



**Carleton**  
University

**Sprott**  
School of Business

CARLETON UNIVERSITY  
SPROTT SCHOOL OF BUSINESS  
BUSI 3007/R  
2021/FALL  
AUDITING I

**Instructor:** Rebecca (Becky) Drummond, CPA, CFE

**Office:** Online

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

**Email:** [becky.drummond@carleton.ca](mailto:becky.drummond@carleton.ca)

**Pre-requisites & precluded Courses:**

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

Prerequisite(s): BUSI 2001

**Modality: \*Online (Approximately 95% asynchronous and 5% synchronous)**

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**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 15<sup>th</sup> edition, Pearson, Arens, Elder, Beasley, Jones

**NOTE: Pearson MyLab is also required to be purchased with this textbook.**

2. [The CPA Canada Handbook – Accounting & Assurance](#)
3. [The CPA Ontario Code of Professional Conduct](#)
4. [The CPA Ontario Student Code of Conduct](#)

**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 post weekly online content/lessons 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 access CULearn, type in the following URL: <https://brightspace.carleton.ca/>

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

Assignment 1	15%
Assignment 2	15%
Pearson MyLab Weekly Homework	12%
<b><i>MindBridge Ai University Alliance Cases</i></b>	
Cases A, B & C	3%
Individual Assignment	5%
Online Discussion Board Participation	5%
Final Examination	45%
Total	100%

**Satisfactory In-term Performance**

The requirement for Satisfactory In-term Performance is set at 50% of all, not each, term work. 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.

**Late Assignments:**

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 twenty (20) percentage points

per day up to a maximum of one day late. For example, an assignment that would normally merit a grade of 80% would receive a grade of 60% if submitted the following day. Assignments will not be accepted at all after the following day and a grade of 0% will be awarded. Given the fact assignments are open and able to be worked on at any time during the course up until the deadline, no requests for extension will be considered - this means do not wait until the last minute to attempt or submit the assignment.

### **Mindbridge Ai University Alliance Cases (8 percent)**

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 (45 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.**

**The final examination must be completed in Word & Excel only. No handwritten responses will be accepted.**

**The exams will be conducted online via Brightspace (through Quiz function and/or a downloadable word document) and will be closed-book exams subject to 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/>.***

### **How to do Well in this Course:**

This course covers A LOT of material. Keeping up with the weekly material online and completing the assignments is certainly important, but making sure to prepare many practice problems on your own, using the practice problems provided and exercises in your textbook, is critical if you want to do well in this course. Please post questions in the Brightspace discussion forums if you do not understand something.

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

**BUSI3007**  
**DETAILED COURSE SCHEDULE**

<b>Date</b>	<b>Topic</b>	<b>Readings</b>	<b>Deliverables / Time</b>
<b>Week of September 6, 2021</b>	<b>Welcome to BUSI 3007R – Meet &amp; Greet</b>		<b>September 9<sup>th</sup> – 19:00 EST</b>
	Demand for Auditing and Other Assurance Services	<b>Required:</b> Chapter 1	Sign up for a Google alert for “Auditing”
	The Public Accounting Profession and Audit Quality	<b>Required:</b> Chapter 2 <i>Reference:</i> CAS 200, 220, CSQC-1, 5021	
<b>Week of September 13, 2021</b>	Professional Ethics and Legal Liability	<b>Required:</b> Chapter 3 <i>Reference:</i> CPA Ontario Code of Professional Conduct	
	Audit Report on Financial Statements	<b>Required:</b> Chapter 18 <i>Reference:</i> CAS 700, 701, 705, 706, 710, 720	
<b>Week of September 20, 2021</b>	Audit Responsibilities and Objectives	<b>Required:</b> Chapter 4 <i>Reference:</i> CAS 200, 250, 315, 330, 550,	
	Audit Evidence	<b>Required:</b> Chapter 5 <i>Reference:</i> CAS 230, 500, 520	
<b>Week of September 27, 2021</b>	<b>Assignment #1</b>		<b>Assignment #1</b> Due <b>Friday</b> October 1, 2021, 23:59 EST
	Client Acceptance, Preliminary Planning, and Materiality	<b>Required:</b> Chapter 6 <i>Reference:</i> CAS 210, 300, 315, 450, 610, 620	
	Risk Assessment and Inherent Risk	<b>Required:</b> Chapter 7 <i>Reference:</i> CAS 240, 315, 330	
<b>Week of October 4, 2021</b>	Understanding the Internal Control System	<b>Required:</b> Chapter 8 <i>Reference:</i> CAS 315	
	Control Risk Assessment	<b>Required:</b> Chapter 9 <i>Reference:</i> CAS 265, 315, 330, 402, 610, CSAE 3416, 5925	
<b>Week of October 11, 2021</b>	<b>Introducing MindBridge University Alliance Program &amp; Case Studies</b>	<b>Required Video:</b> Introduction to MindBridge University for Students	<b>Cases A – C</b> Due <b>Friday</b> October 15, 2021, 23:59 EST
<b>Week of October 18, 2021</b>	Risk Response: Audit Strategy, Overall Approach, and Audit Program	<b>Required:</b> Chapter 10 <i>Reference:</i> CAS 240, 300, 315, 330, 520	
	Audit Sampling Concepts	<b>Required:</b> Chapter 11 <i>Reference:</i> CAS 265, 530	

<b>Week of October 25, 2021</b>	Reading week, no class		
<b>Week of November 1, 2021</b>	<b>Assignment #2</b>		<b>Assignment #2</b> Due <b>Friday</b> November 5, 2021, 23:59 EST
	Audit of the Revenue Cycle	<b>Required:</b> Chapter 12 <i>Reference:</i> CAS 240, 505, 540, ASPE 3400, IFRS 15	
<b>Week of November 8, 2021</b>	Audit of the Acquisition and Payment Cycle	<b>Required:</b> Chapter 13 <i>Reference:</i> CAS 550, s.3061, IAS 16, IAS 37	
	Audit of the Inventory and Distribution Cycle	<b>Required:</b> Chapter 14 <i>Reference:</i> CAS 240, 501, 620, IAS 2, ASPE 3031	
<b>Week of November 15, 2021</b>	Audit of the Human Resources and Payroll Cycle	<b>Required:</b> Chapter 15 <i>Reference:</i> CAS 402, CSAE 3416, IAS 24	
	Audit of Cash Balances	<b>Required:</b> Chapter 16 <i>Reference:</i> s.1540, IAS 7	
<b>Week of November 22, 2021</b>	Other Audits, Assurance Engagements and Related Services	<b>Required:</b> Chapter 19 <i>Reference:</i> CAS 800, 805, CSRE 2400, CSAE 3000, 3001, 3410, 3416, 3530, 3531, CSRS 4200, 4400, 4460, S. 5925, 7060	<b>MindBridge Assignment</b> Due <b>Friday</b> November 26, 2020, 23:59 EST
<b>Week of November 29, 2021</b>	Completing the Audit	<b>Required:</b> Chapter 17 <i>Reference:</i> CAS 220, 250, 260, 450, 550, 560, 570, 580, 720, IAS 37, S. 3290	
	Re-review: Audit Report on Financial Statements	<b>Required Review:</b> Chapter 18 <i>Reference:</i> CAS 700, 701, 705, 706, 710, 720	
<b>Week of December 6, 2021</b>	<b>Final Exam Review (3 hours)</b>		Date TBD by class preference
<b>December 11 – 23, 2021</b>	<b>Final Exam</b>	To be scheduled by University. Chapters 1 - 19	<b>Final Exam</b>

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

**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

### 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](https://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](https://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](https://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](https://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](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](http://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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