

School of Administrative Studies
Faculty of Liberal Arts and Professional Studies
York University

FALL 2021 Course Outline
AP/ADMS 4515 3.0 Section A Internal Audit
Term: FALL 2022

COURSE:

AP/ADMS 4515 3.0 Section A Internal Audit

Schedule

First day of class: Monday, September 12, 2022 (7:00 – 10:00 PM)

Location: Health, Nursing and Environmental Studies Building (HNE 035)

REQUIRED COURSE TEXT/READINGS:

- Sobel Paul J., Anderson Urton L., Head Michael J., Ramamoorti Sridhar, Salamasick Mark, Riddle Cris **Internal Auditing: Assurance & Advisory Services, 4th edition** (2017). The Institute of Internal Auditors Research Foundation (Referred to as "Textbook" in the Readings List for each class)

Warnings: Photocopying more than 10% of a textbook is illegal, and may involve penalties. Do not duplicate textbooks or obtain these photocopies.

Students are reminded of York University's policy regarding academic dishonesty as outline in the York Student Calendars.

WEIGHTING OF COURSE

Deliverables are Individual Work unless otherwise stated	Percent	Due date
Class participation (5%) + Presentation (4%)	9%	Participation throughout the year Presentations in second half of course
Hand in Assignments (individual) in the first half of course (3% each)	6%	Session 3 (Sept 26) & Session 5 (Oct 17)
MIDTERM EXAM	25%	Session 7 (Oct 31 st) 2 hours long
Hand in Case Assignment (individual)	10%	Session 10 (Nov 21)
Risk Assessment *group assignment*	15%	Session 11 (Nov 28) *done in pairs*
Final exam during regular examination schedule - Covers ALL Sessions 1 – 12	35%	Date and location TBD
Total	<u>100%</u>	

Details of class participation and assignment

This course is designed to encourage active participation. In each session we will discuss specific cases and questions to help understand the material. Students will be asked to present their solutions for in-class questions over the course in their assigned groups. Each question presented will be allotted a percentage of the total participation grade. An additional 3% will be awarded for the submission (and summary) of an internal audit article pertaining to the course with a short presentation to the class.

Group presentations of discussion questions	5%
Submission & presentation of internal audit article	4%***
Total	9%

***Starting in session 8 (November 7th) students will begin presenting their articles to class.

Reallocation of Marks if work is Missed

If a midterm examination is missed due to a valid reason such as illness or other reason approved by the Course Director, the midterm mark allocation of 25% will be added to the final examination percentage.

The documentation required to support this reallocation is a completed medical form (physician's statement) provided by the Registrar's Office, available from:

<http://www.yorku.ca/laps/council/students/documents/APS.pdf>

If an assignment is missed, consult with the Course Director. Any assignments that have been discussed in class, or the solutions posted on the course web site, cannot be submitted late, and will receive a grade of zero.

Deferred Exams: Deferred standing may be granted to students who are unable to write their final examination at the scheduled time or to submit their outstanding course work on the last day of classes. Details can be found at <http://myacademicrecord.students.yorku.ca/deferred-standing>

Any request for deferred standing on medical grounds must include an Attending Physician's Statement form; a "Doctor's Note" will not be accepted.

DSA Form: http://www.registrar.yorku.ca/pdf/deferred_standing_agreement.pdf

Attending Physician's Statement form:
<http://registrar.yorku.ca/pdf/attending-physicians-statement.pdf>

In order to apply for deferred standing, students must register at
<http://apps.eso.yorku.ca/apps/adms/deferredexams.nsf>

Followed by handing in a completed DSA form and supporting documentation directly to the main office of the School of Administrative Studies (282 Atkinson) and add your ticket number to the DSA form. The DSA and supporting documentation must be submitted no later than five (5)

business days from the date of the exam. These requests will be considered on their merit and decisions will be made available by logging into the above mentioned link. No individualized communication will be sent by the School to the students (no letter or e-mails).

Students with approved DSA will be able to write their deferred examination during the School's deferred examination period. No further extensions of deferred exams shall be granted. The format and covered content of the deferred examination may be different from that of the originally scheduled examination. The deferred exam may be closed book, cumulative and comprehensive and may include all subjects/topics of the textbook whether they have been covered in class or not. Any request for deferred standing on medical grounds must include an Attending Physician's Statement form; a "Doctor's Note" will not be accepted.

