



**DPA *602
Advanced Auditing
Summer/Summer 2023
Course Outline**

**Accounting and Financial Management Services Area
DeGroote School of Business
McMaster University**

COURSE OBJECTIVE

The role of, and standards for, auditing continue to evolve. The traditional audit changes in response to factors such as development of financial reporting standards, technological advancement, the changing needs of users of financial information, regulatory changes and the increasingly litigious environment in which auditors practice. The evolution of auditing stresses the importance of professional judgement, a critical cognitive skill in the practice of auditing.

A central feature of accounting in today's business world is the interaction of accounting professionals with computer-based information systems. As primary users of information systems in organizations, professional accountants must participate in their design and implementation; and understand their operation. Professional accountants must measure and evaluate the performance of the information system, assess the quality of information processing and evaluate the accuracy of data input and information output.

The specific competencies addressed in this course are:

- Analyzes, evaluates and advises on assurance needs
- Provides assurance services (internal or external)
- Provides control related services, including evaluating IT-related elements of internal control
- Evaluates the adequacy of the entity's IT strategy and assesses the IT risks and how they are managed
- Develops and improves the IT infrastructure needed to generate the necessary information
- Establishes or enhances financial reporting using IT
- Introduce and apply DAIS on Assurance engagement
- Provides comprehensive auditing services
- Maintains awareness of proposed changes in assurance standards

INSTRUCTOR AND CONTACT INFORMATION

Instructor: Yvonne S. F. Kwok, CPA, CA
kwokyv@mcmaster.ca

Teaching Assistant: Stephen Credico credicsm@mcmaster.ca

Course Elements

Credit Value:	3	Leadership:	Yes	IT skills:	Yes	Global view:	Yes
Avenue:	Yes	Ethics:	Yes	Numeracy:	Yes	Written skills:	Yes
Participation:	Yes	Innovation:	Yes	Group work:	Yes	Oral skills:	Yes
Evidence-based:	Yes	Experiential:	Yes	Final Exam:	Yes	Guest speaker(s):	Yes

COURSE DESCRIPTION

This course will build on the knowledge of auditing and assurance learned in the *Introduction to Auditing*. The topics covered in this course will be augmented with auditing cases that will help provide students with a practical application of their knowledge. Students will further develop competencies required for future professional accountants. This course is directed at students who wish to pursue an accounting designation.

Emphasis is placed on integrating advanced auditing topics with other areas of study, e.g. accounting, taxation, finance, governance and strategy. Students are taught to apply their technical knowledge and professional judgement in a variety of practical situations through the use of Day 2 and Day 3 CFE type cases. The instructor will teach various techniques to address issues in each case. Students will be evaluated using a competency based ranking system. Certain components of this course will be integrated with DPA 601, 704 and Data Analytics Workshop.

LEARNING OUTCOMES

Upon satisfactory completion of this course, a student should have:

- An understanding of the various types of assurance services and the ability to assess and recommend the assurance services appropriate to meeting the needs of a client;
- The ability to critically evaluate issues related to, and the risks for, accepting an assurance engagement and understand the impact on the timing, nature and extent of work performed;
- The ability to develop and plan for an assurance engagement and the related procedures necessary in the circumstances; and
- The ability to evaluate the adequacy of the entity's IT strategy and assesses the IT risks and how they are managed and to gain an understanding of the meaning and importance of IT governance
- The ability to identify and gain an understanding of key controls, including IT related general and application level controls, and recommend improvements to identified deficiencies in controls.
- To identify the techniques available to help the auditor test computer programs including Data Analytics.

