

School of Accounting and Commercial Law

**MMPA 510 AUDITING**

Trimester 2, 2014

**COURSE OUTLINE**

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<b>Names and Contact Details</b>	<b>Office</b>	<b>Telephone</b>
<i>Course Coordinator &amp; Lecturer</i> Ainul Islam <a href="mailto:ainul.islam@vuw.ac.nz">ainul.islam@vuw.ac.nz</a> Office hours: TBA	RH 604	463 6107
<i>Course Administrator</i> TBC <a href="mailto:mpa@vuw.ac.nz">mpa@vuw.ac.nz</a> Office hours: Monday-Friday, 8.30am-5pm (Note: Office closed 10.30am-10.45am and 3.30pm-3.45pm)	RH Level 7 Enquiries Counter	

**Trimester Dates**

Teaching Period: Monday 14 July – Friday 17 October

Study Period: Monday 20 October – Thursday 23 October

Examination Period: Friday 24 October – Saturday 15 November (inclusive)

**Withdrawal from Course**

1. Your fees will be refunded if you withdraw from this course on or before Friday 25 July 2014.
2. The standard last date for withdrawal from this course is Friday 26 September 2014. After this date, students forced to withdraw by circumstances beyond their control must apply for permission on an 'Application for Associate Dean's Permission to Withdraw Late' including supporting documentation. The application form is available from either of the Faculty's Student Customer Service Desks.

**Class Times and Room Numbers**

**Tuesdays:** 12.40-3.30pm\*

**Venue:** RH LT 3 (Rutherford House Lecture Theatre 3), Pipitea Campus

\* Some presentations will also take place between 3.30-5.30pm in RWW 126

**Course Delivery**

Throughout this course the application of theoretical knowledge and concepts of auditing and International Standards on Auditing (ISA-NZ) and Professional & Ethical Standards (PES) available at [www.xrb.govt.nz](http://www.xrb.govt.nz) will be applied to relevant auditing contexts. The course will be delivered through 12 three-hour classes involving lectures, class discussions, workshops centred on student presentations of topical audit issues and a test.

## **Group Work**

Students must present a case study in groups during one of the workshops. Students are expected to spend at least 30 hours in preparation for workshops and the various class discussions that will held from time to time during lectures.

## **Expected Workload**

Students will be expected to spend at least 150 hours on this course. The 150 hours includes:

- Lectures on audit topics 30 hours
- Presentations by students in a workshop 10 hours
- Text readings prior to the lectures 30 hours
- Preparation for class discussions 10 hours
- Preparation for workshop presentations 10 hours
- Study for the test and the final exam 50 hours
- Keeping up to date with business and audit news 10 hours

## **Prescription**

The corporate governance role of external auditing in financial markets, including professional, ethical and technical requirements, and current auditing research issues.

## **Course Learning Objectives**

Students who are successful in the course will be able to:

- (a) Conduct research and analysis through working with and debating with other students;
- (b) Recognise the place of audit and assurance in society and as a service provided by professionals;
- (c) Appreciate the importance of such audit foundations as judgment, ethics, business understanding, independent evidence and risk mitigation;
- (d) Recognise the choices available and the judgments necessary in reporting on financial statements; and
- (e) Recognise differences in emphasis between auditing in the public and private sectors in New Zealand.

## **Course Content**

The Lecture Schedule is provided on page 7.

## **Readings**

Arens, A.A, Best, P, Shailer, G, Fiedler, B, Elder, R and Beasley, M (2013). 'Auditing, Assurance Services & Ethics in Australia – *An Integrated Approach*' (9<sup>th</sup> edition). Pearson Australia. ISBN 978-1-44-2539365.

The above text book can be purchased from the Bookshop in Rutherford House.

## **Materials and Equipment**

Only silent non-programmable calculators or silent programmable calculators with their memories cleared are permitted in the mid-trimester test and the exam.

## Assessment

From Trimester 1, 2014, a revised Assessment Handbook will apply to all Victoria courses: see <http://www.victoria.ac.nz/documents/policy/staff-policy/assessment-handbook.pdf>.

In particular, there will be a new grade scheme, in which the A+ range will be 90-100% and 50-54% will be a C-.

