

ACG 6595
Accounting and Government Regulation
Summer 2006

INSTRUCTOR: Dr. Julia Higgs

OFFICE AND HOURS

Boca campus: Business East 137

Available also by appointment

561/297-3663, jhiggs@fau.edu

TEXT:

See readings for each week:

OBJECTIVES:

Students will learn about current and past regulatory bodies affecting both the domestic and international accounting profession. The course will emphasize the understanding of the political, legal and conceptual issues with standard setting. Beyond just understanding regulation, the course should assist the student in having a sense of both how and why current standards have arisen. The course also aids the students in accounting research by helping them to identify which regulatory bodies have jurisdiction over certain issues.

Students will participate in the regulatory process by responding to an exposure draft.

CLASS POLICIES:

1. Students are expected to **come to class having** (a) READ the text material assigned for that day and (b) ATTEMPTED any and all assignments.
2. Students are responsible for the use of blackboard. Syllabus updates (reading assignments) may be necessary during the semester. Students are expected to access the class announcements for updates. Students should check announcements periodically between each class meeting.
3. Unless instructed otherwise, **ALL** work to be submitted for consideration toward a student's course grade is to be attempted and completed on an **INDIVIDUAL BASIS**.

ACADEMIC IRREGULARITIES, HONESTY AND CLASSROOM CONDUCT:

All students are referred to the Chapter 6C5-4.001 of the Student Handbook entitled "Honor Code, Academic Irregularities, and Student's Grievances." It is the policy of the School of Accounting at Florida Atlantic University to adhere to the provisions of this section. Faculty of the School of Accounting will take action to secure the maximum penalty in the event of any observation of a violation.

A fundamental principle of academic, business and community life is honesty. In the academic environment, the following are critical:

Appropriate classroom behavior is expected at all times, including respect for the instructor and peers. Disruptive classroom behavior is unfair to other students who are in class to learn, as well as to the instructor, and will not be tolerated.

The Internet is a powerful tool providing access to a wealth of information. Students are reminded that plagiarism guidelines that apply to printed materials also apply to materials accessed via the Internet. *Plagiarism is a very serious violation.*

Please note: The Turnitin software may be used at the instructors discretion for evaluating assignments for plagiarism.

STUDENTS WITH DISABILITIES:

“In compliance with the Americans with Disabilities Act (ADA), students who require special accommodations due to a disability to properly execute coursework must register with the Office for Students with Disabilities (OSD) located in Boca Raton in SU133 (297-3880) or in Davie in MOD I (236-1222), and follow all OSD procedures.” OSD can make immediate arrangements for the student while they are waiting for documentation. To insure equitable treatment, instructors should refer the students to the OSD office and follow the OSD recommendations if the student requests accommodations, rather than making ad hoc accommodations. Accommodations for a student with a disability must not compromise course content or the requirements for satisfactory course completion. The faculty need not fundamentally alter the nature of their classroom materials.

GRADING:

Note: Any student contacting a regulatory body directly for help in an assignment will receive an F for the course.

A = 92.00	C+ = 78.00-79.99
A- = 90.00-91.99	C = 70.00-77.99
B+ = 88.00-89.99	D = 60.00-67.99
B = 82.00-87.99	F = Below 60
B- = 80.00-81.99	

Incomplete: Note that an “Incomplete” is not a substitute for a poor grade and is rarely granted. In accordance with the policy of the School of Accounting and the College of Business, an “Incomplete” will be given only under the following circumstances:

1. The student is otherwise passing the course (at least a C).
2. The student has an excused absence that prevented the on-time completion of the course requirements.

Grade Determination:

Note: The instructor reserves the right to use the TURNITIN software to evaluate plagiarism.

Comment Letter to an Exposure Draft of a regulatory body (20%): The student must respond to an exposure draft providing salient arguments either for or against the accounting rule. The exposure draft must be current (the comment period should not have closed by June 30). Regulatory bodies that frequently issue exposure drafts are the FASB, GASB, ASB, PCAOB, NASBA, IASB, and the GAO. **(Due Date: June 14th)** See assignment in the Document section of Blackboard.

Attendance (11%): You may miss one class without penalty. Each additional class missed reduces the grade by 1% of your total grade. Attendance will be taken at the beginning of class.

Participation in Class Discussion including leading the discussion (14%). Each week we will have a discussion on the regulatory bodies and the readings. Students will be called on at random to lead the discussion on some topics.

Group Presentation (25%):

Peer Group Evaluation: Your peers will evaluate your participation in the group project. Your group presentation score will be potentially reduced if your peers believe that you have shirked in your responsibility to the group. If for example, it is clear that a person did not assist or do his/her fair share of the work in the group project, the grade assigned to that person will be a reduced.

