



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

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## Course Outline

**FMGT 4310**  
**Auditing 2**

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**Start Date:** January 4, 2005

**End Date:** May 27, 2005

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**Course Credits:** 5.5

**Term/Level:** 4

**Total Hours:** 80

**Total Weeks:** 20

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**Hours/Week:** 4

**Lecture:** 2

**Lab:** 2

**Shop:**

**Seminar:**

**Other:**

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### Prerequisites

### Prerequisite for:

Course No.	Course Name
FMGT 3310	Auditing 1

Course No.	Course Name
FMGT 7310	Advanced Auditing

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### Course Description

This course teaches the student general auditing principles and specific audit procedures. It uses the principles from Auditing 1 and applies them to the financial statement audit.

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### Evaluation

Case	10%
Quizzes	10%
Midterm Exam (Term A)	35%
Final Exam (Term B)	45%
<b>TOTAL</b>	<b>100%</b>

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## Course Learning Outcomes/Competencies

Having successfully completed this course, students will be able to:

- Describe the nature and business function of each of the revenue, disbursement, payroll, and inventory cycles.
- Explain the importance of proper sample selection process for both test of controls and substantive testing.
- Interpret the effect IT systems have on the planning and execution of the audit.
- Outline the specific audit procedures to be completed on each of the accounts included in the financial statements.
- Differentiate audit report variations, special reports and other services an auditor may provide to his/her client.
- Demonstrate professional judgment.

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## Course Content Verification

I verify that the content of this course is current.

Bryan Parker, BComm(Hons), MBA, CA, CPA(WA)

Date: December, 2004

Instructor

I verify this course outline has been reviewed.

Ralph Gioia, BA, CA

Date: December, 2004

Program Head - Accounting

I verify that this course outline complies with BCIT Policy

Tim Edwards, Dipl.T., MBA, CMA

Date: December, 2004

Associate Dean

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

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## Instructor(s)

Bryan Parker, *BComm(Hons), MBA, CA, CPA(WA)*

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Office Hrs.: Posted

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E-mail Address: [bryan\\_parker@bcit.ca](mailto:bryan_parker@bcit.ca)

Website: <http://finman.pageout.net>

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Keith Lownie, *Dipl.T., CA, CFP, CIM*

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## Learning Resources

### ***Required:***

### **Textbook:**

*Auditing & Assurance Services, A Systematic Approach, Canadian Edition, Messier, Emby, McGraw-Hill Ryerson, 2002* [www.mcgrawhill.ca/college/messier](http://www.mcgrawhill.ca/college/messier)

*CICA Handbook* (accessible from any BCIT terminal) at: <http://edu.knotia.ca>

### **Audit Case Study:**

*Peach Blossom Cologne Company, Short Audit Case, 3<sup>rd</sup> Ed., Jack W. Paul, McGraw-Hill*

### **Instructor Websites:**

*You must access the instructor websites on a regular basis for weekly lecture notes and important announcements over the course of the term.*

Bryan Parker's sets: <http://finman.pageout.net>

Keith Lownie's sets: <http://keithlownie.pageout.net>

## 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 agrotat 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 of any form **will not be allowed** in exams.

**Term A: January 4 – March 11, 2005**

Week # / Week of	Topic / CICA HB Section Covered	Text Reading /  Audit Case Section	Questions indicated in bold are debriefed following week. (May be called for without notice).  <i>Questions in italics recommended.</i>
<b>1</b> <b>Jan 3</b>	<b>Part IV Statistical Tools for Auditing</b> Audit Sampling: An Overview and Applications to tests of Controls and to Substantive tests of Account Balances <u>CICA Handbook:</u> Section 5130: Materiality and Audit Risk Section 5135: Auditor's Responsibility to Detect Misstatements Section 5150: Planning and Supervision	Chapters 8  :	<b>8-3, 8-5, 8-13, 8-30</b>  <i>8-32, 8-35, 8-38, 8-36</i>  <i>All Chp 8 MCQs</i>
<b>2</b> <b>Jan 10</b>	Audit Sampling: Applications to tests of Controls and to Substantive tests of Account Balances	Chapters 8 cont'd & Chapter 9	<b>8-39, 9-3, 9-7, 9-12</b>  <i>9-29, 9-32,</i>
<b>3</b> <b>Jan 17</b>	Audit Sampling: Applications to Substantive tests of Account Balances	Chapters 9	<b>9-33, 9-34, 9-35</b>  <i>All Chp 9 MCQs</i>
<b>4</b> <b>Jan 24</b>	<b>Part IV Auditing Revenue and Related Accounts</b> Audit of Revenue Cycle and Related Accounts <u>CICA Handbook:</u> Section 3400: Revenue Section 5145: Documentation Section 5200: Internal Control in the Context of an Audit Section 5210: Assessing Control Risk Section 5300: Audit Evidence Section 5301: Analysis Section 5303: Confirmation Section 5305: Audit of Accounting Estimates Section 6010: Audit of Related Party Transactions	Chapter 10  :	<b>10-1, 10-9, 10-11, 10-12</b> <b>10-13</b>  <i>10-34, 10-35, 10-37</i>  <b>**QUIZ #1 **</b> <b>(Chp 8 &amp; 9)</b>
<b>5</b> <b>Jan 31</b>	Audit of Revenue Cycle and Related Accounts	Chapter 10	<b>10-39, 10-40, 10-43</b> <b>10-45</b>  <i>All Chp 10 MCQs</i>
<b>6</b> <b>Feb 7</b>	Guest Speaker(s)		none
<b>7</b> <b>Feb 14</b>	Audit of Purchasing Cycle and Related Accounts	Chapter 11	<b>11-13, 11-14, 11-34</b> <b>11-36</b>