Required Course Materials and Other Reference Materials

Course Sites:

Avenue <http://avenue.mcmaster.ca>

Top Hat:

DPA 602: Advanced Auditing - Summer 2023 CORE 1 <https://app.tophat.com/e/662673>

Required course materials

- *CPA Canada Handbook – Accounting and Assurance (CPA Canada)*
- *Rules of Professional Conduct and Council Interpretation (CPA Ontario)*
- *The CPA Competency Map*
- *Competency Map Study Notes, published by Densmore Consulting Services.*

- *Case materials (to be supplied on Avenue)*
- *Other assurance topics, readings and assignments (discussed in class or posted on Avenue)*

Other reference materials

- Arens, Elder, Beasley, Hogan & Jones, *Auditing: The Art and Science of Assurance Engagements*. 15th Edition (“Arens”)
- DAIS materials (see Data Analytics workshop)

Top Hat Platform

We will be using the Top Hat (www.tophat.com) classroom response system in class for enhanced learning experience. You will be able to submit answers to in-class questions using Apple or Android smartphones and tablets, laptops, or through text message.

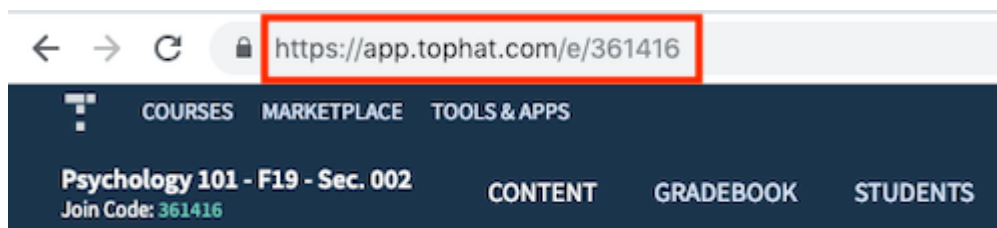
You can visit the Top Hat Overview (<https://success.tophat.com/s/article/Student-Top-Hat-Overview-and-Getting-Started-Guide>) within the Top Hat Success Center which outlines how you will register for a Top Hat account, as well as providing a brief overview to get you up and running on the system.

An email invitation will be sent to you by email, but if don't receive this email, you can register by simply visiting our course website (under Course Sites).

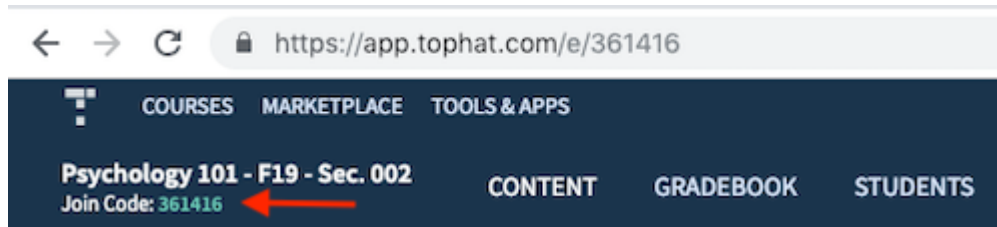
Should you require assistance with Top Hat at any time, due to the fact that they require specific user information to troubleshoot these issues, please contact their Support Team directly by way of email (support@tophat.com), the in app support button, or by calling 1-888-663-5491.

Notes:

1) For your unique course URL, when logged into your Top Hat course, simply copy and paste the URL address in the address bar



2) As indicated by the image below, your Course Join Code can be found under your course name in the upper left hand corner of your course



Support

Should you require further assistance with Top Hat, their Support Team is there to help! You can contact them directly by way of email (support@tophat.com), the in app support button, the "Contact Support" button on this page, or calling us at 1-888-663-5491.

EVALUATION

Learning in this course results primarily from in-class discussion and participation of assurance related cases as well as out-of-class analysis. The balance of the learning results from the lectures on strategic concepts, from related readings, and from researching your presentations, cases, assignments, simulation decisions and projects. All work will be evaluated on an individual basis except in certain cases where group work is expected. In these cases group members will share the same grade adjusted by peer evaluation (where appropriate). Your final grade will be calculated as follows:

Components and Weights

Participation *	20%
Day 3 Cases (2 Individual and 4 Group submissions)	20%
Midterm	25%
Integrated Final Exam	35%
Total	100%

Note: * Participation includes i) Data Analytics Workshop (scheduled on May 5, 2023) case assignment, ii) two graded individual Day 2 case assignments (Weeks 6 and 11), (iii) TopHat and (iv) general class participation.

