



A POLYTECHNIC INSTITUTION

School of Business

Program: Financial Management

Option: Accounting

Course Outline

FMGT 3310
Auditing 1

Start Date: September 2005

End Date: December 2005

Course Credits: 3

Term/Level: 3

Total Hours: 45

Total Weeks: 15

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 audit assertions, evidence and techniques. Topics include history/overview of auditing services, materiality, risk, audit evidence, audit planning, internal control, audit considerations in various computerized environments, reports on audited financial statements, ethics, professional conduct and auditor's legal liability.

Evaluation

Final Examination	45%
Mid-term Examination	30%
Class Participation	5%
Assignments and Quizzes	20%
TOTAL	100%

Course Goals

- Introduce the core concepts and basic principles of auditing.
- Emphasize the importance of auditing to society.
- Develop a framework for analyzing auditing 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 and the phases of the audit process.
- Understand the concepts of materiality and risk evaluation.
- Understand audit evidence and the basic structure of evidence accumulation in an audit file.
- Understand the importance of planning in all audit engagements.
- Understand the components of internal control and the effect of internal control on planning the audit strategy.
- Understand the impact of various computerized environments on the audit strategy.
- Understand the auditor's standard unqualified audit report and the auditor's responsibility for issuing reservations in the audit report.
- Understand the auditor's legal environment and the ethical framework of the auditing profession.
- Develop professional judgment as applied to various audit situations and be able to communicate clearly and effectively; verbal and written.

Course Content Verification


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

Developed
by:


Keith Lowrie, Dipl.T, CA, CFP, CIM Instructor

Date: June 2005

Reviewed
by:


Ralph Gioia, BA, CA Program Head

Date: June 2005

Approved
by:


Tim Edwards, Dipl.T, MBA, CMA Associate Dean

Date: June 2005

Instructors

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Required Learning Resources

Auditing & Assurance Services, A Systematic Approach, 2nd Canadian Edition
Messier, Emby, McGraw-Hill Ryerson

Instructor's Course Lecture Notes and Handouts – on BCIT Shareout or Instructor Website

CICA Handbook - BCIT Intranet

Publisher's Student Web Site: 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 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, paper based or programmable, **will not be allowed** in exams unless previously approved by the instructor.

FMGT 3310 Schedule: Pre-Midterm

Week # / Week beginning	Course Topic CICA Handbook Sections	Text Chapter Reference	Text questions indicated are debriefed the following week in lab
Week 1 Sept 5	Introduction to Auditing & Assurance Services CICA Handbook: Introduction to assurance and related services Section 5090: Audit of Financial Statements – an introduction	Chapter 1	<u>Review:</u> 1-1, 1-2, 1-6, 1-7, 1-8, 1-12 <u>MCQ:</u> 1-16, 1-17, 1-19 <u>Prob.:</u> 1-21, 1-22, 1-23 <u>Internet. Assign.:</u> 1-27, 1-29
Week 2 Sept 12	An Overview of Financial Statement Auditing Section 5025: Standards for Assurance Engagements Section 5095: Reasonable assurance and Audit Risk Section 5100: Generally Accepted auditing standards Section 5101: International Standards on Auditing Section 5140: Knowledge of the entity's business	Chapter 2	<u>Review:</u> 2-3, 2-4, 2-5, 2-6, 2-7, 2-8, 2-9, 2-10, 2-13 <u>MCQ:</u> 2-16, 2-17, 2-21, 2-23, 2-24 <u>Prob.:</u> 2-30, 2-31, 2-34, 2-37
Week 3 Sept 19	Materiality and Risk Section 5200: Understanding the entity and its environment and assessing the risks of material misstatement Section 5130: Materiality and Audit Risk in conducting an Audit AuG 41: Applying the concept of materiality	Chapter 3	<u>Review:</u> 3-1, 3-5, 3-8, 3-9, 3-10, 3-13, 3-15 <u>MCQ:</u> 3-16, 3-17, 3-22, 3-24 <u>Prob.:</u> 3-27, 3-28, 3-29, 3-30, 3-31, 3-32, 3-33, 3-38 Assignment #1 Due
Week 4 Sept 26	Types of Audit Evidence and Working Paper Documentation Section 5145: Documentation Section 5300: Audit evidence Section 5301: Analysis Section 5303: Confirmation <i>Note: Shinerama – Wednesday, September 28, 2005</i>	Chapter 4	<u>Review:</u> 4-1, 4-2, 4-4, 4-5, 4-7, 4-10, 4-11, 4-12, 4-16, 4-17 <u>MCQ:</u> 4-18, 4-22, 4-23, 4-24, 4-26, 4-30 <u>Prob.:</u> 4-31, 4-33, 4-34, 4-35, 4-36, 4-37, 4-38, 4-41
Week 5 Oct 3	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	<u>Review:</u> 5-2, 5-4, 5-5, 5-7, 5-8, 5-10, 5-12, 5-13, 5-14, 5-15, 5-16 <u>MCQ:</u> 5-18, 5-22, 5-23, 5-30, 5-31 <u>Prob.:</u> 5-33, 5-34, 5-36, 5-37, 5-38, 5-39, 5-40, 5-41, 5-43, 5-44, 5-46 Quiz #1: (Chp 1,2,3,4)
Week 6 Oct 10	Midterm Review of Chapters 1-5 <i>Note: Thanksgiving Day: Monday, October 10, 2005</i>		
Week 7 Oct 17	MID-TERM EXAM - 2 hours (Chapters 1, 2, 3, 4, and 5)		

