



Business Administration

Course Number:	BUAD 364
Course Title:	INTERNAL CONTROL & AUDIT
Credits:	3
Calendar Description:	This course examines the principles of internal control and how to develop and evaluate an internal control system. Internal and external auditing, and how to conduct an audit are included. <i>(also offered by Distance Education)</i>
Semester and Year:	Winter 2015
Prerequisite(s):	BUAD 273
Corequisite(s):	No
Prerequisite to:	BUAD 420
Final Exam:	Yes
Hours per week:	3
Graduation Requirement:	Elective – BBA, Accounting option
Substitutable Courses:	No
Transfer Credit:	CA, CGA, CMA
Special Notes:	
Development Date:	February 2000
Revision Date:	January 2004
Chair's Approval:	

Professors

Name	Phone	Office	Email
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Learning Outcomes

Upon completion of this course students will be able to:

- Describe the nature of auditing
- Differentiate between internal versus external auditing
- Interpret profession standards, ethics and legal liabilities
- Use audit objectives in the accumulation of evidence and documentation
- Design internal control procedures and processes
 - Steps in Control process
 - Different types of control (preventative, detective, corrective)
 - Impact of human responses and other factors on control
 - Steps in developing a system of internal controls
- Evaluate effectiveness of internal controls for the assessment of control risk
- Apply audit sampling techniques in evidence accumulation
- Conduct and conclude the audit process
- Design and evaluate internal control and auditing in an EDP environment

Course Objective

This course will cover the following content including:

- The regulatory environment including professional standards, ethics and case law,
- The need for independence in assurance engagements and related assessments,
- Auditor and management responsibilities in assurance engagements,
- Processes and practices around risk assessments and appropriate responses both as management and as auditor,
- Process of determining materiality and its impact on assurance engagements,
- Methodologies of accumulating audit evidence and the related assessment of persuasiveness,
- Audit strategies implemented in the audit risk model environment,
- Use of sampling techniques in accumulation of audit evidence,
- Design and testing of cycles and its related accounts (sales, cash, payroll, acquisition, inventory and capital),
- Audit procedures and areas of concern in the completion of assurance engagements,
- Reporting and communication required upon completion of assurance engagements,
- Other engagements performed by public accountants.

Evaluation Procedure

Term Work	15%
Mid-term Exam #1 & #2	40%
Final Exam	45%
Total	100%

Notes

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Required Texts/Resources

Auditing: The art and science of assurance engagements, 12th Canadian ed., Arens, Pearson, 2013
CICA Standards and Guidance Collection, Chartered Professional Accountants Canada, 2013, http://edu.knotia.ca.ezproxy.okanagan.bc.ca/knowledge/Home.aspx?productid=1

Course Schedule

Date		Topic	Textbook
Week of:		Mon. Jan 5 Classes begin Family Day Feb 9 & Feb 10 to 13 Reading Break – no classes Good Fri. Apr 3 & Easter Mon. Apr 6 – no classes Tues. Apr 14 Last day of regularly scheduled classes	
Jan	5	Introduction The Demand for an Auditing and Assurance Profession	Ch 1
	12	The Public Accounting Profession Professional Relationship: The Role of Ethics	Ch 2 Ch 3
	19	Legal Liability Audit Responsibilities and Objectives	Ch 4 Ch 5
	26	Client Risk Profile and Documentation Materiality and Risk	Ch 6 Ch 7
Feb	2	Mid-term #1 (Chapters 1 – 7) Auditor Reporting	Ch 20
	9 - 13	READING BREAK (<i>Feb 9 to 13 – no classes</i>)	
	16	Audit Evidence Internal Controls and Control Risk	Ch 8 Ch 9
	23	Audit Strategy and Audit Program Audit Sampling Concepts	Ch 10 Ch 11
Mar	2	Audit of the Sales and Collection Cycle: Test of Controls Completing the Tests in the Sales and Collection Cycle	Ch 12 Ch 13
	9	Mid-term #2 (Chapters 20, 8 – 13) Audit of Cash Balances	Ch 14
	16	Audit of the Human Resources and Payroll Cycle Audit of the Acquisition and Payment Cycle	Ch 15 Ch 16
	23	Audit of the Acquisition and Payment Cycle Audit of the Inventory and Distribution Cycle	Ch 16 Ch 17
	30	Audit of the Capital Acquisition and Repayment Cycle Completing the Audit	Ch 18 Ch 19
Apr	6	Assurance Services: Review and Compilation Other Assurance Services (Selected handbook sections)	Ch 21
	13	Review	
Apr	17 - 25	Final Exam Period	

