



**Carleton**  
University

**Sprott**  
School of Business

CARLETON UNIVERSITY  
SPROTT SCHOOL OF BUSINESS  
BUSI 3007/R  
2022/WINTER  
AUDITING I

**Instructor:** Chelsea McCormick, CPA, CA, MBA (she/her/hers)

**Office:** 6027 NI

**Office Hours:**

**In person:** Wednesdays 13:00 – 14:00 EST

**Online:** Please contact by email to set up an appointment

**Email:** [chelseamccormick@cunet.carleton.ca](mailto:chelseamccormick@cunet.carleton.ca)

**Telephone:** 613-520-2600 x 5604

**Modality:** Online, asynchronous

**Pre-requisite:** BUSI 2001

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**Course Calendar description from the [2021/2022 University calendar](#):**

**Auditing I**

Auditing theory, methodology and application.

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

Prerequisite(s): [BUSI 2001](#).

**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:**

Textbook: **Auditing: The Art and Science of Assurance Engagements**, Canadian 15th edition, Pearson, Arens, Elder, Beasley, Jones

**NOTE: You are required to purchase Pearson MyLab access along with this textbook**

Reference Materials:

[The CPA Canada Handbook – Accounting & Assurance](#)

[The CPA Ontario Code of Professional Conduct](#)

[The CPA Ontario Student Code of Conduct](#)

**Course Requirements & Methods of Evaluation\*:**

\* See Course Schedule section below for due dates.

Pearson MyLab Weekly Homework (best 8 of 11)	20%
Assignment 1	15%
MindBridge AI University Alliance Cases A, B & C	7.5%
Individual Assignment	7.5%
Assignment 2	15%
Final Examination	35%
Total	100%

**Course Schedule:**

<b>Date</b>	<b>Topic</b>	<b>Readings</b>	<b>Deliverables/Time</b>
<b>Class 1 Jan 10-16, 2022</b>	Welcome to BUSI 3007R – Virtual Meet & Greet		Mon, Jan 10, 19:00-19:30 EST
	Demand for Auditing and Other Assurance Services	<b>Required: Chapter 1</b>	MyLab Chapter 1 and 2 homework due Fri, Jan 14, 20:00 EST
	The Public Accounting Profession and Audit Quality	<b>Required: Chapter 2</b> Reference: CAS 200, 220 CSQM 1, 2 GAAS 5021	
<b>Class 2 Jan 17-23, 2022</b>	Professional Ethics and Legal Liability	<b>Required: Chapter 3</b> Reference: CPA Ontario Code of Professional Conduct	MyLab Chapter 3 and 18 homework due Fri, Jan 21, 20:00 EST
	Audit Report on Financial Statements	<b>Required: Chapter 18</b> Reference: CAS 700, 701, 705, 706, 710, 720	
<b>Class 3 Jan 24-30, 2022</b>	Audit Responsibilities and Objectives	<b>Required: Chapter 4</b> Reference: CAS 200, 250, 315, 330, 550	MyLab Chapter 4 and 5 homework due Fri, Jan 28, 20:00 EST
	Audit Evidence	<b>Required: Chapter 5</b> Reference: CAS 230, 500, 520	
<b>Class 4 Jan 31 - Feb 6, 2022</b>	<b>Assignment 1</b>		Due Fri, Feb 4, 20:00 EST
	Client Acceptance, Preliminary Planning, and Materiality	<b>Required: Chapter 6</b> Reference: CAS 210, 300, 315, 450, 610, 620	MyLab Chapter 6 and 7 homework due Fri, Feb 4, 20:00 EST
	Risk Assessment and Inherent Risk	<b>Required: Chapter 7</b> Reference: CAS 240, 315, 330	
<b>Class 5 Feb 7-13, 2022</b>	Understanding the Internal Control System	<b>Required: Chapter 8</b> Reference: CAS 315	MyLab Chapter 8 and 9 homework due Fri, Feb 11, 20:00 EST
	Control Risk Assessment	<b>Required: Chapter 9</b> Reference: CAS 265, 315, 330, 402, 610 CSAE 3416, s.5925	
<b>Class 6 Feb 14-20, 2022</b>	Introducing MindBridge University Alliance Program	<b>Required video: Introduction to MindBridge University for Students</b>	
	<b>MindBridge Cases A, B &amp; C</b>		Due Fri, Feb 18, 20:00 EST

