

MACQUARIE UNIVERSITY



**POSTGRADUATE DIPLOMA
IN ACCOUNTING
and
MASTER OF ACCOUNTING**

UNIT OUTLINE

**ACCG856 AUDITING &
ASSURANCE SERVICES**

Trimester 3, 2008

**MACQUARIE UNIVERSITY
DIVISION OF ECONOMICS AND FINANCIAL STUDIES
UNIT OUTLINE ACCG856**

Year and Trimester:	2008 Trimester 3
Lecturer in Charge:	Victoria Lakis
Prerequisites:	ACCG853, ACCG855, ACCG861, ACCG862

Students in this unit should read this unit outline carefully at the start of the trimester. It contains important information about the unit. If anything in it is unclear, please consult one of the teaching staff in the unit.

UNIT DESCRIPTION (3 credit points)

This unit is structured within the framework of the audit risk model and thus begins with a discussion of the main components of that model - inherent risk, control risk and detection risk. After analysis and discussion of auditing standards and responsibilities, the unit seeks to examine the manner in which auditors gather evidence in the evaluation of inherent risk and control risk, and in other audit procedures necessary within the framework of the audit risk model. Included in this explanation is material on some of the techniques used by auditors in carrying out evaluations and other audit procedures. The unit concludes with the completion stage of the audit, being that part of the audit concerned with evaluation of audit evidence collected during the audit and the subsequent issue of the audit report.

This unit is primarily concerned with the external audit of corporate financial statements. The lectures presented are structured to correspond with audit methodology used in practice and integrate Australian Auditing Standards.

TEACHING STAFF

Lecturer in Charge: Victoria Lakis

Adrian Klammer

Please note that staff will only respond to emails that are sent by students from their Macquarie University email address.

CLASSES

The timetable for classes in Trimester 3, 2008 are as follows:-

9am-12pm E7B 200	Monday
12pm-3pm C5A 304	Monday
6pm-9pm C5A 304	Monday
9am-12pm C4A 318	Tuesday
12pm-3pm C5A 301	Tuesday
12pm-3pm C4A 318	Friday
3pm-6pm C4A 318	Friday

You MUST attend the scheduled class into which you are enrolled.

REQUIRED AND RECOMMENDED TEXTS

All students should purchase from the Co-op Bookshop the following:

Gay, G. and Simnett, R., *Auditing and Assurance Services in Australia*, **Revised** Third edition, McGraw-Hill Book Company Australia Pty Limited, 2007.

The following texts are useful as additional references.:

Auditing Handbook: "Auditing Handbook 2008", being volume 2 of the Accounting and Auditing Handbook 2008, published by Prentice Hall.

Leung, P., Coram P., Cooper, B.J., Cosserrat, G. and Gill, G.S., *Modern Auditing and Assurance Services*, Third edition, John Wiley & Sons Australia, Ltd, 2007

WORLD WIDE WEB (WWW) SITE

Students can access the Web site for ACCG856 from either their home/office (via modem) or at University computers.

The url is: <http://learn.mq.edu.au>

LEARNING OUTCOMES

This unit seeks to develop student's generic skills through critical analysis, problem solving and creative thinking.

TEACHING AND LEARNING STRATEGY

The lectures mainly deal with the concepts underlying the methodology, while the tutorial material is designed to demonstrate how the methodology is applied in practical situations.

Attendance at lectures is highly recommended. There will be practical explanations and examples given in lectures which supplement the text material and tutorial questions. If you choose not to attend lectures, it would be wise to be aware of any announcements made in lectures that could affect your study.

During 2007 the Master of Accounting program engaged in a significant research project that was designed to investigate and find ways to enhance student participation in the classroom.

Students who were interviewed during the research project stated that participating in classroom discussions, answering lecturer's questions and engaging in meaningful discussion with colleagues when directed by the lecturer:

- assists them in retaining information and maintaining interest and concentration
- allows them to clarify or check their understanding
- provides opportunities to enhance and reinforce knowledge and learn from other students
- improves their English proficiency
- supports their development of communication skills
- develops skills needed in professional practice

Lecturers expect students to participate in class as it:

- provides opportunities for students to review or clarify lecture content and benefit from the experience of other students
- assists students to think about concepts and test whether their understanding is correct
- develops confidence in speaking
- provides opportunities to think in a different way

The research concluded that the benefits of participation include:

- *enhancing the learning process*
- *meeting lecturers' expectations of students*
- *helping to increase communication skills.*

The objective of tutorial assignments is to apply audit theory to practical situations. These MUST be attempted on a weekly basis. Students are expected to have prepared these questions before each tutorial. Five (5) tutorial assignments will be collected at random by lecturers and will count towards 10% of your total assessment.

