

**School of Business**  
**Program: Financial Management**  
**Option:**

**FMGT 7310**  
**Advanced Auditing**

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<b>Hours/Week:</b>	<b>3</b>	<b>Total Hours</b>	<b>45</b>	<b>Term/Level:</b>	<b>Degree</b>
<b>Lecture:</b>	<b>2</b>	<b>Total Weeks:</b>	<b>15</b>	<b>Credits:</b>	<b>3</b>
<b>Lab:</b>	<b>1</b>				
<b>Other:</b>					

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**Prerequisites****FMGT 7310 is a Prerequisite for:**

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<b>Course No.</b>	<b>Course Name</b>	<b>Course No.</b>	<b>Course Name</b>
<b>FMGT 4310</b>	<b>Auditing 2</b>	<b>FMGT 8910</b>	<b>Integrative Business Management Practices</b>

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**Course Goals**

- Analyze auditing situations in a rational and systematic way and recommend a suitable course of action to clients.
- Develop written and oral communication skills.
- Develop teamwork skills in the context of an audit team.

**Course Description**

This course addresses issues and challenges faced by the auditing profession in today's environment including the assessment of risk on an audit, the use of computer technology in completing the audit file, and the increasing litigation against the profession. Students will be expected to use the assigned textbook and other sources to research selected topics. Case studies will be used extensively.

**Evaluation**

Final Examination	50%
Case Analysis	20%
Research Project and Written Assignments	20%
Oral Presentations	10%
<b>TOTAL</b>	<b><u>100%</u></b>

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**Course Outcomes and Sub-Outcomes**

Having successfully completed this course, students should have the ability (skill) to:

1. Analyze and understand the environment surrounding an audit engagement including the identification of the users of the financial statements and the potential legal exposure to the auditor.
2. Identify and solve problems in unfamiliar and changing situations.
3. Make decisions under stressful situations. Often there is incomplete information and/or strict reporting deadlines.
4. Develop meaningful and practical solutions that respond to users' needs.
5. Communicate clearly and effectively.

In addition, students will:

1. Prepare a planning memorandum.
2. Analyze risk on different audit engagements.
3. Establish materiality levels.
4. Evaluate the type of evidence available to the auditor.
5. Utilize a computer software package in the preparation of an audit file.
6. Analyze and assess the ethical ramifications of their decisions.
7. Research a topic or issue facing the profession.
8. Exercise professional judgement in situations involving uncertainty.
9. Identify the steps necessary in opening a small public practice office.

**Course Record**

Developed by: Scott M. Sinclair, CA, Financial Management Date December, 1997  
Instructor Name and Department (signature)

Revised by: \_\_\_\_\_ Date: \_\_\_\_\_  
Instructor Name and Department (signature)

Approved by: \_\_\_\_\_ Start Date: \_\_\_\_\_  
Associate Dean / Program Head (signature)

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**Effective Date****January, 1998**

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**Instructor(s)****Scott Sinclair, B. Comm., C.A.****Office No.: SE6 321****Phone: 451-7057 (office)****Office Hrs.: TBA****263-1313 (home)**

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**Text(s) and Equipment****Required:**

- Lemon, Arens, Loebbecke, *Auditing on Integrated Approach*. (Canadian Fifth Edition), Prentice Hall,
- Trussel, Hoyle, Russell, The Lakeside Company, *Case Studies in Auditing*, Canadian Edition, Prentice Hall
- CICA Handbook

**Recommended:**

- Introductory Auditing Text Book
  - Professional Accounting Magazines
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**Course Notes (Policies and Procedures)****Conduct & Attendance:**

Refer to pages 1 & 2 of the current BCIT calendar.

1. Conduct is outlined on page 1,
2. Attendance - attendance requirements will be enforced as per the BCIT policy on page 2 of the calendar. Excessive absence will be deemed to be missing more than two (2) labs or seminars within the student's control.

Upon notification of excessive absence and failure to provide adequate explanation, the student will be disqualified from writing the final examination.

**Cheating, Plagiarism:**

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 students who knowingly contribute to the act of dishonesty, cheating and plagiarism. (Refer to pages 1 and 2 of the current BCIT calendar.)

