

## SCHOOL OF ACCOUNTING & COMMERCIAL LAW

Telephone 463 5383, Facsimile 495 5076. E-mail: [sacl@vuw.ac.nz](mailto:sacl@vuw.ac.nz)

### ACCY 406: AUDITING

Trimester Two 2005

### COURSE OUTLINE

#### Lecturers Contact Details

	<i>Office</i>	<i>Telephone</i>	<i>Email</i>
Tim Fairhall (Course Coordinator)	RH 631	463 6709	<a href="mailto:Tim.Fairhall@vuw.ac.nz">Tim.Fairhall@vuw.ac.nz</a>
Carolyn Cordery	RH 626	463 5761	<a href="mailto:Carolyn.Cordery@vuw.ac.nz">Carolyn.Cordery@vuw.ac.nz</a>

#### Class Times and Room Numbers

Monday 1.40-3.30pm (Weeks 1 and 3-12) RLWY 224.

University examination period is from Friday 14<sup>th</sup> October – 5<sup>th</sup> November, 2005.

#### Course Objectives

By the end of the course, participants should have an understanding of:

- the role of auditing in society;
- the fundamental concepts that underpin auditing – including (but not limited to) independence, materiality and audit risk;
- the audit process – its objectives and how it seeks to achieve those objectives; and,
- the critical and difficult issues that currently confront the auditing profession.

#### Course Content

This course aims to provide a critical insight into, and develop an understanding of, current issues in auditing. It is not intended to train potential auditors but to develop students' ability to:

- critically appraise research and commentary on problematic issues that characterise and confront the theory and practice of modern external auditing; and
- communicate their ideas clearly and succinctly orally and in writing.

## **Course Material**

A fee will be charged for Course Materials and Additional Handouts.

## **Course Organisation & Requirements**

Students will be asked to identify issues that currently confront the auditing profession and

- a) Select the issue they wish to research (their area of primary research interest); and
- b) Identify two secondary areas of research interest (which another student has selected as his/her area of primary interest).

A listing was provided at the Honours evening on May 16<sup>th</sup>, 2005 with examples of relevant topics and related readings. However, students are encouraged to select another topic and readings if they wish.

Students will be research leader for, and write their research report on, the issue identified as their area of primary research interest. They will also work in partnership with two students who are the research leaders for his/her secondary areas of research interest. Each group will give a presentation on the issue they have researched together to last the two-hour session.

Once students have selected their primary area of research interest, they need to identify one key article on the issue in question and notify the course coordinator by June 18<sup>th</sup>, 2005. The key articles will be available to all class members on July 4<sup>th</sup>. *All* students will be expected to read the relevant articles prior to the particular issue being discussed in class. The teaching staff will also arrange the research topics so that the presentations follow in a logical sequence.

The preferred primary topic, along with a relevant article must be notified to the course coordinator by email by June 18<sup>th</sup>, 2005.

During the week beginning July 4<sup>th</sup>, 2005, all class members will receive:

- a) A completed session topic schedule for the remainder of the course; and
- b) A set of readings covering each topic to be discussed during the course.

In order to facilitate students researching their topics of interest and preparing their presentations, no class sessions will be held in week 2 (July 11<sup>th</sup>).

## **Group Presentation and Research Report**

### ***Group Presentations:***

All students are required to give three group presentations – one relating to their primary research interest and two others in their secondary research area.

The development of presentational and leadership skills, and the practice of working effectively with other colleagues (who may have a different working style, different attitudes and different strengths), are planned outcomes of the group presentation exercise. Students should approach their presentations constructively, and with the key objective of enhancing the knowledge and learning of the group. No particular presentation style is paramount. Each partnership should select the style with which they feel most comfortable but be guided by the question: “How best can we enhance the group’s knowledge about, and understanding of, this issue?”

By and large students are expected to solve problems that may arise within the partnership relationship. However, if it becomes clear that the partnership is not going to complete its work, the students concerned should contact the course co-ordinator.