Assessment Item	Specification	%	Date	Course Learning Objectives Covered
Mid-Trimester Test	2 hours; Closed book	25%	Tue 9 Sep at 12.45pm	(b), (c) & (e)
Workshop Presentations	Individual Presentation	15%	Weeks 6, 9, 11, 12	(a)
Workshop: Non-presenters' assessment	Participation and bullet-point preparation	10%	Weeks 6, 9, 11, 12	(a)
Final Examination	2 hours; Closed book	50%	TBA (see 'Examinations' below)	(c), (d) & (e)

### *Mid-Trimester Test*

The test will be a combination of problems, short answer questions and/or multiple choice questions. The test is scheduled during the normal class time in the seventh week of the course and will cover material delivered in the first five weeks of the course.

### *Workshop Presentation*

Presentations will take the form of a case study where all students will be given the background material two weeks before the workshop. Case studies will focus on topics addressed in lectures and in the text, but they are also intended to bring multiple audit issues together in the context of an audit situation. The case study will be presented by a group of 4 or 5 students.

Presenting students will have 50 minutes (maximum) to allow sufficient time for the individual presentations (10 minutes each) and debate on the topic(s). Each student in the presentation team will be expected to present an aspect of the case, and coordinate their aspect with the other presentations. During the presentation, the other students in the class are expected to participate and debate the case study with the presenting students. This means that the presenters must devise means by which they can engage with others in the class to ensure all students not presenting have appropriate opportunities to contribute their own ideas to the case topics and the debate thereon.

The success of case study presentations largely depends on the presenting students getting together before the presentation and planning as to how it will be run. Hence, the presenting students should contact one another once the workshop lists are published. The success of the case study also depends on the quality of the research you have carried out and your analysis of the situation. In other words, success largely depends on the quality of your preparation, how well you apply audit principles and practices to your particular situation, and how you lead and manage student discussion. Whilst you will not be assessed as a team, your presentation skills and the debate/discussion with the class will be assessed.

Presentation teams and dates for your presentations will be published on Blackboard in Week 3.

No publication or otherwise of the suggested solutions to presentations will be given on Blackboard or distributed by the lecturer. However, the lecturer will ensure that the topics are covered adequately during the presentation and in the accompanying debate. Hence you will need to attend

the classes at which presentations are made to ensure you can expand and/or clarify your understanding of the case study topic.

The mark for each presentation out of 15 will be discussed with the presenting students immediately following their presentations.

### ***Workshop Participation and Bullet-point Solutions: Non-presenters***

Students (other than those presenting who do not need to prepare bullet-point solutions) are required to prepare a bullet-point solution (no more than 3-4 pages) and email them to the lecturer taking the class by **Monday 12 noon** of the day of the presentation. To assist in your learning of the presentation topic you should retain a copy of your bullet-point solution for use at the presentation.

### ***Student Assessment Areas for Presentations and Participation***

#### **1. Marks for Presenting Team**

Each team member can receive a possible 15 marks in total.

Each presenting team member will be assessed on the quality of their individual presentation and discussion/debate with non-presenters based on the following criteria:

(i) ***Strength of and support for positions taken (7 marks possible)***

This will be based on evidence of reasonable logic to support position(s) adopted or key issues identified from background material and evidence of having used the literature\* to support these positions with sound logic and must demonstrate a good understanding of the topic

(ii) ***Discussion leadership (5 marks possible)***

A structure or format that establishes the basis for meaningful class discussion (games, setting up opposing positions or debates or other innovative structures are encouraged); and that responses demonstrate an appropriate knowledge of the topic (the presenting student could also involve other team members to assist with the discussion/debate with non-presenters)

(iii) ***Presentation issues (3 marks possible)***

On time, the presenter speaks clearly and does not rely on reading notes (reading your presentation from notes will result in a failing mark for your presentation) and the flow of the presentation.

\* The 'literature' referred to above could include references from peer-reviewed journals, professional journals, company material, your text, verified media reports (i.e., not Wikipedia, blogs or unsubstantiated sources), or a combination thereof.

Please have copies of your presentation material available should they be requested by your lecturer at the end of your group presentation.

#### **2. Marks for Non-Presenters: Workshop Participation and Bullet-point Solutions**

Non-presenters will be emailed by the lecturer following the class if their bullet-point solution and/or participation in the class discussion was inadequate.

