fid=86 “XML in e-Commerce,” John Yu, ITAudit Forum, Vol. 3, May 15, 2000, http://www.theiia.org/itaudit/index.cfm?fuseaction=forum&fid=370 “Privacy: A Burning Issue for e-Commerce,” John Yu, ITAudit Forum, Vol. 1, Dec. 1, 1998, http://www.theiia.org/itaudit/index.cfm?fuseaction=forum&fid=87 Encryption “Cracking the DES Encryption,” John Yu, ITAudit Forum, Vol. 1, Sept. 1, 1998, http://www.theiia.org/itaudit/index.cfm?fuseaction=forum&fid=93 “What is SSL and How Does it Work?” John Yu, IT Audit Forum, Vol. 4, Feb. 1, 2001, http://www.theiia.org/itaudit/index.cfm?fuseaction=forum&fid=374 “What is Cryptography?” Costas Christoyannis, IT Audit Forum, Vol.

WEEK	TOPIC	Reading Assignment or Homework/Project Due This Day
		3, Nov. 15, 2000, http://www.theiia.org/itaudit/index.cfm?fuseaction=forum&fid=282 “Cryptography: A Must for E-Commerce,” John Yu, ITAudit Forum, Vol. 2, Jan. 15, 1999, http://www.theiia.org/itaudit/index.cfm?fuseaction=forum&fid=88
7	Midterm Exam	
8	Using Computer Assisted Audit Tools & Techniques (CAATTs) • Definition of CAATTs • Audit Productivity Software • Generalized Audit Software Tools • Computer Assisted IT Audit Techniques • Continuous Auditing Techniques	HBB, Chapter 8 “Use of Computer-Assisted Audit Tools and Techniques (CAATs), Part 1”, Charles LeGrand, ITAudit Forum, Vol 4, Oct. 1, 2001. http://www.theiia.org/itaudit/index.cfm?fuseaction=forum&fid=320 “Use of Computer-Assisted Audit Tools and Techniques (CAATs), Part 2,” Charles LeGrand, ITAudit Forum, Vol 4, Oct. 15, 2001. http://www.theiia.org/itaudit/index.cfm?fuseaction=forum&fid=380 “Using Audit Tools, Part 1, Audit Software Packages,” Jim Goldsmith, ITAudit Forum, Vol 2, August 15, 1999, http://www.theiia.org/itaudit/index.cfm?fuseaction=forum&fid=59 “Using Audit Tools, Part 2, Applications,” Goldsmith, ITAudit Forum, Vol. 2, Oct. 15, 1999, http://www.theiia.org/itaudit/index.cfm?fuseaction=forum&fid=60 “Using Audit Tools, Part 3, Applications,” Goldsmith, ITAudit Forum, Vol.3, Jan. 1, 2000 http://www.theiia.org/itaudit/index.cfm?fuseaction=forum&fid=61 “Using Audit Tools, Part 4, Linear Regression Analysis,” Jim Goldsmith, ITAudit Forum, Vol. 3, Feb. 15, 2000, http://www.theiia.org/itaudit/index.cfm?fuseaction=forum&fid=62
9	Introduction to ACL Hands on training with ACL Conducting the IT Audit • ISACA IT Audit Standards, Guidelines, and Procedures revisited • The IT Audit Life Cycle • Four Types of IT Audits • Using COBIT to perform an audit	ACL Project Assigned, HBB Appendix (6/28) HBB, Chapter 9
10	Fraud and Forensic Auditing • Fraud Statistics • Fraud Schemes • Sarbanes Oxley • SAS 99 • Forensic Auditing • Computer Crime	HBB, Chapter 10 “IT Auditing Without Pain,” Parts 5 and 6, Alan Oliphant, IT Audit Forum, November 15, 2001 and December 1, 2001 http://www.theiia.org/itaudit/index.cfm?fuseaction=forum&fid=343 http://www.theiia.org/itaudit/index.cfm?fuseaction=forum&fid=341