RELATIONSHIP BETWEEN ASSESSMENT AND LEARNING OUTCOMES

The following forms of assessment will be undertaken during the trimester:

Mid-trimester test	35%
Tutorial Assignments (5 in total)	10%
In-class Presentation	5%
Final examination	50%
TOTAL	100%

To obtain a pass in the course, it is necessary to:

- (a) attempt ALL assessment components, and
- (b) obtain a pass in the final examination, and
- (c) obtain an overall passing grade for the course.

Mid-Trimester Test

The mid-trimester test will be held on **Saturday 4th October, 2008**. The test will last approximately 90 minutes, with ten minutes of reading time. It will encompass topics covered in **weeks 1 to 6 inclusive**.

Tutorial Assignments

Five (5) tutorial assignments (each worth a maximum of two (2) marks) will be collected at random and graded accordingly:-

- (i) **2 marks** for each assignment completed satisfactorily (that is, all questions reasonably attempted);
- (ii) **1 mark** for assignments not completed satisfactorily (that is, incomplete answers or questions not answered); and,
- (iii) **0 marks** for assignments either not handed in or where questions poorly attempted.

You **MUST** attend your allocated lecture and hand in your tutorial assignments to your lecturer. **Late submissions will not be accepted. Half-marks will NOT be given. All assignments MUST be handwritten.**

In-class Presentation

Students will be selected each week and allocated a tutorial question to present in class the following week. In-class presentations will commence in Week 2.

Your mark will be given to you in the week following your presentation by your lecturer together with feedback. All presentations are to be limited in duration to no longer than 10 minutes each.

Marks will be based on technical content and presentation skills.

As tutorial solutions will NOT be posted on the ACCG856 website, all discussions of tutorial questions will occur in class following each presentation.

Final Examination

The final exam will be 2 1/2 hours with ten minutes reading time. Note that marks are deducted for poor grammar, spelling and expression.

Material that is examinable is

- all material presented at lectures,
- all material included in the prescribed text readings (including all questions at the end of each chapter),
- all tutorial assignment questions,
- and material in the Auditing Handbook that is referred to in the lecture notes or that relates to tutorial assignment questions.

The university examination period for Trimester 3 2008 is from 10 November to 15 November. You are expected to present yourself for examination at the time and place designated in the Examination Timetable. The timetable will be available on the Master of Accounting website in Week 10.

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 forms must be submitted to the MAcc office, E4A Level 2, Reception within 2 days of the original examination.

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 trimester, that is the final day of the official examination period.

CHEATING AND PLAGIARISM

To cheat in the context of university assignments, tests and examinations is to attempt to gain an unfair advantage by violating the principles of intellectual and scholarly integrity. Cheating also encompasses plagiarism, which is the appropriation or imitation of another person's ideas and manner of expressing them.

WHAT IS CHEATING?

You will be guilty of cheating if you do any of the following:

1. Copy from another student during a test or examination. This is cheating whether or not there is collusion between the students involved. Collusion with another student who wishes to cheat from you exposes both parties to penalties under University Regulations.

2. Use or paraphrase the work of others, including any document, audio-visual or computer-based material, when preparing an assignment or writing an examination, and pretend it is your own work by not acknowledging where it came from.

Copy from another student's coursework whether that copying is with or without the knowledge of that student. This includes:

- copying all or part of someone else's assignment
- allowing someone else to copy all or part of your assignment
- providing your assignment (or other materials for an assignment) to another student
- having someone else do all or part of an assignment for you
- doing all or part of someone else's assignment for them.

4. Make up data and fabricate results in research assignments.

5. Impersonate someone else in an examination or test, or arrange such impersonation.

6. Use forbidden material in a test or examination, whether in printed or electronic form. For example, attempting to use a non-standard calculator in a restricted calculator examination.

