

GRANDE PRAIRIE REGIONAL COLLEGE
COURSE OUTLINE
WINTER 2003

FEB. 07 2003

AC4600
PRINCIPLES OF AUDITING

Instructor:

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Text:

Auditing and Other Assurance Services, Canadian Ninth Edition, Alvin J Arens, James K Loebbecke, W Morley Lemon and Ingrid B Spletstoeser, Prentice-Hall Canada Inc., 2003, Scarborough, Ontario. This text will be used extensively.

Course 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. Assurance services other than auditing will also be discussed and examined.

Description of Auditing:

"Auditing is the accumulation and evaluation of evidence about information to determine and report on the degree of correspondence between the information and established criteria. Auditing should be done by a competent, independent person." Arens, 2003, p3.

Course Approach:

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 relates to auditing practice and the exercise of professional judgement in the context of practical situations will be major components of this course. The *CICA Handbook, Volume II* 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.

This course will involve three hours per week of lectures and two hours per week of lab activities.

The amount of material to be covered is significant as, with the exception of Chapter 22, all Chapters of the text will be covered in one semester. The depth of coverage will vary by chapter, with some chapters being covered in great detail, and others much less.

Evaluations:

Quizzes	4 @ 5% each after topics A-D	20%
Assignments	6 @ 5% each	30%
Cases	1 @ 10% and 1 @ 15%	25%
Final	Cumulative	25%

Topics:**A. The Auditing Profession**

- Overview Chapter 1
- The Auditor's Report Chapter 2
- Professional Ethics Chapter 3
- Legal Liability Chapter 4

B. Financial Statement Auditing Process

- Audit Responsibilities and Objectives Chapter 5
- Audit Evidence Chapter 6
- Planning and Documentation Chapter 7
- Materiality and Risk Chapter 8
- The Study of Internal Control and Assessment of Control Risk Chapter 9
- Overall Audit Plan and Audit Program Chapter 10

C. Application of the Audit Process to the Sales and Collections Cycle

- Audit Sampling Concepts Chapter 11
- Tests of Controls Chapter 12
- The Use of Automated Working Papers and Analysis During the Audit of the Sales and Collection Cycle Chapter 13
- Completing Tests: Accounts Receivable Chapter 14

D. Application of Audit Process to other Cycles

- Audit of the Payroll and Personnel Cycle Chapter 15
- Audit of the Acquisition and Payment Cycle Chapter 16
- Completing the Tests in the Acquisition and Payment Cycle: Verification of Selected Accounts Chapter 17
- Audit of the Inventory and Warehouse Cycle Chapter 18
- Audit of the Capital Acquisition and Repayment Cycle Chapter 19
- Audit of Cash Balances Chapter 20

E. Completing the Audit and other Services

- Completing the Audit Chapter 21
- Assurance Services: Attest Engagements Chapter 23
- Assurance Services: Direct Reporting Engagements and Business Advisory Services Chapter 24
- Assurance Services: Internal Auditing and Comprehensive Auditing Chapter 25