WEEK	TOPIC	Reading Assignment or Homework/Project Due This Day
	- Case Studies - EnCase Software	<i>“Freeware Forensic Tools,” Derek Cheng, ITAudit Forum, Vol. 4, Nov. 15, 2001,</i> http://www.theiia.org/itaudit/index.cfm?fuseaction=forum&fid=325 <i>“Advanced Use of Audit Software in Audit and Fraud Detection Audit Software: An Indispensable Tool in the New Millennium,” Chetan Dalal, IT Audit Forum, Vol. 3, Feb. 1, 2000</i> http://www.theiia.org/itaudit/index.cfm?fuseaction=forum&fid=112 <i>“Advanced Tools to Tackle Fraud and Collusion: Part 1 - Application of 3-D vision”</i> http://www.theiia.org/itaudit/index.cfm?fuseaction=forum&fid=113 <i>Part 2 – “Benford's Law”</i> http://www.theiia.org/itaudit/index.cfm?fuseaction=forum&fid=114 <i>Part 3 – “The lethal combination of 3-D vision, Benford’s Law, and computerized digital analysis in fraud detection,”</i> http://www.theiia.org/itaudit/index.cfm?fuseaction=forum&fid=115 Chetan Dalal, IT Audit Forum, Vol 3, Sept. 15, 2000, Nov. 1, 2000, and Dec. 15, 2000.
11	Presentations of Research Papers	ACL Project Due (7/12)
12	Presentations of Research Papers	Research Paper Deliverable 3 Due
13	Final Exam	



SCHOOL OF GRADUATE STUDIES

RECOMMENDATION FOR CHANGE IN GRADUATE CURRICULUM - FOR CHANGE(S) INVOLVING COURSES

PLEASE READ THE FOLLOWING NOTES BEFORE COMPLETING THIS FORM:

1. This form must be completed for **ALL** course changes. All sections of this form **must** be completed.
2. An electronic version of this form must be emailed to the Assistant Secretary and SynApps System Administrator (Email: espiritu@mcmaster.ca).
3. A representative from the department is required to attend the Faculty Curriculum and Policy Committee meeting during which this recommendation for change in graduate curriculum will be discussed.

DEPARTMENT/PROGRAM		Accounting and Financial Management Services Area		
COURSE TITLE		Earnings Quality and Equity Analysis		
COURSE NUMBER	Bus A751	COURSE CREDIT		
		FULL COURSE ()	HALF COURSE (X)	QUARTER (MODULE) ()
INSTRUCTOR(S)		K. Kanagaretnam/E. Mohammad		
PREREQUISITE(S)		Registration in Master of Professional Accountancy Program.		
NATURE OF RECOMMENDATION (PLEASE CHECK APPROPRIATE BOX)				
NEW COURSE	☒	DATE TO BE OFFERED: January 2009/10	WAS THE PROPOSED COURSE OFFERED ON DEAN'S APPROVAL? NO If YES, PROVIDE THE DATE:	
WILL THE COURSE BE CROSS-LISTED WITH ANOTHER DEPARTMENT? NO If YES, ATTACH TO THIS FORM ANY RELEVANT CORRESPONDENCE WITH THE OTHER DEPARTMENT(S). NOTE: CROSS-LISTING OF COURSES REQUIRES APPROVAL FROM EACH DEPARTMENT AND FACULTY CONCERNED.				
CHANGE IN COURSE TITLE		PROVIDE THE CURRENT COURSE TITLE:		
CHANGE IN COURSE DESCRIPTION		600-LEVEL COURSE (Undergraduate course for graduate credit) Please see #4 on page 2 of this form		
CHANGE TO FULL COURSE		CHANGE TO HALF COURSE	CHANGE TO QUARTER COURSE	
COURSE CANCELLATION		PROVIDE THE REASON FOR COURSE CANCELLATION:		
OTHER		EXPLAIN:		
BRIEF DESCRIPTION FOR CALENDAR - Provide a brief description (maximum 6 lines) to be included in the Graduate Calendar. This course will focus on the use of financial statements. It will give students the opportunity to combine the knowledge and skills that they have acquired in previous courses to assess the quality of a firm's earnings. In addition to introducing standard analytical tools available to examine the financial performance of a firm, the course will focus on possible manipulation of information by managers. Different incentives exist for managers to manipulate accounting information. This course will examine these incentives and how they can lead managers to strategically set accounting policies to manipulate the bottom line of the income statement or any other relevant accounting information.				
CONTENT/RATIONALE - Provide a brief description, i.e., outline the topics or major sub-topics, and indicate the principal texts to be used. Topics covered in this course includes ratio analysis, cashflow analysis, business analysis, earnings management, earnings sustainability, equity valuation based on accounting numbers and price multiples. Relevant readings will be provided to students.				

1. STATEMENT OF PURPOSE (How does the course fit into the department's program?)

This course will focus on the use of financial statements. The purpose of this course is to give students the opportunity to combine the knowledge and skills that they have acquired in previous courses to assess the quality of a firm's earnings and using this knowledge for assessing its prospects and value.