Grade Conversion

At the end of the course your overall percentage grade will be converted to your letter grade in accordance with the following conversion scheme.

<u>Grade</u>	<u>CFE Equivalent</u>	<u>PERCENT</u>
A	Competent with Distinction	90 - 100
B+	Competent	75 - 89
B-	Reaching Competent	60 - 74
F	Fail	0 - 59

Communication and Feedback

Students who wish to correspond with instructors or TAs directly via email must send messages that originate from their official McMaster University email account. This protects the confidentiality and sensitivity of information as well as confirms the identity of the student. Emails regarding course issues should NOT be sent to the Area Administrative Assistants. Instructors are required to provide evaluation feedback for at least 10% of the final grade to students prior to Week #9 in the term. Instructors may solicit feedback via an informal course review with students by Week #4 to allow time for modifications in curriculum delivery.

Class Discussion

The classroom format is interactive and I will assume that you have read and prepared all of the assigned materials. Case studies for class discussion will be notified or made available online ahead of the class when they will be discussed, if possible. Examination materials are drawn from readings, cases, class presentations, and in-class and written assignments.

Courtesy

Courtesy in the classroom is crucial to an effective learning environment. In recent semesters many faculty members have observed what they consider discourteous, disturbing or disruptive behaviour. It is therefore requested that the following be observed:

- Please dress appropriately for class.
- Please stay for the full duration of the class.

Participation

Class participation is an essential part of the course. Students are expected to read the advanced preparation and be prepared to discuss them during class. Marks assigned for class participation will be based mostly on discussions of advanced auditing topics and cases as well as contribution to the learning environment. There is a significant amount of in-class case discussion and analysis which will contribute to your participation as well. Contributions to the learning environment will be discussed further in class.

Case submission / presentation

Group case submissions will account for 15% of the course. Each group will be called upon to present during class and this portion accounts for 5%. Group case materials will be posted one week prior to the submission date.

More details of the Group case/facilitation will be provided in class.

Group case approach

The thrust of this project is to acquaint students with the more common topics on Assurance as examined in professional examinations. Students will learn the techniques in which these topics are examined.

Group work will assess students' understanding of the Assurance competency in accordance with the level of proficiency as stated in *The CPA Competency Map*.

The students will work together to ensure the simulation and solution achieve the design objectives as listed below and proficiency level specified in *The CPA Competency Map*.

The work will be evaluated in two stages:

Stage 1 – Planning memorandum/Case outline

The case outline should list key elements you intend to cover in your case. The planning memorandum should discuss which competencies in *The CPA Competency Map* your case is designed to cover.

Stage 2 – Oral and Written simulation

Both oral and written simulation must meet the design objectives specified below.

Design objectives

Sufficiency, depth and breadth are the three key elements that will be applied in the evaluation of the simulations as follows:

Sufficiency: In assessing sufficiency, the instructor will assess the areas selected by the students within the topics assigned and the manner in which the students embed the topic areas in the simulation. The instructor will also consider the uniqueness of the circumstances/scenario which the students utilize to present their topic areas.

Depth and breadth: In assessing depth and breadth, the instructor will consider the complexity of the simulation and consistency of the topic areas' coverage with the CPA Way to be introduced at the beginning of the course.

Your individual mark for group work will be based on a combination of:

- the mark assigned to the groups' case-report
- to prevent "*free-riding*" (actually, quite unprofessional behaviour!), there is a peer-evaluation form on **page 18**. In case of fair division of group efforts, this form is not to be completed. Completion and handing of this form should be done only in case of unresolvable problem situations.

