

University of Notre Dame
Department of Accountancy
Accounting 30280 – Fall, 2006
Decision Processes in Accounting

I. Instructor

Professor: Mike Morris
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Instructor's Office Hours: 11:00 a.m. to 12:15 p.m. Tuesday and Thursday
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II. Course Materials

Text: Data Analysis and Decision Making with Microsoft Excel,
Albright, Winston, and Zappe. 3rd Edition, Thomson
Southwestern, 2006. Available at Notre Dame Bookstore.

Supplemental Packet: Decision Processes in Accounting. This supplemental packet
contains news articles, cases, assignments, and other readings.
Available at the Copy Shop in LaFortune.

III. Course Learning Objectives

If you stay engaged in the course and complete the suggested readings and assignments:

- You will be able to think systematically about difficult managerial decisions. This objective will be accomplished through the use of a decision-analysis framework, which relies on ideas and/or tools from statistics, economics, and cognitive psychology.
- You will be able to identify relevant information to support decisions in scenarios where issues of uncertainty, risk, and multiple objectives are involved. Particular emphasis will be placed on applications drawn from accounting and business.
- You will develop a better understanding of the decision-usefulness of accounting information. The primary objective of accounting is to provide useful information for decision-making.
- You will improve your oral and written communication skills. This is accomplished through daily participation, formal presentations, and several assignments that require you to analyze or research questions and provide written feedback.
- You will develop better group interaction and team-building skills which will enhance important business interpersonal abilities.
- You will be actively involved in the learning process as a means of enhancing critical thinking skills.

- You will further your understanding of statistical and mathematical tools and be able to incorporate them in spreadsheets through the extensive use of Microsoft Excel and available add-ins.

IV. Grading

Your grade will be determined based on your total score on the following items:

Group Cases (4)	320
Individual Assignments (4)	80
Individual Midterm Examination	220
Individual Final Examination	220
Group Presentation (1)	80
Individual Participation	<u>80</u>
TOTAL POINTS	1,000

Your final points will be mapped into a course grade as follows:

A- and above	900 or above
B- and above	800 to 899
C- and above	700 to 799
D	600 to 699
F	below 600

In the past, the Department of Accountancy has experienced average grades between 2.95 and 3.15 for required accounting courses, including Accounting 30280.

V. Pre-Requisites

Students should have completed ACCT 20200 and BA 20100 prior to taking this class. Students should be familiar with basic concepts of probability and statistics and with basic use of Microsoft Excel.

VI. Course Organization

The course is organized around two 75-minute sessions per week which will consist of a combination of lecture and discussion of assigned readings, problems, cases, and group presentations. The sessions will use presentation and spreadsheet software and encourage active student involvement to learn about quantitative models and statistical applications in accounting settings. Students will be assigned to a team which will be responsible for turning in case analyses and for making a group presentation.

Course information will be available on a course management tool called WebCT. WebCT can be accessed on the Web at <http://vista.nd.edu>. Students registered for the course will be able to access course information, electronic forms, a bulletin board, and parts of examinations through this tool. A Student Data Sheet (at the beginning of the course), Peer Evaluation Forms (after each group assignment and presentation), Course Evaluation (at midterm), in addition to other questions/surveys will be submitted electronically via this tool.

The 80 points for participation will be awarded for engagement in the course, as measured by the contributions made to class discussions, completion of questions or surveys in WebCT, and involvement on assignments.

Peer evaluations will be important input for individualizing grades on team assignments and evaluating participation on group projects. Not submitting your peer evaluation form, which is considered an important part of the project, will reduce your own grade on the assignment by 5 points.

Extensive use of the courseware folders will be made by this course. Individual and group assignments should be submitted electronically to the appropriate folders. The midterm and final exam will also utilize the courseware folders and most problems will employ files or templates stored in the File folder.

Unless otherwise directed, submissions to WebCT and the courseware folder are due on the date indicated on the daily schedule. Submissions must be made before noon on the due date to receive full credit for the assignment.

Each team will also prepare a group presentation of an assigned problem. The problem for presentation will be assigned randomly. Group presentations will be judged on their style, substance, and ability to get the class involved. Especially important to class involvement will be the creation of a partially completed spreadsheet template, so that the class can work through the problem, be actively involved with the presenters, and have a spreadsheet to save for study purposes.

VII. Code of Honor

Students will not give or receive aid on **exams, quizzes, or graded assignments**. This includes, but is not limited to, viewing the exams or quizzes of others, sharing answers with others, and using books or notes while taking closed-book, closed-note exams. It also includes discussing an exam in order to help those who might be taking it at a later time.

For **case assignments**, teams must work *completely independently* of other teams. Each member of a team has an obligation to ensure that the workload is shared by *all* members for *each* assignment and that the work does not incorporate the work of other teams, past or present.