Academic Honesty: The Faculty of Liberal Arts and Professional Studies considers breaches of the Senate Policy on Academic Honesty to be serious matters. The Senate Policy on Academic Honesty is an affirmation and clarification for members of the University of the general obligation to maintain the highest standards of academic honesty. As a clear sense of academic honesty and responsibility is fundamental to good scholarship, the policy recognizes the general responsibility of all faculty members to foster acceptable standards of academic conduct and of the student to be mindful of and abide by such standards. Suspected breaches of academic honesty will be investigated and charges shall be laid if reasonable and probable grounds exist.

Students should review the York Academic Honesty policy for themselves at:

<https://secretariat-policies.info.yorku.ca/policies/academic-honesty-senate-policy-on/>

Students might also wish to review the interactive on-line Tutorial for students on academic integrity, at:

<https://spark.library.yorku.ca/academic-integrity-what-is-academic-integrity/>

Reappraisals: Students may, with sufficient academic grounds, request that a final grade in a course be reappraised (which may mean the review of specific pieces of tangible work). Non-academic grounds are not relevant for grade reappraisals; in such cases, students are advised to petition to their home Faculty. Students are normally expected to first contact the course director to discuss the grade received and to request that their tangible work be reviewed. Tangible work may include written, graphic, digitized, modeled, video recording or audio recording formats, but not oral work. Students need to be aware that a request for a grade reappraisal may result in the original grade being raised, lowered or confirmed. For reappraisal procedures and information, please visit the Office of the Registrar site at:

<http://myacademicrecord.students.yorku.ca/grade-reappraisal-policy>

Accommodation Procedures: LA&PS students who have experienced a misfortune or who are too ill to attend the final examination in an ADMS course should not attempt to do so; they must pursue deferred standing. Other students should contact their home Faculty for information. For further information, please visit:

<http://ds.info.yorku.ca/academic-support-accommodations/>

Religious Accommodation: York University is committed to respecting the religious beliefs and practices of all members of the community, and making accommodations for observances of special significance to adherents. For more information on religious accommodation, please visit:

<https://w2prod.sis.yorku.ca/Apps/WebObjects/cdm.woa/wa/regobs>

Academic Accommodation for Students with Disabilities (Senate Policy): The nature and extent of accommodations shall be consistent with and supportive of the integrity of the curriculum and of the academic standards of programs or courses. Provided that students have given sufficient notice about their accommodation needs, instructors shall take reasonable steps to accommodate these needs in a manner consistent with the guidelines established hereunder. For more information, please visit the Counselling and Disability Services website at <https://secretariat-policies.info.yorku.ca/policies/academic-accommodation-for-students-with-disabilities-policy/>

York's disabilities offices and the Registrar's Office work in partnership to support alternate exam and test accommodation services for students with disabilities at the Keele campus. For more information on alternate exams and tests please visit <http://www.yorku.ca/altexams/>

Please alert the Course Director as soon as possible should you require special accommodations.

COURSE INSTRUCTOR/CONTACT:

Tom Chatzidimos: E-mail: tom.chatzidimos@auditor.on.ca
Office Hours: By appointment only

CALENDAR DESCRIPTION:

This course introduces students to the objectives, concepts, principles and techniques of internal and management auditing, as applied to profit-pursuing, non-profit and government organizations. Topics include internal audit standards, internal controls, managing an internal audit function, risk management, computer assisted audit techniques fraud and communicating audit results.

PREREQUISITES/CO-REQUISITES:

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- 1) For students in an Honours program, 78 credits including AP/ADMS 2500 3.00, AP/ADMS 2510 3.00 and AP/ADMS 2511 3.00; or
 - 2) For other students, the above listed courses and an average grade of C+ or better in AP/ADMS 2500 3.00 and AP/ADMS 2510 3.00.

Course credit exclusions: None.

Students are personally responsible for ensuring that they have the required prerequisites as stated in the course outline or the course calendar. Students who do not have the prerequisites or a signed prerequisite waiver are at risk of being dropped from the course at any time during the course. The department will not be responsible for refunds resulting from students being dropped from a course due to a lack of the appropriate prerequisites.

ORGANIZATION OF THE COURSE:

Please bring copies of the Practice Questions with you to class (Textbook or Printout).