SKILLS ACROSS THE BUSINESS CURRICULUM

The Okanagan School of Business promotes core skills across the curriculum. These skills include reading, written and oral communications, computers, small business, and academic standards of ethics, honesty and integrity.

STUDENT CONDUCT AND ACADEMIC HONESTY

What is the Disruption of Instructional Activities?

At Okanagan College (OC), disruption of instructional activities includes student “conduct which interferes with examinations, lectures, seminars, tutorials, group meetings, other related activities, and with students using the study facilities of OC”, as well as conduct that leads to property damage, assault, discrimination, harassment and fraud. Penalties for disruption of instructional activities include a range of sanctions from a warning and/or a failing grade on an assignment, examination or course to suspension from OC.

What is Cheating?

“Cheating includes but is not limited to dishonest or attempted dishonest conduct during tests or examinations in which the use is made of books, notes, diagrams or other aids excluding those authorized by the examiner. It includes communicating with others for the purpose of obtaining information, copying from the work of others and purposely exposing or conveying information to other students who are taking the test or examination.”

Students must submit independently written work. Students may not write joint or collaborative assignments with other students unless the instructor approves it in advance as a group/team project. Students who share their work with other students are equally involved in cheating.

What is Plagiarism?

Plagiarism is defined as “the presentation of another person’s work or ideas without proper or complete acknowledgement.” It is the serious academic offence of reproducing someone else’s work, including words, ideas and media, without permission for course credit towards a certificate, diploma, degree and/or professional designation. The defining characteristic is that the work is not yours.

“Intentional plagiarism is the deliberate presentation of another’s work or ideas as one’s own.” Intentional plagiarism can be a copy of material from a journal article, a book chapter, data from the Internet, another student, work submitted for credit in another course or from other sources.

“Unintentional plagiarism is the inadvertent presentation of another’s work or ideas without proper acknowledgement because of poor or inadequate practices. Unintentional plagiarism is a failure of scholarship; intentional plagiarism is an act of deceit.”

What are the Students’ Responsibilities to Avoid Plagiarism?

Students have a responsibility to read the OC Plagiarism Policy and Procedures outlined in the OC calendar, which is available in online format www.okanagan.bc.ca. Students must acknowledge the sources of information used on all their assignments. This usually involves putting the authors’ name and the year of publication in parentheses after the sentence in which you used the material, then at the end of your paper, writing out the complete references in a Reference section.

“Students are responsible for learning and applying the proper scholarly practices for acknowledging the work and ideas of others. Students who are unsure of what constitutes plagiarism should refer to the UBC publication “*Plagiarism Avoided; Taking Responsibility for your Work*”. This guide is available in OC bookstores and libraries.

Students are expected to understand research and writing techniques and documentation styles. The Okanagan School of Business requires the use of the APA or MLA style, but suggests that students cite references using the APA guidelines (see Publication Manual of the American Psychological Association, 6th edition (2009). A copy of the APA manual is available in the reference section and also available for circulation from OC libraries. The library website has access to these two major citing styles.

What are the Penalties for Plagiarism and Cheating?

The Okanagan School of Business does not tolerate plagiarism or cheating. All professors actively check for plagiarism and cheating and the Okanagan School of Business subscribes to an electronic plagiarism detection service. All incidents of plagiarism or cheating are reported and result in a formal letter of reprimand outlining the nature of the infraction, the evidence and the penalty. The Dean of the Okanagan School of Business and the Registrar record and monitor all instances of plagiarism and cheating. Penalties for plagiarism and cheating reflect the seriousness and circumstances of the offence and the range of penalties includes suspension from OC.