

Audit and Assurance Overview

OVERVIEW

INTRODUCTION

Welcome to Audit and Assurance. This six-week course covers a variety of audit and assurance topics, a summary of which is provided at the end of this overview.

The goal of Audit and Assurance is to assist you, through the study of these topics, in developing the professional competence and skills that will enable you to understand the requirements of audit and assurance. This course will also help to develop your ability to assess a situation, identify issues and alternatives, and formulate recommendations using application of technical knowledge, and ethical and professional judgment.

The competencies you will develop and strengthen through the study of Audit and Assurance include:

- your technical knowledge of issues in audit and assurance
- your ability as a professional to exercise professional skepticism and focus clearly on the interests of your clients, both internal and external
- your ability as a professional to conduct yourself in a manner worthy of the trust of the public, your clients and your employers and colleagues, and in a manner that enhances the ethical reputation of the accounting profession
- your application of a systematic methodology in solving a range of problems

COURSE PREREQUISITES

- The prerequisites for this course are the following courses or equivalent post-secondary course credits:
 - Introductory Financial Accounting
 - Introductory Management Accounting
 - Intermediate Financial Reporting 1
 - Intermediate Financial Reporting 2
- **Mathematics:** You are expected to have a sound understanding of basic mathematics and their application in the business context. The expected level of knowledge can be gained from any standard business mathematics text.
- **Software skills:** You are expected to have basic competence with Microsoft Windows and Microsoft Excel.

STRUCTURE AND DELIVERY

Audit and Assurance is delivered over six weeks and includes the following material:

- Student Notes and *CPA Canada Learning eBook: Assurance*
- Practice Problems with Solutions
- Student Slides (PDF format)
- In-Class Problems
- Quizzes
- Projects
- Instructional Videos
- Suggested Study Plans

The student notes and the Assurance Learning eBook readings are the basis for learning the material presented in the course. Access to the Assurance Learning eBook is available on Brightspace (D2L). The notes cover each concept in sufficient detail as related to the competency map. The practice problems give you individual practice in mastering the concepts taught in the student notes. The student slides provide a summary of the concepts covered in the course and should be used while reviewing the videos and/or in-class lectures. However, please note that there may be differences between the slides provided and the slides seen in the video. Regardless, the content covered is the same. In-class problems (ICPs) are facilitator led — either taught in-class or, for distance students, presented as a video of each ICP. ICPs help you establish an effective approach to use while working through the practice problems. Quizzes are detailed in the assessment section of the course overview. You will also be required to submit two projects. Finally, suggested study plans are provided to assist you in planning study time. You are encouraged to personalize these plans to meet your individual needs.

CANADIAN AUDITING STANDARDS

In Canada, practitioners follow the standards in the *CPA Canada Handbook – Assurance* for audit and other assurance services. These include Canadian Auditing Standards (CASs), which have been adopted from International Standards on Auditing (ISAs). The CASs are issued by the Auditing and Assurance Standards Board (AASB). You can access the *CPA Canada Handbook – Assurance* through Knotia (www.knotia.ca)

THE CPA WAY

You are encouraged to use the CPA Way, a methodical process for working through complex problems, when answering judgment-based questions in the course materials. CPA Way videos are located on the course homepage.

ASSESSMENTS

Students must have a minimum of 50% on the exam with an overall mark on the course of 60% or higher. In addition, students must have an average of 65% across all core prerequisite courses required for entry into the CPA Professional Education Program. There are three components to the evaluation of Audit and Assurance: quizzes, projects, and the final exam.

Quizzes

- Quizzes are worth 12% of the course mark.
- You are encouraged to print off the quiz questions and work through them as you study each week's material.
- Study group discussion/collaboration is encouraged, but you must individually complete all quizzes.
- Quizzes are due at the end of each week. Ensure that you submit your answers online by the required dates and times listed in the calendar on Brightspace (D2L).
- **Do not wait until the last minute to submit in case you have an internet connection problem.** There is only one opportunity to submit each quiz.
- Quizzes are graded based on your percentage of correct answers. (If you answer four out of the five questions on the quiz correctly, you will receive 80% on that quiz.)

Projects

- Each project is worth 9% of the course mark, for a total of 18%.
- Completion and submission of the projects is mandatory.
- Study group discussion/collaboration is encouraged, but you must individually complete and submit your projects.
- Ensure that you submit your work online by the required dates and times listed in the calendar on Brightspace (D2L). **The projects cannot be submitted late.**
- The projects will require approximately 15 to 20 hours of work in total.
- Upload your submission to Brightspace (D2L) following the instructions in the Project Formatting document.
- **It is highly recommended that you start working on the projects after you have reviewed the content for each week. This will prevent you from spending a large amount of time completing each project near the due date.**

Exam

- The exam is worth 70% of the course mark.
- It is four hours in length.
- It consists of approximately 50% multiple-choice questions and 50% constructed-response questions.
- An exam review webinar will take place in Week 6 for study purposes. The webinar will be recorded and available on Brightspace (D2L).
- The exam tests material covered throughout the entire course.
- Your provincial/regional affiliate will communicate the date and time of your final exam.
- The exam must be written in order to pass the course.

