



Carleton
UNIVERSITY

SPROTT
SCHOOL OF BUSINESS

**CARLETON UNIVERSITY
SPROTT SCHOOL OF BUSINESS
BUSI 3007/R
2020/FALL
AUDITING I**

Instructor: Rebecca Drummond, CPA, CFE

Office: Online

Office Hours: Online only. Please contact by e-mail to set up an appointment.

Email: becky.drummond@carleton.ca

Pre-requisites & precluded Courses:

Precludes additional credit for BUSI 4007 (no longer offered).

Prerequisite(s): BUSI 2001

Course Calendar description from the 2020/2021 University calendar:

BUSI 3007 [0.5 credit]

Auditing I

Auditing theory, methodology and application.

Precludes additional credit for BUSI 4007 (no longer offered).

Prerequisite(s): BUSI 2001

Lectures three hours a week.

Course Description:

The course begins with an examination of the principles and theory which underlie the practice of auditing financial statements. In particular, concepts of management assertions, audit objectives, evidence, materiality and risk, internal control, audit planning, and reporting are examined and discussed. The course also examines auditing as a professional activity, including topics such as professional judgement, ethics, legal liability, and the responsibilities of auditors to society. Other assurance engagements are also addressed.

Learning Outcomes:

By the end of this course students will be able to:

1. Explain the audit process.
2. Assess risk and materiality.
3. Demonstrate audit procedures appropriate to a set of circumstances.
4. Understand and apply the concepts of machine learning and artificial intelligence
5. Evaluate the audit report.
6. Apply professional standards, including to ethical issues and legal situations.
7. Critique developments in the profession.
8. Compare financial statement audits and other assurance engagements.

Reading(s)/Textbook(s)/Required Materials:

1. Auditing: The Art and Science of Assurance Engagements, Canadian 14th edition, Pearson, Arens, Elder, Beasley, Jones
2. The CPA Canada Handbook – *Assurance* available at <http://edu.knotia.ca.proxy.library.carleton.ca/> from on-campus computers
3. The CPA Ontario Code of Professional Conduct <https://media.cpaontario.ca/stewardship-of-the-profession/pdfs/CPA-Ontario-Code-of-professional-conduct.pdf>

CULearn

CULearn will be used in this course. It is critical to use this learning tool on a regular basis. We will be using CULearn as follows:

- To communicate with students on regular basis (e-mail, announcements, etc.)
- To post PowerPoint slides to support classroom activities
- To post problems or readings
- To post notes of an administrative nature or updates to the course outline, if required
- To administer online quizzes.

To access CULearn, type in the following URL: <https://www.carleton.ca/culearn/>

Course Requirements & Methods of Evaluation (including due dates):

Quizzes (2 x 5%)	10%
Mid-term Examination	20%
Group Project – External Audit Simulation	
Part 1 – Code of Conduct	2%
Part 2 – Audit Preparation	5%
Part 3 – Process Review / Testing of Controls	5%
Part 4 – Document Review / Testing of Details	5%
Part 5 – Audit Conclusion	5%
Part 6 – Group Project Self & Peer Evaluation	3%
Total Group Project (Parts 1 – 5)	25%
MindBridge Ai University Alliance Cases (Individual)	
Cases A, B & C	5%
Individual Assignment	10%
Total MindBridge Ai University Alliance Cases	15%
Final Examination	<u>30%</u>
	100%

Satisfactory In-term Performance

The requirement for Satisfactory In-term Performance is set at 50% of all, not each, term work (i.e. quizzes, midterm examinations, group work, etc.). Note, however, that Satisfactory In-term Performance of 50% may not be sufficient to permit registration in advanced courses in the accounting program and may not be sufficient to be recognized by professional accrediting bodies.

Quizzes (2 quizzes 5 percent each)

Given the significant volume of material and number of new concepts that are introduced in this course, there are two brief quizzes scheduled. This should assist students in keeping up with the material and getting timely feedback on their progress and mastery of the material. Each quiz will be approximately 20 minutes in length and consist of multiple choice and/or short answer questions. Students who miss a quiz and provide appropriate documentation will have the 5%

from the quiz reallocated to the closest upcoming exam. Requests for reconsideration of a quiz grade must be submitted in writing within 7 calendar days of the quiz date. Quizzes will be administered online via CuLearn. Instructions will be provided in class.