Session Description and Readings

Assignments, Class Work and Practice Questions

Session 1 – Monday, September 12 (first class)

Course Overview and Introduction to Internal Auditing

Practice Questions:

TBD

Learning Objectives:

- Understand the value proposition that stakeholders expect from the internal audit function.
- Obtain a basic understanding of internal auditing and the internal audit process.
- Understand the relationship between auditing and accounting.
- Distinguish between financial reporting assurance services by internal auditors and those provided by independent outside auditors.
- Become familiar with the internal audit profession and the Institute of Internal Auditors (IIA).
- Understand the competencies needed to excel as an internal auditor.
- Be aware of the various internal audit career opportunities it is possible to pursue.

Readings:

Textbook: Chapter 1

Session 2 – Monday, September 19
International Professional Practices Framework & Governance

Practice Questions:
TBD

Learning Objectives:

- History behind the current professional guidance for the practice of internal auditing.
- The structure of the Internal Professional Practices Framework (IPPF) and categories of authoritative guidance it provides.
- Understand the mandatory IPPF guidance.
- Understand the strongly recommended IPPF guidance.
- Define governance and understand different roles and responsibilities within governance
- Learn the changes in regulations and how governance has evolved into its present state.
- Learn the role of the internal audit function in the governance process.

Readings:

Textbook: Chapters 2 & 3

Session 3 – Monday, September 26
Risk Management

Practice Questions:
TBD

Learning Objectives:

- Define risk and enterprise risk management.
- Learn the difference dimensions of the Committee of Sponsoring Organizations of the Treadway Commission's Enterprise Risk Management.
- Learn about the relationship between governance and enterprise risk management.
- Learn about the different roles the internal audit function can play in enterprise risk management.
- Evaluate the impact of enterprise risk management on internal audit activities.

Assignment Due:
Hand-In Assignment 1 (3%)

Readings:

Textbook: Chapter 4

Session 4 – Monday, October 3

Business Processes & Risks

Learning Objectives:

- Understand how organizations structure their activities to achieve their objectives.
- Identify key business processes in an organization
- Learn basic types of business risks organizations face.
- Identify and assess the key risks to an organization's objectives and how they are linked to business processes.
- Develop an audit universe for an organization and determine an annual internal audit plan based on key business risks.
- Understand how to use key risk assessment techniques within assurance engagements.
- Obtain an awareness of new risks that arise when an organization outsources some of its key processes.

Practice Questions:
TBD

Readings:

Textbook: Chapter 5

Monday, October 10

**NO CLASS – STATUTORY HOLIDAY
(THANKSGIVING)**

Session 5 – Monday, October 17

Internal Controls and Information Technology Risks and Controls

Practice Questions:
TBD

Assignment Due:
Hand-In Assignment 2 (3%)

Learning Objectives:

- Understand what is meant by internal control in a variety of frameworks.
- Identify the objectives, components and principles of an effective internal control framework
- Know the role and responsibilities each group in an organization has regarding internal control.
- Identify the different type of controls and the appropriate application for each of them.
- Obtain awareness of the process for evaluating the system of internal controls.
- Understand how IT is intertwined with business objectives, strategies and operations.

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- Learn key components of modern information systems
 - Explain the nature of IT opportunities and risks
 - Understand fundamental IT governance, risk management and control concepts.
 - Understand the implications of IT for internal auditors.
 - Identify sources of IT audit guidance.
 - Understand the implications the introduction of new technology has on the business environment.
 - Understand how internal audit can provide guidance during IT projects.

Readings:

Textbook: Chapters 6 & 7

Session 6 – Monday, October 24

Managing the Internal Audit Department & Fraud

Practice Questions:

TBD.

Learning Objectives:

- Understand the importance of proper positioning of the internal audit function within the organization.
- Identify the benefits of various organizational structures for an internal audit function.
- Identify the roles and responsibilities of the key positions in an internal audit function.
- Understand the policies and procedures of internal auditing and how they guide the internal audit function.
- Understand the attributes of a well-executed risk management model (process) and reflect on what role the internal audit function should have in the organization's risk management processes.
- Understand quality assurance, how it operates, and why it is important to the internal audit function.
- Understand how technology is used in the management of the internal audit function.

Readings:

Textbook: Chapter 9 and Midterm Exam Review

Session 7 – Monday, October 31

Covering Sessions 1 to 6
(Chapters 1 – 7 & 9)
2 hours long Cases

MIDTERM EXAMINATION

If you miss the midterm exam, please contact the course director immediately.

