

Course Outline

RSM 423 H1 F

Auditing II

Fall 2020

Course Meets: Tuesdays, 3:00-5:00 p.m.

Course Delivery: This course will be offered online synchronously on the day and time listed above. The class will be held in Blackboard Collaborate.

Instructor: Julie McDonald
Email: julie.mcdonald@rotman.utoronto.ca
Webpage: <https://q.utoronto.ca>
Office Hours: Tuesdays, 5:00-6:00 p.m. (I will stay in the virtual classroom after class) or email me to set up an appointment

Course Scope and Mission

This course considers a range of issues that are important in audit practice. It builds on your introductory course by providing a more thorough coverage of auditing topics. It also highlights other professional services provided by a public accountant along with current issues facing the auditing profession today. Most importantly, it teaches students how to **apply** the core knowledge obtained in RSM323 by using a case approach.

COURSE OBJECTIVES:

1. To enhance auditing knowledge previously acquired. This involves re-visiting the core materials covered in RSM323 and adding more illustrations (cases) and more professional judgment to certain core materials.
2. To introduce special topics such as other financial statement audit topics not previously covered, auditing future oriented financial information, auditing in the public sector and special reports.
3. To develop critical thinking skills and the application of professional judgment and skepticism in assurance engagements.
4. To develop an integrative thought process (assurance/financial accounting) and to develop core case writing skills.
5. To integrate more accounting and more unusual assurance situations.

Course Prerequisites

RSM 323H1, as listed on the Faculty of Arts & Science Calendar webpage (fas.calendar.utoronto.ca/section/Rotman-Commerce).

Statement on Equity, Diversity and Inclusion

The University of Toronto is committed to equity, human rights and respect for diversity. All members of the learning environment in this course should strive to create an atmosphere of mutual respect where all members of our community can express themselves, engage with each other, and respect one another's differences. U of T does not condone discrimination or harassment against any persons or communities.

Required Technology

For Fall-Winter 2020-21, this course may be conducted entirely online. To participate fully and to complete the course successfully, you must ensure you have a computer with a working webcam, microphone and reliable access to an internet connection. For further details, please visit this link: [Recommended Technology Requirements for Remote/Online Learning](#)

Required Readings

Required Text

Canadian Assurance Cases: Auditing in the Real World, by Julie McDonald, Publisher: John Wiley & Sons Canada, ISBN 978-1-1183-6246-4

CPA Handbook

The required reading material for this course is contained in the CPA Handbook which you can access online as follows:

- Go to the following link: www.rotman.utoronto.ca/bic
- Go to "databases by subject" and select Accounting
- Click on "CPA Canada Standards and Guidance Collection" and you are forwarded to the CPA Handbook.

Optional Text

You may from time to time find it useful (but not mandatory) to consult the textbook you used for RSM323:

Auditing: An International Approach (8th Edition), [2019] Smieliauskas and Bewley.

Other

Articles, cases and additional reading material as posted on Quercus by the Instructor.

Useful Websites

- CPA Canada: www.cpacanada.ca
- CPA Ontario: www.cpaontario.ca

Evaluation and Grades

Grades are a measure of the performance of a student in individual courses. Each student shall be judged on the basis of how well they have command of the course materials.

Work	Due Date	Weight
Midterm Test	2 hours. October 27 at 3:00-5:00 p.m.	35%
Group Assignment	Class 11. See below for details.	10%
Class Participation	Discussed below.	10%
Final Assessment	During assessment period. See below.	45%

Course Format and Expectations

INSTRUCTIONAL APPROACH

A combination of lecture, case studies, and classroom discussion will be used.

Each class will comprise of homework take-up for cases assigned the previous class and, depending on the topic, either a short or detailed lecture of core knowledge material as outlined in the Weekly Schedule. Basically, if the topic was covered in RSM323, this will be a review of the highlights of the topic only. In the event that the topic is new material that was not covered in RSM323, the lecture will be more detailed.

Students are expected to have completed the required readings and to have attempted the assigned cases and problems prior to attending class. Solutions to cases taken up in class will not be made available to the students.

Since the entire course is based on **application** of the core knowledge material, lectures will address a successful approach to answering the cases assigned. It has been proven that students who understand this approach to problem-solving and do the assigned homework each class will perform better on the term test and final assessment.

MIDTERM, GROUP ASSIGNMENT, PARTICIPATION AND FINAL ASSESSMENT

Midterm Test

The term test is 2 hours and covers all advanced audit topics covered up to Class 6 as well as any topic covered in RSM323.