Midterm Examination (20 percent)

One midterm examination is scheduled (see the detailed schedule for midterm date). It may address any material covered to that point in the course. The exam will be conducted online via CuLearn. Student's with conflicts and/or international time zone concerns should make alternate arrangements with the instructor 10 calendar days prior to the exam. Students will then have 10 calendar days to review their results and report any discrepancies to the professor. Any discrepancies reported beyond that time may be reviewed but will not result in any change in grade. Students who miss a midterm examination and provide appropriate documentation within 5 calendar days of the midterm date may have the weighting of the midterm allocated to the final exam.

Group Project – External Audit Simulation (25 percent)

The Spratt School of Business encourages group assignments in the school for several reasons. They provide you with opportunities to develop and enhance interpersonal, communication, leadership, follower-ship and other group skills. Group assignments are also good for learning integrative skills for putting together a complex task. You have been assigned one group project in this course. Before embarking on a specific problem as a group, it is your responsibility to ensure that the problem is meant to be a group assignment and not an individual one.

Groups of five students will be formed during the first week. Each group will participate in an external audit simulation of the company ColAlta Pipeline. Details of this project (due dates for various components of the project are indicated in the Detailed Course Schedule) will be provided on CuLearn. Written reports for each component of the project are required. These are to be submitted online by the date and time indicated in the detailed course schedule. Students are reminded to always retain a hard copy of all the work they submit.

Mindbridge Ai University Alliance Cases (15 percent)

The Spratt School of Business has partnered with MindBridge Ai to participate in the MindBridge University Alliance Program. MindBridge Ai is the global leader in applying machine learning and artificial intelligence to financial data analysis. The MindBridge Ai Auditor platform is an intuitive platform that empowers auditors to analyze financial data more efficiently, while augmenting human capacity to uncover errors and intentional misstatements in the data. The program will include hands-on case studies, where students have access to the Ai Auditor program to perform required analysis. Case studies are focused on fraud detection analysis, while reinforcing AI auditing principles. The program will require students to complete three case studies and one assignment. These cases are expected to be completed on an individual basis.

Final Examination (30 percent)

A final examination will take place during the university scheduled final exam period. The final exam is cumulative. University policy with respect to examinations will be strictly adhered to. Supplemental and grade rising examinations are not available. Notwithstanding the marking scheme, **if the mark on the final exam is less than 50%, the final grade for the course will be an F.**

Organization of Files in CuLearn

The online material for each week follows a standard structure. Begin with the Required Readings folder. Here you will find an outline of the requirements for the week. Lecture slides are included in their own folder. Under the Lesson folder (the icon with the linked folders you will

find the learning objectives for each week, all the videos for the week, and practice questions for the week. Depending on the week, there may also be assignment submission buttons and/or additional resources.

To perform well in this course, you must spend time answering the practice questions and textbook problems and checking the answers to test your understanding. To maximize your learning, you should make an honest attempt at the question before consulting the solution. Simply reading a question and then turning to the solution right away will not help you apply your knowledge to the material.

Videos

If you encounter technical issues watching the videos, usually the solution is to try an alternative browser. If this does not work, contact support by emailing capture@carleton.ca. Please specify the course you are registered in and what specific video is causing issues.

BUSI3007
DETAILED COURSE SCHEDULE

Date	Topic	Readings	Deliverables
Week of September 7, 2020	Demand for Auditing and Other Assurance Services	Required: Chapter 1	Sign up for a Google alert for “Auditing”
	Audit Report on Financial Statements	Required: Chapter 19 <i>Reference:</i> CAS 700, 705, 706, 710 Loblaw Companies Limited audit report	
Week of September 14, 2020	The Public Accounting Profession and Audit Quality	Required: Chapter 2 <i>Reference:</i> CAS 200, 220, CSQC-1, 5021	Group Project Part #1 Due Friday September 18, 2020, 23:59 EST
	Professional Ethics and Legal Liability	Required: Chapter 3 <i>Reference:</i> Handbook 5020, 9200	
Week of September 21, 2020	Audit Responsibilities and Objectives	Required: Chapter 4 <i>Reference:</i> CPA Ontario Code of Professional Conduct	
	Audit Evidence	Required: Chapter 5 <i>Reference:</i> CAS 200, 210, 250, 315, 520	
Week of September 28, 2020	Quiz 1	Chapters 1-5 and 19	Group Project Part #2 Due Friday October 2, 2020, 23:59 EST Quiz #1 Any 20 consecutive minutes between September 28, 2020 0:00 EST to Sunday September 4, 2020 23:59 EST
	Client Acceptance, Planning, and Materiality	Required: Chapter 6 <i>Reference:</i> CAS 210, 240, 300, 315, 550, 610, 620	
	Assessing the Risk of Material Misstatement	Required: Chapter 7 <i>Reference:</i> CAS 315, 320, 450, 500	
Week of October 12, 2020	Internal Control and COSO Framework	Required: Chapter 8 <i>Reference:</i> CAS 265, 315, 330, 402, 610, CSAE 3416, 5925	Group Project Part #3 Due Friday December 4, 2020, 23:59 EST
	Assessing Control Risks and Designing Tests of Controls	Required: Chapter 9 <i>Reference:</i> CAS 265, 315, 330, 402, 610, CSAE 3416, 5925	
Week of October 19, 2020	Develop Risk Response: Audit Strategy and Audit Program	Required: Chapter 10 <i>Reference:</i> CAS 300, 315, 330, 520	
	Introducing MindBridge University Alliance Program	Required Video: Introduction to MindBridge University for Students	
	Midterm – October 22nd , 2020, 18:00 – 20:00 EST	Chapters 1-9 and 19	