The honor code requires that a student, with knowledge of the above violations, report such occurrences. If a perceived honor code violation occurs, the procedures outlined in The Academic Code of Honor Handbook will be followed.

In-class Activity	New Assignment (To Do for Next Session)
<u>Session 1</u> (Tu 8-22) Introduction - Instructor, Course Discuss Policies, Assignments, Schedule Student Data Sheet (WebCT)	R Chapter 1 (p. 1-10) R Chapter 2 (p. 31-67) R It's a Flat World, After All (S) R Introduction-Against the Gods (S) D Problem 2-67 (p. 71)
<u>Session 2</u> (Th 8-24) R It's a Flat World, After All (S) Discuss Introduction-Against the Gods (S) Examine Histograms & Pivot Tables Discuss Problem 2-67 (p. 71)	R Lessons From the Brain-Damaged Investor (S) R Chapter 3 (p. 82-97) D Problem 3-29 (p. 99)
<u>Session 3</u> (Tu 8-29) Seating Arrangement, Make Team Assignments & Presentations Lessons From the Brain-Damaged Investor (S) Examine Relationships with Excel Discuss Problem 3-29 (p. 99)	R Chapter 4 (p. 135-151) G Problem 4-7 (p. 152) R Using Excel to Ferret Out Fraud (S) R Chapter 5 (p. 195-208) R What Stats Reveal (S)
<u>Session 4</u> (Th 8-31) Discuss Using Excel to Ferret Out Fraud (S) Examine Excel Filters What Stats Reveal (S) <p style="text-align: center;">GI Problem 4-7 (p. 152) (20)</p>	G Data Mining (S) D Represent (WebCT) D Case 2.3 (p. 77) R Chapter 6 (p. 268-272) D Binomial Distribution Applications (S) D Accounts Payable Audit (S)
<u>Session 5</u> (Tu 9-5) Present Case 2.3 (p. 77) Examine Represent (WebCT) Examine Binomial Distribution Examine Binomial Distribution Applications (S) Discuss Accounts Payable Audit (S)	R Chapter 6 (p. 245-265) D Accounts Rec. Evidence (WebCT) R The Man with the Sprained Brain (S) R Central Limit Theorem (p. 400-407) D Normal Distribution Applications (S)
<u>Session 6</u> (Th 9-7) Examine Accounts Rec. Evidence (WebCT) Review Normal Distribution Discuss The Man with the Sprained Brain (S) Examine Normal Distribution Applications II (S) <p style="text-align: center;">GG Data Mining (S) (80)</p>	R Chapter 7 (p. 305-326) R Auditors Failed to Warn Companies (S) D Insurance Problem (S) D Peer Eval Data Mining (WebCT)
<u>Session 7</u> (Tu 9-12) Present Normal Distribution Applications I (S) Decision Analysis Discuss Insurance Problem (S) & Precision Tree Auditing: Type I and Type II Errors Discuss Auditors Failed to Warn Companies (S)	R No Longer an "Option" (S) R Options Theory (S) R Chapter 16 (p. 935-953)

See accompanying legend for headings and symbols at the end of this document.

In-class Activity	New Assignment (To Do for Next Session)
<u>Session 8</u> (Th 9-14) Discuss No Longer an “Option” (S) Discuss Call Option Valuation Examine Option Binomial Model for Dell	R Chapter 16 (p. 966-988) R How to “Excel” at Options Valuation (S) D Problem 16-17 & 16-18 (p. 980)
<u>Session 9</u> (Tu 9-19) Examine Option Simulation Model Discuss How to “Excel” at Options Valuation (S) Present Problem 16-17 & 16-18 (p. 980)	G Option Values Using Alternative Models (S) R The Imperfect Science (S) R Companies are finding ways (S)
<u>Session 10</u> (Th 9-21) Examine Call Option Value for Cisco Discuss The Imperfect Science (S) Discuss Companies are finding ways (S) GI Option Values Using Alternative Models (S) (20)	R Does Clutch Hitting Truly Exist? (S) R Baseball Confronts the Luck Factor (S) D Nitpicker (WebCT)
<u>Session 11</u> (Tu 9-26) Discuss Does Clutch Hitting Truly Exist? (S) Discuss Baseball Confronts the Luck Factor (S) Investigate Streakiness Examine Nitpicker (WebCT)	R Tests for Normality (p. 525) R Central Limit Theorem (p. 400-407) G ND Affiliates, Inc. (S)
<u>Session 12</u> (Th 9-28) Investigate Central Limit Theorem with @Risk Discuss Chi-Square Goodness of Fit	D Problem 17-18 (p. 1028) R Monte Carlo Financial Simulator (S) R New Tools for the Nest Egg (S)
<u>Session 13</u> (Tu 10-3) Discuss Monte Carlo Financial Simulator (S) Discuss New Tools for the Nest Egg (S) Present Problem 17-18 (p. 1028)	R Do All Baseball Players have the Same Ability? (S) R Roulette Strategies (S)
<u>Session 14</u> (Th 10-5) Examine Roulette Strategies (S) Discuss Do All Baseball Players Have the Same Ability? (S) GG ND Affiliates, Inc. (S) (80)	D Peer Eval ND Affiliates (WebCT)
<u>Session 15</u> (Tu 10-10) GI MIDTERM-EXCEL (100)	
<u>Session 16</u> (Th 10-12) GI MIDTERM-WEBCT (120)	
MID-SEMESTER BREAK (SAT 10-14 to SUN 10-22)	D Course Feedback (WebCT) R Chapter 10 (p. 487-502) D Problem 10-3 (p. 503)
<u>Session 17</u> (Tu 10-24) Discuss Hypothesis Testing Discuss Problem 10-3 (p. 503)	R Chapter 11 (p.561- 584) D Problems 11-13 (p. 585) D Final Exam Preference (WebCT)