2. EXPECTED ENROLMENT:

20 to 25

3. DESCRIBE IN DETAIL THE METHOD OF PRESENTATION OF COURSE MATERIAL (i.e., lectures, seminars):

Readings, lectures, and case studies.

4. DESCRIBE IN DETAIL THE METHOD OF EVALUATION: (For 600-level course, indicate the Extra Work to be required of graduate students, i.e., exams, essays, etc.)

Class participation, homework assignments, term project and examinations.

5. TO PREVENT OVERLAP, IS A COURSE IN THE SAME OR A RELATED AREA OFFERED IN ANOTHER DEPARTMENT? IF YES, PLEASE ATTACH TO THIS FORM ANY RELEVANT CORRESPONDENCE WITH THE OTHER DEPARTMENT(S).

n/a

6. IF THE COURSE IS INTENDED PRIMARILY FOR STUDENTS OUTSIDE YOUR DEPARTMENT, DO YOU HAVE THE SUPPORT OF THE DEPARTMENT/PROGRAM CONCERNED?

n/a

PLEASE PROVIDE THE CONTACT INFORMATION FOR THE RECOMMENDED CHANGE:

Name: K. Kanagaretnam Email: giri@mcmaster.ca Extension: 27857

If you have any questions regarding this form, please contact the Assistant Secretary and SynApps System Administrator, School of Graduate Studies, extension 24204.

SGS/December 2006



**Business A751
Earnings Quality and Equity Valuation
Winter 2009
Course Outline**

**Accounting and Financial Management Services
DeGroote School of Business
McMaster University**

COURSE OBJECTIVE

This course will focus on the use of financial statements. It will give you the opportunity to combine the knowledge and skills that you have acquired in previous courses to assess the quality of a firm's earnings and using this knowledge for assessing its prospects and value.

INSTRUCTOR AND CONTACT INFORMATION

Dr. Giri Kanagaretnam

Instructor
giri@mcmaster.ca
Office: DSB #328

Alicja Siek

Secretary
siekal@mcmaster.ca
Office: DSB #303
Office Hours: 09:00 – 16:00
Tel: (905) 525-9140 x24630
Course Website: N/A

COURSE ELEMENTS

Credit Value:	3	Leadership:	No	IT skills:	Yes	Global view:	Yes
WebCT:	No	Ethics:	Yes	Numeracy:	Yes	Written skills:	Yes
Participation:	Yes	Innovation:	No	Group work:	Yes	Oral skills:	Yes



COURSE DESCRIPTION

This course will focus on the use of financial statements. It will give you the opportunity to combine the knowledge and skills that you have acquired in previous courses to assess the quality of a firm's earnings quality. In addition to introducing standard analytical tools available to examine the financial performance of a firm, the course will focus on possible manipulation of information by managers. Different incentives exist for managers to manipulate accounting information. We will examine these incentives and how they can lead managers to strategically set accounting policies to manipulate the bottom line of the income statement or any other relevant accounting information.

LEARNING OUTCOMES

Upon completion of this course, students will be able to complete the following key tasks:

- To assess the quality of the earnings of a firm.
- To apply standard analytical tools to examine the financial performance of a firm.

REQUIRED COURSE MATERIALS AND READINGS

Custom Courseware

OPTIONAL COURSE MATERIALS AND READINGS

Kieso, Weygandt, Warfield, Irvine, Silvester, Young and Wiecek, 2005, *Intermediate Accounting*, 7th Canadian Edition, Volumes 1 and 2, John Wiley & Sons Canada Ltd.

CICA Handbook (available at the library).

EVALUATION

Learning in this course results primarily from readings, in-class discussion, and term product. Your final grade will be calculated as follows:

Components and Weights

Homework Assignments	10%
Class Participation	20%
Term Project	35%
Midterm Examination	<u>35%</u>
Total	<u>100%</u>

The instructor reserves the right to adjust the student's final grade by one grade point based on his/her overall performance for the course.



NOTE: The use of a McMaster standard calculator (Casio FX-991) is allowed during examinations in this course. See McMaster calculator policy at the following URL:

<http://www.mcmaster.ca/senate/academic/calculat.htm>

Conversion

At the end of the course your overall percentage grade will be converted to your letter grade in accordance with the following conversion scheme.