Week of October 26, 2020	Reading week, no class		
Week of November 2, 2020	Audit Sampling Concepts	Required: Chapter 11 <i>Reference:</i> CAS 265, 330, 500, 530	Cases A – C & MindBridge Assignment Due Friday November 6, 2020, 23:59 EST
	Audit of the Revenue Cycle	Required: Chapter 12 <i>Reference:</i> CAS 240, 505, 540	
Week of November 9, 2020	Audit of the Acquisition and Payment Cycle	Required: Chapter 13	Group Project Part #4 Due Friday November 13, 2020, 23:59 EST
	Audit of the Inventory and Distribution Cycle	Required: Chapter 14 <i>Reference:</i> CAS 240, 501	
Week of November 16, 2020	Audit of the Human Resources and Payroll Cycle	Required: Chapter 15	
	Audit of the Acquisition and Repayment Cycle	Required: Chapter 16	
Week of November 23, 2020	Quiz 2	Chapters 10-16	Quiz #2 Any 20 consecutive minutes between November 23, 2020 0:00 EST to Sunday November 29, 2020 23:59 EST
	Audit of Cash Balances	Required: Chapter 17	
	Completing the Audit	Required: Chapter 18 <i>Reference:</i> CAS 260, 450, 560, 570, 580, 600, 720	
Week of November 30, 2020	Other Assurance and Non assurance Services	Required: Chapter 20 <i>Reference:</i> CAS 805, 810, OCS 3416, 5800, 5815, 5925, 7060, 8100, 8200, 8500, 8600, 9100, 9200, CSAE 3000, 3001	Group Project Part #5 Due Friday December 4, 2020, 23:59 EST
	Re-review: Audit Report on Financial Statements	Required Review: Chapter 19 <i>Reference:</i> CAS 700, 705, 706, 710	
Week of December 7, 2020	Final Exam Review	No new material Online office hours timing TBD	Group Project Part #6 Due Thursday December 7 th , 2020, 23:59 EST
December 11 – 23, 2020	Final Exam	To be scheduled by University. Chapters 1 - 20	Final Exam

1. Additional readings may be required, in which case information pertaining to the readings will be posted on CuLearn.
2. Schedule is subject to change without notice if considered necessary by the course instructor

ADDITIONAL INFORMATION

Course Sharing Websites

Materials created for this course (including presentations and posted notes, labs, case studies, assignments and exams) remain the intellectual property of the author(s). They are intended for personal use and may not be reproduced or redistributed without prior written consent of the author(s).

Required calculator in BUSI course examinations

If you are purchasing a calculator, we recommend any one of the following options: Texas Instruments BA II Plus (including Pro Model), Hewlett Packard HP 12C (including Platinum model), Staples Financial Calculator, Sharp EL-738C & Hewlett Packard HP 10bII

Group work

The Sprott School of Business encourages group assignments in the school for several reasons. They provide you with opportunities to develop and enhance interpersonal, communication, leadership, follower-ship and other group skills. Group assignments are also good for learning integrative skills for putting together a complex task. Your professor may assign one or more group tasks/assignments/projects in this course. Before embarking on a specific problem as a group, it is your responsibility to ensure that the problem is meant to be a group assignment and not an individual one.

