



DEPARTMENT OF BUSINESS AND OFFICE ADMINISTRATION

COURSE OUTLINE – FALL 2017

AC4600 A2 (ACCT3010 ST): PRINCIPLES OF AUDITING – 3 (3-0-2) 75 HOURS

INSTRUCTOR: Doris Hoveland **PHONE:** (780) 539-2824
OFFICE: E309 **E-MAIL:** dhoveland@gprc.ab.ca
OFFICE HOURS: Tuesday & Thursday 10:00-11:30 or by appointment

CALENDAR DESCRIPTION:

This course examines the role of the external auditor and financial reporting, the role of the internal auditor and internal control, and operational auditing.

PREREQUISITE/CO-REQUISITE:

Prerequisite BA2110 Intermediate Accounting I and co-requisite BA2120 Intermediate Accounting II, or equivalent

REQUIRED TEXT/RESOURCE MATERIALS:

Moroney, R., Campbell, F., Hamilton, J. & Warren, V. (2015), *Auditing: A Practical Approach* (Ext. Cdn. ed.). John Wiley & Sons Canada Ltd.

This text will be used extensively.

DELIVERY MODE(S):

The course will introduce current financial statement auditing theory and practice with an emphasis on the practical application of auditing techniques and procedures from the perspective of the auditor. The decision making processes as it relates to auditing practice and the exercise of professional judgement in the context of practical situations will be major components of this course. Canadian Auditing Standards (CASs) and other Canadian reference materials will be used to provide this course with an emphasis on Canadian auditing theory and practice. However, due to the international development of auditing, reference to both British and American legal cases and practices will be made. International Auditing Standards (IAS) will be referenced where applicable.

The course will be offered as three hours instruction and two hours lab per week for a total of five hours per week. The allocation of instructional time and lab time will be at the Instructor's discretion.

- For each topic listed, there will be a classroom lecture/discussion and a demonstration of related auditing concepts and procedures. Relevant textbook readings and problems will be assigned, and your knowledge, understanding and application of the material will be tested. Topic quizzes will be administered either on paper during the weekly lab or electronically.
- The Final Examination will consist of multiple choice questions, exercises and problems.
- Regular classroom attendance is expected. Each assigned reading should be studied both before and after it is discussed in class. Homework assignments, whether or not handed in

should be completed to develop your understanding and application of the principles and practices.

- Assignments should be considered as professional submissions or presentations that would be prepared for either a supervisor or client. Therefore, assignments should be typed, contain proper spelling and grammar, be in the appropriate format for accounting statements, and communicate the required information in an efficient effective manner. Marks may be deducted if an assignment does not meet the above criteria.
- This course requires a great deal of time and effort so plan your schedule accordingly. Do not fall behind in the assigned readings and problems.
- Moodle is a Learning Management System used to improve communications between the Student and the Instructor. Important dates, documents and announcements will be posted on Moodle, and e-mails from the Instructor to the class will be sent using Moodle and/or GPRC e-mail.
- PowerPoint slides will be used, and will be available for download from Moodle.
- Unofficial Student marks will be posted on Moodle. Official Final Grades will be communicated via myGPRC.

COURSE OBJECTIVES:

The following objectives will be covered in this course:

- Introduction to audit and assurance
- Ethical and legal background of audit
- Audit planning and audit evidence
- Sampling and risk related to audit
- Internal control evaluation and testing
- Substantive testing
- Auditing in specific financial statement cycles
- Completion of the audit and audit reporting

LEARNING OUTCOMES:

Upon successful completion of this course, the student will be able to demonstrate knowledge, understanding and application, where appropriate, of:

- The auditing profession, its history, its present and its future
- Ethics and legal liabilities of auditors
- Fundamentals of audit planning
- Audit evidence
- The role of sampling
- Overview of the risk response phase of the audit
- The importance of and the testing of clients' internal control systems
- Performance of substantive procedures
- Application of the audit process to the sales and collection cycle
- Application of the audit process to other financial statement cycles
- Completion of the audit

TRANSFERABILITY:

University of Calgary
 Athabasca University
 Grant MacEwan University
 University of Lethbridge