For midterm re-mark requests, the student has one week from the time the exams are returned to submit in writing the request for a re-mark, including a detailed description of what he/she feels was marked incorrectly.

Group Assignment

The group assignment will be held in Class 11 and will take place during our regular class time. The case will be made available on the course Quercus website 2 hours prior to class. Groups will have until 2 hours after class to complete and electronically submit their response to the Instructor. Individual submissions will not be allowed.

Detailed particulars regarding this item will be provided in class. Students will have a choice of establishing their own groups of 4-6 students or being assigned to a group by the Instructor. One paper will be submitted for each group. **One group member from each group must email the group member names and student numbers to the Instructor by the end of Class 7 or the Instructor will automatically assign the student to a group.**

Class Participation

Class participation marks will be based on a combination of participation during case study discussions in class as well as the submission of a reasonable attempt of each case assigned.

A portion of the participation grade will be based on a reasonable attempt of the weekly assigned cases. The cases must be completed individually and will be graded on an effort basis only (reasonable attempt). Please see the Weekly Schedule for the specific due dates

and cases that have been assigned. No emailed or late submissions will be accepted. A submission folder will be created in Assignments in Quercus for the applicable cases.

Please submit an individual file for each case in MICROSOFT WORD format. Submit each case in the appropriate submission folder as indicated by the case name. Name your file as follows:
FIRST.LAST NAME name of case (for example, JANE.DOE Smart Controls).

Please note that any case response submissions must be original work, giving credit to other's work where appropriate. Turnitin.com will be used. See below for further information about Turnitin.

For the case study take-up during class, using the case responses submitted each week, students should be prepared to contribute to the class discussion by raising questions and issues on their own initiative and by being able to respond to questions and issues raised by other students and the Instructor.

Final Assessment

The final assessment is a 3-hour comprehensive exam covering all material in the course. Topics covered in RSM323 could also be tested.

Turnitin.com:

Normally students will be required to submit their course essays to [Turnitin.com](https://turnitin.com) for a review of textual similarity and detection of possible plagiarism. In doing so, students will allow their essays to be included as source documents in the Turnitin.com reference database, where they will be used solely for the purpose of detecting plagiarism. The terms that apply to the University's use of the Turnitin.com service are described on the Turnitin.com website.

Written Assignments:

Please note that **clear, concise and correct writing** will be considered in the evaluation of all assignments and exams. You may lose points for writing that impedes communication: poor organization, weak paragraph development, excessive wordiness, hard-to-follow sentence structure, spelling mistakes and grammatical errors. Students who require additional support and/or tutoring with respect to their writing skills are encouraged to visit the Academic Success Centre (<http://www.studentlife.utoronto.ca/asc>) or one of the College Writing Centres (writing.utoronto.ca/writing-centres). These Centres are teaching facilities – not editing services – where trained staff can assist students in developing their academic writing skills. There is no charge for the instruction and support.

Rotman Commerce Centre for Professional Skills Teamwork Support:

The Group Assignment requires students to work in teams of 4-6 students. Working as a team is challenging; this is true both in the real world and in your academic classes. However, learning to work together in teams is an important aspect of your education and preparation for your future careers. You are encouraged to review the teamwork resources available to all Rotman Commerce students at <https://rotmancommerce.utoronto.ca/teamwork-resources> while navigating these challenges, but keep in mind that supports are also available for when you think you may need extra help.

New in the 2020-2021 academic year, the Rotman Commerce Centre for Professional Skills (RC-CPS) will offer appointments with Teamwork Mentors for any teams encountering challenges in their teamwork. Some possible reasons you might book an appointment with a Teamwork Mentor include:

- Team members have identified constraints on their time, work or accommodations they require that conflict with necessary timelines for the team.
- Teams are unsure how to divide their workload for a team project.
- Teams are concerned about how to integrate the individual contributions of each member and how to ensure team members are contributing equally.
- Teams are concerned about how to ensure all group members are aware of academic integrity guidelines (e.g. properly attributing sources) and follow them.
- Teams would like to be able to communicate more effectively with each other, particularly when navigating a remote work academic environment.

To book a meeting with a Teamwork Mentor, send an email to rotmancommerce.teamworkhelp@utoronto.ca with the course code (e.g. RSM100) and team number (if available) in the subject line of the email. Any member of the team may reach out individually to book an appointment, but we also encourage teams to book their appointments as a team. You will normally receive a response within 24-36 hours, but note that during busy times of the semester the waiting period may be longer. Be proactive in booking your meeting, and do so **as soon as** challenges arise!

