TE WHARE WĀNANGA O TE ŪPOKO O TE IKA A MĀUI

VICTORIA
UNIVERSITY OF WELLINGTON

School of Accounting and Commercial Law

ACCY 330 AUDITING

Trimester One 2015

COURSE OUTLINE

Names and Contact Details		Office	Telephone
Course Coordinator & Lecturer:	Professor Karen Van Peursem karen.vanpeursem@vuw.ac.nz Office hours: TBA	RH 630	463 6314
Lecturer:	Dr Ainul Islam ainul.islam@vuw.ac.nz Office hours: TBA	RH 604	463 6107
Course Administrator	Lucy May lucy.may@vuw.ac.nz Office hours: Monday-Friday, 8.30am-5pm (Note: Office closed 10.30am-10.45am and 3.30pm-3.45pm)	RH 708	463 5775

Please contact the Course Administrator regarding attendance or other inquiries of an administrative nature.

Introduction

Welcome! ACCY 330 Audit introduces you to the role and practice of audit and is approved as a professional audit course in association with specified local and international accounting bodies.

Audit is a judgement-based discipline. The decisions auditors make are informed by their knowledge of and experience in management accounting, financial accounting, systems and commercial law. Auditors come to express opinions on matters that are of real interest to people, decisions which affect the social and economic welfare of others. The professional auditor does not prepare the material they audit instead they come to an opinion about reports and claims made by others and communicate their opinion to those who care about those reports or claims. Audit is a professional study in its own right, serving the public and demanding that practitioners apply a high level of ethics, skill and care in their work.

In this course we examine audit's purpose, the auditors' role and the pressures under which they operate. You will be introduced to the audit process and you will apply principles of independence, judgement, evidence and risk to real-like audit situations.

Auditing is a challenging course. You are expected to read the material assigned before coming to class, and to prepare carefully for your assessments. Getting behind is not a good idea as audit knowledge is cumulative.   We look forward to working with you.

Trimester Dates

Teaching Period: Monday 2 March – Friday 5 June
Study Period: Monday 8 June – Thursday 11 June
Examination Period: Friday 12 June – Wednesday 1 July (inclusive)

Withdrawal from Course

1. Your fees will be refunded if you withdraw from this course on or before Friday 13 March 2015.
2. The standard last date for withdrawal from this course is Friday 15 May. 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 or [online](#).

Lecture Times and Locations

Wednesday 12.40 – 1.30pm RHLT2
Friday 1.40 – 2.30pm RHLT2

Required Textbook and Readings

Both the text *and* Readings (on Blackboard) are required for this course:

Text: Moroney, R, Hamilton, J. and Campbell, F (2013),. *Auditing: A Practical Approach, 2nd Edition*. John Wiley & Sons Australia, 08/2013. VitalBook file. ISBN:9781118377901

NB: The text is available from Vic books. While it is also for sale online from the publisher, neither Victoria University nor any of its staff provide any support whatsoever for technical problems you could encounter with online purchases. It is your responsibility to resolve any issues with the seller.

Readings:
    Reading 1: XRB AU1 December 2013…
    Reading 2: Van Peursem & Pratt (2011), Audit Concepts and Standards… Pearson Education
    Reading 3: Chandler et al (1991) Changing Perceptions of the Role of the Company Auditor…
    Reading 4: Notes on the Code of Ethics for New Zealand Assurance Services (Van Peursem)
    Reading 5: Van Peursem (2015), New Zealand Auditors' Statutory Environment…
    Reading 6: Flowchart and DFD Documentation Methods (Van Peursem)
    Reading 7: TBA (on Audit Report and Opinion)

Course Objectives:
By the end of the course you should be able to:
1. Explain and evaluate the purpose of auditing and the role of the auditor,
2. Evaluate and apply professional standards and professional ethics,
3. Apply professional judgement in the areas of materiality, risk assessment and audit evidence,
4. Apply audit concepts and theory to the practice of auditing in the business world.

Expected Workload
In addition to the course delivery hours (below), you are expected to spend approximately 12 hours per week in reading and preparation. You are advised to read material assigned *before* the lecture.

Prescription
Concepts and practice of auditing.

Course Delivery
The course will be delivered through:
- Two 1-hour lectures for 12 weeks
- Four 2-hour workshops (see Course Timetable for scheduling)

Assessment Requirements
The Assessment Handbook will apply to all VUW courses: see
http://www.victoria.ac.nz/documents/policy/staff-policy/assessment-handbook.pdf.