***Warning:** Although we strive to make the transferability information in this document up-to-date and accurate, **the student has the final responsibility for ensuring the transferability of this course to Alberta Colleges and Universities.** Please consult the Alberta Transfer Guide for more information. You may check to ensure the transferability of this course at Alberta Transfer Guide main page <http://www.transferalberta.ca> or, if you do not want to navigate through few links, at <http://alis.alberta.ca/ps/tsp/ta/tbi/onlineSearch.html?SearchMode=S&step=2>

**** Grade of D or D+ may not be acceptable for transfer to other post-secondary institutions. Students are cautioned that it is their responsibility to contact the receiving institutions to ensure transferability.**

EVALUATIONS:

Cases Assignments	25%
In-class Assessments and Quizzes	40%
Final Examination	<u>35%</u>
Total	100%

GRADING CRITERIA:

Please note that most universities will not accept your course for transfer credit **IF** your grade is **less than C-**.

Alpha Grade	4-point Equivalent	Percentage Guidelines	Alpha Grade	4-point Equivalent	Percentage Guidelines
A+	4.0	90-100	C+	2.3	67-69
A	4.0	85-89	C	2.0	63-66
A-	3.7	80-84	C-	1.7	60-62
B+	3.3	77-79	D+	1.3	55-59
B	3.0	73-76	D	1.0	50-54
B-	2.7	70-72	F	0.0	00-49

COURSE SCHEDULE/TENTATIVE TIMELINE:

Week Beginning	Topic	Required Reading
August 30 (Wed)	Introduction and Overview of Audit and Assurance	Chapter 1
September 4	Ethics, Legal Liability and Client Acceptance <i>Labour Day – No Classes (Sep 4)</i>	Chapter 2
September 11	Audit Planning I	Chapter 3
September 18	Audit Planning II	Chapter 4
September 25	Audit Evidence	Chapter 5
October 2	Sampling and Overview of the Risk Response Phase of the Audit	Chapter 6
October 9	Understanding and Testing the Client's System of Internal Controls <i>Thanksgiving Day – No Classes (Oct 9)</i>	Chapter 7
October 16	Execution of the Audit – Performing Substantive Procedures	Chapter 8
October 23	Auditing Sales and Receivables	Chapter 9
October 30	Auditing Purchases, Payables, and Payroll	Chapter 10
November 6	Auditing Inventories and Property, Plant, and Equipment <i>Fall Break – No Classes (Nov 10 & 13)</i>	Chapter 11
November 13	Auditing Inventories and Property, Plant, and Equipment	Chapter 11
November 20	Auditing Cash and Investments	Chapter 12
November 27	Completing and Reporting on the Audit	Chapter 13
December 4	Completing and Reporting on the Audit	Chapter 13
December 9 – 19	FINAL EXAM (TBA)	All Chapters

STUDENT RESPONSIBILITIES:

Attendance:

Each student is expected to come to class on time. Arriving late is disruptive to the entire class. The expectation for this course is that students have read the material and attempted the exercises and problems we will cover in class. Reading and practicing problems prepares you for classroom activities.

Time Management:

Adopting and adhering to effective learning habits in this course will likely take up a great deal of time so plan your schedule accordingly. It is difficult to catch up once a student falls behind in readings and problems.

Cell Phones:

The use of cell phones during class time is unprofessional and distracting to the instructor and fellow students. Texting during class is therefore strictly prohibited. Cell phones must be either **turned off** or set to *silent* mode.

Recording:

Recording lectures or taking photos in class is prohibited unless advance permission is obtained from the instructor and any guest presenter(s). In the event permission is granted, such recordings may only be used for individual study, and may not be reproduced, transferred, distributed or displayed in any public manner.

STATEMENT ON PLAGIARISM AND CHEATING:

Cheating and plagiarism will not be tolerated and there will be penalties. For a more precise definition of plagiarism and its consequences, refer to the Student Conduct section of the College Admission Guide at <http://www.gprc.ab.ca/programs/calendar/> or the College Policy on Student Misconduct: Plagiarism and Cheating at <http://www.gprc.ab.ca/about/administration/policies/>

**Note: all Academic and Administrative policies are available on the same page.