Final Exam (30%): We will have a final exam administered as a take home exam. The exam will consist of essay questions about some of the regulatory bodies/issues we discussed in class. Possible topics include the role of politics in standard setting; opinions, with appropriate arguments, about how standard setting can be improved; and international considerations. **(Due Date: June 26th)**

Class meeting:	Topics:	Sub topics	Readings
1	Syllabus, Introduction to regulation, and the political process; overview of the accounting profession	<ul style="list-style-type: none"> • Standard setting overview • What is a professional? 	Watch <i>Frontline Video: Bigger than Enron</i>
2 and 3	Overview continuation and Securities and Exchange Commission;	<ul style="list-style-type: none"> • Legal environment in the United States • Securities acts of 1933 and 1934; • Organizational structure of the SEC; • Role of the office of chief accountant; • Role of the office of corporate finance; • Role of enforcement • Required Filings 	<p>Week 2:</p> <p>How the U.S. accounting profession got where it is today: Part I Stephen A Zeff. Accounting Horizons. Sarasota: Sep 2003. Vol. 17, Iss. 3; p. 18</p> <p>Regulation S-X; Articles 1 and 5 (note: we will read the portion on auditors later).</p> <p>The Numbers Game: Speech by Arthur Levitt http://www.sec.gov/news/speech/speecharchive/1998/spch220.txt</p> <p>A Partnership for the Public Trust: Speech by Arthur Levitt http://www.sec.gov/news/speech/speecharchive/1998/spch230.txt</p> <p>Week 3:</p> <p>http://www.sec.gov/divisions/enforce/friactions.shtml Read in detail: AAER-2238 Apr. 26, 2005 Deloitte & Touche LLP, Steven H. Barry, CPA, and Karen T.</p>

			<p>Baker, CPA Other No.: 34-51607 Be prepared to discuss how the auditors failed to follow GAAS and how the financial statements failed to follow GAAP. Be aware of specific violations of the standards.</p> <p>How the U.S. Accounting Profession Got Where It Is Today: Part II Stephen A Zeff. Accounting Horizons. Sarasota: Dec 2003. Vol. 17, Iss. 4; p. 267</p>
4	Congress --	<ul style="list-style-type: none"> • House Financial Services Committee • Sarbanes Oxley Act • Treadway Commission and COSO • Stock Options 	<p>http://financialservices.house.gov/media/pdf/oplan109.pdf Overview of the House Financial Services Committee 109th Congress.</p> <p>Read transcript of House financial services committee SHELL GAMES: CORPORATE GOVERNANCE AND ACCOUNTING FOR OIL AND GAS RESERVES http://commdocs.house.gov/committees/bank/hba96549.000/hba96549_0f.htm</p> <p>Read Overview of Sarbanes-Oxley Act http://www.aicpa.org/info/sarbanes_oxley_summary.htm</p> <p>Read overview of the Treadway Commission Report http://www.coso.org/publications/NCFFR_Part_3.htm http://proquest.umi.com/pqdweb?index=1&did=866267&SrchMode=1&sid=1&Fmt=3&VInst=PROD&V</p>

			<p>Type=PQD&RQT=309&VName=PQD&TS=1116275373&clientId=3326#fulltext</p> <p>From the president <i>Roy, P Norman</i>. Financial Executive. Morristown: Jan/Feb 1994. Vol.10, Iss. 1; pg. 1, 1 pgs</p> <p>http://proquest.umi.com/pqdweb?index=37&did=558734&SrchMode=1&sid=1&Fmt=6&VInst=PROD&VType=PQD&RQT=309&VName=PQD&TS=1116275656&clientId=3326</p> <p>Legislation introduced to overturn FASB stock option proposal</p> <p>Anonymous. Journal of Accountancy. New York: Oct 1993. Vol. 176, Iss. 4; p. 15 (2 pages)</p>
5 and 6	<ul style="list-style-type: none"> • Financial Accounting Foundation • Financial Accounting Standards Board and predecessor bodies • Emerging Issues Task Force • Governmental Accounting Standards Board and predecessor bodies 	<ul style="list-style-type: none"> • Committee on Accounting Practice • Accounting Principles Board • AcSEC • National Commission on Government Accounting • Government Finance Officers Association 	<p>The House of GAAP http://business.library.emory.edu/info/accounting/gaap.html</p> <p>“The Rise of Economic Consequences” by Stephen A. Zeff, Journal of Accountancy, December 1978, p. 56.</p> <p>Chapter 1 from Schroeder and Clark “The Development of Accounting Theory”</p> <p>SEC study on Principles Based Accounting http://www.sec.gov/news/studies/principlesbasedstandard.htm</p> <p>Principles-based accounting standards</p>