LETTER GRADE	PERCENT	LETTER GRADE	PERCENT
A+	90 - 100	C+	60 - 64
A	85 - 89	C	55 - 59
A-	80 - 84	C-	50 - 54
B+	75 - 79	F	0 - 49
B	70 - 74		
B-	65 - 69		

Homework Assignments

The due date for the assignments will be provided in class. The assignments can be done in teams but ***one solution per student is required***. If more than one student submits a solution, the grade will be divided by the number of students. ***The solutions must be typewritten***.

Class Participation

The success of this class depends on your preparation for and participation in class discussion. To provide incentives for you to do so, 20 percent of your course grade is based on class participation. Voluntary class participation is expected; however, I will also call on you to discuss issues related to the assigned readings and cases. The emphasis in class discussion is neither on quantity nor on having the “right answer.” Typically, there is no single “right” solution to many business problems, but there is always something to be gained from examining a variety of well-reasoned viewpoints. My basic standard for class participation is that it reflects adequate and thoughtful preparation for class. I also encourage you to bring to the attention of the class articles from The Wall Street Journal or other business periodicals that are relevant to the topics covered in this course.

Term Project

This project must be done in a team of 3 students. You are responsible to find your own team. The project consists of analyzing an organization's financial performance. The industry (or another firm in the industry) will be used as a benchmark to compare the performance of your firm. Your choice of organization should be submitted in writing to me for approval. Only one team can examine a given firm. As a result, you are urged to make your selection as soon as possible. Choose a public company (in Canada or in the US) and avoid financial institutions.

Your report should consist of detailed analysis of the financial performance of the firm as well as an analysis of the industry (or another firm in the industry). Module 3 will give you a *possible* strategy to analyze the industry. It is not sufficient to limit your analysis to a ratio analysis of the firm and the industry. You must take into account the supplier and buyer powers, the capital intensity of the industry, the consequences on the entrance of new players, and possible changes in environment (technology, regulation), etc. You should examine the accounting policies of the firm and compare them with the industry to determine whether the firm is aggressive or conservative. You should identify



contracts that can create incentives to manipulate accounting information (compensation schemes, profit sharing plans, debt covenants etc.). Your findings should be related to an overall assessment of the quality of the firm's earnings. You should examine the impact of off-balance sheet activities on the firm's profitability. A ratio analysis should be included and it should be integrated with the information obtained through the analysis of the sector, the life cycle of the company and any other relevant information. Prior to your ratio analysis, you should determine the representative earnings of the firm. Your analysis should also include an analysis of the cash flow, a risk analysis, an examination of the structure of the firm's corporate governance and any other relevant information.

The overall framework of the term project could be as follows: The initial step is to identify the contracts that create incentives to manipulate accounting information. Given these contracts, you should determine the potential direction of earnings management (to boost or to reduce earnings). An examination of the financial statements should allow you to detect potential manipulation of accounting information or aggressiveness in the application of accounting policies by the firm (and the benchmark). Prior to any financial analysis, you should calculate the firm's representative earnings. Further adjustments are necessary to obtain a pessimistic financial situation for the firm (e.g., capitalizing financial instruments, operating leases, contingent liabilities disclosed in the notes). Using these revised numbers, you can perform a ratio analysis. Make sure that your report also includes an analysis of the market forces, the cash flow, the riskiness of the firm, the corporate governance and all other relevant information.

Your report should not exceed 20 pages (12 point font with 1.5 line spacing with regular margins). All information used in your analysis should be provided in an appendix (the appendix is in addition to the 20 pages). However, the appendix should be used to complete the information provided in the report. If a part of your analysis is only (or mostly) discussed in the appendix, it may not be taken into consideration in your grade. Make sure that you include a table of references for the appendix.

Imagine that you are submitting this report to a client that wishes to invest in that company. You must recommend to invest or not in that company. I will be judging you based on the rigour of your analysis, the integration of the analysis, the structure of your report, your creativity, your professionalism, and your ability to capture variables that can affect the firm's profitability.

Each team member will have to evaluate the efforts of the other members of the team. To the extent that a member of a team does not provide the necessary effort, his/her mark will be adjusted to reflect this fact. A peer evaluation form is provided in Appendix A.

The following web sites could be of interest:

- Dominion Bond Rating Service (<http://www.dbrs.com/intnlweb/>)
- Mergent Online (Database available through the library)
- Financialpost.infomart.ca (Database available through the library)

Students should refer to <http://www.mcmaster.ca/ors/ethics/> regarding Ethics for Human Research.

Midterm Examination

The mid-term examination is an open-book, in-class exam (Date TBA).