**Report:**

The report should not exceed 2500 words. All reports are due by Friday October 7<sup>th</sup>, 2005, 12-noon (to be handed in to the School Office). In fairness to all students who submit their work on time, a one-mark penalty per day will be applied to all reports that are submitted after the due date. Early submission is encouraged. Reports will be returned to students by October 14<sup>th</sup>, 2005 (they will be available from the School Office)

**Assessment Requirements**

Assessment will be based on the following:

- a) Group presentations (1 @ 15%) 15%  
(2 @ 5%) 10%
- b) Individual research report 25%
- c) Final examination (3 hours) 50%

Lecture Programme	Week		Topic of the session	Facilitator
	No	Date		
	1	4 July	Auditing in Society	Tim Fairhall
	3	18 July	Topic 1	
	4	25 Aug	Topic 2	
	5	1 Aug	Topic 3	
	6	8 Aug	Topic 4	
	7	29 Aug	Topic 5	
	8	5 Sept	Topic 7	
	9	12 Sept	Topic 9	
	10	19 Sept	Topic 10	
	11	26 Sept	Topic 11	
	12	3 Oct	Topic 12	

Topic number	Primary researcher	Secondary researcher	Secondary researcher
1	Hui Chin Lum (Jenny)	Susan Ngan	Stephen Lang
3	Yanyan Zhou	Thanh Binh Bui (Binh)	Sarah Earnshaw
4	Sam Holdem	Yu Liu (Yoyo)	Yanyan
5	Stephen	Richard van den Engel	Hemesh Kalidas
7	Binh	Sam	Richard
8	Yoyo	Jenny	Yanyan
9	Susan	Yoyo	Hemesh
12	Hemesh	Binh	Jenny
13	Sarah	Susan	Stephen
15	Richard	Sarah	Sam

<b>Topic No.</b>	<b>Topic and relevant reading</b>	<b>Primary presenter</b>
<b>1</b>	<b>Independence of auditors - the special challenges.</b> Review of KPMG Australia's processes and policies in respect of independence, conflict resolution and quality control, <a href="http://www.blackwell-synergy.com/openurl?genre=article&amp;sid=vendor:database&amp;issn=0265-8240&amp;volume=25&amp;issue=3&amp;spage=299">http://www.blackwell-synergy.com/openurl?genre=article&amp;sid=vendor:database&amp;issn=0265-8240&amp;volume=25&amp;issue=3&amp;spage=299</a>	<b>Jenny</b>
<b>3</b>	<b>Education and the competence of auditors - what makes a good auditor?</b> Brocheler V, Maijoor S, van Witteloostuijn A. (2004). Auditor human capital and audit firm survival - The Dutch audit industry in 1930-1992. <i>Accounting Organizations &amp; Society</i> , 29(7),627-646.	<b>Yanyan</b>
<b>4</b>	<b>The audit-expectation performance gap.</b> Rebuilding public confidence in financial reporting; an international perspective, <a href="http://www.ifac.org/credibility/">http://www.ifac.org/credibility/</a>	<b>Sam</b>
<b>5</b>	<b>Materiality in auditing.</b> Patterson ER, Smith R.(2003). Materiality uncertainty and earnings misstatement. <i>Accounting Review</i> 78 (3): 819-846.	<b>Stephen</b>
<b>7</b>	<b>Minimising litigation risk and incorporation of audit firms.</b> Arrunada B, PazAres C, (1997). Mandatory rotation of company auditors: A critical examination. <i>International Review of Law and Economics</i> 17 (1): 31-61.	<b>Binh</b>
<b>8</b>	<b>Auditor liability.</b> Anderson, H (1999), 'Auditors liability: is misleading or deceptive conduct an alternative to negligence?' <i>Company and Securities Law Journal</i> , September, pp.350-9.	<b>Yoyo</b>
<b>9</b>	<b>The external auditor and fraud.</b> The role of auditor in the prevention and detection of business fraud, <a href="http://wcr.sonoma.edu/v2n1/farrell.html">http://wcr.sonoma.edu/v2n1/farrell.html</a>	<b>Susan</b>
<b>12</b>	<b>Regulation of auditors, including standardisation of auditing standards. Is the profession redundant?</b> Weiss MI, Berney EA, (2004). Restoring investor trust in auditing standards and accounting principles. <i>Harvard Journal on Legislation</i> , 41(1), 29-57.	<b>Hemesh</b>
<b>13</b>	<b>Maintaining the face of public interest.</b> Lee, T 1995, The professionalization of accountancy: a history of protecting the public interest in a self-interested way. <i>Accounting, Auditing and Accountability</i> , vol 8 no 4 pp 48-69.	<b>Sarah</b>
<b>15</b>	<b>Changes in audit focus in relation to internal controls, technology and risk.</b> Murthy, US & Kerr DS (2004). Changes in audit focus in relation to internal controls, technology and risk. <i>Auditing: A Journal of Practice &amp; Theory</i> , 23(1) 141-154.	<b>Richard</b>

## **General University Policies and Statutes**

Students should familiarise themselves with the University's policies and statutes, particularly those regarding assessment and course of study requirements, and formal academic grievance procedures.

