External Audit Simulation: A Different Audit Every Time

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Agenda

• Introduction
• Background / Context
• The Simulation
• Example
• Student Feedback
• Questions
Stephen Bergstrom

• Full-time faculty at SAIT School of Business
• I teach Financial Accounting (Introductory through Advanced), Management Accounting, External and Internal Audit, Accounting Theory
Background

The Course:

• External Audit
• 3rd year baccalaureate degree course
• Largely theory – few calculations

The Problem:

• How do you give students an appreciation of audit work when they’ve never done an audit?
Background

Pre-Existing Case:

• Same experience for every student / group

• The answers are out there!
The Simulation

Consists of:

• Case document
  • Background information
  • Assignments (5)

• Grading rubric

• Randomly-generated documents to review
  • Each group gets unique documents to review
  • Each group has a unique audit experience
The Simulation

Goals:

• Help students better understand the concepts by giving them some hands-on practice
• Provide students with examples of real audit work
• Help students appreciate some of the “behind the scenes” work of partners and managers of a firm
Example

Just as the students would do, trace the information through the source documents:

<table>
<thead>
<tr>
<th>Item</th>
<th>Purchase Order Date</th>
<th>Purchase Order Number</th>
<th>Receiving Report Number</th>
<th>Quantity Match PO to RR</th>
<th>Quantity Match RR to INV</th>
<th>Price Match PO to INV</th>
<th>Total Match INV to A/P Subledger</th>
<th>Period Check</th>
</tr>
</thead>
<tbody>
<tr>
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</tr>
</tbody>
</table>
Student Feedback

Do you feel that the audit simulation helped you to learn the concepts in the course?

Do you feel that the audit simulation gave you a sense of what a real-life audit might be like?

95%
“It's very interesting to learn what it’s like to do substantive testing and I find it very helpful as it gave me a holistic view of external audit.”

“I think it's a great way to show to students an idea of how a real life audit looks like.”

“Absolutely loved this project. It gave me a huge opportunity to apply the knowledge we learned in class. This was also great because it made us get a sense of what a real audit actually feels like.”

“Really enjoyed the simulation, it helped clear up some topics from the hypothetical learnings we'd done. I also think it was smart to give every group different files to work with, and would definitely recommend that you do that again. Overall a great simulation!”

“The audit project went quite well - it gave a decent image of the myriad aspects, and offered a good opportunity for getting to actually test out the various sections.”
Thank you for your time