Midterm and Final exams

The midterm and final exams will be closed book and simulated to the CFE Exam. The midterm exam and the final exam will be CFE Day 3 integrated simulated cases.

CONDUCT EXPECTATIONS

As a McMaster student, you have the right to experience, and the responsibility to demonstrate, respectful and dignified interactions within all of our living, learning and working communities. These expectations are described in the [*Code of Student Rights & Responsibilities*](#) (the "Code"). All students share the responsibility of maintaining a positive environment for the academic and personal growth of all McMaster community members, **whether in person or online.**

It is essential that students be mindful of their interactions online, as the Code remains in effect in virtual learning environments. The Code applies to any interactions that adversely affect, disrupt, or interfere with reasonable participation in University activities. Student disruptions or behaviours that interfere with university functions on online platforms (e.g. use of Avenue 2 Learn, WebEx or Zoom for delivery), will be taken very seriously and will be investigated. Outcomes may include restriction or removal of the involved students' access to these platforms.

ACADEMIC INTEGRITY

You are expected to exhibit honesty and use ethical behaviour in all aspects of the learning process. Academic credentials you earn are rooted in principles of honesty and academic integrity.

Academic dishonesty is to knowingly act or fail to act in a way that results or could result in unearned academic credit or advantage. This behaviour can result in serious consequences, e.g. the grade of zero on an assignment, loss of credit with a notation on the transcript (notation reads: “Grade of F assigned for academic dishonesty”), and/or suspension or expulsion from the university.

It is your responsibility to understand what constitutes academic dishonesty. For information on the various types of academic dishonesty please refer to the *Academic Integrity Policy*, located at:

www.mcmaster.ca/academicintegrity

The following illustrates only three forms of academic dishonesty:

1. Plagiarism, e.g. the submission of work that is not one’s own or for which other credit has been obtained.
2. Improper collaboration in group work.
3. Copying or using unauthorized aids in tests and examination

REQUESTING RELIEF FOR MISSED ACADEMIC WORK

Students may request relief from a regularly scheduled midterm, test, assignment or other course components. Please refer to the policy and procedure on the DeGroot website at the link below;

<http://ug.degroot.mcmaster.ca/forms-and-resources/misled-course-work-policy/>

STUDENT ACCESSIBILITY SERVICES

Students who require academic accommodation must contact Student Accessibility Services (SAS) to make arrangements with a Program Coordinator. Academic accommodations must be arranged for each term of study. Student Accessibility Services can be contacted by phone 905-525-9140 ext. 28652 or e-mail sas@mcmaster.ca.

For further information, consult McMaster University’s Policy for Academic Accommodation of Students with Disabilities:

<http://www.mcmaster.ca/policy/Students-AcademicStudies/AcademicAccommodation-StudentsWithDisabilities.pdf>

ACADEMIC ACCOMMODATION FOR RELIGIOUS, INDIGENOUS OR SPIRITUAL OBSERVANCES (RISO)

Students requiring academic accommodation based on religious, indigenous or spiritual observances should follow the procedures set out in the [RISO](#) policy. Students should submit their request to their Faculty Office *normally within 10 working days* of the beginning of term in which they anticipate a need for accommodation or to the Registrar's Office prior to their examinations. Students should also contact their instructors as soon as possible to make alternative arrangements for classes, assignments, and tests.

COPYRIGHT AND RECORDING

Students are advised that lectures, demonstrations, performances, and any other course material provided by an instructor include copyright protected works. The Copyright Act and copyright law protect every original literary, dramatic, musical and artistic work, **including lectures** by University instructors.

The recording of lectures, tutorials, or other methods of instruction may occur during a course. Recording may be done by either the instructor for the purpose of authorized distribution, or by a student for the purpose of personal study. Students should be aware that their voice and/or image may be recorded by others during the class. Please speak with the instructor if this is a concern for you.

EXTREME CIRCUMSTANCES

The University reserves the right to change the dates and deadlines for any or all courses in extreme circumstances (e.g., severe weather, labour disruptions, etc.). Changes will be communicated through regular McMaster communication channels, such as McMaster Daily News, A2L and/or McMaster email.

