

MACQUARIE  
UNIVERSITY



FACULTY OF  
BUSINESS AND ECONOMICS

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## **ACCG 811**

# **ADVANCED AUDITING & ASSURANCE SERVICES**

***UNIT OUTLINE***

***SEMESTER 2, 2009***

MACQUARIE UNIVERSITY  
ACCG 811 UNIT OUTLINE

**ABOUT THIS UNIT**

This is an advanced unit in auditing and assurance services which examines the process of auditing and the concepts which underlay the practice. Although the focus of attention is on audits of financial reports undertaken in compliance with the Corporations Act 2001, reference is also made to other forms of audit and assurance. The course is intended to provide an overview of the audit process as it exists in Australia, and is consistent with International Auditing Standards. The course is both practical and theoretical, with students required to apply their knowledge to discussing cases developed from practice.

The unit extends students further by requiring the application of unit material, in a realistic and practical audit context, to complete a significant case study on a selected Australian company. This also aims to extend generic skills further by enhancing students' understanding of how to apply professional judgement in practice and in developing practical problem solving and communication skills in a group setting.

*ACCG 811 is a 4 credit point unit, which means the workload is demanding. On average students should devote between 4 to 6 hours of study time per week to the unit. It is assumed from their undergraduate studies that students are proficient in accounting.*

**TEACHING STAFF**

The teaching staff member responsible for the delivery and administration of this unit is:

<u>Name</u>	<u>Room</u>	<u>Email</u>	<u>Consultation</u>
Fiona Foster Unit Convenor	Friday 9am – 12pm (W6B 282)	fionajfoster@optusnet.com.au	Straight after class in the allocated room

Fiona can also be contacted c/- Liz Lee, Building E4A Level 2 on Ph: 9850 9964

## TIMETABLE FOR SEMINARS

ACCG 811 requires that students attend a weekly seminar of three hours duration. A short break of 10-15 minutes will usually be taken during the seminar.

Students must attend the following seminar each week:

<u>Day</u>	<u>Time</u>	<u>Room</u>
Friday	9am – 12pm	W6B 282

## REQUIRED TEXTS AND PRESCRIBED UNIT MATERIALS

In order to complete the seminar work and prepare for the examinations in this unit, you will need to possess a copy of the following textbooks:

1. Peter Roebuck and Dr Nonna Martinov-Bennie “**Case Studies in Auditing and Assurance**” Lexis Nexis, 4<sup>th</sup> Edition, 2007.
2. Gay G, and R. Simnett “**Auditing and Assurance Services in Australia**”, McGraw-Hill, **revised 3rd edition**, 2007.

### *Recommended References*

Australian Society of CPA’s or the Institute of Chartered Accountants, Auditing Handbook Vol. 2 of the Accounting and Auditing Handbook, Prentice-Hall, 2009.

Note: The standards can be downloaded from the following site [http://www.auasb.gov.au/standards\\_new\\_AuASB.htm#Standards](http://www.auasb.gov.au/standards_new_AuASB.htm#Standards)

*The required texts can be purchased from the CO-OP Bookshop on campus.*

## UNIT WEB PAGE

A web site for ACCG 811 has been created on Macquarie’s on-line teaching facility (Online Learning @ MQ). This site provides students with a facility to download certain course materials. The unit outline and applicable lecture slides for each seminar are available for download. These lecture slides will be referred to during the lectures in ACCG 811 and they should form the basis of chapter summaries that students can use for exam revision. Students should bring their copy of the slides to seminars and add notes to them during the lectures as appropriate.

The web site is <http://learn.mq.edu.au> and students should use their Macquarie Login ID and password to access the site. If students have problems with their username and password, they need to contact the IT helpdesk, <http://www.library.mq.edu.au/help/>

## LEARNING OUTCOMES OF THE UNIT

The key content based learning objectives for this unit are set out below. The required readings of each week will provide an additional level of detail on how to achieve the unit learning objectives.

The specific objectives of the course are to:

- develop students' understanding of the audit function and the reasons for an audit,
- familiarise students with the professional, legal, ethical, commercial and regulatory framework within which audits and other audit related and assurance engagements are carried out,
- examine the audit process and the techniques used by auditors including business risk analysis, internal controls assessment, evidence collection and evaluation, use of computer assisted audit techniques and audit reporting, and
- familiarise students with current developments in audit practice.