Students will receive either 10 marks or 0 marks, based on their participation in the presentation discussion and the bullet-point solutions they submitted for the workshops in which they were not presenting. Should students have any problems with their marks following their publication after the final presentation, they must contact the Course Coordinator immediately by email.

### ***Group Discussions***

Up to four group discussions will be held during lecture times on a topic to be advised at least a week before the group discussions. Students need to prepare a bullet-point summary on the topic to be discussed but this will not be required to be submitted in advance for group discussions. Group discussions are not part of your course mark.

### ***Final Examination***

The two hour closed book final exam is comprehensive and can cover any elements of the courses with some emphasis on material covered in week 6-12. See 'Examinations' below for more information on dates.

### **Penalties**

- ***Bullet Point Summaries***

Bullet point summaries must be handed in on or before the due date and time. In fairness to other students, any bullet point summaries submitted after the deadline will not be marked.

An extension or waiver (with no penalty) will be considered on the grounds of exceptional personal circumstances. Students must complete the 'Assignment Extension/Waiver Application Form' available on Blackboard and submit the form (with the relevant supporting documentation) to the MPA Administrator, preferably before the assignment due date.

*Note: The submission of an application does not mean that the extension has been approved. Penalties, as detailed above, will apply if the extension is not granted.*

- ***Test***

Unjustifiable absence from the test will result in a mark of 'zero' for that test and may result in a student not meeting mandatory course requirements.

Students unable to take scheduled tests due to exceptional circumstances, must complete the 'Consideration of Exceptional Personal Circumstances for Tests Application Form' available on Blackboard. Submit this form to the MPA Administrator as early as possible, preferably before the test date.

*Note: The submission of an application does not mean that the test requirement has been changed or waived. Penalties, as detailed above, will apply if it is not successful.*

***Exceptional Personal Circumstances*** include an impairment assessed by Disability Services, illness, bereavement, circumstances involving the health or wellbeing of a relative or close friend, compulsory attendance at court, national or international representative commitments, significant cultural commitments, or activities in which the student is representing the University.

*Note: Not being organised or failing to plan ahead are **not** exceptional circumstances.*

### **Use of Turnitin**

Student work provided for assessment in this course may be checked for academic integrity by the electronic search engine <http://www.turnitin.com>. Turnitin is an on-line plagiarism prevention tool which compares submitted work with a very large database of existing material. At the discretion of the Head of School, handwritten work may be copy-typed by the School and submitted to Turnitin.

A copy of submitted materials will be retained on behalf of the University for detection of future plagiarism, but access to the full text of submissions will not be made available to any other party.

### **Examinations**

Students who enrol in courses with examinations are obliged to attend an examination at the University at any time during the formal examination period. The final examination for this course will be scheduled at some time during the following period:

Friday 24 October – Saturday 15 November (inclusive)

### **Mandatory Course Requirements**

In addition to obtaining an overall course mark of 50 or better, students must:

- Obtain at least 45% of the total marks available both in the mid-trimester test and exam *e.g.* if the mid-trimester test is out of 30 marks and the exam is out of 70 marks, you will need to get 45 of the 100 marks available.
- Give one presentation.

If you cannot complete an assignment or sit a test or examination, refer to

[www.victoria.ac.nz/home/study/exams-and-assessments/aegrotat](http://www.victoria.ac.nz/home/study/exams-and-assessments/aegrotat)

### **Class Representative**

A class representative will be elected in the first class, and that person's name and contact details made available to VUWSA, the course coordinator and the class. The class representative provides a communication channel to liaise with the course coordinator on behalf of students.

### **Communication of Additional Information**

Additional information concerning this course will be provided in lectures and posted on Blackboard: <http://blackboard.vuw.ac.nz>. Urgent notices will be circulated by email.

### **Student feedback**

Any feedback is considered and followed up on.

Student feedback on University courses may be found at

[www.cad.vuw.ac.nz/feedback/feedback\\_display.php](http://www.cad.vuw.ac.nz/feedback/feedback_display.php)

### **Link to general information**

For general information about course-related matters, go to

<http://www.victoria.ac.nz/vbs/studenthelp/general-course-information>

### **Note to Students**

Your assessed work may also be used for quality assurance purposes, such as to assess the level of achievement of learning objectives as required for accreditation and academic audit. The findings may be used to inform changes aimed at improving the quality of VBS programmes. All material used for such processes will be treated as confidential, and the outcome will not affect your grade for the course.