If you are a student registered with Accessibility Services, and extensions are one of your academic accommodations, you should consult with your Accessibility Advisor about this course. For considerations pertaining to teamwork and accessibility, please see information in the section on Accessibility Needs below under the Policies and Procedures heading.

Research with Human Participants:

Please note that research of this nature requires treating participants ethically, according to established standards and practices. Please consult with your instructor before commencing your research to ensure that your research activities comply with the applicable policies and procedures.

Electronic Course Materials

Other than the CPA Handbook which can be accessed online for free in the Rotman Library, this course uses no electronic course materials.

Credit/No-Credit Option in Rotman Commerce

You may request to Credit/No-Credit (CR/NCR) an RSM course in the following cases only:

- The course will not be used for any specialist or focus, including the 8.0 RSM FCE requirement.
- The course does not have a group work component.

If you wish to request CR/NCR for an RSM course, you must contact a Rotman Commerce academic advisor by the drop deadline for the current term. **The deadline for this term is November 9, 2020.**

Final approval is on a case-by-case basis with the permission of the Director, Rotman Commerce.

Weekly Schedule

1. Sept. 15: Introduction & Review of Auditing I

- Lecture: Review of RSM323 topics & the Assurance CPA Handbook
- Required Reading:
 - Review of your RSM323 notes for Professional Ethics, Legal Liability, Acceptance & Continuance, Planning, Execution and Reporting
 - Casebook: Chapters 1 & 2
- Cases: Sample Case –Ch. 3 in casebook

2. Sept. 22: Auditing I Advanced Topics

- Lecture topics and required reading:
 - CAS 210 – Agreeing the Terms of Audit Engagements (acceptance & continuance)
 - CAS 510 – Initial Audit Engagements — Opening Balances
 - The Audit Planning Memo (Risk, Approach, Materiality, Procedures)
- Cases: Aardvark; Owens; I'm Board. Case submissions due at noon on day of class.

3. Sept. 29: Other Financial Statement Audit Topics: Reliance

- Lecture topics and required reading:
 - CAS 600 – Special Considerations — Audits of Group Financial Statements (Including the Work of Component Auditors)
 - CAS 610 – Using the Work of Internal Auditors
 - CAS 620 – Using the Work of an Auditor's Expert
- Cases: You Rock; The Maple Company; Too Many Cooks; Mulcahy. Case submissions due at noon on day of class.

4. Oct. 6: Other Financial Statement Audit Topics: Governance & Internal Control

- Lecture and required reading:
 - CAS 260 – Communication with Those Charged with Governance
 - CAS 265 – Communicating Deficiencies in Internal Control to Those Charged with Governance and Management
 - Section 5925 – Audit of Internal control over Financial Reporting that is integrated with an audit of Financial Statements
 - CAS 450 – Evaluation of Misstatements Identified during the Audit
- Cases: LRM; Smart Controls. Case submissions due at noon on day of class.

5. Oct. 13: Advanced Financial Statement Audit Topics

- Lecture and required reading:
 - Section 7060 – Auditor Review of Interim Financial Statements
 - CAS 402 – Audit Considerations Relating to an Entity Using a Service Organization
 - CAS 710 – Comparative Information — Corresponding Figures and Comparative Financial Statements
 - CAS 560 – Subsequent Events
 - CAS 570 – Going Concern
- Cases: Sheridan; Paystub. Case submissions due at noon on day of class.

6. Oct. 20: Advanced Financial Statement Audit Topics (continued)

- Lecture and required reading:
 - CAS 240 – The Auditor's Responsibilities Relating to Fraud in an Audit of F/S
 - CAS 540 – Auditing Accounting Estimates and Related Disclosures
 - CAS 250 – Consideration of Laws and Regulations in an Audit of Financial Statements
- Cases: Clean & Dry; Omega. Case submissions due at noon on day of class.

