

**GRANDE PRAIRIE REGIONAL COLLEGE
COURSE OUTLINE
WINTER 2002**

**AC4600
PRINCIPLES OF AUDITING**

Instructor:

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Text:

Auditing and Other Assurance Services, Canadian Eighth Edition, Alvin J Arens, James K Loebbecke, W Morley Lemon and Ingrid B Spletstoesser, Prentice-Hall Canada Inc., 2000, Scarborough, Ontario. This text will be used extensively.

Course Description:

This course examines the role of the external auditor and financial reporting, the role of the internal auditor and internal control, and operational auditing. Assurance services other than auditing will also be discussed and examined.

Description of Auditing:

Auditing is the accumulation and evaluation of evidence about information to determine and report on the degree of correspondence between the information and established criteria. Auditing should be done by a competent, independent person.

Course Approach:

The course will introduce current financial statement auditing theory and practice with an emphasis on the practical application of auditing techniques and procedures from the perspective of the auditor. The decision making process as relates to auditing practice and the exercise of professional judgement in the context of practical situations will be major components of this course. The *CICA Handbook, Volume II* and other Canadian reference materials will be used to provide this course with an emphasis on Canadian auditing theory and practice. However, due to the international development of auditing, reference to both British and American legal cases and practices will be made.

This course will involve three hours per week of lectures and two hours per week of lab activities.

Evaluations:

Quizzes	4 @ 5% each after topics A-D	20%
Assignments	6 @ 5% each	30%
Cases	1 @ 10% and 1 @ 15%	25%
Final	Cumulative	25%

Topics:**A. The Accounting Profession**

- Overview Chapter 1
- Introduction to the Auditor's Report Chapter 2
- Professional Ethics Chapter 3
- Legal Liability Chapter 4

B. Financial Statement Auditing Process

- Audit Responsibilities and Objectives Chapter 5
- Audit Evidence Chapter 6
- Planning and Documentation Chapter 7
- Materiality and Risk Chapter 8
- Internal Control and Assessment of Control Risk Chapter 9
- Overall Audit Plan and Audit Program Chapter 10

C. Audit Process: Sales and Collections Cycle

- Audit Sampling Concepts Chapter 11
- Tests of Controls Chapter 12
- Analytical Review Chapter 13
- Completing Tests Chapter 14

D. Application of Audit Process to other Cycles

- Payroll and Personnel Cycle Chapter 15
- Acquisition and Payment Cycle Chapter 16
- Acquisition and Payment Cycle:
Verification of Specific Accounts Chapter 17
- Inventory and Warehouse Cycle Chapter 18
- Capital Acquisition and Repayment Cycle Chapter 19
- Cash Balances Chapter 20

E. Completing the Audit and other Services

- Completing the Audit Chapter 21
- Automated Information Systems Chapter 22
- Attest Engagements Chapter 23
- Direct Reporting and Business Advisory Services Chapter 24
- Internal Auditing and Comprehensive Auditing Chapter 25