Date	Topic	Readings	Deliverables/Time
<b>Feb 21-27, 2022</b>	Reading Week (none)		
<b>Class 7 Feb 28 - Mar 6, 2022</b>	Risk Response: Audit Strategy, Overall Approach, and Audit Programs	<b>Required: Chapter 10</b> Reference: CAS 240, 300, 315, 330, 520	MyLab Chapter 10 and 11 homework due Fri, Mar 4, 20:00 EST
	Audit Sampling Concepts	<b>Required: Chapter 11</b> Reference: CAS 265, 530	
<b>Class 8 Mar 7- 13, 2022</b>	<b>MindBridge Individual Assignment</b>		Due Fri, Mar 11, 20:00 EST
	Audit of the Revenue Cycle	<b>Required: Chapter 12</b> Reference: CAS 240, 505, 540 ASPE 3400 IFRS 15	MyLab Chapter 12 homework due Fri, Mar 11, 20:00 EST
<b>Class 9 Mar 14- 20, 2022</b>	Audit of the Acquisition and Payment Cycle	<b>Required: Chapter 13</b> Reference: CAS 550 ASPE 3061 IAS 16, 37	MyLab Chapter 13 and 14 homework due Fri, Mar 18, 20:00 EST
	Audit of the Inventory and Distribution Cycle	<b>Required: Chapter 14</b> Reference: CAS 240, 501, 620 ASPE 3031 IAS 2	
<b>Class 10 Mar 21- 27, 2022</b>	<b>Assignment 2</b>		Due Fri, Mar 25, 20:00 EST
	Audit of the Human Resources and Payroll Cycle	<b>Required: Chapter 15</b> Reference: CAS 402 CSAE 3416 IAS 24	MyLab Chapter 15 and 16 homework due Fri, Mar 25, 20:00 EST
	Audit of Cash Balances	<b>Required: Chapter 16</b> Reference ASPE 1540 IAS 7	

Date	Topic	Readings	Deliverables/Time
<b>Class 11</b> <b>Mar 28 -</b> <b>Apr 3,</b> <b>2022</b>	Other Audits, Assurance Engagements and Related Services	<b>Required: Chapter 19</b>	MyLab Chapter 19 homework due Fri, Apr 1, 20:00 EST
		Reference: CAS 800, 805 CSAE 3000, 3001, 3410, 3416, 3530, 3531 s.5925, 7060 CSRE 2400 CSRS 4200, 4400, 4460	
<b>Class 12</b> <b>Apr 4-</b> <b>10, 2022</b>	Completing the Audit	<b>Required: Chapter 17</b>	MyLab Chapter 17 and 18 homework due Fri, Apr 8, 20:00 EST
	Re-review: Audit Report on Financial Statements	<b>Required Review: Chapter 18</b>	
<b>April</b> <b>14-28,</b> <b>2022</b>	Final Exam Review	Reference: CAS 220, 250, 260, 450, 550, 560, 570, 580, 720 ASPE 3290 IAS 37	Date TBD by class preference
	<b>Final Exam</b>	covering Chapters 1-19	To be scheduled by University

**Contribution to Learning Goals of the Program ([BCom](#), [BIB](#)):**

<b>Program Learning Goal</b>	<b>Competencies Not Covered</b>	<b>Competencies Introduced (only)</b>	<b>Competencies Taught But Not Assessed</b>	<b>Competencies Taught and Assessed</b>
<b>BC1 Knowledge</b> <i>Graduates will be skilled in applying foundational business knowledge to appropriate business contexts.</i>			X	
<b>BC2 Collaboration</b> <i>Graduates will be collaborative and effective contributors in team environments that respect the experience, expertise and interest of all members.</i>				X
<b>BC3 Critical Thinking</b> <i>Graduates will be discerning critical thinkers, able to discuss different viewpoints, challenge biases and assumptions, and draw conclusions based on analysis and evaluation.</i>				X
<b>BC4 Communication</b> <i>Graduates will be effective and persuasive in their communications.</i>				X
<b>BI5 Global Awareness (BIB ONLY)</b> <i>Graduates will be globally-minded.</i>	X			

## ADDITIONAL INFORMATION

### How to do Well in this Course:

This course covers a lot of material. In order to learn the material you need to *review* the content and *engage* with it by completing as many practice problems as you can.

You may choose to review the course content by a combination of any of the following: reading the recommended textbook chapters, reviewing the publisher's slides posted on Brightspace, referring to listed CPA Canada reference materials, etc.

