

**GRANDE PRAIRIE REGIONAL COLLEGE
COURSE OUTLINE
WINTER 2009**

**AC4600
PRINCIPLES OF AUDITING**

Instructor:

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Office hours: Tuesdays and Thursdays 1000-1100, or by appointment

Prerequisite and Co-requisite

Prerequisite BA 2110, Intermediate Accounting I and Co-requisite BA 2120, Intermediate Accounting II, or equivalents

Text:

Auditing and Other Assurance Services, Canadian Tenth Edition, Alvin A Arens, Randal J Elder, Mark S Beasley and Ingrid B Splettstoesser-Hogeterp, Pearson Education Canada, a division of Pearson Canada Inc., 2007, Toronto, Ontario.
This text will be used extensively.

The Lakeside Company, Cases in Auditing, Eleventh Edition, John M. Trussel and J. Douglas Frazer, Pearson Education Inc., 2008, Upper Saddle River, New Jersey.

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, 2007, p4 (emphasis added).

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* 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 and the harmonization of accounting standards, reference to both British and American legal cases and practices will be made.

Credit/Contact hours

This is a 3 credit course with 3 lecture and 2 lab hours per week.

The amount of material to be covered is significant as the majority of Chapters in 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%
Minor cases	6 @ 5% each	30%
Cases	1 @ 10% and 1@ 15%	25%
Final	Cumulative	25%

Grades will be assigned on a Letter Grading System using the following conversion chart:

Business Administration and Commerce Department

Grading Conversion Chart

Alpha Grade	4-point Equivalent	Percentage Guidelines	Designation
A⁺	4	90 – 100	EXCELLENT
A	4	85 -89	
A⁻	3.7	80 – 84	FIRST CLASS STANDING
B⁺	3.3	76 – 79	
B	3	73 – 75	GOOD
B⁻	2.7	70 - 72	
C⁺	2.3	67 – 69	SATISFACTORY
C	2	64 – 66	
C⁻	1.7	60 – 63	
D⁺	1.3	55 – 59	MINIMAL PASS—may not be accepted for transfer purposes
D	1	50 – 54	
F	0	0 – 49	FAIL

Transferability:

AC 4600 is acceptable for university transfer or transfer to professional organizations. Students can also refer to the Alberta Transfer Guide at <http://www.acat.gov.ab.ca> for a list of institutions. Students are ***strongly advised*** to check with the receiving institution or professional organization for more details and to ensure transferability.

Topics:

A. The Auditing Profession

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

B. The Audit Process

- Audit Responsibilities and Objectives Chapter 5
- Audit Evidence Chapter 6
- Audit Planning and Documentation Chapter 7
- Materiality and Risk Chapter 8
- Internal Controls and Control Risk Chapter 9
- Fraud Auditing Chapter 10
- Overall Audit Plan and Audit Program Chapter 11
- Audit Sampling Concepts Chapter 12

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

- Audit of the Sales and Collection Cycle: Tests of Controls Chapter 13
- Completing the Tests in the Sales and Collections Cycle: Accounts Receivable Chapter 14

D. Application of Audit Process to other Cycles

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

E. Completing the Audit and Offering other Services

- Completing the Audit Chapter 21
- Assurance Services: Review and Compilation Engagements Chapter 22
- Using Advanced Skills Chapter 23
- Assurance Services: Internal Auditing and Comprehensive Auditing Chapter 24

Assignment, Quiz, Test and Exam Policies:

1. Assignments will be handed in at the beginning of class on the due date. Late assignments, **if accepted**, may be subject to mark deductions. Assignments will not be accepted once solutions have been posted on **Blackboard**.
2. Assignments may be submitted in electronic form, preferably in **Excel or Word** via e-mail. Any other format must be cleared with the instructor prior to submission.
3. Calculators and approved translation devices are the only electronic devices allowed during quizzes, tests or examinations. No I-pods or clones.
4. Quizzes, tests, and exams must be written as scheduled.
5. Final examinations will be written in the gym and scheduled by the Registrar during the period April 16-28, 2009 ***DO NOT PLAN ANY ACTIVITIES DURING THIS PERIOD.***

Statement on Plagiarism and Cheating:

Please refer to pages 47-50 of the College calendar regarding plagiarism, cheating and the resultant penalties.

Electronic Devices:

1. Cell phones—as a basic courtesy, cell phones must be either turned off, or set to vibrate. The calculator function of phones is not sufficient for the purposes of this course. **TEXT MESSAGING DURING CLASS TIME IS INAPPROPRIATE!!!**
2. Translation devices—the use of these items should be cleared with the instructor.
3. Computers—laptop computers may be used responsibly in class to take notes, to refer to **Powerpoint** slides or for completion of assignments. Assignments may be completed using applicable software.
4. MP3 players etc.—the use of such devices must not interfere with the learning environment, and are not to be used during lectures. **SUCH DEVICES MUST NOT BE USED DURING EXAMINATIONS!!**