POTENTIAL MODIFICATIONS TO THE COURSE

The instructor reserves the right to modify elements of the course during the term. There may be changes to the dates and deadlines for any or all courses in extreme circumstances. If either type of modification becomes necessary, reasonable notice and communication with the students will be given with explanation and the opportunity to comment on changes. It is the responsibility of the student to check their McMaster email and course websites weekly during the term and to note any changes.

ACKNOWLEDGEMENT OF COURSE POLICIES

Your registration and continuous participation (e.g. on A2L, in the classroom, etc.) to the various learning activities of DPA 602 will be considered to be an implicit acknowledgement of the course policies outlined above, or of any other that may be announced during lecture and/or on A2L. **It is your responsibility to read this course outline, to familiarize yourself with the course policies and to act accordingly.**

Lack of awareness of the course policies **cannot be invoked** at any point during this course for failure to meet them. It is your responsibility to ask for clarification on any policies that you do not understand.

COURSE SCHEDULE	
<p>1 May 3</p>	<p>Professional Practice and responsibilities CPA Way and discussion of case writing techniques (Auditing elective) Assignment of teams for group project Refer to postings on Avenue**</p> <p><u>HB Reference:</u></p> <p>CSOA 5000 Use of the practitioner's communication or name CAS 200 Overall objectives and Conduct CAS 230 Audit Documentation CAS 240 Auditor's responsibility re. Fraud CAS 315 Identification & Assessment of RoMM CAS 320 Materiality in Planning and Performing an Audit CAS 450 Evaluation of Misstatements CAS 530 Audit Sampling</p>
<p>2 May 10</p>	<p>Preliminary Planning Risk of Material Misstatements Materiality Case – In class Refer to postings on Avenue**</p> <p><u>HB Reference:</u></p> <p>CSRE 2400 Review Engagements CSRS 4200 Compilation Engagements CSAE 3000 Attestation Engagements CSAE 3001 Direct Engagements CSRS 4200 Compilation Engagements CAS 300 Planning an Audit of Financial Statements CAS 315 Identifying and Assessing the Risks of Material Misstatement through Understanding the Entity and Its Environment CAS 320 Materiality in Planning and Performing an Audit CAS 330 The Auditor's Responses to Assessed Risks CAS 510 Initial Audit Engagements — Opening Balances</p> <p><i>Assurance Elective case #1 (Take-up)</i> <i>Teaching Case</i></p>

<p>3 May 17</p>	<p>Audit Evidence</p> <p>Case – In class Refer to postings on Avenue**</p> <p><u>Handbook Reference:</u> CAS 500 Audit Evidence CAS 501 Audit Evidence — Specific Considerations for Selected Items CAS 505 External Confirmations CAS 520 Analytical Procedures CAS 560 Subsequent Events</p> <p><i>Assurance Elective case #2 – Group Case Submission</i></p>
<p>4 May 24</p>	<p>Audit Procedures</p> <p>Case – In class Refer to postings on Avenue**</p> <p><u>Handbook Reference:</u> CAS 450 Evaluation of Misstatements CAS 500 Audit Evidence CAS 501 Audit Evidence — Specific Considerations for Selected Items CAS 505 External Confirmations CAS 510 Initial Audit Engagements — Opening Balances CAS 520 Analytical Procedures CAS 530 Audit Sampling CAS 540 Auditing Accounting Estimates and Related Disclosures CAS 550 Related Parties</p> <p><i>Assurance Elective case #3 (In-class)</i></p>