In accordance with the Carleton University Undergraduate Calendar (p 34), the letter grades assigned in this course will have the following percentage equivalents:

A+ = 90-100	B+ = 77-79	C+ = 67-69	D+ = 57-59
A = 85-89	B = 73-76	C = 63-66	D = 53-56
A - = 80-84	B - = 70-72	C - = 60-62	D - = 50-52
F = Below 50			

Grades entered by Registrar:

WDN = Withdrawn from the course

DEF = Deferred

Academic Regulations

University rules regarding registration, withdrawal, appealing marks, and most anything else you might need to know can be found on the university's website, here:

<http://calendar.carleton.ca/undergrad/regulations/academicregulationsoftheuniversity/>

Requests for Academic Accommodation

You may need special arrangements to meet your academic obligations during the term. For an accommodation request, the processes are as follows:

Pregnancy obligation

Please contact your instructor with any requests for academic accommodation during the first two weeks of class, or as soon as possible after the need for accommodation is known to exist. For more details, visit the Equity Services website: carleton.ca/equity/wp-content/uploads/Student-Guide-to-Academic-Accommodation.pdf

Religious obligation

Please contact your instructor with any requests for academic accommodation during the first two weeks of class, or as soon as possible after the need for accommodation is known to exist. For

more details, visit the Equity Services website: carleton.ca/equity/wp-content/uploads/Student-Guide-to-Academic-Accommodation.pdf

Academic Accommodations for Students with Disabilities

If you have a documented disability requiring academic accommodations in this course, please contact the Paul Menton Centre for Students with Disabilities (PMC) at 613-520-6608 or pmc@carleton.ca for a formal evaluation or contact your PMC coordinator to send your instructor your Letter of Accommodation at the beginning of the term. You must also contact the PMC no later than two weeks before the first in-class scheduled test or exam requiring accommodation (if applicable). After requesting accommodation from PMC, meet with your instructor as soon as possible to ensure accommodation arrangements are made. carleton.ca/pmc

Survivors of Sexual Violence

As a community, Carleton University is committed to maintaining a positive learning, working and living environment where sexual violence will not be tolerated, and its survivors are supported through academic accommodations as per Carleton's Sexual Violence Policy. For more information about the services available at the university and to obtain information about sexual violence and/or support, visit: carleton.ca/sexual-violence-support

Accommodation for Student Activities

Carleton University recognizes the substantial benefits, both to the individual student and for the university, that result from a student participating in activities beyond the classroom experience. Reasonable accommodation must be provided to students who compete or perform at the national or international level. Please contact your instructor with any requests for academic accommodation during the first two weeks of class, or as soon as possible after the need for accommodation is known to exist. <https://carleton.ca/senate/wp-content/uploads/Accommodation-for-Student-Activities-1.pdf>

For more information on academic accommodation, please contact the departmental administrator or visit: students.carleton.ca/course-outline

Academic Integrity

Violations of academic integrity are a serious academic offence. Violations of academic integrity – presenting another's ideas, arguments, words or images as your own, using unauthorized material, misrepresentation, fabricating or misrepresenting research data, unauthorized co-operation or collaboration or completing work for another student – weaken the quality of the degree and will not be tolerated. Penalties may include; a grade of Failure on the submitted work and/or course; academic probation; a refusal of permission to continue or to register in a specific degree program; suspension from full-time studies; suspension from all studies at Carleton; expulsion from Carleton, amongst others. Students are expected to familiarize themselves with and follow the Carleton University Student Academic Integrity Policy which is available, along with resources for compliance at: <https://carleton.ca/registrar/academic-integrity/>.

Sprott Student Services

The Sprott student services office, located in 710 Dunton Tower, offers academic advising, study skills advising, and overall academic success support. If you are having a difficult time with this course or others, or just need some guidance on how to successfully complete your Sprott degree, please drop in* any weekday between 8:30am and 4:30pm. Our advisors are happy to discuss

grades, course selection, tutoring, concentrations, and will ensure that you get connected with the resources you need to succeed! <http://sprott.carleton.ca/students/undergraduate/learning-support/>

* Note that the office is physically closed. However, e-drop in is available between 8:30-4:30 until social distancing requirements are updated by the Province.

Centre for Student Academic Support

The Centre for Student Academic Support (CSAS) is a centralized collection of learning support services designed to help students achieve their goals and improve their learning both inside and outside the classroom. CSAS offers academic assistance with course content, academic writing and skills development. Visit CSAS on the 4th floor of MacOdrum Library or online at: carleton.ca/csas.

Important Information:

- Students must always retain a hard copy of all work that is submitted.
 - All final grades are subject to the Dean's approval.
 - For us to respond to your emails, we need to see your full name, CU ID, and the email must be written from your valid CARLETON address. Therefore, in order to respond to your inquiries, please send all email from your Carleton CMail account. If you do not have or have yet to activate this account, you may wish to do so by visiting <https://carleton.ca/its/get-started/new-students-2/>
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