The final grade awarded for this course will be determined on the following basis:

Assessment

Test	25%
Workshop Assessment	
• Group Mark: Presenting team	10%
• Individual Mark: Presenter	9%
• Non-Presenter Mark	6%
Exam	50%
Total assessment marks possible	100%

Each assessment is discussed below and/or on the following pages.

See page 5 for an explanation of the assessments.

WARNING: Due dates, times and conditions are firm. (Late submission penalties, where late submissions are offered, are set out under specific assessment description).

Special consideration requests can be received and considered for all internal assessments. Significant, unanticipated circumstances beyond your control that prevent you from completing an assessment on time would be the type of situation for which a consideration may be appropriate. Please be aware however that no outcome is guaranteed for those who apply, and that even if accepted, or partially accepted, you would probably have to do some sort of make-up activity. There is a high bar for missing the test or your own workshop presentation.

Nonetheless, if you believe that timely completion of a course requirement is impeded by such a circumstance (e.g. injury or illness, bereavement of a close relative), you should contact your tutor or the Course Coordinator by email as soon as you become aware of the situation. You will ultimately be expected to provide explanation supported by independent, relevant evidence for your request to be considered. You should make every reasonable attempt to complete/attend the assessment at the due date/time as your efforts to do so will be part of the consideration. If you anticipate such a problem, please do not delay in notifying us about it.

Course Timetable

Date Mon.	Week	Topic	Required Reading	Assessment & Events	L*
2 Mar	1	Introduction: Assurance	Moroney et al text, Chapter 1, all *except* Section 1.7		KVP
	1	NZ Auditing Standards	Reading 1: NZ XRB AU1		KVP
9 Mar	2	Audit Concepts	Reading 2: Van Peursem & Pratt '06		KVP
	2	Audit History & Role	Reading 3: Chandler et al, 1993		KVP
16 Mar	3	Professional Ethics, Liability Client Acceptance	Moroney et al text, chap 2, all + Reading 4: Notes NZ Code		KVP
	3	NZ Auditors' Statutory Environment	Reading 5: Van Peursem, 2015		KVP
23 Mar	4	(continued from Week 3)			KVP
	4	Risk Assessment I	Moroney et al text, Chapter 3, all		KVP
30 Mar	5	Risk Assessment II	Moroney et al text, Chapter 4, all	Test Monday 30 Mar 6pm	KVP
		Mid Trimester Break			
20 Apr	6	Audit Evidence	Moroney text et al, Chapter 5, all	Workshop 1	KVP
27 Apr	7	Gaining an understanding …client's internal controls	Moroney text et al, Chapter 6, all + Reading 6: Notes Flowchart/DFDs		AI
	8	Sampling and … risk response phase …	Moroney text et al, Chapter 7, all		AI
4 May	8	Execution of the audit -- testing of the controls	Moroney et al text, Chap 8, all *except* 'Professional Environment' section		AI
11 May	9	Execution of the audit -- performing substantive procedures	Moroney et al text, Chapter 9, all	Workshop 2	AI
18 May	10	Substantive procedures.. balance sheet accounts	Moroney et al text, Chapter 10, all	Workshop 3	AI
25 May	11	Substantive procedures… income statement accounts	Moroney et al text, Chapter 11, all	Workshop 4	AI
	11	Completing and reporting on the audit	Moroney et al text, Chapter 12, all *except* section 12.8 + Reading 7: 3 NZ Report & Opinion Standards		AI
1 Jun	12	(continued from Week 11)			AI

Lecturer Codes: KVP = Professor Karen Van Peursem; AI = Dr Ainul Islam; *Readings are chapters from your textbook. You are strongly advised to read chapters for each week ahead of the relevant lecture.

TEST

The test will consist of short answer, short essay and/or multiple choice questions. It is on Monday 30 March at 6pm in RHLT1 covering course material assigned and lectures up to the date of the test. *NB: the test is a mandatory assessment.*

Marks will be posted on *Blackboard* within three (3) weeks of the test date. Suggested solutions will be made available for visual review only in the manner to be described in-class.

WORKSHOPS

The workshops will take the form of presentations and discussions around audit cases. Cases will be provided to you on Blackboard by the end of Week 2 of the course. There will be four workshops of two hours each, in which you are all expected to attend and participate, and four case studies in total. Each student will be assigned to a team-topic and to an individual case by the Course Administrator. Case studies focus on topics addressed in lecture and in the text, but they also bring multiple audit issues together in the context of a particular audit situation. Each workshop, and case, will be presented by a group of (usually) 4 'presenting' students.