			<p>Katherine Schipper. Accounting Horizons. Mar 2003. Vol. 17, Iss. 1; p. 61 -72</p> <p>Levitt speech: http://www.sec.gov/news/speech/speecharchive/1997/spch178.txt</p> <p>Government Accounting: Who's in Charge http://www.nysscpa.org/cpajournal/old/07505202.htm</p> <p>GASB issues statement on governmental colleges and universities. http://www.nysscpa.org/cpajournal/old/11818038.htm</p>
Readings below subject to change.			
7	PCOAB	<ul style="list-style-type: none"> • Registration of auditors • Inspections of firms • Standard setting 	<p>Read Article 2 of Regulation S-X http://www.sec.gov/divisions/corpfin/forms/regsx.htm</p> <p>http://www.pcaobus.org/Rules_of_the_Board/Documents/Rules_of_the_Board/all.pdf</p> <p>Read the following: Rule 3100 Rule 3101 Rule 3600T Rule 7100-7103 AS 2 –Part: Definitions Related to Internal Control Over financial Reporting Management's responsibility in an Audit of Internal Control Auditor's Responsibilities for Evaluating Management's Certification Disclosures About</p>

			<p>Internal Control Over Financial Reporting</p> <p>http://www.pcaobus.org/Inspections/Public_Reports/2003/Deloitte_and_Touche.pdf</p> <p>Addition to Syllabus: http://www.pcaobus.org/Rules/Docket_014/2005-11-30_Release_2005-023.pdf</p>
8	<p>Auditing Standards Board Independence Standards Board</p>	<ul style="list-style-type: none"> • Independence • Big SAS vs. little SAS • Expectations Gap 	<p>http://www.aicpa.org/download/auditstd/2004_10_AS_B_OPERATING_POLICIES.pdf</p> <p>Addition to Syllabus: John E McEnroe and Stanley C. Martens. "Auditors' and investors' perceptions of the "expectation gap" <i>Accounting Horizons</i>. Dec 2001. Vol. 15, Iss. 4; 345-358</p> <p>Addition to Syllabus: A pathology of the independence standards board's conceptual framework project Alan S Glazer, Henry R Jaenicke. <i>Accounting Horizons</i>. Sarasota: Dec 2002. Vol. 16, Iss. 4; p. 329 (24 pages)</p> <p>Read SAS 99 – Consideration of Fraud in a Financial Statement Audit http://www.aicpa.org/members/div/auditstd/Orig_Pro_Num.htm</p>

			<p>Read SAS 57 –Auditing Accounting Estimates http://www.aicpa.org/members/div/auditstd/Orig_Pro_Num.htm</p>
9	<p>Stock markets</p> <p>Group 1, 2 and 3 Presentations</p>	<ul style="list-style-type: none"> • Listing requirements • Corporate Governance • International registrants 	<p>NYSE rules on Corporate Governance: http://www.nyse.com/pdfs/section303A_final_rules.pdf</p> <p>Listing requirements for domestic companies: http://www.nyse.com/Frameset.html?displayPage=/listed/1022221393251.html</p> <p>Listing requirements for international companies: http://www.nyse.com/Frameset.html?displayPage=/listed/1022221393251.html</p>
10	<p>General Accountability Office Office of Management and Budget</p> <p>Group 4 and 5 Presentations</p>	<ul style="list-style-type: none"> • Yellow book • OMB Circulars • Compliance Supplement 	<p>http://www.aicpa.org/download/auditstd/2004_10_AS_B_OPERATING_POLICIES.pdf</p> <p>Read the following:</p> <ol style="list-style-type: none"> 1. Purpose 2. Applicability 3. Relationship between GAGAS and other Professional Standards 4. Accountability <p>http://www.whitehouse.gov/omb/circulars/a133/a133.html#b</p> <p>Read Section 105, 200, 205 520</p> <p>From the Catalog of Federal Domestic Assistance:</p>

			<p>Read Introduction: http://12.46.245.173/CFDA/pdf/intro.pdf</p> <p>From the A133 Compliance Supplement: http://www.whitehouse.gov/omb/circulars/a133_compliance/04/pt1.pdf (all pages)</p> <p>http://www.whitehouse.gov/omb/circulars/a133_compliance/04/pt2.pdf (pages 1 and 2 only)</p>
11	<p>International Standard Setters – IOSCO, IASB, EU, IFAC</p> <p>Group 6 and 7 Presentations</p>	<p>Convergence</p>	<p>Read Chapters 1 and 2 from International Accounting: A User Perspective</p> <p>Large firms envision worldwide convergence of standards</p> <p>Donna L Street. Accounting Horizons. Sarasota: Sep 2002. Vol. 16, Iss. 3; p. 215 (4 pages)</p> <p>http://www.iasb.org/</p>
11	AICPA	<ul style="list-style-type: none"> • Role of the AICPA in the future • CPA exam 	<p>XYZ designation http://www.aicpa.org/pubs/jofa/oct2001/emerson.htm</p> <p>Barry Melancon, AICPA Chief Executive: http://proquest.umi.com/pqdweb?index=1&did=235398541&SrchMode=1&sid=1&Fmt=3&VInst=PROD&VType=PQD&RQT=309&VName=PQD&TS=1118690589&clientId=3326</p>
12	NASBA –National Association of State Boards of Accountancy; Florida Board of Accountancy	Regulation of the profession by the boards.	Education requirements in Florida

	Group 8, 9 and 10 Presentations		
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