

SCHOOL OF BUSINESS

Course Outline

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| COURSE NAME: Assurance and Auditing I | COURSE NO.: BFIN 331 |
| TERM: Fall 2014 | COURSE CREDITS: 3 |
| INSTRUCTOR: | E-MAIL: |
| OFFICE: | PHONE (LOCAL): |

COURSE PREREQUISITES: 60 credits of 100 level or higher coursework including ENGL 100 and BFIN 347

REQUIRED TEXT: Moroney,R., Campbell,F, Hamilton,J, Warren,V. (2012). *Auditing, A Practical Approach (Canadian Edition) with Wiley Plus Access*. Mississauga: Wiley.

Beasley, M., Buckless, F., Glover, S., Prawitt, D. (2012). *Auditing Cases: An Interactive Learning Approach (5th Edition)*. Toronto: Prentice Hall

OTHER RESOURCES: Assigned readings posted on Moodle

COURSE FORMAT: Instructional hours: 3 hours per week x 15 weeks.
 Fourth-hour activities: Online lectures, discussion board and assessment activities
 Students must access Moodle and University email at least 3 times per week.

COURSE OUTCOMES:

General Outcomes: Upon completion of this course students will understand the purpose of an audit, why audits are needed and the audit planning process including risk, materiality and control evaluation. Students will gain knowledge of audit procedures, sampling techniques, methods of gaining evidence, the various types of audit reports and how to apply professional judgement.

Specific Student Outcomes: Upon successful completion of this course, students will be able to demonstrate competence in the following abilities and skills:

| Ability | Learning Outcome | Levels* |
|------------------------------|--|---------|
| COMMUNICATIONS | C1. Prepare a wide variety of reports for specific purposes using clear, communicative, and professional language. | 3-4 |
| | C2. Ensures that information is communicated to the appropriate people on a timely basis. | 3-4 |
| ANALYSIS AND DECISION-MAKING | A1. Explain the objective and purpose of an audit of financial statements. | 1-4 |
| | A2. Draft a standard auditor's report and describe its components. | 1-4 |
| | A3. Explain when an auditor would issue an audit report containing an unqualified opinion, a qualified opinion, an adverse opinion, or a denial of opinion. | 1-4 |
| | A4. State the generally accepted auditing standard (GAAS) and describe their implications for auditors; differentiate between assurance standards, generally accepted auditing standards, and auditing procedures. | 1-4 |
| | A5. Resolve ethical dilemmas using a case analysis approach. | 1-4 |
| | A6. List and explain the fundamental principles in codes of conduct for professional accountants. | 1-4 |
| | A7. Describe the parties to which an auditor owes a duty of care, and the circumstances under which liability to third parties arise. | 1-2 |
| | A8. Explain the various types of management assertions and their relationship to specific audit objectives. | 1-4 |
| | A9. Explain how an auditor determines what and how much evidence is required. | 1-4 |

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| | A10. Explain the purpose and key elements of working papers in auditing, and describe the form and content of documentation required in a professional engagement. | 1-4 |
| | A11. Identify the main pre-engagement activities and the factors to consider when deciding whether to accept a new audit engagement. | 1-4 |
| | A12. Explain materiality by highlighting its quantitative and qualitative aspects, and determine overall materiality for a particular audit. | 1-4 |
| | A13. Explain how materiality is applied throughout the audit, and describe the types of misstatements and their impact on the audit report. | 1-4 |
| | A14. Explain the components of audit risk. | 1-4 |
| | A15. Explain the two different types of audit program, their content, and purpose. | 1-4 |
| | A16. Identify the components of internal control and explain the nature of a control environment. | 1-4 |
| | A17. Identify the three phases of internal control evaluation and explain how the auditor gains a sufficient understanding of internal control under a combined and substantive approach for planning purposes. | 1-4 |
| | A18. Explain how an auditor decides whether to assess control risk at maximum or below maximum. | 1-4 |
| | A19. Explain how audit strategy is affected by the study and evaluation of internal control. | 1-4 |
| | A20. Explain statistical and non-statistical sampling; describe the advantage of each method and when each method should be used. | 1-4 |
| | A21. Prepare substantive procedures to be used in the testing of various balance sheet accounts | 1-4 |
| SOCIAL INTERACTION | S1. Use a collaborative approach to problem-solving and situation analysis by working in pairs or teams in classroom activity | 3 |
| CITIZENSHIP, SUSTAINABILITY AND GLOBAL PERSPECTIVES | G1. Applies professional ethical standards. | 3-4 |
| | G2. Protects the public interest | 3-4 |
| | G3. Exercises consistently high level of professional judgement | 3-4 |

*See Faculty of Business – Our Commitment to Assessment and Constructive Feedback for description of the six “Levels” of Comprehension.

