



**A POLYTECHNIC INSTITUTION**  
 School of Business  
 Program: Financial Management  
 Option: Accounting

## Course Outline

**FMGT 3310**  
**Auditing 1**

**Start Date:** September 8, 2004

**End Date:** December 10, 2004

**Course Credits:** 3

**Term/Level:** 3

**Total Hours:** 45

**Total Weeks:** ~~15~~ 14

**Hours/Week:** 3

**Lecture:** 2

**Lab:** 1

**Shop:**

**Seminar:**

**Other:**

### Prerequisites

Course No.	Course Name
FMGT 2100	Accounting 2 (PTS)
FMGT 2190	Accounting 1/2 (PTS)
FMGT 2105	Accounting 2 (FTS)

### Prerequisite for:

Course No.	Course Name
FMGT 4310	Auditing 2

### Course Description

This course discusses auditing principles and generally accepted auditing standards. Students study the meaning and purpose of the audit function and are introduced to techniques and procedures. Topics include history of auditing, internal control, audit evidence, audit considerations in various computerized environments and statistical audit techniques.

### Evaluation

Final Examination	50%
Mid-term Examination	40%
Assignments/Quizzes	<u>10%</u>
<b>TOTAL</b>	<b><u>100%</u></b>

### Course Goals

- Introduce the core concepts and basic principles of auditing.
- Emphasize the importance of auditing to society.
- Develop a framework for analyzing problems.
- Develop and improve written and oral communication skills.

## Course Learning Outcomes/Competencies

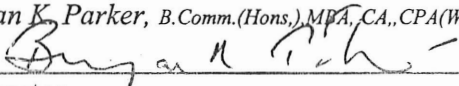
Having successfully completed this course, students should:

- Understand the purpose of an audit.
- Understand the importance of planning in all audit engagements.
- Understand materiality, internal controls and risk evaluation.
- Understand audit evidence and the basic structure of evidence accumulation in an audit file.
- Understand the impact of various computerized environments on the audit strategy.
- Understand ethical responsibilities and professional responsibilities associated with professional conduct, quality control and legal liability.
- Develop professional judgment as applied to various audit situations.
- Communicate clearly and effectively; verbal and written.

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## Course Content Verification

I verify that the content of this course outline is current, accurate, and complies with BCIT Policy.

Developed by:	<u>Bryan K. Parker, B.Comm.(Hons.), MPA, CA, CPA(WA)</u>  Instructor	Date:	<u>June, 2004</u>
Reviewed by:	<u>Ralph Gioia, BA, CA</u> Program Head	Date:	<u>June, 2004</u>
Approved by:	<u>Tim Edwards, Dipl.T, MBA, CMA</u> Associate Dean	Date:	<u>June, 2004</u>

**Note:** Should changes be required to the content of this course outline, students will be given reasonable notice.

## Instructors

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## Learning Resources

### Required:

*Auditing & Assurance Services, A Systematic Approach, Canadian Edition, Messier, Emby, McGraw-Hill Ryerson, 2002*

*CICA Handbook*, BCIT Intranet

**Publisher's Student Web Site:** [www.mcgrawhill.ca/college/messier](http://www.mcgrawhill.ca/college/messier)

## STUDENT INFORMATION ON POLICIES AND PROCEDURES

**COURSE OUTLINES:** This course outline may assist you in the future to receive credit for all or part of a course from another post-secondary institution or from a professional program. It is strongly recommended that this course outline be safely filed for future reference.

**EXAMINATIONS:** Recently there has been a greater tendency for students to miss scheduled examinations. Students who miss examinations often request that they be allowed to write make-up examinations. This is often unfair to those who wrote the scheduled examination and time-consuming for the instructor who is asked to prepare alternative examinations.

In an effort to be consistent within Financial Management, the Department has adopted the following policy to deal with mid-term and final examinations.

It is imperative that students write examinations on either the scheduled day per the course outline or the date and time as determined by the Registrar during the formal examination periods. Please make a note of the following Departmental policy:

Subject to circumstances outlined below, a student who fails to write an examination on the scheduled date and time will receive a zero on that examination.

Other than in emergency situations, a student must provide his/her instructor with a reason acceptable to the instructor for missing an examination at least 24 hours prior to the scheduled time of the examination. Should such notice be given and should the reason be acceptable to the instructor, the student may, subject to the discretion of

the instructor, be permitted to either write an alternative examination or have an alternate mark established. It is the student's responsibility to contact the instructor by phone, fax, e-mail, etc.

It is impossible to list every acceptable reason. However, for greater certainty, reasons such as being unprepared or having too many other examinations in the same week will not be accepted. Written documentation, i.e., doctor's notes, will be required in all cases of missed examinations.