Rewriting the exam

- Students who score 50% or more in the course can attempt to write the exam again in the next available offering of the course. The mark received on this exam attempt will replace the mark received for the previously written exam (70% of the course mark).
- For study purposes, exam review materials will be posted after the final course marks are released.
- Your provincial/regional affiliate will communicate the date and time of the next available offering of the course exam.

MARKS CALCULATION EXAMPLE

The following scenarios with Student A and Student B demonstrate how course marks are calculated.

Student A

Student A struggled to complete the quizzes and received a mark of 1/5 on three of the quizzes and 2/5 on the other three. Quizzes are worth 12% of the final mark, or 2% per quiz. Student A received a mark of 15 out of 40 on the projects, which are worth 18% of the final mark. Student A received a mark of 55% on the exam, which is worth 70% of the final mark. Student A's final course mark would be calculated as follows:

$$\text{Quizzes} = (1/5 \times 2) + (1/5 \times 2) + (1/5 \times 2) + (2/5 \times 2) + (2/5 \times 2) + (2/5 \times 2) = 3.6$$

$$\text{Projects} = 15/40 \times 18 = 6.8$$

$$\text{Exam} = 55/100 \times 70 = 38.5$$

$$\text{Final course mark} = 3.6 + 6.8 + 38.5 = 48.9\%$$

Student B

Student B did very well on the quizzes, and received a mark of 4/5 on four of the quizzes, and a perfect score of 5/5 on the other two quizzes. Quizzes are worth 12% of the final mark, or 2% per quiz. Student B received 36 out of 40 on the projects, which are worth 18% of the final mark. Student B received a mark of 85% on the exam, which is worth 70% of the final mark. Student B's final course mark would be calculated as follows:

$$\text{Quizzes} = (4/5 \times 2) + (4/5 \times 2) + (4/5 \times 2) + (4/5 \times 2) + (5/5 \times 2) + (5/5 \times 2) = 10.4$$

$$\text{Projects} = 36/40 \times 18 = 16.2$$

$$\text{Exam} = 85/100 \times 70 = 59.5$$

$$\text{Final course mark} = 10.4 + 16.2 + 59.5 = 86.1\%$$

OVERVIEW OF TOPICS

The following is a brief overview of Audit and Assurance by week.

Week 1

Week 1 reviews the framework for auditing and assurance in Canada and looks at auditing standards and other sources of audit guidance. You will be introduced to the three-phase audit process: risk assessment, risk response, and reporting. You will also look at rules of professional conduct, threats to independence, legal implications, and ethical standards that guide professional conduct. You will start working on the course projects; it is recommended that you print off and read through the projects so that, as you work through the weekly content, you can continually be building your project submission.

Week 2

Week 2 is an introduction of the first phase of the audit process: risk assessment. This phase covers concepts such as audit planning, including client acceptance and continuation with an engagement and preparation of engagement letters. You will also look at evaluation of audit risk (inherent risk, control risk and detection risk), the process for assessing risk throughout the audit, assessing materiality, and the risk of a material misstatement.

Week 3

Week 3 examines internal controls, starting with the control environment and creation of controls over major accounts/areas of the financial statements and introduces testing of the controls. You will study management of the internal control process from design to implementation, monitoring, and adjusting. You will also look at the objectives of internal controls. Lastly, you will examine the ways information technology affects the control environment and the differences between manual and computerized controls.

Week 4

Week 4 begins to examine the risk response phase by looking at audit procedures, including writing proper procedures for testing controls and performing substantive tests. You will examine the nature of procedures required, the timing of audit work and the extent of testing required. This will include a look at audit sampling, use of confirmations, analytical procedures, and computer-assisted audit techniques (CAATs). You will also examine the use of data analytic tools such as Power BI and how these tools can help an auditor respond to risk of material misstatement in financial data. Refer to the Power BI guide for guidance on downloading and using Power BI.

Week 5

Week 5 moves into the reporting phase of the audit process with the examination of audit completion, including determining the sufficiency and appropriateness of the audit evidence obtained. You will study audit file documentation and completion procedures required to issue an audit report. Also discussed are the different types of audit reports and the circumstances under which different reports are required.

Week 6

Week 6 covers the wide variety of audit and assurance engagements that exist in Canada aside from a financial statement audit. This includes the audit of special purpose financial statements; audit of elements of financials; audit of compliance with agreements, statutes, or regulations; review of financial statements; review of non-financial information; compilation of financial statements; and compilation of a financial forecast or projection.