7. Oct. 27: Midterm Test: 3:00-5:00 p.m. (2 hours--during class). Covers material up to and including Class 6.

8. Nov. 3: Special Reports

- Lecture and required reading:
 - CSAE 3530/3531 Engagements to Report on Compliance
 - CAS 805 – Special Considerations — Audits of Single Financial Statements and Special Elements, Accounts or Items of a Financial Statement
 - CAS 800 – Special Considerations — Audits of Financial Statements Prepared in Accordance with Special Purpose Frameworks
 - CAS 810 – Engagements to Report on Summary Financial Statements
 - CSAE 3416 – Reporting on Controls at a Service Organization
 - Section 9100 – Reports on the Results of Applying Specified Auditing Procedures to Financial Information other than Financial Statements
 - Section 7600 – Reports on the Application of Accounting Principles
- Cases: Thunder Bay; The Expense Report. Case submissions due at noon on day of class.

NOV. 9, 2020--LAST DAY TO DROP COURSE WITHOUT ACADEMIC PENALTY

9. Nov. 17: Prospectuses & Future Oriented Financial Information

- Lecture and required reading:
 - Section 7150 – Auditor's Consent to the use of a Report of the Auditor included in an Offering Document
 - Section 7200 – Auditor's Assistance to Underwriters and Others
 - AuG-6 – Examination of a Financial Forecast or Projection Included in a Prospectus or Other Public Offering Document
 - AuG-16 – Compilation of a Financial Forecast or Projection
- Cases: Western Energy; Elite Fitness. Case submissions due at noon on day of class.

10. Nov. 24: Advanced Audit Topics

- Lecture and required reading:
 - CAS 720 – The Auditor's Responsibilities Relating to Other Information
 - Section 7170 – Auditor's Consent to the Use of the Auditor's Report in connection with a designated document
- Cases: The Annual Report; The Annual Report Revisited. Case submissions due at noon on day of class.

11. Dec. 1: Group Assignment (No class. Assignment completed during class)

12. Dec. 8: Public Sector Auditing

- Lecture and required reading:
 - PS5000 – Introduction to Assurance Recommendations that Apply Only to the Public Sector
 - PS5400 – Value-for-Money Auditing in the Public Sector
 - PS6410 – Planning for Value-for-Money Audits
 - PS6420 – Knowledge of the Audit Entity in Planning Value-for-Money Audits in the Public Sector
- Cases: Transitions. Case submissions due at noon on day of class.
- Return and take-up group case

FINAL ASSESSMENT PERIOD: DECEMBER 11-22

Policies and Procedures

Missed Tests and Assignments (including mid-term, group assignment and final-term examination)

Students who miss a test or assignment for reasons entirely beyond their control (e.g. illness) may request special consideration.

In such cases, students must:

1. Notify the instructor AND the Rotman Commerce Program Office **on the date** of the missed course deliverable, e.g. missed test, final assessments, assignment or class (in the case of participation marks).
2. Complete a [Request for Special Consideration Form](#) and submit it along with supporting documentation this may include either your Self-Declaration of Absence on ACORN, or [Verification of Student Illness or Injury form](#) to the Rotman Commerce Office within **2 business days** of the originally scheduled course deliverable.

Students who do not provide appropriate or sufficient supporting documentation will be given a grade of 0 (zero) for the missed course deliverable.

Note that documentation must clearly establish that you were ill or had other circumstances that prevented you from attending on the date in question. After-the-fact reports are not sufficient.

Midterm Tes

There will be no make-up tests for missed midterms. The weighting will be re-assigned to your final assessment.

Group Assignment

The student's mark will be reweighted, by adding 5% to the final assessment and 5% to another case, as assigned by the Instructor. This will be done outside of the classroom and the student will be given 1 week to provide their response.

Late Assignments

For the Group Assignment, late submissions will be penalized a deduction of 20% for each hour or part thereof.

Case Submissions are due on the date and at the time specified in the Weekly Schedule. Late submissions will not be accepted.

Students who, for reasons beyond their control, are unable to submit an assignment by its deadline must obtain approval from the instructor for an extension. Supporting documentation will be required as per the policy on missed tests and assignments.

Accessibility Needs

The University of Toronto is committed to accessibility. If you require accommodations for a temporary or ongoing disability or health concern, or have any accessibility concerns about the course, the classroom or course materials, please contact Accessibility Services as soon as possible at accessibility.services@utoronto.ca or studentlife.utoronto.ca/as.

For courses with deliverables that require you to work in teams, please note the following. If you are a student registered with Accessibility Services, and extensions are one of your academic accommodations, requests for extensions impact everyone in the group. As a result, requests for late submissions of any component of teamwork will require compelling reasons, advance notice, and must work for everyone in the team. You are encouraged to discuss with your course instructor, Accessibility Advisor, and other team members what you need in order to successfully complete your coursework. Additionally, the Rotman Commerce Centre for Professional Skills offers Teamwork Mentors (see section above) who can help you and your team discuss how to support you effectively and how to develop a work plan that meets the needs and constraints of all team members.