ACADEMIC DISHONESTY

It is the student's responsibility to understand what constitutes academic dishonesty. Please refer to the University Senate Academic Integrity Policy at the following URL:

<http://www.mcmaster.ca/univsec/policy/AcademicIntegrity.pdf>

This policy describes the responsibilities, procedures, and guidelines for students and faculty should a case of academic dishonesty arise. Academic dishonesty is defined as to knowingly act or fail to act in a way that results or could result in unearned academic credit or advantage. Please refer to the policy for a list of examples. The policy also provides faculty with procedures to follow in cases of academic dishonesty as well as general guidelines for penalties. For further information related to the policy, please refer to the Office of Academic Integrity at:

<http://www.mcmaster.ca/academicintegrity>

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<http://library.mcmaster.ca/about/copying.pdf>

MISSED TESTS AND ASSIGNMENTS

The Faculty of Business has approved the following policy:

When students miss a regularly scheduled mid-term exam for legitimate reasons, as adjudicated by the Academic Programs Office (APO), the weight for that exam will be redistributed across other evaluative components of the course as deemed most appropriate by the instructor.

There are two exceptions to this “no make-up” rule.

- 1) If a student has a documented stress-related or retention-related disability (assessed through the Centre for Student Development) that is in conflict with mark redistribution, then a make-up exam may be given. In such cases, the test/exam will be administered through the CSD. When a student cannot write a final exam for documented, legitimate reasons, the student will be granted a deferred exam privilege.
- 2) If a student is representing the University at an academic or athletic event and is available at an overlapping scheduled time of the test/examination, the student may



write the test/examination at an approved location with an approved invigilator, as determined by the APO.

Instructors cannot themselves allow students to unofficially write make-up exams/tests for finals. Adjudication of the request must be handled by the APO.

For any other issues pertaining to missed exams, tests or assignments, please contact the APO.

STUDENTS WITH DISABILITIES

Students with disabilities are required to inform the Centre for Student Development (CSD) of accommodation needs for examinations on or before the last date for withdrawal from a course without failure (please refer to official university sessional dates). Students must forward a copy of such CSD accommodation to the instructor immediately upon receipt. If a student with a disability chooses NOT to take advantage of a CSD accommodation and chooses to sit for a regular exam, a petition for relief may not be filed after the examination is complete. The CSD website is:

<http://csd.mcmaster.ca>

STUDENT EVALUATION OF TEACHING

It is the policy of the DeGroote School of Business to administer the Student Evaluation of Teaching forms towards the end of the semester and students are expected to participate in these evaluations.

COURSE SCHEDULE

**Business A751
Earnings Quality and Equity Valuation
Winter 2009
Course Outline**

- Week 1: **MODULE 1: Revision of financial statements**
- Week 2: **MODULE 2: Ratio analysis and earnings management**
- Week 3: **MODULE 3: Business analysis**
- Week 4: **MODULE 4: Cash flows and life cycle**
Optional reading: Kieso et al., chapters 5 & 23 (cash flow statement)
- Week 5: **MODULE 5: Earnings management**
- Week 6: **MODULE 6: Earnings sustainability**
- Week 7: **MODULE 7: Earnings management: revenue recognition**
Optional reading: Kieso et al., chapter 6 (revenue recognition)
- Week 8: **MODULE 8: Earnings management: assets and expenses**
Optional reading: Kieso et al., chapters 7 to 13 & 21
- Week 9: **MODULE 9: Earnings management: liabilities and equity**
Optional reading: Kieso et al., chapters 14 & 15 (liabilities)
Optional reading: Kieso et al., chapter 16 (equity)
Optional reading: Kieso et al., chapter 17 (complex instruments)
- Week 10: **Equity Valuation based on accounting numbers**
- Week 11: **Valuation Based on Price Multiples**
- Week 12: **PRESENTATION OF TERM PROJECTS**



SCHOOL OF GRADUATE STUDIES

RECOMMENDATION FOR CHANGE IN GRADUATE CURRICULUM - FOR CHANGE(S) INVOLVING COURSES

PLEASE READ THE FOLLOWING NOTES BEFORE COMPLETING THIS FORM:

1. This form must be completed for **ALL** course changes. All sections of this form **must** be completed.
2. An electronic version of this form must be emailed to the Assistant Secretary and SynApps System Administrator (Email: espiritu@mcmaster.ca).
3. A representative from the department is required to attend the Faculty Curriculum and Policy Committee meeting during which this recommendation for change in graduate curriculum will be discussed.