TBD

Session 8 – Monday, November 7
Risk of Fraud & Illegal Acts

Learning Objectives:

- Understand the prevalence of illegal acts and fraud in today's world.
- Compare and contrast various illegal acts and fraud.
- Describe the fraud triangle and why all three elements must exist for fraud to occur.
- Define the types of fraud and fraud risk factors.
- Define governance, risk management, and control in the context of fraud.
- Describe fraud prevention, deterrence and detection techniques.
- Understand the behavioural aspects of fraudsters.
- Describe internal auditors' compliance and fraud-related responsibilities related to protecting the organization from regulatory violations.
- Understand evolving responsibilities of the internal audit function, including the involvement of forensic accountants and fraud examination specialists.

Readings:

Textbook: Chapter 8

Session 9 – Monday, November 14

Audit Evidence and Workpapers & Data Analytics and Audit Sampling

Learning Objectives:

- Understand what it means to gather and evaluate sufficient appropriate audit evidence.
- Know the manual procedures used by internal auditors to gather audit evidence.
- Be familiar with selected computer-assisted audit techniques, including generalized audit software.
- Understand the importance of well-prepared audit working papers.
- Understand audit sampling and the audit risk concepts associated with sampling.

Practice Questions:
TBD.

Presentations for students begin re: Participation grade. Articles will be presented every week (approx. 5 students per day).

Article summaries from **all students are due at the start of class 8 – emailed to Instructor - tom.chatzidimos@auditor.on.ca**

Practice Questions:
TBD

Participation Presentations continue (approx. 5 students per day).

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- Know how to apply statistical and non-statistical audit sampling in tests of controls.
 - Be aware of alternative statistical sampling approaches used in test of monetary values.

Readings:

Textbook: Chapter 10 & 11

Session 10 – Monday, November 21

Introduction & Conducting the Engagement Process & Conducting the Engagement Process

Learning Objectives:

- Understand the types of engagements internal auditors perform.
- Understand the key activities involved in planning and performing an assurance engagement and reporting the engagement outcomes.
- Describe how the consulting engagement process differs from the assurance engagement process.
- Determine engagement objectives and scope statements
- Document simple process flows, showing key process steps, interfaces and departments involved.
- Describe how to evaluate the design adequacy of process level controls.
- Design different type of testing approaches, depending on the design of the process and engagement objectives.
- Develop a general work program to guide the engagement process.
- Conduct and document certain types of tests to gather evidence.
- Evaluate evidence from assurance procedures to reach conclusions base on the results of testing.
- Develop observations and formulate recommendations.

Readings:

Textbook: Chapters 12 & 13

Practice Questions:

TBD

Assignment Due:

Hand-In ‘Individual’ Case (10%)

Post to Turnitin.com 1 hour prior to class and hand in the entire assignment printed version in class.

Participation Presentations continue (approx. 5 students per day).

Session 11 – Monday, November 28
Communicating Assurance Engagement Outcomes

Learning Objectives:

- Understand why it is appropriate and necessary to communicate assurance engagement outcomes.
- Identify the different forms of assurance engagement communications.
- Identify the steps involved in creating assurance engagement communication.
- Understand the distribution process for effectively communicating assurance engagement outcomes.
- Understand what is involved in effective monitoring of, and follow-up on, assurance engagement outcomes.

Readings:

Textbook: Chapter 14

Session 12 – Monday, December 5 (LAST CLASS)
The Consulting Advisory Engagement

Learning Objectives:

- Articulate the difference between assurance and consulting engagements.
- Understand that engagements may be blended to include both assurance and consulting components.
- Discuss the various types of consulting services provided by internal auditors.
- Describe the benefits to an organization when the internal audit function provides consulting services.
- Show how the internal audit function can provide insight to stakeholders through the performance of consulting engagements.
- Understand the importance of determining customer expectations for consulting activities.
- Understand the need for the internal audit function to set boundaries for consulting activities.

Readings:

Textbook: Chapter 15 & Final Exam Review

Practice Questions:
TBD.

Assignment Due:
Group Assignment – Risk Assessment - done individually or in pairs. (15%)

*Post to Turnitn.com 1 hour prior to class
AND hand in the entire assignment printed version in class.*

*Participation Presentations continue
(approx. 5 students per day).*

Practice Questions:
TBD

*Participation Presentations continue
(approx. 5 students per day). LAST
DAY TO PRESENT.*