See accompanying legend for headings and symbols at the end of this document.

In-class Activity	New Assignment (To Do for Next Session)
<u>Session 18</u> (Th 10-26) Discuss Regression Analysis Discuss Problem 11-13 (p. 585)	R Chapter 11 (p. 586-598) R Data Collection Issues (S) R Statistically Speaking (S) G Case 11.4 (p. 631)
<u>Session 19</u> (Tu 10-31) Discuss Data Collection Issues (S) Discuss Statistically Speaking (S) GI Case 11.4 (p. 631) (20)	R Chapter 12 (p. 633-658) R Freakonomics (S) G Case 12.1 (p. 697-698) R Case 12.1 Require (File folder) D Problem 12-21 (p. 657)
<u>Session 20</u> (Th 11-2) Categorical Variables in Regression Discuss Freakonomics (S) Present Problem 12-21 (p. 657)	R Chapter 12 (p. 662-680) D Problem 12-71 (p. 693)
<u>Session 21</u> (Tu 11-7) Present Problem 12-71 (p. 693) Discuss the Partial F test	R A Second Look (S) D Problem 12-4 (p. 647)
<u>Session 22</u> (Th 11-9) Discuss A Second Look (S) Discuss Problem 12-4 (p. 647)	R Evaluating Environmental Stigma (S) D Case 12.4 (p. 701)
<u>Session 23</u> (Tu 11-14) Discuss Evaluating Environmental Stigma (S) Examine Case 12.4 (p. 701) GG Case 12.1 (p. 697-698) (80)	R A Simple Maximization Problem (S) D Peer Eval Case 12.1 (WebCT) D Problem 12-38 (p. 680)
<u>Session 24</u> (Th 11-16) Discuss Problem 12-38 (p. 680) Discuss A Simple Maximization Problem (S)	R Chapter 14 (p. 779-796) D Problems 14-44 (p. 830) G Problem 14-36 (p. 829)
<u>Session 25</u> (Tu 11-21) Discuss Problem 14-44 (p. 830) GI Problem 14-36 (p. 829) (20)	R Chapter 14 (p. 800-822) R Optimization-Based (S) D Problem 14-42 (p. 829)
THANKSGIVING BREAK (THURS 11-23 to SUN 11-26)	
<u>Session 26</u> (Tu 11-28) Discuss Optimization-Based (S) Present Problem 14-42 (p. 829)	D The Energy of Youth (S) D Problem 14-40 (p. 829) G Case 14.1 (p. 833) R Case 14.1 Require (File folder)
<u>Session 27</u> (Th 11-30) Present 14-40 (p. 829) Discuss The Energy of Youth (S)	R Goal Programming (S) D Goal Programming Problem 1 (S) D Problem 14-47 (p. 830)

See accompanying legend for headings and symbols at the end of this document.

In-class Activity	New Assignment (To Do for Next Session)
<u>Session 28</u> (Tu 12-5) Conduct TCE Discuss Goal Programming (S) Discuss Goal Programming Problem 1 (S) Discuss Problem 14-47 (p. 830) Present Goal Programming Problem 2 (S) GG Case 14.1 (p. 833) (80)	D Goal Programming Problem 2 D Peer Eval Case 14.1 (WebCT)
<u>Session 29</u> (Mon 12-11 to Fri 12-15) GI FINAL EXAM (220)	

Legend for Symbols in "In-class Activity" and "New Assignment" columns

R	Read for next class meeting.
D	Do for next class meeting.
(S)	Material contained in supplemental packet.
(WebCT)	Material contained in WebCT.
G	Begin a graded assignment.
GI	Individual graded assignment is due this session.
GG	Group (team) graded assignment is due this session.

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