

School of Accounting and Commercial Law

ACCY 330 AUDITING

Trimester One 2016

COURSE OUTLINE

Prescription

Concepts and practice of auditing.

Course Learning 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.

Course Content:

Welcome! ACCY 330 Audit is an introduction to the role and practice of audit. It 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 financial and management accounting, systems and 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 but comes to an opinion about reports and claims made by others. Audit is a professional study in its own right, calling for a high level of professional skill, care and ethics.

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.

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 29th February – Friday 3rd June

Study Period: Monday 6th June – Thursday 9th June

Examination Period: Friday 10th June – Wednesday 29th June (inclusive)

Withdrawal from Course

1. Your fees will be refunded if you withdraw from this course on or before Friday 11 March 2016.
2. The standard last date for withdrawal from this course is Friday 13 May 2016. 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](#).

Names and Contact Details	Office	Telephone
<i>Course Coordinator & Lecturer:</i> Professor Karen Van Peurseem karen.vanpeurseem@vuw.ac.nz Office hours: TBA	RH 630	463 6314
<i>Lecturer:</i> Dr Ainul Islam ainul.islam@vuw.ac.nz Office hours: TBA	RH 604	463 6107
<i>Course Administrator</i> 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.

Class Times and Room Numbers

Wednesday & Friday 2.40 – 3.30pm Rutherford House RHLT2

An announcement will be made on Blackboard regarding tutorial sign up.

Course Delivery

The course will be delivered through:

- Two 1-hour lectures for 12 weeks
- Four 2-hour workshops (see Course Timetable **Appendix I** for timetabling)

Required Textbook and Readings

The textbook and Readings 1-6 are all required. Readings 7-9 are required for some presentations.

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.

Reading 1: XRB AU1 December 2013...

Reading 2: Van Peurseem & Pratt (2011), "Audit Concepts and Standards", *Auditing: Theory and Practice in New Zealand*, Pearson Education: Auckland

Reading 3: NZ Professional Issues (Van Peurseem)

Reading 4: New Zealand Auditors' Regulatory Environment (Van Peurseem, 2016)

Reading 5: Flowchart and DFD Documentation Methods (Van Peurseem)

Reading 6: TBA (on Audit Report and Opinion)

Some workshops also require the presenter to analyse (and the class to summarise) a separate 'reading'. These are listed below:

Reading 7: Baker, C.R., Bédard, J., and Prat dit Hauret, C. (2014), "The regulation of statutory auditing: An institutional theory approach", *Managerial Auditing Journal*, 29/5, pp. 371-394.

Reading 8: Lee, T. (1995), "The professionalization of accountancy: A history of protecting the public interest in a self-interested way", *Accounting, Auditing & Accountability Journal*, 8/4, pp. 48-69.

Reading 9: TBA

Mandatory course requirements

In addition to achieving an overall pass mark of at least 50%, students must sit the mid-trimester test *and* must make a workshop presentation. These are both mandatory as both examine particular content (test) and skills (analysis, communication and leadership) required by professional practice and not directly examined elsewhere in the course.

If you believe that exceptional circumstances may prevent you from meeting the mandatory course requirements, contact the Course Coordinator for advice as soon as possible.

If you cannot complete an assignment or sit a test or examination, refer to www.victoria.ac.nz/home/study/exams-and-assessments/aegrotat

Expected Workload

In addition to the course delivery hours, you are expected to spend approximately 10-15 hours per week in reading and preparation.

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 Presentation	
• Group Mark: Presenting team	6%
• Individual Mark: Presenter	13%
Workshops: Non-Presenter Assignments	6%
Exam (2 hours, Closed Book)	<u>50%</u>
<i>Total assessment marks possible</i>	100%

Each assessment is discussed in detail in **Appendix II**. Follow the guidance there *carefully!* Events are timetabled as shown in **Appendix I** to this outline.

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 10th June – Wednesday 29th June (inclusive)

Penalties

WARNING: Due dates, times and conditions are firm. See *Appendix II* for late submission penalties for the Non-Presenter Assignments.

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.

Group Work

Group work comprises a portion of the Workshop Presentation mark. You would normally be expected to invest in two or more group meetings plus preparation time sufficient for you to prepare (3-15 hours). Further information can be found in *Appendix II*.

Student feedback

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

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

Announcements will be communicated in lecture and/or on Blackboard.

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.