EVALUATION PROFILE:

| Assessment | % of Final Grade | Indiv./ Group | CAPabilities Assessed | | | |
|---|------------------|---------------|-----------------------|----------------------------|--------------------|--|
| | | | Communi- cations | Analysis & Decision Making | Social Interaction | Citizenship, Sustainability and Global Perspective |
| Online Homework (see separate handout) | 5% | I | ✓ | ✓ | | ✓ |
| Quizzes | 10% | I | ✓ | ✓ | | ✓ |
| Individual Report: Audit Plan for a company | 15% | I | ✓ | ✓ | | ✓ |
| In-class case study assignments (5 x 1%) | 5% | G | ✓ | ✓ | ✓ | ✓ |
| Midterm Exam | 30% | I | ✓ | ✓ | | ✓ |
| Final Exam | 35% | I | ✓ | ✓ | | ✓ |
| Total | 100% | | | | | |

COURSE CONTENT:

| Wk | Date | TOPIC & REQUIRED PRE-CLASS READINGS | IN-CLASS CASE | HOMEWORK | QUIZ |
|----------|------------|--|---------------|-------------|----------------------|
| 1 | | Chapter 1- Introduction and overview of audit and assurance | | | |
| 2 | | Chapter 2- Ethics, legal liability, and client acceptance ICABC – Rules of professional conduct | Case Study #1 | Homework #1 | |
| 3 | | Chapter 3- Audit planning I | | | |
| 4 | | Chapter 4- Audit planning II | Case Study #2 | Homework #2 | |
| 5 | | Chapter 5- Audit evidence | | | Quiz #1 In class |
| 6 | | Midterm exam Chapters 1, 2, 3, 4 & 5 | | | |
| 7 | | Chapter 6- Overview of test of controls, substantive procedures and sampling | Case Study #3 | | |
| 8 | | Chapter 7- Gaining and understanding of client's system of internal controls | | Homework #3 | |
| 9 | | Chapter 8- Execution of the audit- testing of controls | Case Study #4 | | |
| 10 | | Chapter 9- Execution of the audit- performing substantive procedures. | | Homework #4 | |
| 11 | | Chapter 10- Substantive testing and balance sheet accounts **Audit Planning report due** | | | |
| 12 | | Chapter 11- Substantive testing and income statement accounts. | | Homework #5 | Quiz # 2 In-class |
| 13 | | Chapter 12- Completing and reporting on the audit | Case Study #5 | | |
| 14 15 | TBA | Final Exam (cumulative) | | | |

**Schedules/Dates: Schedules shown here may change and the exact dates and times for the exams and the quizzes will be announced in class and/or on Moodle.*

UNIVERSITY POLICIES:

Capilano University has policies on Academic Appeals (including appeal of final grade), Student Conduct, Cheating and Plagiarism, Academic Probation and other educational issues. These and other policies are available on the University website.

Grading Profile:

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|----|--------|----|-------|----|-------|---|--------------|
| A+ | 90-100 | B+ | 77-79 | C+ | 67-69 | D | 50-59 |
| A | 85-89 | B | 73-76 | C | 63-66 | F | 49 and below |
| A- | 80-84 | B- | 70-72 | C- | 60-62 | | |

Emergency procedures: In the event of an emergency, students must follow the emergency procedures posted in the classrooms.

In addition to the policies of the university, the School of Business has the following policies governing the management of our classes and curriculum.

SCHOOL OF BUSINESS POLICIES:

