



APPLIES TO ACADEMIC YEAR 2006/2007

GRA 6257 Audit theory and methodology

Program

Master in Professional Accountancy

Responsible for the course

Flemming Ruud

Department

Accounting - Auditing and Law

Term

According to study plan

ECTS Credits

6

The course is based on GRA 6250 Introduction to auditing; it aims to give students a deeper understanding of the theoretical and methodological basis for the subject area of auditing and how it is practised.

Objective

Based on the primary knowledge of auditing acquired in GRA 6250 Introduction to auditing, the students are given an in-depth comprehension of the theoretical and methodological basis for auditing the annual accounts. Other relevant auditor tasks are also covered. Internationally established practice based on legislation and standards (particularly IFAC / RS) are discussed in detail.

Prerequisites

GRA 6250 Introduction to auditing.

Compulsory literature

Books:

Arens, Alvin, Randal J. Elder og Mark S. Beasley. 2005. Auditing and assurance services : an integrated approach. 11th ed. Upper Saddle River: Pearson Education.. Kapitlene 1-2 og 5-22
Cordt-Hansen, Hans. 2005. Revisorloven : med kommentarer. 3. utg. Oslo: DnR forlaget
Den norske revisorforening. Revisjonsstandarder (i Revisors Håndbok). Aktuelle utgave. Oslo: Den norske revisorforening
Den norske revisorforening. Revisors Håndbok. Aktuelle utgave. Oslo: Den norske revisorforening
Kilaas, Bodil og Rune Tystad. Eierstyring og selskapsledelse : i små og mellomstore bedrifter. Oslo: DnR.
Kinney, P.J.. 2000. Information quality assurance and internal control for management decision making.. London: McGraw-Hill
OECD. 2006. Corporate governance of non-listed companies in emerging markets. Paris: OECD

Collection of articles:

Artikkelsamling

Other:

Aktuelle artikler og annet materiale utdelt eller henvist til i forelesningene
Internasjonal utvikling av faget (særlig innen EU og USA, herunder IFAC-ISA standarder)

Recommended literature

Course outline

- Auditing, certification and assurance services and connected auditor tasks
- Comprehension of the need for financial audits – legal regulation vs. market mechanisms
- Acceptance of audit assignments, content and formulation of appointment letter, including an understanding of the company's activities, legal conditions
- Problems related to the profession (independence, integrity, objectivity and competence), including
- The auditor's resignation from assignments
- The role of auditing in a corporate governance perspective
- The purpose of auditing
- The audit process

- Strategic planning of auditing, auditing of business processes
- Detailed understanding of materiality and risk assessments, including organizations' business risk, with consequences for the audit and the audit risk model
- The auditor's assessment of the client's internal control (must be considered in connection with GRA 6262 Auditing III and IV)
- Types and combinations of audit evidence for various audit areas
- Analytical auditing
- Samples for testing, random checks and test methods, including the use of statistical random checks
- Assessment of faults and irregularities, discovered violations of the law, consequences for further auditing and reporting
- Latent obligations
- Events after balance sheet date
- Assessments of the conditions for continued operations
- Audit of the board's annual report, management obligations
- Professional assessments concerning competence, integrity/objectivity, professional secrecy/disclosure requirement
- Quality requirements of the audit (including generally accepted auditing standards)
- The auditor's reporting to external users, formulation of the auditor's report, types of auditor's reports, including certification of the management's internal control reporting for financial reporting (Sarbanes Oxley) and other certifications such as signatures on tax assessment statements, etc. (cf. IFAC AS 100)
- The auditor's reporting to internal users such as the company's governing bodies (management, audit committee and board)
- Sanctions against the auditor

Computer-based tools

Blackboard

Course structure

36 hours of lectures, cases, plenary and group discussions.

Evaluation

3-hour written examination.

Evaluation code(s)

GRA 62571

Aids at the examination

Auditor's manual, calculator.

Makeup exam

A re-take is held in connection with the regular scheduled exam in the course. If the course evaluation consists of class participation or process elements, the whole course must be evaluated if a student wants to retake an exam.

Academic honesty and trust are important to all of us as individuals, and they are encouraged and promoted by the honor system. This is a most significant university tradition. The honor system is the responsibility of students. As faculty, we share the commitment to the ideals of the honor system.

At no time should notes or papers or personal consultations based on previous semesters of this course be used. As part of the honor code papers handed in as part of the course is, at the discretion of the professor, scanned for plagiarism. We are using Safe Assignment in Black Board for this purpose. Any violation of the honor code will be dealt with in accordance with BI's procedures on cheating. These issues are a serious matter to everyone associated with the program. They are at the heart of the Honor Code and academy integrity. If you have any questions about your responsibilities under the honor code, please ask.