<p>5 May 31</p>	<p>Audit and Controls (including Information Technology) Management Letter</p> <p>Case – In class Refer to postings on Avenue**</p> <p><u>Handbook Reference:</u> CAS 260 Communication with Those Charged with Governance CAS 265 Communicating Deficiencies in Internal Control to Those Charged with Governance and Management</p> <p><i>Day 3 case #4 (Group Case Submission)</i></p>
<p>6 June 7</p>	<p>Day 2 (Case 1) Case Practice during class time (Timed)</p> <p>Midterm: Saturday, June 10 (LRW B1007)</p>
<p>7 June 14</p>	<p>Day 2 Assurance Elective Take up</p> <p>Refer to postings on Avenue**</p>

<p>8 June 21</p>	<p>Other Assurance Engagements</p> <p>Case – In class Refer to postings on Avenue**</p> <p><u>Handbook Reference:</u> CAS 620 Using the Work of an Auditor's Expert CAS 805 Special Considerations — Audits of Single Financial Statements and Specific Elements, Accounts or Items of a Financial Statement S9100 Reports on the Results of Applying Specified Auditing Procedures to Financial Information Other than Financial Statements AuG-16 Compilation of a Financial Forecast or Projection</p> <p><i>Day 3 case #5 (Group Case Submission)</i></p>
<p>9 June 28</p>	<p>Audit documentation and use of work of experts</p> <p><i>Day 3 case #6 (In-class)</i></p>
<p>10 July 5</p>	<p>Audit completion Refer to postings on Avenue**</p> <p><u>Handbook Reference:</u> CAS 560 Subsequent Events CAS 580 Written Representations CAS 700 Forming an Opinion and Reporting on Financial Statements CAS 701 Communicating key audit matters in the independent auditor's report CAS 705 Modifications to the Opinion in the Independent Auditor's Report CAS 706 Emphasis of Matter Paragraphs and Other Matter Paragraphs in the Independent Auditor's Report</p> <p><i>Day 3 Case #7 (Group Case Submission)</i></p>

11 July 12	Day 2 (Case 2) Practice during class time (Timed)
12 July 19	Other Assurance Topics Day 2 Case Take up Exam Review
13	Final Examination (Integrative) Date: Monday July 24 (LRW B1007) Graduation: TBD

*Throughout the course, you are expected to refer to the CPA Canada Handbook – Assurance Part I Sections consisting of:

- i. Canadian Standards on Quality Control
- ii. Canadian Auditing Standards
- iii. Other Canadian Standards
- iv. Assurance and Related Services guidelines

**The last page of the weekly lecture slides will outline a list of CPA Canada Handbook sections covered in class. You are strongly encouraged to use the Handbook as your key reference source. This will help you put together a study plan bridging you to the Capstone levels.

NOTE: ALL MATERIAL COVERED IN CLASS PRESENTATIONS COULD BE TESTED ON FINAL EXAMINATION.

ALL PREPARE-FOR-CLASS-DISCUSSION QUESTIONS MAY NOT BE COVERED DUE TO TIME PRESSURES. HOWEVER, YOU ARE STILL RESPONSIBLE FOR ALL ASSIGNED MATERIALS.

THERE MAY BE OTHER ASSIGNED MATERIALS HANDED OUT FROM TIME TO TIME. THESE ARE ALSO PART OF YOUR RESPONSIBILITIES.

PEER EVALUATION OF GROUP WORK

Write the names of all of the members of your group below, starting with your own.

Then allocate a total of 100 points across all of the names that appear, in proportion to the contribution of each group member to the group effort. You may use the following points as guideline to help you form your evaluation:

Consider whether the group member has:

1. demonstrated responsibility by attending and participating in all team meetings and keeping contact with members throughout the project;
2. demonstrated effective interpersonal skills by showing sensitivity to others' needs and feelings and helping others to become involved;
3. demonstrated effective leadership by assuming the initiative, setting goals and guidelines, leading discussions, working out problems, handling conflicts positively, and generally facilitating the task;
4. contributed significantly, in special ways, to completing the project by, for example, making a table, drawing a chart, or referencing outside material;
5. produced well-prepared individual assignments to all team members and completed an equitable share of work.

Group Member's Name	Points
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____
	100 Points