## GENERIC SKILLS

The Macquarie experience is designed to lead students to a career in the city and a place in the world. It encourages life-long learning and links teaching to cutting-edge research.

Macquarie seeks to develop generic skills for students, building flexible outcomes for life and for the workplace over a life's career. These skills include:

- foundation skills of literacy, numeracy and information technology;
- self-awareness and interpersonal skills, such as the capacity for self-management, collaboration and leadership;
- communication skills for effective presentation and cultural understanding;
- critical analysis skills to evaluate, synthesise and judge;
- problem-solving skills to apply and adapt knowledge to the real world; and
- creative thinking skills to imagine, invent and discover.

Source: Macquarie University Handbook

## TEACHING AND LEARNING STRATEGY

This unit involves one three-hour seminar per week. It should be emphasised that attendance at the seminar is a necessary but not sufficient condition for adequate examination preparation. Each week all students should **study the relevant materials prescribed and attempt the assigned seminar questions *prior*** to attending the class, and **participate in class discussions**. The seminar is divided into two parts.

The *first part* of each seminar will comprise a lecture which aims to cover the key concepts of the unit material set for that week. These lectures will be critical to the coverage and understanding of the unit content. Although the auditing and assurance course is broken down into a number of segments, students should recognise that each segment / lecture forms part of the audit process. The *second part* of the seminar is designed to complement the lecture program by working through the practical seminar questions set for that week. When working through these questions it is expected that seminar participants will contribute discussion and raise particular issues or problems that they have had with the seminar questions. Remember that answers to these questions are not easily bracketed as “right” or “wrong” but are the product of a logical and well structured analysis.

On average the unit will require students to complete between 4 to 6 hours of private study per week.

Please note that **solutions to the weekly seminar questions will not be made available to students**. Therefore it is imperative that students attend the weekly seminar in order to correct their work. If further assistance with assigned seminar questions is required then you are encouraged to see the lecturer during consultation.

## WEEKLY SUMMARY

**Week 1** covers administration of the unit including distribution of unit materials and introduces students to the audit function, assurance framework, professional standards and structure of the profession.

**Week 2** introduces the audit process with audit planning and understanding the entity and assessing risk.

**Week 3** considers internal control evaluation and the role of mitigating controls.

**Week 4** examines the concept of audit evidence including controls and substantive based testing and the use of assertions.

**Week 5** covers the area of analytical procedures and its impact on the audit process, from planning and risk assessment, through to evidence collection and completion of the audit.

**Week 6** deals with the auditors' response to risk including setting an appropriate audit strategy, as well as the concept of materiality on the audit. The mid semester exam format will also be discussed during this seminar.

**Week 7** will be dedicated to the mid semester examination process.

**Week 8** covers three mini topic areas including using the work of other auditors and experts, internal auditing and public sector auditing.

**Week 9** will be dedicated to the group case study oral presentations. Your written group case study submission must also be handed in during this seminar.

**Week 10** considers auditing in an IT environment including internal controls and the use of Computer Assisted Audit Technique's (CAAT's).

**Week 11** completes the audit process by examining subsequent events, going concern issues and audit reporting considerations.

**Week 12** covers the legal liability and ethical issues surrounding auditors. The final exam format will also be discussed during this seminar.

**RELATIONSHIP BETWEEN ASSESSMENT AND LEARNING OUTCOMES**

In ACCG 811 you must demonstrate that you have satisfied the learning objectives of the unit.

*To demonstrate that your understanding of the unit learning objectives is satisfactory or better you must score a mark of at least 50% in the overall assessment.*

The final assessment in ACCG 811 is based on raw scores calculated as follows:

	<u>%</u>
Seminar Assignments	5
Mid Semester Examination	25
Group Case Study & Presentation	20
Final exam	<u>50</u>
	<u>100</u>

The seminar assignments, mid semester examination and group case study & presentation provide the means of continuous assessment and continuous learning throughout the semester.

The primary objective of the continuous assessment tasks in ACCG 811 is to make you ready, willing and able to demonstrate your understanding of the learning objectives on the day of the final exam.

**CONTINUOUS ASSESSMENT (50%)**

**a) Seminar assignments (5%)**

Independent work on seminar assignment questions is fundamental to satisfying the learning objectives of this unit.

