



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

## Course Outline

### FMGT 4310 Auditing 2

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**Start Date:** January, 2004

**End Date:** May, 2004

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**Course Credits:** 4

**Term/Level:** 4

**Total Hours:** 52

**Total Weeks:** 18

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**Hours/Week:** 4

**Lecture:** 2

**Lab:** 2

**Shop:**

**Seminar:**

**Other:**

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#### Prerequisites

Course No.	Course Name
FMGT 3310	Auditing 1

#### Prerequisite for:

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 learnt in Auditing 1 and applies them to the financial statement audit.

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#### Evaluation

Audit Case	15%
Midterm Exam	40%
Final Exam	45%
<b>TOTAL</b>	<u>100%</u>

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## Course Learning Outcomes/Competencies

Having successfully completed this course, students should understand:

1. the nature and business function of each of the revenue, disbursement, payroll, and inventory cycles.
2. the importance of proper sample selection process for both test of controls and substantive testing.
3. the effect EDP systems have on the planning and execution of the audit.
4. the specific audit procedures to be completed on each of the accounts included in the financial statements.
5. the special reports and other services an auditor may provide to his/her client.
6. the need for professional judgment.

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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), MBA, CA, CPA(WA)</u>	Date:	<u>June, 2003</u>
	<u>Title</u>		<u></u>
Revised by:	<u></u>	Date:	<u></u>
Approved by:	<u>Tim Edwards, Dipl.T, MBA,CMA</u>	Date:	<u>June, 2003</u>
	<u>Associate Dean</u>		

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

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## Instructor

Bryan Parker	Office No.: SE6-233	Office Phone: 451-6752
	Office Hrs.: Posted	E-mail Address: Bryan_Parker@bcit.ca

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## Learning Resources

### Required:

Arens, Loebbecke, Lemon, Spletstoesser: *Auditing and other Assurance Services (Canadian Ninth Edition)*, Pearson Education Canada

### Recommended:

Access to CICA Handbook

**Instructor Course Website:** [www.finman.pageout.net](http://www.finman.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, paper based or programmable, **will not be allowed** in exams.

**Schedule:**

Week#	Outcome/Material Covered	Reference	Assignments indicated are debriefed the following week
<b>1</b> <b>Jan 5</b>	<b>Introduction to the Audit Case</b> The purpose, structure, working-paper development and level of documentary evidence of audit files will be discussed. Students will complete an audit file concurrent with the course requirements (per the following outline). The organization of this project, including formation of “teams” and ongoing evaluation, will be spelled out in a separate handout as well as being posted to the course website at: <a href="http://www.finman.pageout.net">www.finman.pageout.net</a>	Course notes	Completed Audit File by submitted by 10:00AM, Monday, May 3, 2004. NO EXCEPTIONS
<b>2</b> <b>Jan 12</b>	<b>Module I – Applying the Audit Process – Pervasive Topics</b> Considerations for auditing in computer and paperless environments.	Chapter 22	22-18,21,23
<b>3</b> <b>Jan 19</b>	Audit Sampling  Understanding the Transaction Cycles and their interrelation	Chapter 11  Course notes	  11-17,22,23,24
<b>4</b> <b>Jan 26</b>	Types of audit tests, compliance and substantive, their objectives and their interrelation.  The Analytical Review and its application points in the audit process. <i>Applied in this chapter to revenue cycle but application to other cycles will be discussed.</i>	Course notes  Chapter 13	  13-15,17,20
<b>5</b> <b>Feb 2</b>	<b>Module II: Application of the Audit Process to the Transaction Cycles</b> Audit of the Sales, Receivables, and Collection Cycle: Test of Controls (compliance), tests of balances (substantive), and analytical procedures	Chapter 12 Chapter 14	12-23,24,27 14-15,18,22
<b>6</b> <b>Feb 9</b>	Audit of the Payroll and Personnel Cycle  <b>Quiz: Module I (in lecture) – maximum 5 mark bonus added to mid-term exam (2% of course)</b>	Chapter 15	15-19,21
<b>7</b> <b>Feb 16</b>	Audit of the Expenditure Cycle: Repetitive Purchases/Payables/Payments	Chapter 16	16-18,19,20
<b>8</b> <b>Feb 23</b>	Audit of the Expenditure Cycle: Capital acquisitions and other non-recurring charges.	Chapter 17	17-21
<b>9</b> <b>Mar 1</b>	Review		
<b>10</b> <b>Mar 8</b>	<b>Midterm Examination</b> <b>Chapters: 11-17</b>		
<b>11</b> <b>Mar 15</b>	<b>MIDTERM BREAK</b>		

<b>12</b> <b>Mar 22</b>	Audit of the Inventory and Warehousing Cycle	Chapter 18	18-20,23,24
<b>13</b> <b>Mar 29</b>	Audit of the Capital Accounts and Retained Earnings	Chapter 19	19-23,27
<b>14</b> <b>Apr 5</b>	Audit of Cash Balances <i>Good Friday, April 9, 2004</i>	Chapter 20	20-20,21
<b>15</b> <b>April 12</b>	Completing the Audit <i>Easter Monday, May 12, 2004</i>	Chapter 21	21-19,21,22
<b>16</b> <b>April 19</b>	Completing the Audit		
<b>17</b> <b>April 26</b>	<b>Module III: Other Assurance Services and Other Audit Functions</b> Assurance Services: Attest Engagements, Direct Reporting Engagements and Business Advisory Services	Chapter 23/24	23-18,31 24-19
<b>18</b> <b>May 3</b>	Internal Auditing <i>Guest Speaker: President, Vancouver Chapter, Institute of Internal Auditors</i>	Handouts	<b><i>Submission of Completed Audit File (Case Assignment) by 10:00AM, Monday, May 3, 2004. NO EXCEPTIONS</i></b>
<b>19</b> <b>May 10</b>	Review		
<b>20</b> <b>May 17</b> <b>May 25</b>	<b>Final Examination</b> All Chapters with emphasis on Post-Midterm Content including Guest Speaker(s)  <i>Victoria Day, Monday, May 24, 2004</i>		