Experiential Learning

Sequencing Experiences

Know-then-understand-then "try it"?
or
"Try it"-then-know-then-understand?

Auditing Section
May 12th 2017
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Experiential Learning

- Large expectation-reality gap (Hernandez et a. 2014)
  - Students **have little idea** of actual work demands in their chosen path
- Authentic work
  - fine tune goals
  - increases **awareness** of their strengths and weaknesses (Edward Beck and Halim 2008; Knouse and Fontenot 2008; Peterson et al. 2014).
  - Increases **ambition** (towards or away) from tasks (Murphy et al. ; Coco 2000; Gault et al. 2000; McClam et al. 2008; Rooks and Rael 2013).

Audit Course

- Very theoretical
- Requires "judgment" lost on students
- Terms, terms, terms
    - Cognitive load theory (Mostyn 2012)
- The new flip: Do an audit task first
    - **Then…** discuss assertions/judgments/issues

Polling Question

Do your students complain about the heavy use of terms in auditing?

1. Big source of frustration
2. Occasional source of frustration
3. Minor course of frustration
4. Not a source of frustration

Diamonds

Key Considerations in the **Audit** of Inventory: A Practice-Oriented Learning Case Utilizing "**Diamonds**" (Green 2013)

- Show up with client's "safe" (colored beads in locked box) and client's inventory list
- Ask students to "audit" the inventory
  - List has items out on consignment
  - Valuation issues
  - Errors (extra stones, missing stones)
  - Clerical errors on records
  - Risk issues (one vendor, related party)
- **Then….**discuss problems, giving the problem a "name" (assertion)

IDEA P-Card Audit

Understanding the Links Between **Audit** Risks and **Audit** Steps: The Case of Procurement **Cards** (Dow, Watson & Shea 2013).

- Give students an audit program
- Show them IDEA menu steps to accomplish the tasks needed
- Have them create a workpaper of evidence
- **Then….**talk about evidence in concrete terms

Confirmation.com

Simply Soups Inc.: A Teaching Case Designed to Integrate the Electronic Cash Confirmation Process into the Auditing Curriculum (Hanes, Porco & Thibodeau 2014)

- Send confirmations using software
  - 6 confirmations, four with issues
  - After sending confirmations (use of software)
  - Then… discuss why did we do those steps?
  - Second half of class, review returned confirmations
  - **Then…** discuss confirmation frauds

Super Shears (Sargent & Bishop 2017 working paper)

- Set of 2 micro cases
- Given working paper...asked to find
  - Evidence that *supports* estimate
  - Evidence that *contradicts* the estimate
  - Evidence that is *irrelevant* to the estimate
- Evaluate the *persuasiveness* of the supporting evidence
- **Then...**discuss audit judgment, confirmation bias, incentives...etc...

Polling Question

Do you think auditors and students *improve* in their ability to "notice" disconfirming evidence (battling confirmation bias)?

1. Likely not very much for either group

2. Somewhat better for both groups

3. Quite a bit better for both groups

4. Auditors likely improve; students do not improve

5. Auditors do not improve; students likely improve

Student Post-Case Survey
(5 = very true; 1 = very false)

|	F2F n=12	Online n=11	All n=23
1. I understand the difficult of auditing estimates better than I did before.	4.00	3.73	3.87
2. I feel more confident in finding supporting evidence.	3.67	3.36	3.52
3. I feel more confident in finding disconfirming evidence.	3.42	3.09	3.26
4. I would like more exercises like these in my audit class.	4.42	3.64	4.04
5. This case illustrates audit issues better than chapter materials.*	4.25	3.27	3.78
6. This case motivates me to want to do audit work.	3.33	2.64	3.00
7. This case was very difficult for me to do.	3.17	3.82	3.48
8. The accounting issues in this case were over my head.*	2.25	3.09	2.65
9. The second case was harder than the first case.	2.58	3.27	2.91
10. These cases made me think hard.*	3.92	4.64	4.26
11. Cases with conflicting evidence do not seem realistic to me.	1.92	2.09	2.00
12. This case gave me a better understanding of how difficult it is for clients to form their estimates.	4.42	4.00	4.22
13. This case made me think about other potential estimates that would be hard to audit.	4.17	4.00	4.09
14. This case would be well suited to online courses.		3.64	

* F2F and online responses differ, $p < .05$

Auditor Post-Case Survey
(5 = very true; 1 = very false)

	Mean	% True or Very True
	N=53	
1. I understand the difficulty of auditing estimates better than I did before.	3.52	62.3%
2. I feel more confidence in finding supporting evidence.	3.32	50.9%
3. I feel more confident in finding disconfirming evidence.	3.35	60.4%
9. The second case was harder than the first case.	2.87	30.2%
11. Cases with conflicting evidence do not seem realistic to me.	1.89	7.6%
13. These cases made me think about other potential estimates that would be hard to audit.	3.77	75.5%
These cases motivate me to want to question estimates more thoroughly.	3.55	60.4%