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## Lecture Schedule

Week/Date	Text readings pages	Topic
Week 1 15 Jul	Chapter 1 (pp 3-18) Chapter 4 (pp 108-132)	<b>Demand for Audit and Assurance Services</b> <ul style="list-style-type: none"> <li>• Audit and assurance services</li> <li>• Auditor responsibilities and Audit objectives</li> </ul>
Week 2 22 Jul	Chapter 2 (pp. 39-64)	<b>Auditor's legal Environment</b> <ul style="list-style-type: none"> <li>• Courts and legal liability</li> <li>• Audit regulation</li> </ul>
Week 3 29 Jul	Chapter 3 (pp.73-99)  Chapter 5 (pp. 142-165)	<b>Audit Quality and Ethics</b> <ul style="list-style-type: none"> <li>• Corporate governance</li> <li>• Expectation Gap</li> <li>• Professional ethics</li> <li>• Independence</li> </ul> <b>Audit Evidence</b> <b>The Audit Process: A brief overview</b> <ul style="list-style-type: none"> <li>• <i>Class discussion 1</i></li> </ul>
Week 4 5 Aug	Chapter 6 (pp. 183-198)	<b>The Audit Process: Decision and Planning</b> <ul style="list-style-type: none"> <li>• Audit planning: Evaluating the Client and initial audit planning (including understanding the entity and its environment and preliminary analytical procedures)</li> <li>• <i>Class discussion 2</i></li> </ul>
Week 5 12 Aug	Chapter 7 (pp. 221-247) Chapter 9 (pp. 305-332)	<b>The Audit Process: Decision and Planning- (cont..)</b> <ul style="list-style-type: none"> <li>• Materiality &amp; Risk (including special area of Fraud &amp; Related Parties)</li> </ul>
Week 6 19 Aug	Chapter 8 (pp. 263-292) Chapter 11 (pp. 386-411)	<b>The Audit Process: Decision and Planning- (cont..)</b> <ul style="list-style-type: none"> <li>• Internal Control and Assessing Control Risk</li> <li>• Overall Audit Plan and Audit Program</li> <li>• <i>Group Presentation 1</i></li> </ul>
<b>Mid-Trimester Break (Monday 25 August – Sunday 7 September)</b>		
Week 7 9 Sep	<b>Mid-Trimester Test (2 hours) – during normal class time</b>	
Week 8 16 Sep	Chapter 14 (pp.497-538) Chapter 15 (pp. 574-591) Chapter 16 (pp. 629-653) <b>Additional reading:</b> Chapter 12 (pp. 424-447) Chapter 13 (pp. 463-485)	<b>The Audit Process: Application - (cont..)</b> <ul style="list-style-type: none"> <li>• Audit Sampling</li> <li>• Audit Testing</li> <li>• <i>Class discussion 3</i></li> </ul>
Week 9 23 Sep	Chapter 17 (pp. 679-700) Chapter 18 (pp. 710-729)	<b>The Audit Process: Completing the Audit</b> <ul style="list-style-type: none"> <li>• Completing the Audit</li> <li>• <i>Group Presentation 2</i></li> </ul>
Week 10 30 Sep	Chapter 17 (pp. 679-700) Chapter 18 (pp. 710-729)	<b>The Audit Process: Completing the Audit</b> <ul style="list-style-type: none"> <li>• Audit Reporting</li> <li>• <i>Class discussion 4</i></li> </ul>
Week 11 7 Oct	Chapter 19 (pp.761-778)	<b>Other Auditing and Assurance Engagements</b> <ul style="list-style-type: none"> <li>• Public and private sector audits contrasted</li> <li>• Internal auditing</li> <li>• Contemporary audit issues</li> <li>• <i>Group Presentation 3</i></li> </ul>
Week 12 14 Oct		<ul style="list-style-type: none"> <li>• Revision and Reflection</li> <li>• <i>Group Presentation 4</i></li> </ul>