DEPARTMENT/PROGRAM		Accounting and Financial Management Services Area		
COURSE TITLE		Assurance		
COURSE NUMBER	Bus A737	COURSE CREDIT		
		FULL COURSE ()	HALF COURSE (X)	QUARTER (MODULE) ()
INSTRUCTOR(S)		S. McCracken.		
PREREQUISITE(S)		Bus A610 or equivalence.		
NATURE OF RECOMMENDATION (PLEASE CHECK APPROPRIATE BOX)				
NEW COURSE	☒	DATE TO BE OFFERED: September 2008	WAS THE PROPOSED COURSE OFFERED ON DEAN'S APPROVAL? NO If YES, PROVIDE THE DATE:	
WILL THE COURSE BE CROSS-LISTED WITH ANOTHER DEPARTMENT? NO If YES, ATTACH TO THIS FORM ANY RELEVANT CORRESPONDENCE WITH THE OTHER DEPARTMENT(S). NOTE: CROSS-LISTING OF COURSES REQUIRES APPROVAL FROM EACH DEPARTMENT AND FACULTY CONCERNED.				
CHANGE IN COURSE TITLE		PROVIDE THE CURRENT COURSE TITLE:		
CHANGE IN COURSE DESCRIPTION		600-LEVEL COURSE (Undergraduate course for graduate credit) Please see #4 on page 2 of this form		
CHANGE TO FULL COURSE		CHANGE TO HALF COURSE	CHANGE TO QUARTER COURSE	
COURSE CANCELLATION		PROVIDE THE REASON FOR COURSE CANCELLATION:		
OTHER	☒	EXPLAIN: Change in course number from Business A737: Assurance to Business A745: Assurance.		
BRIEF DESCRIPTION FOR CALENDAR - Provide a brief description (maximum 6 lines) to be included in the Graduate Calendar. This course considers the development of the audit function, the auditor's opinion, the theory of audit evidence and internal control evaluation, the selection, scope, and application of auditing procedures, legal requirements and professional standards, and operational audit. The roles of internal and external auditors are compared.				
CONTENT/RATIONALE - Provide a brief description, i.e., outline the topics or major sub-topics, and indicate the principal texts to be used.				

1. STATEMENT OF PURPOSE (How does the course fit into the department's program?)
2. EXPECTED ENROLMENT: 20 to 25
3. DESCRIBE IN DETAIL THE METHOD OF PRESENTATION OF COURSE MATERIAL (i.e., lectures, seminars): Readings, lectures, seminars and case studies.
4. DESCRIBE IN DETAIL THE METHOD OF EVALUATION: (For 600-level course, indicate the <u>Extra Work</u> to be required of graduate students, i.e., exams, essays, etc.) Projects, case presentation/reports and examinations.
5. TO PREVENT OVERLAP, IS A COURSE IN THE SAME OR A RELATED AREA OFFERED IN ANOTHER DEPARTMENT? IF YES, PLEASE ATTACH TO THIS FORM ANY RELEVANT CORRESPONDENCE WITH THE OTHER DEPARTMENT(S). n/a
6. IF THE COURSE IS INTENDED PRIMARILY FOR STUDENTS OUTSIDE YOUR DEPARTMENT, DO YOU HAVE THE SUPPORT OF THE DEPARTMENT/PROGRAM CONCERNED? n/a
PLEASE PROVIDE THE CONTACT INFORMATION FOR THE RECOMMENDED CHANGE: Name: Y. Lilian Chan Email: ylchan@mcmaster.ca Extension: 23974

If you have any questions regarding this form, please contact the Assistant Secretary and SynApps System Administrator, School of Graduate Studies, extension 24204.

SGS/December 2006



SCHOOL OF GRADUATE STUDIES

RECOMMENDATION FOR CHANGE IN GRADUATE CURRICULUM - FOR CHANGE(S) INVOLVING DEGREE PROGRAM REQUIREMENTS / PROCEDURES

PLEASE READ THE FOLLOWING NOTES BEFORE COMPLETING THIS FORM:

1. This form must be completed for **ALL** changes involving degree program requirements/procedures. **All** sections of this form **must** be completed.
2. An electronic version of this form must be emailed to the Assistant Secretary and SynApps System Administrator (Email: espiritu@mcmaster.ca).
3. A representative from the department is required to attend the Faculty Curriculum and Policy Committee meeting during which this recommendation for change in graduate curriculum will be discussed.