Disconfirming Evidence Found

Disconfirming case facts correctly identified:
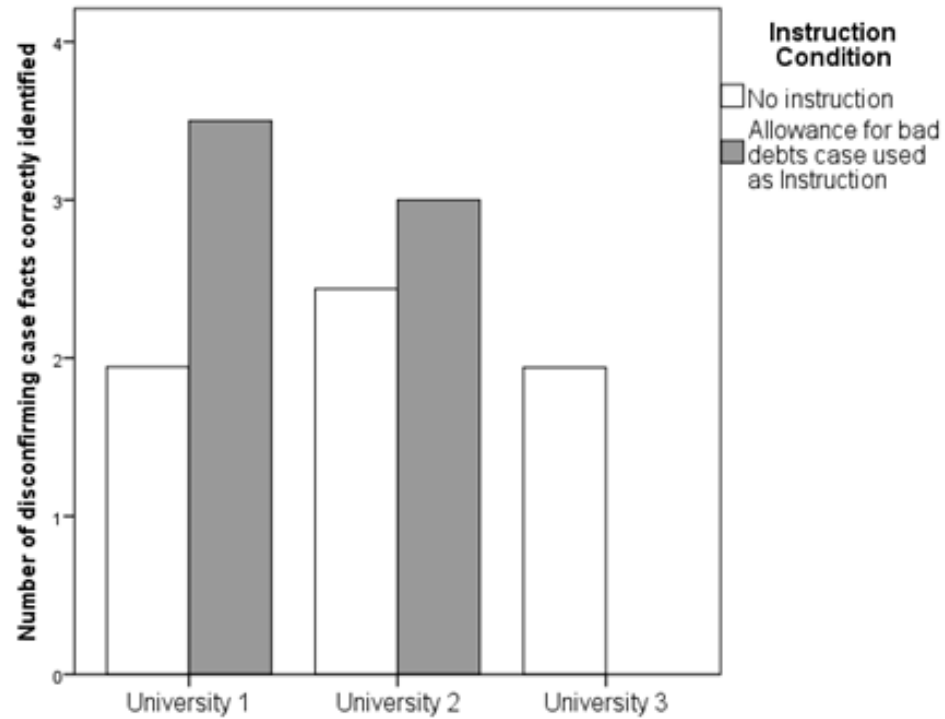
Do-then-know-then-understand

Don't have to wait for internships…

- These assignments illustrate that audit issues are *rarely black and white*, with neither absolutely right or wrong client judgments, reinforcing how audit tasks *require reasoning and thinking.*

- *"Show" in a natural authentic way rather than "telling" = experiential learning*

Questions?

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Combining Mission and Experiential Learning

Auditing Section

May 12, 2017

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Service Learning – What Is It?

- Incorporating community service within the academic experience

- Pedagogical method that enables students to apply course concepts to a "real life" experience that meets a community need and to reflect upon all aspects.

Background

- Jesuit college – encourages "giving back" through volunteer activities
- Connect mission more closely to the academic experience
- Incorporate or embed it in courses
- Provide real world learning experience

Experiential Learning

Polling Question

Does your institution encourage community engagement as part of the academic experience?

1. Yes – it's required.
2. Yes – it's encouraged.
3. No – separate from the academic experience.
4. No – no emphasis on community engagement

Project Objectives

- Develop a better understanding of the unique aspects of nonprofit organizations (importance of industry knowledge)
- Develop and enhance discipline-specific research skills
- Improve oral and written communication skills
- Provide the organization with information that can be used to bring about change
- Improve analytical and critical thinking skills

Project Description

Students perform a risk assessment and/or review of internal controls for a nonprofit organization

- Initial meeting with the organization
- Identify the area or areas that the team will review
- Interview the appropriate people at the organization
- May do walk-throughs in some cases
- Review and summarize the information obtained in a memo
- Present the results to representatives or Board of orga

Project Structure

- Students work in teams
- Interested organizations paired with students
  - Teams select top two or three choices
  - Assigned by instructor
- Student teams receive name and contact information for the organization
- Memo of understanding created
- Complete research
- Present results to organization
- Share experience with class

Memo of Understanding

- Force students to articulate the project deliverables

- Avoid misunderstandings

- Interface with appropriate organization personnel

- Focus efforts

Polling Question

What are the biggest challenges to incorporating an experiential learning project into your course?

1. Don't have enough time.
2. Finding organizations to participate.
3. Hard to grade.
4. Large class sizes.

Lessons Learned

- Appreciation of the fiscal operating constraints of nonprofit organizations

- Importance of Board engagement and understanding of financial information and need for controls

- Giving back to the community in different ways

- Confidence in ability to offer something to others

Outcomes/Skills Developed

- Oral and written skills are enhanced.
- Learn more about industry-specific issues
- Experience dealing with uncertainty or ambiguity in many cases; incomplete information
- Interact with professionals and staff in an organization
- Develop basic interviewing skills

Finding Organizations to Participate

- Generally small to medium sized nonprofits
- Connections with United Way and email lists
- Contacts within accounting firms to assist clients
- College service learning partners
- Nonprofit committee of local chapter of NYSSCPAs
- Foundations and grantors
  - Example – City of Buffalo Office of Contract Administration

Other Details

- Risk assessment project is used in a fraud examination course in the fall semester. Students are required to have taken auditing.

- Organizations are offered the opportunity to have a second team of students work on a project developed as a result of the risk assessment in the spring semester in my not-for-profit accounting class

- Most organizations take advantage of this. Timing is the biggest problem.

Final Thoughts

"During most of our lives, our learning is concrete, contextual, linked to problems that demand solutions. By linking traditional classroom-based learning to community-based challenges, service-learning reconnects the classroom to a felt sense of education's power to make a difference."

American Association of Higher Education

Justice for Fraud Victims Project

Videos:
www.gonzaga.edu/jfvp

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