Volunteer Notetaking

If you're interested in helping to make our classroom more accessible, volunteer to be a notetaker!

Accessibility Services needs dependable volunteer notetakers to assist students living with a disability to achieve academic success. All you have to do is attend classes regularly and submit your notes consistently.

1. Register online as a Volunteer Note-Taker at:

<https://clockwork.studentlife.utoronto.ca/custom/misc/home.aspx>

2. Follow the link that says "Volunteer Notetakers"

3. Select your course and upload a sample of your notes

4. Once you have been selected as a notetaker, you'll get an email notifying you to upload your Notes.

If you have any questions or require assistance, please email as.notetaking@utoronto.ca or call 416-978-6186.

Volunteers may receive co-curricular credit or a certificate of appreciation.

Academic Integrity

Academic Integrity is a fundamental value essential to the pursuit of learning and scholarship at the University of Toronto. Participating honestly, respectfully, responsibly and fairly in this academic community ensures that the U of T degree that you earn will continue to be valued and respected as a true signifier of a student's individual work and academic achievement. As a result, the University treats cases of academic misconduct very seriously.

[The University of Toronto's Code of Behaviour on Academic Matters](#) outlines the behaviours that constitute academic misconduct, the process for addressing academic offences and the penalties that may be imposed. You are expected to be familiar with the contents of this document. Potential offences include, but are not limited to:

In papers and assignments:

- Using someone else's ideas or words without appropriate acknowledgement.
- Submitting your own work in more than one course without the permission of the instructor.
- Making up sources or facts.
- Obtaining or providing unauthorized assistance on any assignment (this includes collaborating with others on assignments that are supposed to be completed individually).

On test and exams:

- Using or possessing any unauthorized aid, including a cell phone.
- Looking at someone else's answers
- Misrepresenting your identity.
- Submitting an altered test for re-grading.

Misrepresentation:

- Falsifying institutional documents or grades.
- Falsifying or altering any documentation required by the University, including (but not limited to) medical notes.

All suspected cases of academic dishonesty will be investigated by the following procedures outlined in the *Code of Behaviour on Academic Matters*. If you have any question about what is or is not permitted in the course, please do not hesitate to contact the course instructor. If you have any questions about appropriate research and citation methods, you are expected to seek out additional information from the instructor or other U of T resources such as College Writing Centres or the Academic Success Centre.

Email

At times, the course instructor may decide to communicate important course information by email. As such, all U of T students are required to have a valid UTmail+ email address. You are responsible for ensuring that your UTmail+ email address is set up and properly entered on ACORN. For more information visit help.ic.utoronto.ca/category/3/utmail.html.

Forwarding your utoronto.ca email to a Gmail or other type of email account is not advisable. In some cases, messages from utoronto.ca addresses sent to Gmail accounts are filtered as junk mail, which means that important messages from your course instructor may end up in your spam or junk mail folder.

Quercus and the Course Page

The online course page for this course is accessed through Quercus. To access the course page, go to q.utoronto.ca and log in using your UTORid and password. Once you have logged in, you will be at the Quercus Dashboard. On this page you will see all of the courses you are presently enrolled in. If you don't see the course listed here but you are properly registered for the course in ACORN, wait 48 hours.

Recording Lectures

Lectures and course materials prepared by the instructor are considered by the University to be an instructor's intellectual property covered by the Canadian Copyright Act. Students wishing to record a lecture or other course material in any way are required to ask the instructor's explicit permission and may not do so unless permission is granted. Students who have been previously granted permission to record lectures as an accommodation for a disability are excepted. This includes tape recording, filming, photographing PowerPoint slides, Quercus materials, etc.

If permission for recording is granted by the instructor (or via Accessibility Services), it is intended for the individual student's own study purposes and does not include permission to "publish" them in any way. It is forbidden for a student to publish an instructor's notes to a website or sell them in any other form without formal permission.

FIPPA Language

Notice of video recording and sharing (Download and re-use prohibited)

This course, including your participation, will be recorded on video and will be available to students in the course for viewing remotely and after each session.

Course videos and materials belong to your instructor, the University, and/or other sources depending on the specific facts of each situation and are protected by copyright. Do not download, copy, or share any course or student materials or videos without the explicit permission of the instructor.

For questions about recording and use of videos in which you appear please contact your instructor.