DEPARTMENT		Accounting and Financial Management Services Area						
NAME OF PROGRAM		MBA Programs - Management Accounting Specialization						
PROGRAM DEGREE	Ph.D. ()	M.A. ()	M.A.Sc. ()	M.B.A. (X)	M. Eng. ()	M.Sc. ()	Diploma Program ()	Other (Specify)
NATURE OF RECOMMENDATION (PLEASE CHECK APPROPRIATE BOX)								
CHANGE IN ADMISSION REQUIREMENTS		☐	CHANGE IN COMPREHENSIVE EXAMINATION PROCEDURE		☐	CHANGE IN COURSE REQUIREMENTS		☒
CHANGE IN THE DESCRIPTION OF A SECTION IN THE GRADUATE CALENDAR			☐	EXPLAIN:				
OTHER	☐	EXPLAIN:						

DESCRIBE THE EXISTING REQUIREMENT/PROCEDURE:

MANAGEMENT ACCOUNTING SPECIALIZATION

Required:

A701 Intermediate Financial Accounting I
A702 Intermediate Financial Accounting II
A703 Advanced Financial Accounting
A721 Management Accounting Information for Strategic Development
A723 Accounting Information Systems
A732 Financial Planning: The Tax Perspective
A741 Strategic Management Accounting Issues in Start-up and Growing Companies
A742 Strategic Management Accounting Issues in Matured and Declining Companies
P700 Business, Government and the Global Environment
P720 Strategic Management
P722 Legal Aspects of Business

and one of the followings:

A718/28/38 Selected Topics in Accounting
A737 Assurance
B712 Managerial Negotiations
B730 Strategic Management of Technology
F712 Applied Corporate Finance
F721 Mergers, Acquisitions and Corporate Control
K724 eBusiness Strategies
K734 Supply Chain Management
M734 Strategic Marketing Analysis
M735 New Products
P727 Strategic Knowledge Management

PROVIDE A DETAILED DESCRIPTION OF THE RECOMMENDED CHANGE (*Attach additional pages if space is not sufficient.*)

Motion: That BUSINESS P722 – Legal Aspects of Business be changed from a required course to an elective course for the Management Accounting specialization.

Motion: That BUSINESS A737 – Assurance (or BUSINESS A745: Assurance) be changed from an elective course to a required course for the Management Accounting specialization.

NEW REQUIREMENT WITH PROPOSED CHANGES:

MANAGEMENT ACCOUNTING SPECIALIZATION

Required:

A701	Intermediate Financial Accounting I
A702	Intermediate Financial Accounting II
A703	Advanced Financial Accounting
A721	Management Accounting Information for Strategic Development
A723	Accounting Information Systems
A732	Financial Planning: The Tax Perspective
A737	Assurance
A741	Strategic Management Accounting Issues in Start-up and Growing Companies
A742	Strategic Management Accounting Issues in Matured and Declining Companies
P700	Business, Government and the Global Environment
P720	Strategic Management

and one of the followings:

A718/28/38	Selected Topics in Accounting
B712	Managerial Negotiations
B730	Strategic Management of Technology
F712	Applied Corporate Finance
F721	Mergers, Acquisitions and Corporate Control
K724	eBusiness Strategies
K734	Supply Chain Management
M734	Strategic Marketing Analysis
M735	New Products
P722	Legal Aspects of Business
P727	Strategic Knowledge Management.

RATIONALE FOR THE RECOMMENDED CHANGE: The Management Accounting specialization of the MBA programs provides students a fast-track to the CMA designation and the proposed changes reflect the recent curriculum modification in the CMA Prerequisite Studies.
PROVIDE IMPLEMENTATION DATE: (<i>Implementation date should be at the beginning of the academic year</i>) Academic session, 2008-2009
ARE THERE ANY OTHER DETAILS OF THE RECOMMENDED CHANGE THAT THE CURRICULUM AND POLICY COMMITTEE SHOULD BE AWARE OF? IF YES, EXPLAIN. N/a
PROVIDE A DESCRIPTION OF THE RECOMMENDED CHANGE TO BE INCLUDED IN THE CALENDAR: N/a
CONTACT INFORMATION FOR THE RECOMMENDED CHANGE: Name: Y. Lilian Chan Email: ylchan@mcmaster.ca Extension: x23974 Date: Nov. 22, 2007

If you have any questions regarding this form, please contact the Assistant Secretary and SynApps System Administrator, School of Graduate Studies, extension 24204.