			11- 37, All Chp 11 MCQs
<b>8 Feb 21</b>	Audit of Payroll Cycle and Related Accounts	Chapter 12 :	<b>12-5, 12-8, 12-11, 12-30</b> <i>12-33, All Chp 12 MCQs</i> <b>** QUIZ #2 **</b> <b>(Chp. 10&amp; 11)</b>
<b>9 Feb 28</b>	Midterm Review Session		none
<b>10 Mar 7</b>	<b>Mid-term Exam – 2 hours</b> <b>(Chps. 8 - 12)</b>		none
<b>11 Mar 14</b>	<b>Spring Break</b>		none
<b>Term B:</b>	<b>March 21 – May 27, 2005</b>		
<b>12 Mar 21</b>	Audit of Inventory Cycle and Related Accounts <u>CICA Handbook:</u> Section 3030: Inventories Section 5360: Using the Work of a Specialist Section 6030: Inventories  <b>Good Friday: March 25</b>	Chapter 13 :	<b>13-2, 13-8, 13-12</b>
<b>13 Mar 29</b>	<b>Easter Monday: March 28</b>  Audit of Inventory Cycle and Related Accounts	Chapter 13	<b>13-27, 13-36, 13-37</b> <i>All Chp 13 MCQs</i>
<b>14 April 4</b>	Audit of Selected Asset Accounts: Prepaid Expenses and Property, Plant, and Equipment <u>CICA Handbook:</u> Section 3040: Prepaid Expenses Section 3060 Capital Assets Section 3065: Leases	Chapter 14	<b>14-1, 14-11, 14-26</b> <i>All Chp. 14 MCQs</i>  <b>** QUIZ #3 **</b> <b>(Chp. 12 &amp; 13)</b>
<b>15 April 11</b>	Auditing Long-term Liabilities, Shareholders' Equity, and Income Statement Accounts <u>CICA Handbook:</u> Section 1520: Income Statement Section 3210: Long-term Debt Section 3240: Share capital Section 3250: Surplus Section 3610: Capital Transactions	Chapter 15	<b>15-1, 15-26, 15-28, 15-31</b> <i>All Chp. 15 MCQs</i>
<b>16 April 18</b>	Auditing Cash & Investments <u>CICA Handbook:</u> Section 1540: Cash Flow Statements Section 3000: Cash	Chapter 16	<b>16-3, 16-5, 16-13, 16-26</b> <i>16-27, 16-28</i>

	Section 3010: Temporary Investments		<i>All Chp 16 MCQs</i>
<b>17</b> <b>April 25</b>	<b>Part VI Completing the Audit and Reporting Responsibilities</b> Completing the Engagement <u>CICA Handbook:</u> Section 3290: Contingencies Section 3820: Subsequent Events Section 5750: Communication of Matters Identified During the Financial Statement Audit Section 6550: Subsequent Events Section 6560: Communication With a Law Firm	Chapter 17	<b>17-1, 17-2, 17-5, 17-24, 17-33</b>  <i>17-7, 17-22, 17-27</i>  <i>All Chp. 17 MCQS</i>  <b>** QUIZ #4**</b> <b>(Chp. 15 &amp; 16)</b>
<b>18</b> <b>May 2</b>	Reports on Audited Statements <u>CICA Handbook:</u> Section 5020: Association Section 5100: G.A.A.S. Section 5400: The Auditor's Standard Report Section 5405: Date of the Auditor's Report	Chapter 18	<b>18-9, 18-10, 18-14, 18-26</b>  <i>18-25, 18-29</i>  <i>All Chp. 18 MCQs</i>
<b>19</b> <b>May 9</b>	<b>Part VII Accounting Services</b> Accounting Services, Attest Engagements, and Assurance <u>CICA Handbook:</u> Section 5025: Standards for Assurance Engagements Section 5805: Audit Reports on Financial Information other Than Financial Statements Section 5815: Audit Reports on Compliance With Agreements, Statutes and Regulations Section 7050: Auditor Review of Interim Financial Statements Section 7100: Prospectuses and Other Offering Documents Section 8100: General Review Standards Section 8200: Reviews of Financial Statements Section 8500: Reviews of Financial Information other Than Financial Statements Section 8600: Reviews of Compliance with Agreements and Regulations Section 9200: Compilation Engagements	Chapter 21	<b>21-7, 21-8, 21-29</b>  <i>21-10, 21-11, 21-12</i>  <i>All Chp. 18 MCQs</i>  <b>** QUIZ #5 **</b> <b>(Chp. 17 &amp; 18)</b>
<b>20/21</b> <b>May 16-27</b>	<b>Review Session</b>  <b>Final Exam - 2 hours</b>  <b>All Chps. with emphasis on Chp 13, 14, 15, 16, 17, 18 and 21)</b>		