### **Student Conduct and Staff Conduct**

The Statute on Student Conduct together with the Policy on Staff Conduct ensure that members of the University community are able to work, learn, study and participate in the academic and social aspects of the University's life in an atmosphere of safety and respect. The Statute on Student Conduct contains information on what conduct is prohibited and what steps can be taken if there is a complaint. For queries about complaint procedures under the Statute on Student Conduct, contact the Facilitator and Disputes Advisor. This Statute is available in the Faculty Student Administration Office or on the website at:

[www.vuw.ac.nz/policy/StudentConduct](http://www.vuw.ac.nz/policy/StudentConduct).

The policy on Staff Conduct can be found on the VUW website at:

[www.vuw.ac.nz/policy/StaffConduct](http://www.vuw.ac.nz/policy/StaffConduct).

### **Academic Grievances**

If you have any academic problems with your course you should talk to the tutor or lecturer concerned or, if you are not satisfied with the result of that meeting, see the Head of School or the Associate Dean (Students) of your Faculty. Class representatives are available to assist you with this process. If, after trying the above channels, you are still unsatisfied, formal grievance procedures can be invoked. These are set out in the Academic Grievances Policy which is published on the VUW website:

[www.vuw.ac.nz/policy/AcademicGrievances](http://www.vuw.ac.nz/policy/AcademicGrievances).

### **Academic Integrity and Plagiarism**

Academic integrity is about honesty – put simply it means **no cheating**. All members of the University community are responsible for upholding academic integrity, which means staff and students are expected to behave honestly, fairly and with respect for others at all times.

Plagiarism is a form of cheating which undermines academic integrity. Plagiarism is **prohibited** at Victoria.

The University defines plagiarism as follows:

Plagiarism is presenting someone else's work as if it were your own, whether you mean to or not.

*'Someone else's work' means anything that is not your own idea, even if it is presented in your own style. It includes material from books, journals or any other printed source, the work of other students or staff, information from the Internet, software programmes and other electronic material, designs and ideas. It also includes the organization or structuring of any such material.*

***Plagiarism is not worth the risk.***

Any enrolled student found guilty of plagiarism will be subject to disciplinary procedures under the Statute on Student Conduct ([www.vuw.ac.nz/policy/studentconduct](http://www.vuw.ac.nz/policy/studentconduct)) and may be penalized severely. Consequences of being found guilty of plagiarism can include:

- an oral or written warning
- suspension from class or university
- cancellation of your mark for an assessment or a fail grade for the course.

*Find out more about plagiarism and how to avoid it, on the University's website at: [www.vuw.ac.nz/home/studying/plagiarism.html](http://www.vuw.ac.nz/home/studying/plagiarism.html).*

### **Students with Disabilities**

The University has a policy of reasonable accommodation of the needs of students with disabilities. The policy aims to give students with disabilities an equal opportunity with all other students to demonstrate their abilities. If you have a disability, impairment or chronic medical condition (temporary, permanent or recurring) that may impact on your ability to participate, learn and/or achieve in lectures and tutorials or in meeting the course requirements, then please contact the Course Coordinator as early in the course as possible. Alternatively you may wish to approach a Student Adviser from Disability Support Services to confidentially discuss your individual needs and the options and support that are available. Disability Support Services are located on Level 1, Robert Stout Building, or phoning 463-6070, email: [disability@vuw.ac.nz](mailto:disability@vuw.ac.nz). The name of your School's Disability Liaison Person can be obtained from the Administrative Assistant or the School Prospectus.

### **Student Support**

Staff at Victoria want students' learning experiences at the University to be positive. If your academic progress is causing you concern, please contact the relevant Course Co-ordinator, or Associate Dean who will either help you directly or put you in contact with someone who can.

The Student Services Group is also available to provide a variety of support and services. Find out more at [www.vuw.ac.nz/st\\_services/](http://www.vuw.ac.nz/st_services/) or email [student-services@vuw.ac.nz](mailto:student-services@vuw.ac.nz).

VUWSA employs two Education Coordinators who deal with academic problems and provide support, advice and advocacy services, as well as organising class representatives and faculty delegates. The Education Office is located on the ground floor, Student Union Building, phone 463 6983 or 463 6984, email, [education@vuwsa.org.nz](mailto:education@vuwsa.org.nz)