SGS/December 2006



SCHOOL OF GRADUATE STUDIES

RECOMMENDATION FOR CHANGE IN GRADUATE CURRICULUM - FOR CHANGE(S) INVOLVING COURSES

PLEASE READ THE FOLLOWING NOTES BEFORE COMPLETING THIS FORM:

1. This form must be completed for **ALL** course changes. All sections of this form **must** be completed.
2. An electronic version of this form must be emailed to the Assistant Secretary and SynApps System Administrator (Email: espiritu@mcmaster.ca).
3. A representative from the department is required to attend the Faculty Curriculum and Policy Committee meeting during which this recommendation for change in graduate curriculum will be discussed.

DEPARTMENT/PROGRAM		Accounting and Financial Management Services Area		
COURSE TITLE		Financial Statement Analysis		
COURSE NUMBER	Bus A750	COURSE CREDIT		
		FULL COURSE ()	HALF COURSE (X)	QUARTER (MODULE) ()
INSTRUCTOR(S)		E. Bentzin-Bilkvist		
PREREQUISITE(S)		Bus F600 or equivalence		
NATURE OF RECOMMENDATION (PLEASE CHECK APPROPRIATE BOX)				
NEW COURSE	☐	DATE TO BE OFFERED:	WAS THE PROPOSED COURSE OFFERED ON DEAN'S APPROVAL? NO If YES, PROVIDE THE DATE:	
WILL THE COURSE BE CROSS-LISTED WITH ANOTHER DEPARTMENT? NO If YES, ATTACH TO THIS FORM ANY RELEVANT CORRESPONDENCE WITH THE OTHER DEPARTMENT(S). NOTE: CROSS-LISTING OF COURSES REQUIRES APPROVAL FROM EACH DEPARTMENT AND FACULTY CONCERNED.				
CHANGE IN COURSE TITLE		PROVIDE THE CURRENT COURSE TITLE:		
CHANGE IN COURSE DESCRIPTION		600-LEVEL COURSE (Undergraduate course for graduate credit) <i>Please see #4 on page 2 of this form</i>		
CHANGE TO FULL COURSE		CHANGE TO HALF COURSE	CHANGE TO QUARTER COURSE	
COURSE CANCELLATION	☐	PROVIDE THE REASON FOR COURSE CANCELLATION:		
OTHER	☒	EXPLAIN: Anti-requisite - Business A751: Earnings Quality and Equity Valuation		
BRIEF DESCRIPTION FOR CALENDAR - Provide a brief description (maximum 6 lines) to be included in the Graduate Calendar. This course provides a comprehensive and up-to-date treatment of the analysis of financial statements as an aid to decision making. Topics covered include: financial ratio analysis, the effect of various accounting alternatives on financial ratios, forecasting accounting and financial numbers, bond rating and financial statement information, financial distress prediction, and corporate restructuring. The relationship between financial markets and financial statements is studied using computerized data sets.				
CONTENT/RATIONALE - Provide a brief description, i.e., outline the topics or major sub-topics, and indicate the principal texts to be used. This is because of the common topic of financial statement analysis in both courses, Business A751: Earnings Quality and Equity Valuation, a new course developed for the Master of Professional Accountancy program, should be an antirequisite for Business A750.				

1. STATEMENT OF PURPOSE (How does the course fit into the department's program?) N/a
2. EXPECTED ENROLMENT: n/a
3. DESCRIBE IN DETAIL THE METHOD OF PRESENTATION OF COURSE MATERIAL (i.e., lectures, seminars): n/a
4. DESCRIBE IN DETAIL THE METHOD OF EVALUATION: (For 600-level course, indicate the <u>Extra Work</u> to be required of graduate students, i.e., exams, essays, etc.) n/a
5. TO PREVENT OVERLAP, IS A COURSE IN THE SAME OR A RELATED AREA OFFERED IN ANOTHER DEPARTMENT? IF YES, PLEASE ATTACH TO THIS FORM ANY RELEVANT CORRESPONDENCE WITH THE OTHER DEPARTMENT(S). n/a
6. IF THE COURSE IS INTENDED PRIMARILY FOR STUDENTS OUTSIDE YOUR DEPARTMENT, DO YOU HAVE THE SUPPORT OF THE DEPARTMENT/PROGRAM CONCERNED? n/a
PLEASE PROVIDE THE CONTACT INFORMATION FOR THE RECOMMENDED CHANGE: Name: Y. Lilian Chan Email: ylchan@mcmaster.ca Extension: 23974

If you have any questions regarding this form, please contact the Assistant Secretary and SynApps System Administrator, School of Graduate Studies, extension 24204.

SGS/December 2006