

School of Accounting and Commercial Law

ACCY 330 AUDITING

Trimester 2, 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

Introduction

This course is designed to introduce you to the concepts of auditing, focusing in particular on external financial statement audits. The course develops understanding of the professional issues that concern auditors, and the techniques auditors use in the current business environment. We will be working on developing professional judgment and the inter-personal skills necessary for a successful career in accounting and/or auditing. Areas in which professional judgment will be developed include materiality and risk assessment, fraud, application of auditing standards, and the determination of sufficient competent evidential matter. The course is also designed to develop and practice oral and written communication skills in the context of auditing practice as well as to expose students to a “real-world” auditing environment and work paper techniques.

In addition, the course is designed to provide the student with an experience that will require them to: (a) work in a group through group assignments (audits are performed by audit teams); (b) deal effectively with imposed pressures; (c) organize and delegate tasks; and (d) resolve conflict. All of these skills are necessary for a successful auditing and/or accounting career.

Attendance

Attendance is expected. There is a strong positive correlation between attendance and the mark in the course. I typically point out and explain the most important topics in my lectures, and the test and exam focus on these topics. Solutions to cases and assignments will be discussed only in class and tutorials. You should study the chapter readings prior to each class meeting.

Homework

At the beginning of our discussion of each chapter, I will select some homework problems for you to work on. These problems are meant to help you understand the concepts we discuss and problems we work on in class. I will not collect or go over the homework problems in class but will post the solutions to the homework one or two days after the homework is assigned. I only choose a

subset of the homework and consider these problems to be the most critical for your learning of the material. You should work through the homework and then check your answers with the provided solutions. Attempting homework before looking at the solutions will test your understanding of the material and will help you focus your studying for the test and exam. It is your responsibility to keep up with the homework and not to leave all of it until the last minute before the test and the exam – if you do, you will not be able to learn it or ask any questions about it!

Trimester Dates

Teaching Period: Monday 11th July – Friday 14th October

Study Period: Monday 17th October – Thursday 20th October

Examination Period: Friday 21st October – Saturday 12th November (inclusive)

Withdrawal from Course

1. Your fees will be refunded if you withdraw from this course on or before Friday 22nd July 2016.
2. The standard last date for withdrawal from this course is Friday 23rd September 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

<i>Course Coordinator & Lecturer</i>	Associate Professor Ania Rose ania.rose@vuw.ac.nz Office hours: Tuesdays and Thursdays 12.30pm-1.30pm	RH 626	463 6762
<i>Course Administrator</i>	Emma McLean Emma.McLean@vuw.ac.nz Office hours: Monday-Friday, 8.30 am-5.00 pm (Note: Office closed 10.30am-10.45am and 3.30pm-3.45pm)	RH 708	463 5775

Class Times and Room Numbers

Stream 1: Tuesdays and Thursdays 11.30am-12.20pm RHLT2

Stream 2: Tuesdays and Thursdays 9.30am-10.20am in GBLT2

Course Delivery

The course will be delivered through:

- Two 1 hour lectures for 12 weeks
- Eight 1 hour tutorials (see Lecture Schedule for scheduling)

Readings

The following textbook and materials are required for this course:

1. *Modern Auditing and Assurance Services*. Leung et al. 6th Edition (2015). Wiley. ISBN# 978-1-118-61524-9. (E-book is also acceptable.
See <http://www.wileydirect.com.au/buy/modern-auditing-assurance-services-6th-edition/>).
2. *Integrated Audit Practice Case*. Kerr, Elder and Arens. 6th Edition (2014); Armond Dalton Publishers Inc. ISBN# 978-0-912503-56-1.

Mandatory course requirements

In addition to achieving an overall pass mark of at least 50%, students must:

1. obtain at least 40% of the total marks available in the 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 at least 40 of the 100 marks available, and
2. give two presentations, during the appointed tutorial time, over the Integrated Audit Practice Case (IAPC).

The above are mandatory as both examine particular content (test and exam) 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 and group work hours, you are expected to spend approximately 7 to 8 hours per week on average in reading and preparation. This workload may not be spread evenly over the trimester.

Assessment

The Assessment Handbook will apply to all VUW courses: see

<http://www.victoria.ac.nz/documents/policy/staff-policy/assessment-handbook.pdf>.