You are not expected to always have the right answers from your independent work but you are expected to make a significant attempt to seminar questions before each seminar. It is expected that, in addition to attendance at the weekly seminars, you will need to spend at least six hours per week on readings and seminar questions in preparation for the next class.

Seminar participants will normally be expected to submit their answers to seminar questions during the seminar. While weekly assignment work is only worth 5% of the overall assessment, **there is a significant correlation between quality weekly assignment work and a passing grade in the unit!**

You are encouraged to complete assignment work using computer packages for word-processing whenever possible.

Marks will be awarded for each seminar assignment where a bona fide attempt has been made to complete all of the seminar work that has been set. In this case, the assignment will be labelled "S" for satisfactory. In the alternative, the assignment will be labelled "I" for incomplete.

It is expected that the written work you submit for the weekly assignments will largely be completed before the seminar rather than during the seminar. **If it is noticed that an assignment is being prepared during the seminar then "I" will be awarded to the assignment.**

On the front page of each weekly assignment that you submit please include the following:

- your student name
- your student id

Any students found submitting identical assignments or submitting solutions copied from past Accg 811 students, invite a full investigation by the Faculty of Business and Economics and disciplinary action. Students must also ensure that they do not inadvertently plagiarise material from textbooks or other readings. Anyone found blatantly copying from the textbook without due acknowledgment can expect to be awarded nil marks for the relevant submitted work. Plagiarism is discussed in more detail below.



**b) Mid Semester Examination (25%)**

A mid-semester exam of 1.5 hours duration and worth 25% of your overall assessment will be held during week 7, on **Friday 18<sup>th</sup> September** in normal class time. The exam covers material up to and including week 6.

The aim of the mid semester exam is to provide you with ongoing feedback relating to your understanding and learning progress within the course. It is designed to test your knowledge of the topics covered in the course to date. The focus of the examination is to test your ability to critically analyse and evaluate information provided and to perform the auditing processes and techniques taught within a specific audit client issue context. **NO materials, dictionaries or calculators will be permitted in the exam.** Further information on the format, style of questions and content focus of the examination will be provided in the seminar in Week 6.

Note that there will **no supplementary exam** held for the mid semester examination.

**c) Group Case Study & Presentation (20%)**

The case study is based on Woolworths Limited and will be undertaken in groups. The group environment provides the opportunity for students to interact and communicate with each other as is done in practice.

The aim of the group case study is to test students' ability to integrate skills learnt in Auditing and Assurance Services to analyse a real company from the auditor's perspective and within the framework of auditing standards. The successful completion of this case study requires extensive research on Woolworths Limited's internal and external environments, operations, strategies and an analysis of the 2008 annual report including financial information.

The **group case study written and oral presentation assessment criteria will be provided in class in Week 2.** The group case study written submission is due on **Friday 16<sup>th</sup> October** (Week 9), and oral presentations by groups will also occur during the seminar on that date. Group case studies not received at this time will result in a zero grading for that component of the overall assessment.

This assignment should be prepared using computer packages eg Microsoft word and is worth 20% of the overall assessment.

### FINAL EXAM (50%)

The final written exam will be held on **Friday 13<sup>th</sup> November** commencing at **9.00am** in **W6B 282** and is worth 50% of your overall assessment. The final exam will be of 2 hours duration and will cover all material from weeks 1 to 12, although emphasis will be given to those areas not previously examined.

You are advised that it is Macquarie University policy not to set early examinations for individuals or groups of students. All students are expected to ensure that they are available until the end of the teaching semester, that is the final day of the official examination period, and can attend the exam at the designated time and place.

The final exam of ACCG 811 is designed to test you against the learning objectives of the unit. Dictionaries and calculators are not permitted in the final exam. Students are also prohibited from bringing any pre-prepared notes or other examples of their writing into the final exam.

❖ Further details regarding the final exam will be provided to you during the final seminar.

## SPECIAL CONSIDERATION AND SUPPLEMENTARY EXAMS

The only exception to not sitting an examination at the designated time is because of documented illness or unavoidable disruption. In these circumstances you may wish to consider applying for Special Consideration. Information about unavoidable disruption and the special consideration process is available at:

<http://www.reg.mq.edu.au/Forms/APSCon.pdf>

Special consideration will only be granted where the student's within-semester coursework has been satisfactory.

If a Supplementary Examination is granted as a result of the Special Consideration process the examination will be scheduled after the conclusion of the official examination period.

Any student who attends the original examination and subsequently applies for special consideration may be required to sit a supplementary examination except where their performance in the original exam was equivalent to the HD grade. If a supplementary examination is needed, then only the student's performance in the special examination will be used for the purpose of the examination weight in the unit assessment. Note however that special consideration will rarely be given where the student has sat the final exam.

## PLAGIARISM

The University defines plagiarism in its rules: "Plagiarism involves using the work of another person and presenting it as one's own." Plagiarism is a serious breach of the University's rules and carries significant penalties. You must read the University's practices and procedures on plagiarism. These can be found in the *Handbook of Postgraduate Studies* or on the web at: <http://www.student.mq.edu.au/plagiarism>

The policies and procedures explain what plagiarism is, how to avoid it, the procedures that will be taken in cases of suspected plagiarism, and the penalties if you are found guilty. Penalties may include a deduction of marks, failure in the unit, and/or referral to the University Discipline Committee.

## UNIVERSITY POLICY ON GRADING

Academic Senate has a set of guidelines on the distribution of grades across the range from fail to high distinction. Your final result will include one of these grades plus a standardised numerical grade (SNG).

On occasion your raw mark for a unit (i.e., the total of your marks for each assessment item) may not be the same as the SNG which you receive. Under the Senate guidelines, results may be scaled to ensure that there is a degree of comparability across the university, so that units with the same past performances of their students should achieve similar results.

It is important that you realise that the policy does not require that a minimum or maximum number of students are to be failed in any unit.

The process of scaling does not change student rankings. A student who receives a higher raw mark than another will also receive a higher final scaled mark. For an detailed explanation of the policy see

<http://www.mq.edu.au/senate/MQUonly/Issues/Guidelines2003.doc> or  
<http://www.mq.edu.au/senate/MQUonly/Issues/detailedguidelines.doc>.

## ACCG 811 GRADES

Recall that you must obtain 50% or more in the overall assessment to achieve a P grade or better.

Students who score 44% or less overall will be awarded an F grade. Students who score 45%-49% overall will be awarded a PC grade.

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More detail on the grading descriptions is set out below.

Grade	SNG	Description
HD High Distinction	85-100	Denotes performance which meets all unit objectives in such an exceptional way and with such marked excellence that it deserves the highest level of recognition
D Distinction	75-84	Denotes performance which clearly deserves a very high level of recognition as an excellent achievement in the unit
CR Credit	65-74	Denotes performance which is substantially better than would normally be expected of competent students in the unit
P Pass	50-64	Denotes performance which satisfies unit objectives
PC Conceded Pass	45-49	Denotes performance which meets unit objectives only marginally
S Satisfactory	N/A	Denotes performance which satisfies unit objectives in a unit which grades only Pass/Fail
F Fail	0-44	Denotes that a candidate has failed to complete a unit satisfactorily
FA Fail Absent	0-44	Denotes that a candidate has failed to complete a unit satisfactorily and was absent from a compulsory final examination

**STUDENT SUPPORT SERVICES**

Macquarie University provides a range of Academic Student Support Services. Details of these services can accessed at <http://www.student.mq.edu.au>.

**LECTURE SUMMARY**

<u>Week</u>	<u>Date</u>	<u>Seminar Topic</u>
1	August 7	Course Overview / Introduction to the Audit Function, Assurance Framework, Professional Standards and Structure of the Profession
2	August 14	Introduction to the Audit Process – Understanding the Entity and Assessing Risk
3	August 21	Internal Control Evaluation and the role of Mitigating Controls
4	August 28	Audit Evidence and use of Assertions
5	September 4	Analytical Procedures and Risk Assessment
6	September 11	Auditors' Response to Risks and Assessment of Materiality
7	<b>September 18</b>	<b>MID SEMESTER EXAMINATION</b>
	September 25	<b>Recess - private study</b>
	October 2	<b>Recess - private study</b>
8	October 9	Using the Work of Others/Internal Auditing/Public Sector Auditing
9	<b>October 16</b>	<b>GROUP CASE STUDY PRESENTATION &amp; SUBMISSION</b>
10	October 23	Auditing in an IT environment – Internal Control & Substantive Testing
11	October 30	Completing the Audit Process & Audit Reporting
12	November 6	Legal Liability & Ethics / Final Exam discussion
13	<b>November 13</b>	<b>FINAL WRITTEN EXAM</b>