WHY IS IT WRONG?

If you take and use the work of another person without clearly stating or acknowledging your source, you are falsely claiming that material as your own work and committing an act of plagiarism. This is wrong because it:

- violates the principle of intellectual and scholarly integrity;
- devalues the grades and qualifications gained legitimately by other students; and
- fails to allow you demonstrate your own understanding of the material.

PREVENTING CHEATING

All students and staff have a responsibility to prevent, discourage and report cheating.

Typically students cheat because they are having difficulty with the unit content, the language of the unit, or both. Cheating and/or plagiarism can be a temptation when students are experiencing difficulty with a heavy workload in the unit and seek to save time by using others' work.

To avoid having students resort to cheating, the University provides many services to help students with their course or to make thoughtful decisions about whether to continue. Within the Division of Economic and Financial Studies, students should first seek assistance from their lecturer. Staff at the Centre for Macquarie English are also an excellent resource for plagiarism questions and language issues. The University also offers help through the Dean of Students or the University Health and Counseling Services.

There is a difference between getting help and cheating. You are encouraged to get help if

you need assistance to understand the material and any set work so that you are in a better position to create your own answers. You might also want to have group discussions with your colleagues to debate the different issues surrounding a form of assessment. However the work you submit for your assessment must be in your own words and must not be those of another person.

HOW TO PLAY SAFE

To maintain good academic practice, so that you may be given credit for your own efforts, and so that your own contribution can be properly appreciated and evaluated, you should acknowledge your sources and you should ALWAYS:

- (i) State clearly in the appropriate form where you found the material on which you have based your work, using the system of reference specified by the Division in which your assignment was set;
- (ii) Acknowledge the people whose concepts, experiments or results you have extracted, developed or summarised, even if you put these ideas into your own words;
- (iii) Avoid excessive copying of passages by another author, even where the source is acknowledged. Find another form of words to show that you have thought about the material and understood it, but remember to state clearly where you found the ideas.

There is nothing wrong with working with other students in a group; indeed sometimes you will be encouraged to do so. But after a certain point, each student must work on their own to produce their own written answers. If no specific guidelines for group-work have been given, a reasonable interpretation is that it is acceptable for two or more students to discuss a problem among themselves or with a staff member. The group may then agree that the answer should include certain points. But then each member of the group must independently write their own answer to the problem.

PENALTIES

Offences of plagiarism will attract penalties which at a minimum, will result in the deduction of marks for the test and/or assignment, to ultimately a failure in the unit and reference to the University Discipline Committee. The penalty will depend upon the extent of the plagiarism, whether it is a first or repeated offence, whether there is evidence of deliberate deceit and whether advantage has been taken of another student. In some cases this can result in the suspension of the student from enrolment in the university. In all cases however, a record of any offence and/or incident, along with correspondence, will be placed permanently on the students' individual record file held at the university.

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 number of students are to be failed in any unit. In fact it does something like the opposite, in requiring examiners to explain their actions if more than 20% of students fail in a unit.

The process of scaling does not change the order of marks among students. A student who receives a higher raw mark than another will also receive a higher final scaled mark.

Refer to <http://senate.mq.edu.au/rules/Guidelines2003.doc> or <http://senate.mq.edu.au/rules/detailedguidelines.doc>

DETAILED COURSE OUTLINE

Schedule of topics		
Week No	Week Commencing	Topic
1	18 August	Introduction to audit and assurance services and the auditing profession
2	25 August	Elements of the financial reporting audit process
3	1 September	Knowledge of the business and evaluating strategic business risk
4	8 September	Inherent risk assessment and materiality (Video: 4 Corners – H1H Report)
5	15 September	CME – Exam Techniques (first 90 minutes only) Internal control structure and assessing control risk
6	22 September	Test of controls
7	29 September	Substantive tests of transactions and balances
		<i>MID TERM EXAM Saturday 4 October</i>
8	6 October	Completing the audit (Video: The auditor in Court)
9	13 October	Opinion Formulation
10	20 October	Ethics, Independence and corporate governance (Video: How to Detect and Prevent Financial Statement Fraud)
11	27 October	Legal liability of Auditors
12	3 November	Other Assurance Services
13	10 November	Exam week

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