Item	Specifications	%	Due Date	Course Learning Objectives Covered
Mid-Trimester Test	50 minutes, closed book	30%	Thursday, 18 August 2016, during regular class time	(1), (2), (3), (4)
Integrated Audit Practice Case Assignments (group mark)	See below	15%	Various, see pg. 7; submit on Monday's at 12.00pm	(2), (3), (4)
Integrated Audit Practice Case Presentations (individual mark)	See below	10%	During assigned tutorial meeting time	(2), (3), (4)
Exam	120 minutes, closed book	45%	TBA (see 'Examinations' below)	(1), (2), (3), (4)

Mid-Trimester Test

The 50 minute **closed book** test will be a combination of multiple choice questions, problems, and short essay questions. The test will be designed to evaluate your understanding of auditing concepts **and** your ability to communicate this understanding.

Group Projects – Integrated Audit Practice Case

Responsibilities of Group Members

In the second week of the trimester, groups comprising of 4 students in each group will be randomly assigned in your tutorials. It is essential that you come to your tutorial meeting time in the second week of the trimester to form groups and meet your group members (and exchange contact details). Your presentation dates will also be assigned during this tutorial session. Everyone has to do the group projects in their groups (i.e., you do not have the option of doing the work on your own). The reason for group participation is to simulate “real world” situations. Audit work is always performed in audit teams. Your group must resolve any conflicts that may arise.

Practising group interaction and cooperation in this class will better prepare you for the work environment. Also, different backgrounds and ideas of the group members will enhance the quality of your work. You will submit only one copy of each assignment for the whole group at the beginning of the week they are due (i.e., cases are due at 12.00 pm on Monday's during weeks 3 through 5 and 8 through 12). Every group member will receive the same mark for each assignment. Your mark may be adjusted downward if you do not participate equally in the completion of the group assignment.

The group cases will be evaluated based on the following criteria: neatness and professionalism, reasonableness of solutions, completeness of explanations, and attention to detail (e.g., dating and initialling of working papers, cross-referencing, etc.). Prepare the assignments in the same professional manner that you would for an employer. It is critical for auditors to prepare their work in a neat and organized fashion because supervisor auditors must review the work of staff auditors and working papers are used in future audits.

Group projects are to be submitted both in paper form (further instructions to follow) and electronically via Blackboard on Monday's at 12.00pm for each week that the assignments are due (see Lecture Schedule below).

In order to ensure participation outside of class of the entire group and to maintain fairness for the group members in case completion, you will be required to submit:

Group Meeting Sheets – Every time your group meets, you should fill out this record of attendance, participation and accomplishments. Each group member that attends the meeting has to sign the group meeting sheet. The group will submit one sheet per group meeting. You will submit the group meeting sheets with each group assignment. If a group member is deemed by these sheets not to have participated in the cases, the group member's case marks will be reduced appropriately. One blank group meeting sheet is attached on page 8. Please make copies of the group meeting sheet as needed. This form, as well as class slides and materials, will be posted on Blackboard.

Integrated Audit Practice Case

The Integrated Audit Practice Case (IAPC) consists of 10 assignments (we will complete 8 of these). The purpose of the case is to capture the essence of conducting an actual audit. The objectives of the case are to:

- help you understand the interrelationships among many audit decisions involved in audit planning, audit testing, and the formation of the auditor's opinion,
- help you learn how auditors make decisions and perform audits when they are confronted with information about the entire company (where some data may be irrelevant or contradictory), and
- familiarize you with audit working papers and good working paper techniques.

The names of the group members that contributed to the preparation of the assignment must be included on a title page (and also signed above each name). Every group member must be involved in every assignment. Group members who do not participate will receive a grade of zero for the assignment. Each member should first complete the whole assignment on their own and then meet as a group to discuss the solutions. After agreeing on the best answers, you will create the group's final case answers to be turned-in for grading. It is NOT appropriate to divide the questions/workpapers between the group members for completion. If you were to do this, each student will learn less than a third of the case. As a result, you may not be able to answer questions on the test and exam over the cases. You may not discuss the case with students that are not in your group (this would be considered plagiarism and cheating).

You will **type** the answers only to the **discussion questions** that are included at the end of each case in the Assignment booklet (do **not** tear out these pages with answers written on the lines provided; rather, you will type the answers in a Word document, print, and turn-in with the workpapers). In addition, you must submit the **discussion questions** electronically via Blackboard (one submission per group).

Answers on **workpapers (i.e., forms)** **must** be written **neatly** in pencil. Please **do not recreate** the workpapers on your computer to fill in with typed answers. The "one time only" downloadable files provided with the case book will only be used for the very last assignment (Assignment 10).

On the due date of each case, one group in each tutorial will lead the tutorial discussion of the most critical issues of the case. Every member in the group must be involved in the presentation. You will receive an individual mark for your presentation. The rest of the students in the tutorial are expected to participate in the discussion of the case. Your presentation mark will be higher if the audience is involved in your presentation. Each group will be required to present on two different tutorial days. You will receive an individual mark for each presentation worth 5% (both presentations will be worth 10% of your total mark in the class).