Your research efforts, logic and presentation skills will all be put to the test in these audit-like cases. The success of your presentations 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. Presenters should usually read *ahead* of that assigned for that week, sometimes accessing chapters not otherwise required or looking to outside public sources such as professional rules, law cases, refereed articles or the media (and consider the quality of the source). *Please do not contact anyone external to the university about the case directly, as with no ethical approval, it cannot be authorised and doing so could result in a failing mark for you.* So please make sure that you conduct all research from publicly-available sources.

We recommend that you **contact others in your team as soon as the workshop lists are published on *Blackboard*,** using the standard VUW student email addresses[1]. At your initial meeting we suggest that you go over the topic, come to initial views, plan the presentation structure and schedule future meetings. Before your second meeting, we suggest that each of you research your individual case, prepare your presentation and develop ideas for the group project. Followup meetings can be used to refine the presentation(s) and address any remaining questions about the material.

Workshop topics are:
- Workshop 1 - Audit Planning
- Workshop 2 – Systems Documentation and Analysis
- Workshop 3 – Audit Testing
- Workshop 4 – Closure, Audit Opinion and Report

Presenting students have 90 minutes (maximum, teams of 4) for their presentations, consisting of 4 individual and 1 group presentation. In workshop each student should:

- Present on their individual case: These presentations should last 12-15 minutes (15 minutes maximum), including 2-5 minutes of directed class interaction; *and*

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[1] If you do not use this email address, then create a 'divert' within VUW email to your preferred email address

- Contribute to the group presentation. This can be at the beginning, or end, or both; for 25-30 minutes (maximum). It should include a significant element of class interaction.

Do use our office hours for questions you may have before you make your presentation! We are here to help!

Non-presenting students should prepare for discussion in the manner set out later in this outline.

Assignment and Marks for Presenting Team
Each presenter can receive a maximum 19 marks, 10 marks (maximum) for the Group and 9 marks (maximum) for the Individual Presentation (see below). Please submit hard copies of your (usually Powerpoint slide) presentation material to your tutor at the end of the workshop so that they can review it to set a mark.

(a)   Group Presentation (10 marks possible):
All students in a group will receive the same group mark based on the following criteria:
1. S*tructure of the presentation (3 marks possible)*
   - Presentation material is of a good quality, and speakers are clear and engaged
   - Time management (you keep to time specified above)
   - All group members participate, and reasonably equally
2. *Content quality (7 marks possible)**
   - Strength of positions taken (2 marks possible)
   - Evidence of relevant and in-depth research applied to your specific case. You should go outside the basic readings for this, e.g. to data on the company, refereed journals, media reports, optional chapters, New Zealand law, and/or other relevant sources. (2 marks possible)
   - A format that establishes the basis for meaningful class discussion (games, debates or other innovative structures are encouraged) (3 marks possible)

(b)   Individual Presentation (9 marks possible)
Each team member will be assessed on the following criteria for their individual presentation:
1. *Strength of and support for positions taken (4 marks possible)*   This will be based on your having reasonable logic to support position(s) adopted, and evidence of having used the literature (see (a)2) to support these positions
2. *Discussion engagement (2 marks possible)*   Responses to questions and/or engagement with the class that clearly demonstrates an appropriate knowledge of the topic (We recommend that you organise this discussion)
3. *Presentation issues (3 marks possible)*   Timely presentation, speaker is clear and engaged, has clear, ordered presentation materials.

Do NOT read from notes as this will result in a failing presentation mark.

Caution! This presentation is a mandatory assessment of your course. A "late submission" is *not* possible for this assignment as your participation is required for the grade on the day and by your team. Anyone seeking a 'special consideration' should refer to policies set out earlier to this outline.

Assignment and Marks for Non-Presenters

Non-presenting students should prepare a 2-3 page *hard-copy* bullet-point solution to the case being presented that week and bring it with them to their workshop. Each student can receive up to 2 marks

for each of the 3 workshops in which they are non-presenters for a total possible of 6 marks. Assessment criterion follows:

    (a) Each assignment (*hard copy only*!) should be shown to the tutor at the beginning of the workshop where it will be marked for substantial completion of all topics for that week *and* timely submission (maximum 1 mark).

    (b) Make notes on issues raised during the workshop in the margins of your assignment and write out one (1) or two (2) key points you learned from the workshop at the end of your assignment. Submit this (including your in-workshop notes) to your tutor toward the end of the same workshop. The mark will be based on relevant issue(s) added and timely submission (maximum 1 mark).

Caution! "Timely submission" for this (non-presenter) assignment means that, for full credit, you must submit part (a) in person at the beginning and part (b) also in person near the end of *your own assigned workshop*. There is no credit for attending any workshop other than your own due to capacity restrictions. If someone submits the assignment on your behalf the 'Late Submission' rules (below) apply.

Late submissions of the non-presenter assignment receive a maximum of ½ mark (of the 2 possible). Late submissions should be given to your tutor or the Course Administrator (Ms Lucy May) within 1 week of the due date. Please be sure to head any late assignments, printed copy only, with your full name; tutorial #, day and time; tutor name and workshop #. Anyone seeking a 'special consideration' should refer to policies set out earlier in this outline.

Administration of workshop marks

Due to the varied directions that workshop discussions may take, and material that may emerge from the workshop discourse, *no* publication or otherwise of suggested solutions to workshops will be given on Blackboard or distributed by tutors. However, tutors will ensure (based on guidance notes available to them) that relevant topics are adequately covered during the presentation and in accompanying discussions. Hence you must attend the workshop to benefit from the presentation and discussion. We are of course available during our office hours for questions you might have.

All questions regarding workshop marks should be addressed, in the first instance, to your tutor within one week of the event or assessment.

Marks for the workshop presentation (participation team only) will be made available to you from your tutor within two weeks following the workshop. Should you have any problem with these marks you must contact your tutor before the next workshop or by 5 June 2015 in the case of the last workshop.

Examination

The 2-hour closed-book, comprehensive exam can cover any element of the course, with some emphasis on material covered in weeks 4-12.

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 12 June – Wednesday 1 July (inclusive)

Mandatory Course Requirements

- Take the mid-trimester test.
- Give one workshop 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

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
Any additional information will be communicated in lecture or on Blackboard.

Student feedback

Student feedback on University courses may be found at
www.cad.vuw.ac.nz/feedback/feedback_display.php

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.

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.

Detailed Workshop (Tutorial) Signup Instructions

1. Go to the signup website at: https://signups.victoria.ac.nz

2. Enter your SCS username and password to login the system.

3. The "Signup Home" page opens. It displays all courses you are enrolled for and that use the S-Cubed Tutorial & Workshop Signup system. Click on the course you wish to sign up for.

4. The selected course page opens. It will show the course contact and brief details of the signup instructions. A "key" is provided at the bottom that explains all buttons and what they do.

5. The schedule of tutorials includes the day/time, location, maximum group size, and spaces left in the tutorial sessions.

6. If there are spaces left in a particular session, you will see the "ENROL" button next to it. You can click this button to enrol yourself into that tutorial session.

7. If there are NO more spaces left in a particular session, you will see the "JOIN WAITLIST" button, if available. You can click this button to join the waitlist for that tutorial session. Please note that you will be removed from any other waitlist you may have joined earlier. If somebody withdraws from this session, you will automatically be moved up the waitlist or enrolled into the session. In this case you are enrolled in the session; an email will be sent to you if you are enrolled into the session from a waitlist.

8. You can only "JOIN WAITLIST" if you have already enrolled in one of the other available sessions. In other words, "ENROL" in one session and then you can choose to join the waitlist for another preferred session.

9. You can choose to "WITHDRAW" from a session you have already enrolled for. You can also choose to "CANCEL WAITLIST" to remove yourself from a particular waitlist.

10. A "FULL" button indicates all seats and waitlist are full for that tutorial session. You must choose another session.

11. More details on the various buttons are available in the "Key" section at the bottom of the signup page.

12. You should "ENROL" in only ONE tutorial session and may "JOIN WAITLIST" for only ONE other tutorial session.

13. You can login and signup (or change your signup) anytime before the **closing date of the tutorial signup. You will NOT be able to sign up or change your choice after the tutorial signups have closed.**

14. You can view/confirm details of the sessions you are enrolled and waitlisted for, such as day/time and location by clicking on "My Signups" on the left hand menu.

15. Click on "Support" on the left hand menu if you are having problems.

Finally, unless there are special circumstances and you have made alternative arrangement through the course coordinator, **you must always attend the tutorial sessions that you have signed up for**. If you attend a different session, your attendance may not be recorded and you may therefore fail the mandatory course requirements.