APPENDIX I: Course Timetable

Date Mon.	Week	Topic	Required Reading	Assessment & Events	L*
29 Feb	1	Introduction: Assurance	Moroney et al text, Chapter 1, all <i>except</i> Section 1.7 +		KVP
	1	NZ Auditing Standards	Reading 1: NZ XRB AU1		KVP
7 Mar	2	Audit Concepts & History	Reading 2: Van Peursesem & Pratt '06		KVP
	2	Audit Professionalism	Reading 3: NZ Professional Issues		KVP
14 Mar	3	Professional Ethics, Liability Client Acceptance	Moroney et al text, chap 2, all +		KVP
	3	NZ Audit Regulatory Environment	Reading 4: Van Peursesem, 2016		KVP
21 Mar	4	(continued from Week 3)			KVP
28 Mar	5	Risk Assessment I	Moroney et al text, Chapter 3, all	Test 1 st April Friday	KVP
4 Apr	6	Risk Assessment II	Moroney et al text, Chapter 4, all		KVP
11 Apr	7	Audit Evidence	Moroney text et al, Chapter 5, all	Workshop 1	KVP
18 Apr	8	Gaining an understanding ...client's internal controls	Moroney text et al, Chapter , all + Reading 5: Notes Flowchart/DFDs		AI
Mid-trimester break					
2 May	9	Sampling and ... risk response phase ...	Moroney text et al, Chapter 7, all	Workshop 2	AI
	9	Execution of the audit – testing of the controls	Moroney et al text, Chap 8, all <i>except</i> 'Professional Environment' section		AI
9 May	10	Execution of the audit – performing substantive procedures	Moroney et al text, Chapter 9, all		AI
16 May	11	Substantive procedures.. balance sheet accounts	Moroney et al text, Chapter 10, all	Workshop 3	AI
23 May	12	Substantive procedures... income statement accounts	Moroney et al text, Chapter 11, all	Workshop 4	AI
	12	Completing and reporting on the audit	Moroney et al text, Chapter 12, all <i>except</i> section 12.8 + Reading 6: 3 NZ Report & Opinion Standards		AI
30 May	13	(continued from Week 12)			AI

Lecturer Codes: KVP = Professor Karen Van Peursesem; AI = Dr Ainul Islam

APPENDIX II: ASSESSMENT DETAILS

Make sure that you refer to this appendix in preparation for your assessment.

MID-TRIMESTER TEST

The test will consist of short answer, short essay and/or multiple choice questions. It is scheduled as set out in *Appendix I*. It will cover 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.

WORKSHOP PRESENTATIONS

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. 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 addresses¹. 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. Follow up meetings can be used to refine the presentation(s) and address any remaining questions about the material.

Workshop topics are:

- Workshop 1 – Client Acceptance Considerations
- Workshop 2 – Planning and Risk Assessment
- Workshop 3 – Audit Programme and Testing
- Workshop 4 – Audit Completion

¹ If you do not use this email address, then create a ‘divert’ within VUW email to your preferred email address

Presentation Timing

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 15-20 minutes (20 minutes maximum), including 5 minutes or so of directed class interaction; *and*
- Contribute to the group presentation. This can be at the beginning, or end, or both; for 10-15 minutes (15 minutes maximum).

Use our office hours for questions *before you make your presentation!* We are here to help! Non-presenting students should prepare as described in ‘Non-Presenter Assignments’ sections below.

Marks for Presenting Team

Each presenter can receive a maximum 19 marks (see assessment guides). 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 (6 marks possible):**

All students in a group will receive the same group mark based on the following criteria:

- Presentation material is of a good quality, and speakers are clear (1 mark)
- Time management (you keep to time specified above) (1 mark)
- Strength of positions taken (2 marks)
- Evidence of relevant and in-depth research applied to your specific case. (2 marks)

(b) **Individual Presentation (13 marks possible)**

Each team member will be assessed on the following criteria for their individual presentation:

1. *Strength of and support for positions taken (6 marks possible)* This will be based on (a) your applying reasonable logic to support appropriate position(s), and (b) evidence of having used the literature to support your positions. You should go outside required readings using, for example, company data, refereed journals, media reports, New Zealand law or statistics (be sure to reference your sources at the end of your presentation).
2. *Discussion engagement (4 marks possible)* Responses to questions and/or engagement with the class that clearly demonstrates an appropriate knowledge of the topic (We recommend that you pre-structure, plan and then 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 mark.

Penalties for Late Submission: Caution! This presentation is a mandatory assessment. A “late submission” is *not* possible for the group 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.

WORKSHOPS: NON-PRESENTER ASSIGNMENTS

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 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).

Penalties for late submission. 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 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 within 1 week of the due date, together with a written reason for non-attendance. Be sure to head any late assignments, printed copy only, with your full name; workshop day and time and your tutor name. 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 3 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 -13.