The IAPC is worth a total of 15% of the class mark. The following are the percentages for each practice case assignment that will be assessed on a group mark.

IAPC Assignment 1	1%	Review client background information
IAPC Assignment 2	2%	Perform preliminary analytical procedures
IAPC Assignment 3	2%	Determine materiality and assess risk
IAPC Assignment 4	2%	Assess control risk and plan tests of controls
IAPC Assignment 5	2%	Perform tests of controls and transactions
IAPC Assig. 6, Opt. B	2%	Perform audit of accounts receivable
IAPC Assignment 8	2%	Perform audit of cash
IAPC Assignment 10	2%	Complete the audit

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 21st October – Saturday 12th November (inclusive)

Penalties

In fairness to other students, any assignment submitted after the deadline will be subject to a penalty of 5% of the total marks available for every day or part of a day (including Saturdays and Sundays) that the assignment is submitted late. For example, an assignment marked out of 100 due by 2pm on Monday 1 January but submitted at 1pm on Wednesday 3 January, would be marked out of 100 and then have 10 marks deducted from the marks awarded. No marks will be awarded to any assignment submitted after the assignment has been discussed in class or marked and returned to other students or after 10 days have elapsed, whichever occurs first.

Group Work

You will be required to complete cases in groups. You are expected to spend approximately 3 hours per week working with your group on each case assignment.

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.

Materials and Equipment

Non-programmable calculators will be allowed for the exam.

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

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.

All handouts and slides needed for class will be posted on Blackboard. It is essential that you bring these to class.

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.

Lecture Schedule

Week	Date	Topics Covered*	Readings (Leung et. al.)	Assessment**
1	12, 14 July	An Overview of Auditing Overview of the Audit of Financial Reports	<u>Chap. 1</u> <u>Chap. 6</u>	
2	19, 21 July	Governance and the Auditor Professional Ethics, Independence, and Audit Quality	<u>Chap. 2</u> (pgs. 60-83) <u>Chap. 3</u>	Meet in tutorial to select groups/ presentation days
3	26, 28 July	Audit Risk Assessment-Part 1	<u>Chap. 9</u> (pgs. 367-374)	Tutorial 1 - IAPC 1
4	2, 4 Aug.	Audit Risk Assessment – Part 2 Materiality and Audit Evidence	<u>Chap. 9</u> (pgs. 399-402) <u>Chap. 10</u>	Tutorial 2 - IAPC 2
5	9, 11 Aug.	Materiality and Audit Evidence Designing Substantive Procedures- Part 1	<u>Chap. 10</u> <u>Chap. 12</u> (pgs. 489-503)	Tutorial 3 - IAPC 3
6	16, 18 Aug.	Client Evaluation and Planning the Audit Mid-trimester Test (during class time)	<u>Chap. 8</u>	TEST 18 Aug.
MID-TRIMESTER BREAK (Monday 22 August – Sunday 4 September)				
7	6, 8 Sept.	Audit Risk Assessment – Part 3 Tests of Controls	<u>Chap. 9</u> (pgs. 375-398) <u>Chap. 11</u> (pgs. 455-468)	
8	13, 15 Sept.	Designing Substantive Procedures- Part 2 Audit Sampling – Tests of Controls	<u>Chap. 12</u> (pgs. 503-516) <u>Chap. 13</u>	Tutorial 4 - IAPC 4
9	20, 22 Sept.	Audit Sampling – Tests of Details of Balances (PPS Sampling)	<u>Chap. 13</u>	Tutorial 5 - IAPC 5
10	27, 29 Sept.	Audit of Cash	<u>Chap. 17</u> (pgs. 709-732)	Tutorial 6 - IAPC 6 (Option B)
11	4, 6 Oct.	Completing the Audit The Auditor’s Report	<u>Chap. 18</u> <u>Chap. 7</u>	Tutorial 7 - IAPC 8
12	11, 13 Oct.	Impact of IT on the Audit Process	<u>Chap. 9</u> (pgs. 380-398) <u>Chap. 11</u> (pgs. 468-476)	Tutorial 8 - IAPC 10

* The course coordinator reserves the right to change this schedule but will inform students when the schedule changes.

** IAPC (*Integrated Audit Practice Case* by Kerr et. al.) assignments are due on Monday’s at 12.00pm and are to be turned-in in the assignment boxes located on Level 1 of the Railway.

GROUP MEETING SHEET

Case Number: _____ Date: _____

Meeting Objective: _____

List the group members that attended the meeting and the duties performed by each member.

Group Members and Duties

Member's Name	Duties

Accomplishments/Output of Meeting:

Signatures of Attending Members:
