

## FA 316 Making Budgets - Financial and Ethical Interpretations

**Campus:** Loop  
**Dates:** Autumn Quarter 2006  
**Competencies:** FX, A3X, H1X, S2X  
**Instructor:** Daniel Ryan, (630) 254-9584, fax: (866) 706-9705, dan@danielryan.us  
**Office hours:** After Class or By Appointment

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**Course description:** Enron, WorldCom, Andersen and others have transformed what we think about budgets. This course examines the process and responsibilities of the corporate manager in the budget formation, interpretation and implementation process. Students will learn to read and interpret financial budgets and statements. Through the analysis students will learn to understand the practical and ethical implications that budget implementation has on managers and workers.

Layoffs and budget quotas shape companies' profit, loss and even survival. In order to cut cost and raise profits, managers have taken on more financial roles. Managers need to understand how to read and present budgets to upper level management. The class consists of case studies with analytical problem solving, introductory lectures on basic financial concepts and theoretical frameworks. Students will develop and analyze financial budgets, participate in discussion of current ethical implications of budget implementations and write reflective papers addressing their competencies.

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### Competence statements:

- A-3-X-** Can assess the ethical implications of implementation of corporate budgets.
  - H-1-X-** Can understand change in workplace, its immediate stakeholders, and the global community and assess its impact.
  - S-2-X-** Can use mathematics or statistics to analyze budgets in today's workplace.
  - F-X-** Can develop and interpret a corporate budget in relation to other financial statements.
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### Criteria for demonstrating competence:

- A-3-X-** Two 3-4 page essays examining a current issue in which a major company has made budgetary decisions that are either have positive ethical implications or are seeming devoid of corporate ethical conscience.
- H-1-X-** Three 2-3 page essays that explores how budgeting has change the dynamics of the workplace community.
- S-2-X-** Various technical assignments that will include assessment of the budget formation, presentation and interpretation. Each student analysis of budget ratios will be assessed upon completeness and accuracy.
- F-X-** A completed annual budget cycle by each student coupled with an individual paper analyzing the financial strength of the organization and factors that show what type of future is forecasted and why.

**Overall assessment:** All students are expected to attend class regularly. Each student must **always** be prepared to participate fully and in-depth in all class projects and discussions. Mathematical assignments will be evaluated upon correctness, thought-process and presentation. Written assessments will be evaluated based upon depth of understanding, subject matter accuracy, persuasiveness of argument, quality of writing and creativity.

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**Academic integrity:** All students are expected to adhere to the academic integrity guidelines presented in the DePaul Student Handbook.

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**Teaching methods:** The class will primarily consist of lectures, discussions, case studies and

presentations. All assignments are expected to be completed on time prior to the start of class.

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**Required Text:** *The Cooke 36-Hour Course in Finance for Nonfinancial Managers*, Cooke, 2004

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## Schedule

**9/6/06** – Introduction to class. Discussion of goals for class and particular interests of students. Lecture on basic financial statements and the roles of budgeting.

**9/13/06** – Lecture and discussion of financial statements and accounting roles in the corporate environment. Discussion of the ethics of corporate boards in relationship to corporate culture and the surrounding community. **Discussion of competencies.**

*Required readings: Chapters 1 - 4 of Cooke*

*Questions at the end of Chapter 1-4 - **To be turned in.***

**9/20/06** – Lecture and discussion of financial statements and accounting roles in the corporate environment. Discussion of the ethics of corporate boards in relationship to corporate culture and the surrounding community.

*Required readings:*

1. *Chapter 1- The Role and Functions of Accounting and Finance”*
2. *“Corporate Boards Should Represent a Broader Community of Interests”, Armstrong,*
3. *“When something is Rotten”, The Economist*

*Required Assignments: Questions at the end of Chapter 1- **To be turned in.***

**9/27/06** – Lecture and discussion of planning and budgeting in the corporate environment. Begin discussion on the current environment in the corporate budgeting process.

*Required Readings:*

1. *Chapter 9 of Cooke,*
2. *“Paying People to Lie: the Truth about the Budgeting Process,” Jensen.*
3. *2004 – 100 Best Corporate Citizens*
4. *Business Ethics. 100 Best Methodology*

*Required Assignments: 1 Page written response to 100 Best Methodology – Is this methodology valid? Why or Why Not? What Changes would you make? - **To be turned in.***

**10/4/06** – Continued Lecture and discussion of planning and budgeting in the corporate environment. Meet with Groups and or professor related to budget process and progress. Introduction into Financial Metrics.

*Required reading: Chapter 7- Financial Performance Metrics;*

*Required assignment: Questions at the end of Chapter 7. - **To be turned in.***

**10/11/06** – Each student will present a current article where budgeting has effected the workplace and the surrounding community.

*Required Readings: Damn The Budget, Full Speed Ahead!*

*Required assignments:*

1. *1 Page written response to “What is your experience in budgeting? Has it been helpful or waste of time?” - **To be turned in***
2. *Presentation of article chosen by each student with a one-page summary to be handed in for grading. - **To be turned in.***

**10/18/06** – Discussion and lecture on Budget reporting to use in decision making and to inform upper management in their decision-making. Workshop on making and analyzing budgets.

*Required readings:*

1. *Chapters 10 and 12 of Cooke,*

2. *Handout regarding budgeting, ratios and variances*

*Required assignment: Murray's Mulch Excel Sheet - **To be turned in.***

**10/25/06** – Continued discussion of ratio analysis. Practice presentations and committee meetings.

*Required reading:*

1. *"How Enron Bosses Created a Culture of Pushing Limits," Raghavan, Kranhold, and Barrionuevo;*
2. *"Fastow: Enron's Bosses knew of fraud," Axtman*

**11/1/06** – Final presentations of year end results and committee meetings.

*Required assignment: Drafts for competency papers and projects. - **To be turned in.***

**11/8/06** – Review of material – questions related to final competencies.

*Required assignment: Budget Presentation - **To be turned in. (FX, S2X Only)***

**11/15/06** – Class will be used if determined to be necessary.

*Required assignment: All competencies final papers are due including S2X worksheet. - **To be turned in via email or delivery to SNL Office – Pat Ryan mailbox.***