In order to encourage you to engage with the material and practice applying your knowledge, 20% of your final grade can be earned by completing homework assignments in MyLab. There are 11 assignments and your mark will be calculated based on your best 8. You have three attempts to answer each question and although the questions range in complexity they are all worth 1 mark each. The purpose of the grades is simply to provide you with a reward for keeping up with the material, which will be the biggest driver of your success on Assignments 1 and 2, and on the final exam. Think of it as getting credit each week for completing recommended practice problems.

There are no weekly lectures or Zoom meetings for this asynchronous course. It is expected that you spend that time reviewing materials (approx. 1-2 hours) and completing the problems in MyLab (approx. 1-2 hours).

### Brightspace:

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

- To communicate with students on regular basis (e-mail, announcements, etc.)
- To host weekly summaries of recommended readings, deliverables, etc.
- To post notes of an administrative nature or updates to the course outline, if required
- To provide a link to MyLab, where homework will be completed

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

### Additional Help

When you have a question about the course material, you are encouraged to review the discussion board on Brightspace, and if your question is not already answered there, then post a new question on the discussion board.

Using the discussion board rather than private email for content-related questions has several benefits, including:

- Facilitating learning - Teaching is a great way to learn, so when students answer questions for peers, it can help solidify their own understanding of a concept.
- Obtaining a faster answer - You might get an answer from another student who is online and available sooner than the instructor is.
- Obtaining efficiencies - Chances are, there are others in the class with the same question, so they can benefit from seeing your question and the responses.
- Ensuring a more equitable course experience – This makes the help process more transparent and ensures that each student has access to the help that has been provided.

Of course, if you want to discuss a sensitive issue you are encouraged to email the instructor or attend office hours to discuss the issue in person.

### **E-proctoring**

Please note that tests and examinations in this course will use a remote proctoring service provided by Scheduling and Examination Services. You can find more information at <https://carleton.ca/ses/e-proctoring/>.

The minimum computing requirements for this service are as follows:

Hardware: Desktop, or Laptop

OS: Windows 10, Mac OS 10.14, Linux Ubuntu 18.04

Internet Browser: Google Chrome, Mozilla Firefox, Apple Safari, or Microsoft Edge

Internet Connection (High-Speed Internet Connection Recommended)

Webcam (HD resolution recommended)

Note: Tablets, Chromebooks and Smartphones are not supported at this time. Windows-based tablets are not supported at this time.

### **Late Coursework**

To ensure fairness for all students, penalties will be applied to late assignments: Failure to submit an assignment on time will result in a penalty of ten (10) percentage points per day up to a maximum of three days late. For example, an assignment that would normally merit a grade of 80% would receive a grade of 60% if submitted two days late.

Assignments will not be accepted at all after the third day and a grade of 0% will be awarded. Assignments are available well in advance and can be worked on at any time during the course up until the deadline. Do not wait until the last minute to attempt or submit the assignment.

The exception to this policy is the MyLab weekly homework. No late weekly homework submissions will be accepted because the solutions become available once the deadline has passed.

### **MindBridge AI University Alliance Cases**

The Sprott 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. Upon the completion of the assignment and receipt of grades, the student will receive a certificate of completion of the program.



### **Final Examination**

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-raising examinations are not available.

### **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](mailto:capture@carleton.ca). Please specify the course you are registered in and what specific video is causing issue

### **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.

### **Grading**

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 Accommodation**

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](http://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](http://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](mailto: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](http://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](http://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

### **Accommodation for Student Activities**

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](https://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.

Process: If an alleged violation occurs, all relevant documentation will be forwarded to the Dean. If the allegation proves true, the 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.

**For a first offence, at a minimum, the penalty assigned will normally be a zero on the submitted work and at least a minimum full grade reduction of the final course grade. For a second offence, at a minimum, the penalty assigned will normally lead to a suspension from studies.**

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 Undergraduate Student Services Office offers program advising and overall student success support. Our team is available to discuss your academic goals and your program progression plans. We can also work with you to develop strategies for success, including study skills for Business. If you experience any difficulty this term or if you would like to access support, please contact our team at [bcom@sprott.carleton.ca](mailto:bcom@sprott.carleton.ca) or at [bib@sprott.carleton.ca](mailto:bib@sprott.carleton.ca).

### **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](https://carleton.ca/csas).

**Important Information:**

- Students must always retain a 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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