**Instructors are asked to promptly notify the program head or the academic coordinator of any student who misses an examination together with any supporting documentation.**

**PHOTO IDENTIFICATION:** To write exams, students are required to produce photo-identification at examination centres. Photo identification must be placed on the desk before an exam will be issued to the student and must remain in view on the desk while writing the exam for inspection by invigilators. Students should bring a BCIT OneCard or alternatively two pieces of identification, one of which must be government photo I.D. such as a drivers license.

**CHEATING, PLAGIARISM AND DISHONESTY:** Acts of cheating, plagiarism and dishonesty are not tolerated; the degree of punitive action may range from a written warning to withdrawal from the program. These penalties may also be applied to a student who knowingly contributes to the act of dishonesty, cheating and plagiarism. (Refer to the current BCIT Calendar.)

Programmable calculators and calculators with alphabetic capability **will not be allowed** in exams. English language dictionaries, paper based or programmable, **will not be allowed** in exams.

**Schedules:**

Week # /Week beginning	Topic/CICA Handbook Readings	Text Reading	Assignments indicated are debriefed the following week
1/2 Sept 6 (partial) Sept 13	<b>Part I: Introduction to Auditing &amp; Assurance Services</b> Introduction to Auditing & Assurance Services An Overview of financial statement Auditing Introduction to Auditing CICA Handbook and Structure: Introduction to Assurance and related services recommendations Section 5025: Standards for Assurance Engagements Section 5090: Audit of Financial Statements Section 5100: Generally Accepted auditing standards Section 5101: International Standards on Auditing Section 5140: Knowledge of the entity's business	Chapters 1 & 2	Read Appendix to Chapter 1: EarthWear Clothiers and study the related websites (client and auditor) at <a href="http://www.mcgrawhill.ca/college/messier">www.mcgrawhill.ca/college/messier</a> Quiz in week 2 on EarthWear Clothiers  1-24, 25,35 2-27,28, 35
3 Sept 20	<b>Part II: Basic Auditing Concepts: Materiality, Risk , and Evidence</b> Materiality and Risk Section 5130: Materiality and Audit Risk in conducting an Audit AuG-31: Applying Materiality and Audit Risk Concepts in conducting and Audit <i>Shinerama – Wednesday, September 22, 2004</i>	Chapter 3	Quiz #1: EarthWear, Sarbanes-Oxley, Bill C-198  3-25, 28, 37,38 Internet assignment 3-46
4 Sept 27	Audit Evidence: Types of Evidence and Working Paper Documentation Section 5145: Documentation Section 5300: Audit evidence Section 5301: Analysis Section 5303: Confirmation	Chapter 4	4-35,37,38 Internet assignment: 4-44 (exclude audit evidence search)  Quiz #2: Chapters 1 & 2
5 Oct 4	<b>Part III: Planning the Audit and understanding Internal Control</b> Audit Planning and Types of Audit Tests Section 5150: Planning and Supervision Section 5135: Auditor's responsibility to detect and communicate misstatements Section 5136: Misstatements – Illegal acts	Chapter 5	5-30,38, 39 Internet Assignment 5-45  Quiz #3: Chapter 3
6 Oct 11	Review of Chapters 1-5 <i>Thanksgiving Day: October 11, 2004</i>	Review	Quiz #4: Chapter 4
7 Oct 18	<b>MID-TERM EXAM - 2 hours</b> (Chapters 1-5)		

8 Oct 25	Internal Control in a Financial Statement Audit Sections 5200-5220: Internal Control in the context of an audit: Section 5200: Scope & introduction Section 5205: Understanding internal control for audit planning purposes Section 5210: Assessing control risk Section 5220: Weaknesses in internal control	Chapter 6	Debrief Midterm Exam 6-28, 34, 39
9 Nov 1	The Effects of Information Technology on the Audit Function EDP Auditing Guidelines: EDP-1: Auditing in an EDP Environment EDP-2: Computerized Audit Techniques EDP-3: Risk Assessment and internal control – EDP characteristics and considerations Section 5310: Audit Evidence Considerations when an Enterprise uses a Service Organization	Chapter 7	All MCQs 7-19 to 33, 7-40
10/11 Nov 8/ Nov 15	<b>Part VII: Professional Responsibilities</b>  Ethics, Professional Conduct, and Quality Control  <i>Remembrance Day: November 11, 2004</i>	Chapter 19	19-23,26 Quiz #5: Chapter 6
12 Nov 22	Legal Liability	Chapter 20	MCQ's 20-16 to 26 Quiz #6: Chapter 7
13 Nov 29	Review		Quiz #7: Chapters 19 & 20
14 Dec 6 - 10	<b>FINAL EXAM – 2 hours</b> <i>(All chapters with emphasis on Chapters 6,7,19,20)</i>		