**Assignment Details**

**ASSIGNMENT SCHEDULE**

**WEEK**

1	None
2	Textbook Problems: a) p. 32, Case 1 - 35, b) p. 154, Case 5 – 33.
3	Guest Speaker – Institute of Chartered Accountants
4	Case 1 – Analysis of a Potential Audit Client
5	Case 2 – New Clients and an Auditor's Legal Liability
6	Case 3 – Audit Risk and Analytical Procedures
7	None
8	Case 8 – Observation of Physical Inventory Count
9	Case 9 – Resolving Audit Problems
10	Assignment of Oral Presentation Topics for Week 14.
11	} Working Through Working Paper File with Caseware Software
12	
13	
14	None
15	Exam

<u>WEEK OF/ NUMBER</u>	<u>OUTCOME/MATERIAL COVERED</u>	<u>REFERENCE/READING</u>
1 / 2	<b>FUNDAMENTALS</b> <ul style="list-style-type: none"><li>• Generally Accepted Auditing Standards</li><li>• Financial Statement Assertions</li><li>• Fundamental Concepts in Auditing</li><li>• The Importance of Evidence</li><li>• Internal Controls</li></ul>	Chapters 1, 5, 6, 9 CICA Handbook Sections 5000, 5025, 5100 5101, 5300, 5301 5303, 5305, 5360
3	<b>ISSUES FACING THE PROFESSION</b> <ul style="list-style-type: none"><li>• Proliferation of Standards and Guidelines</li><li>• Litigation Against the Profession</li><li>• Specialization Within the Profession</li><li>• The Expectation Gap/What the Auditor can Provide Versus What the Public Expects from the Auditor</li><li>• Protection of the Public (Ethical Considerations)</li></ul>	Chapters 3, 4  CICA Handbook Section 5020
4	<b>SO YOU WANT TO OPEN YOUR OWN OFFICE?</b> <ul style="list-style-type: none"><li>• Where to Start?</li><li>• Infrastructure Required</li><li>• Attracting/Analyzing New Clients</li><li>• Growing Pains</li><li>• Resources Available</li></ul>	
5 / 6	<b>YOU'VE OPENED AN OFFICE – SECURED YOUR FIRST LARGE CLIENT – NOW WHAT?</b> <ul style="list-style-type: none"><li>• Planning</li><li>• Determination of Materiality</li><li>• Dealing with Clients</li></ul>	Chapters 7, 8, 10 CICA Handbook Sections 5130, 5140, 5145 5150, Audit Guideline 7
7	<b>EVIDENCE</b> <ul style="list-style-type: none"><li>• How Much?</li><li>• What Type?</li><li>• Properly Documented</li><li>• Need to Support an Assertion</li><li>• Importance of Professional Judgement</li></ul>	Chapters 6, 12, 14

<u>WEEK OF/ NUMBER</u>	<u>OUTCOME/MATERIAL COVERED</u>	<u>REFERENCE/READING</u>
8	<b>RESOLVING AUDIT PROBLEMS</b> <ul style="list-style-type: none"><li>• Everything was Going so Smoothly until . . .</li><li>• You are the Partner – the Buck Stops with you! – Make the Call.</li></ul>	Selected Cases
9	<b>INFORMATION TECHNOLOGY</b> <ul style="list-style-type: none"><li>• How has it Affected the Profession?</li><li>• Use of Generalized Software</li></ul>	Chapter 15 CICA HANDBOOK EDP Auditing Guidelines, EDP-1, EDP-2, EDP-3
10	<b>SO YOUR CLIENT CANNOT AFFORD AN AUDIT? CAN YOU SUGGEST SOMETHING ELSE?</b> <ul style="list-style-type: none"><li>• Review Engagements</li><li>• Compilation Engagements</li><li>• Special Reports</li></ul>	Chapter 23 CICA Handbook Sections 5800, 5805, 5815, 8100, 8200, 8500, 8600, 9100, 9200
11 / 12 / 13	<b>NO, AFTER OUR TALK IN WEEK 10 WE SHOULD HAVE AN AUDIT!</b> <ul style="list-style-type: none"><li>• Introduction to Computer Generated Working papers – Caseware</li><li>• Hands on Work on a Real File</li></ul>	} Handout to be provided
14	<b>WHAT'S NEW? / ORAL PRESENTATIONS</b> <ul style="list-style-type: none"><li>• Current Topics</li><li>• New CICA Handbook Sections</li></ul>	
15	<b>EXAM</b>	