- Attendance:** Regular attendance and punctuality are both essential and expected due to the nature and format of the course materials.
- Professional Behaviour:** Students must demonstrate a professional attitude and behaviour toward work, fellow students and their instructors. Each student should demonstrate reliability, respect for and co-operation with colleagues. A willingness to work calmly and courteously under difficult conditions as well as a determination to achieve first-class work while meeting deadlines is necessary in the Business Faculty. Students should have respect for equipment and systems. Students should display a constructive response to criticism.
- English Usage:** All assignments are marked for correct English usage, proofreading and formatting.
- Missed Exams and Quizzes:** Missed exams or quizzes will receive a grade of "0" unless PRIOR arrangements (wherever possible) are made with the instructor. Permission to make up an exam will only be given in extraordinary situations such as illness of the student or the death of a close family member. A doctor's certificate, or other proof supporting the reason for the absence, will be required. For further information, refer the "Examination & Pivotal Presentation Exemption Policy".
- Examination and Pivotal Presentation Exemption Policy**
- All students are required to appear and write their scheduled mid-term and final examinations, and to produce, by the assigned date, all pivotal presentations, individual and/or group, unless they meet one of the following criteria:
- "Medical Exemption"** will be considered, if:
Within the ten calendar days prior to a mid-term or final examination, or within ten days of a pivotal presentation, a student falls ill or is injured.
- "Falling ill"** is defined as being formally advised by a physician of the need to isolate oneself for the purpose of preventing communication of disease or infection to others; being advised by a physician of compromised immunity that requires isolating oneself from contact with others to prevent communication of disease or infection to themselves, or; being in a physical state of health which so compromises a student's ability to function, physically or cogitatively, during the ten days prior to the examination or presentation date.
- "Injury"**, for the purpose of Exemption, is defined as sudden, unanticipated physical harm that renders the applicant physically incapable of attending campus or, in such physical distress that the student is specifically advised by their physician to abstain from appearing at their examination or presentation. Students who are prescribed medication(s) to treat their injury and who believe that the medication(s) may be impairing their ability to successfully prepare for or write their examination or presentation may provide written evidence of their concerns as verified by their physician.
- "Catastrophic Personal Loss Exemption"** will be considered, if:
Events occur in the student's life that are of such scope as to sufficiently distract a student from the examination or presentation preparation period, or from appearing at or adequately focusing on, the scheduled examination or presentation itself. This could include; loss of housing due to eviction, flood or fire; or death of an immediate family member (defined as a sibling, parent or grandparent, child, partner or spouse, parent or step-parent, aunt, uncle, niece, or nephew and first cousins.) Immediate family member does not include general acquaintances. Circumstances that may qualify as a personal loss could also include an immediate family member being diagnosed with a significantly life-altering or life-threatening illness or injury.
- In all of the above scenarios, a physician's letter or other specifically requested documentation must be provided to satisfy the Instructor as to the validity of the claim, and must be provided within ten calendar days prior to the date of the exam or presentation. If an instructor agrees with the request for Exemption, the request for must be presented by the instructor to their Unit Convenor for consideration and his/her approval. No request for Exemption will be considered approved by virtue of submission, and will remain as merely "under consideration" until approved or rejected by the Unit Convenor. A student applying for an exemption for a

specific section which is instructed by the Unit Convenor will have their application reviewed by the Vice-Chair or Chair of the School of Business.

Any student who applies for and receives an Exemption will be assigned a Future Examination or Presentation Date: this date is non-negotiable. Failure to appear on/at the single date and time assigned by the instructor will result in an automatic “0” grade for that exam or assignment. This “0” grade may not be appealed or contested, and will not be changed.

Copyright Policy:

Students are expected to familiarize themselves with and abide by the University’s Copyright Policy. The University’s Copyright Policy is published in the University website.

Cheating and Plagiarism:

Cheating is an act of deceit, fraud, distortion of the truth, or improper use of another person’s effort to obtain an academic advantage. Cheating includes permitting another person to use one’s work as their own. Plagiarism is the presentation of another person’s work or ideas as if they were one’s own. Plagiarism is both dishonest and a rejection of the principles of scholarship. Information about how to avoid plagiarism by proper documentation of sources is available in the Writing Centre and is published on the University website in the University Policies page.

Penalties for Cheating and Plagiarism:

A grade of ‘O’ for an examination, quiz or assignment or ‘F’ for the course may be assigned if cheating or plagiarism has taken place. First incidents deemed by the instructor to be particularly serious or second or subsequent incidents of cheating and plagiarism will be dealt with under the provisions of the University Policy on Cheating and Plagiarism (see the University website). All students should familiarize themselves with the University Policy on Cheating and Plagiarism as such behaviour can result in suspension from the University.

Incomplete Grades:

Incomplete grades will not be given unless special arrangements have been made with the instructor prior to the date set by University Administration.

COURSE LEVEL POLICIES:

In addition to Capilano University and the School of Business policies, the following policies govern the management of this course and its curriculum.

Assessments:

Late out-of-class assessments are not accepted in this course under any circumstances (including exceptional situations). In-class assessments must be completed at scheduled times. With appropriate documentation (see below), and at the discretion of the instructor, alternate work may be assigned or marks averaged over similar work completed.

Students are expected to submit work that is neat, organized, well-formatted, properly referenced and written in proper English. Please refer also to the assessment handout.

Missed Exams & In-Class Assessments

Refer also to the School of Business policy. In the case of illness, students must submit appropriate medical documentation. This documentation must clearly identify the period of absence and contact information for the medical practitioner. Students are expected to complete the missed work *promptly upon return to classes*. The time of any rescheduled exam will be at the discretion of the instructor and students are expected to make themselves available (including rearranging work if necessary) to accommodate the rescheduled exam.

Programmable Tools:

Please note that the use of programmable items such as calculators, dictionaries, etc. is forbidden during tests, quizzes, and exams. Cell phones are not to be brought to any test, quiz, or exam.