



APPLIES TO ACADEMIC YEAR 2009/2010

## GRA 6257 Audit Theory and Methodology

### Programme

Master in Professional Accountancy

### Responsible for the course

Flemming Ruud

### Department

Department of Accounting - Auditing and Law

### Term

According to study plan

### ECTS Credits

6

### Language of instruction

Norwegian

### Introduction

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

### Learning outcome

The students are given an in-depth comprehension of the theoretical and methodological basis for auditing the annual accounts. Internationally established practice based on legislation and standards (particularly IFAC / RS) are discussed in detail.

### Prerequisites

None apart from qualifying for admission to the programme

### Compulsory reading

#### Books:

Arens, Alvin A., Randal J. Elder, Mark S. Beasley. 2008. Auditing and assurance services : an integrated approach. 12th ed. Upper Saddle River, N.J.: Pearson Prentice Hall. Kapitlene 1-3 og 5-17 og 24. (eller siste utgave)

Den norske revisorforening. Revisors håndbok. Siste utgave. Oslo: Den norske revisorforening. Revisjonsstandarder

#### Other:

Aktuelle artikler og annet materiale utdelt eller henvist til i forelesningene.

I løpet av kurset kan det bli delt ut materiale på flere emner som er relevante for kurset og eksamen

### Recommended reading

#### Course outline

- Auditing, certification and assurance services and connected auditor tasks
- The purpose of the audit
- 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 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 the course 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

### **Learning process and workload**

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

Please note that while attendance is not compulsory in all courses, it is the student's own responsibility to obtain any information provided in class that is not included on the course homepage/Blackboard or text book.

### **Examination**

3-hour written examination.

Specific information regarding student evaluation beyond the information given in the course description will be provided in class. This information may be relevant for requirements for term papers or other hand-ins, and/or where class participation can be one of several elements of the overall evaluation.

### **Exam code(s)**

GRA 62571 accounts for 100 % of the final grade in the course GRA 6257.

### **Examination support materials**

Auditor's manual, BI- approved exam calculator

Exam aids at written examinations are explained under exam information in our web-based Student handbook. Please note use of calculator and dictionary.  
<http://www.bi.edu/studenthandbook/examaids>

### **Re-sit examination**

Re-takes are only possible at the next time a course will be held. When the course evaluation has a separate exam code for each part of the evaluation it is possible to retake parts of the evaluation. Otherwise, the whole course must be re-evaluated when a student wants to retake an exam. Retake examinations entail an extra examination fee.

### **Additional information**

#### **Honor code**

Academic honesty and trust are important to all of us as individuals, and represent values that are encouraged and promoted by the honor code system. This is a most significant university tradition. Students are responsible for familiarizing themselves with the ideals of the honor code system, to which the faculty are also deeply committed.

Any violation of the honor code will be dealt with in accordance with BI's procedures for cheating. These issues are a serious matter to everyone associated with the programs at BI and are at the heart of the honor code and academic integrity. If you have any questions about your responsibilities under the honor code, please ask.