Note: Should changes be required to the course schedule, students will be given reasonable notice.

FMGT 3310 Schedule: Post-Midterm

Week 8	Internal Control in a Financial Statement Audit		Debrief Midterm Exam
Oct 24	Sections 5200-5220 Internal Control in the context of an Audit: Section 5050: Using the work of Internal Audit	Chapter 6	<u>Review</u> : 6-1, 6-2, 6-3, 6-4, 6-6, 6-7, 6-9, 6-12, 6-13, 6-14, 6-16 <u>MCQ</u> : 6-18, 6-19, 6-21 <u>Prob.</u> : 6-32, 6-33, 6-34, 6-38, 6-42
Week 9	Internal Control in a Financial Statement Audit cont'd		
Oct 31	Section 5220: Weaknesses in internal control	Chapter 6 cont'd	<u>MCQ</u> : 6-26, 6-27, 6-31 <u>Internet. Assign.</u> : 6-44, 6-45 Assignment #2 Due
Week 10	The Effects of Information Technology on the Audit Function		
Nov 7	EDP-1: Auditing in an EDP Environment EDP-2: Computerized Audit Techniques EDP-3: Risk Assessment and internal control – EDP Section 5310: Audit Evidence Considerations when an Enterprise uses a Service Organization	Chapter 7	<u>Review</u> : 7-1, 7-2, 7-3, 7-4, 7-5, 7-6, 7-9, 7-10, 7-11 <u>MCQ</u> : 7-19, 7-20, 7-24, 7-27, 7-29, 7-31, 7-33 <u>Prob.</u> : 7-34, 7-35, 7-36, 7-38, 7-44 <u>Internet. Assign.</u> : 7-46
Week 11	Reports on Audited Statements		
Nov 14	CICA Handbook: Section 5020: Association Section 5100: Generally Accepted auditing Standards Section 5400: The Auditor's Standard Report Section 5405: Date of the Auditor's Report	Chapter 17 (p. 599 – 605 only)	<u>Review</u> : 17-1, 17-2, 17-3, 17-4, 17-6, 17-7, 17-8 <u>MCQ</u> : 17-14, 17-15, 17-17, 17-19 <u>Prob.</u> : 2-33, 17-22, 17-23, 17-24, 17-27, 17-28 Quiz #2: (Chp 5,6,7)
Week 12	Ethics, Professional Conduct and Quality Control		
Nov 21	Section 5025: Standards for Assurance Engagements Section 5030: Quality Control Procedures for Assurance Engagements Section 5100: Generally Accepted Auditing Standards Rules of Professional Conduct (ICABC)	Chapter 18	<u>Review</u> : 18-2, 18-3, 18-4, 18-5, 18-6, 18-7, 18-8, 18-11 <u>MCQ</u> : 18-12, 18-13, 18-15, 18-21 <u>Prob.</u> : 18-22, 18-23, 18-24, 18-26,
Week 13	Legal Liability		
Nov 28	Section 5135: Auditor's Responsibility to Detect and Communicate Misstatements Section 5136: Misstatements – Illegal Acts Section 5750: Communication of Matters Identified during the Financial Statement Audit Section 5750: Communication with those having Oversight Responsibility for Financial Reporting Process	Chapter 19	<u>Review</u> : 19-1, 19-2, 19-3, 19-4, 19-5, 19-8, 19-14 <u>MCQ</u> : 19-15, 19-20, 19-21 <u>Prob.</u> : 19-25, 19-26, 19-27 Assignment #3 Due
Week 14	Final Course Review (all Chapters)		
Dec. 5			
Week 15	FINAL EXAM – 2 hours		
Dec 12	(All chapters with emphasis on Chapters 6, 7, 17, 18 and 19)		

Note: Should changes be required to the course schedule, students will be given reasonable notice.