



**Faculty of Business and Economics  
Department of Accounting and Finance**

**MASTER OF ACCOUNTING  
(CPA EXTENSION)**

**UNIT OUTLINE**

**ACCG904**

**CPA – ASSURANCE SERVICES AND  
AUDITING**

**Semester 1, 2010**

## ACCG904 CPA – ASSURANCE SERVICES AND AUDITING

### UNIT OUTLINE – SEMESTER 1, 2010

#### Unit Description

This unit provides knowledge, principles, skills and an appreciation of auditing and assurance services. It presents an overview of various aspects of the auditing process, and examines the objectives of audit and the environment within which an auditor operates. Learning will be facilitated through structured formal academic support for full time students concurrently enrolled in the Master of Accounting (CPA Extension) program, and the Assurance Services and Auditing segment of the CPA program.

#### Learning Objectives and Outcomes

The aim of this unit is to provide students with the opportunity to acquire knowledge and skills in the performance of an audit. The unit covers the CPA 101 Assurance Services and Auditing segment content as well as including additional case studies, materials and discussions in lectures. These will reinforce understanding of auditing concepts. In addition, the unit aims to extend the generic skills program in the Postgraduate Diploma segment of the MAcc, by further developing practical problem solving skills, communicating and participating in a group setting.

The specific objectives of the concurrent CPA 101 Assurance Services and Auditing segment, as outlined in the CPA Segment Outline 2009, include the ability to demonstrate knowledge and skills in the following areas:

- establish an assurance framework based on AUS 108 and the international framework for assurance services;
- apply the assurance framework in financial report audits and assurance services;
- describe the professional, legislative and regulatory requirements for statutory audits;
- analyse and illustrate the complete audit process;
- explain the nature of performance audits; and
- discuss the nature of other assurance engagements.

#### Prerequisites and Professional Requirements

Students must successfully complete the 13 units (39 credit points) in the Postgraduate Diploma in Accounting at Macquarie University before commencement of the final six units in the MAcc (CPA Extension) program (24 credit points).

#### Teaching Staff

Unit Co-ordinator     David Silipo  
E-mail:                    [equinoxtc@yahoo.com.au](mailto:equinoxtc@yahoo.com.au)

Lecturer                 Garry Morris  
E-mail:                    [gmorris@efs.mq.edu.au](mailto:gmorris@efs.mq.edu.au)

#### Student Consultation

Student consultation in relation to any questions about the course content or related issues can be facilitated by emailing the lecturer.

## Teaching Format and Schedule

Classes will meet on scheduled dates for a 3 hour seminar during the semester. The normal format for each class will be as follows:

- a) allocated group presentation (in certain weeks) (20 minutes)
- b) brief lecture / interactive discussion (75 minutes)
- c) review of pre-assigned practice questions (60 minutes)

(a) Allocated Group presentation – as detailed below, teams will present their conclusion to a case study on certain weeks (as per the timetable on page 10)

(b) Brief lecture / interactive discussion – each week, the lecturer will lead discussion covering the key points of the relevant module. The format and approach for this session will vary but may include a question and answer session where students will be asked to participate. This will require students to have pre-read the module material.

(c) Preparation and review of practice questions – in some weeks, students will be expected to complete, and contribute to discussion concerning, various practice questions. These practice questions will be distributed in the first seminar. The amount of time spent on these questions and the seminar in which they are completed will be at the discretion of the lecturer and will depend upon the time available each week after reviewing the CPA module material. Accordingly, students should bring a copy of these questions to every seminar.

**It should be noted that, as evidenced by the format outlined above, the purpose of the 3-hour seminar is NOT solely to review the CPA module material. In fact, a portion of each seminar will be on the application of the material to case studies and practice questions. Students will be significantly disadvantaged if they expect to use the seminar to examine the CPA module material for the first time. It is expected that students read and comprehended the module material before the seminar.**

Classes will be held at the following time and in the following locations. Students are required to attend the class in which they are enrolled, unless prior arrangements have been made with both lecturers allowing a student to attend an alternative class in a particular week. As noted below in the method of assessment, participation in the class discussions will form a component of the overall assessment for the course.

Class	Time	Location	Lecturer
1	Thursday 3 pm – 6pm	E7B 200	David Silipo
2	Friday 9 am – 12pm	E7B 200	Garry Morris

### Web Site

Students can access the Web site for ACCG904 from their home via modem or at University computers via Macquarie University *home* page or the *Library*. You will need your password.

### Prescribed Reference Materials

All students should have the following:

- CPA Program: *CPA 101 Assurance Services and Auditing*, 2010.

All auditing standards can be accessed via the website [www.aasb.com.au](http://www.aasb.com.au)

## Other References

Students will be required to use library resources to research beyond these materials in undertaking research necessary to complete their tasks. The CPA 101 course materials have a reference list at the end of each module containing all references cited by the author. These provide some guidance to references that could be used to research particular issues.

## Method of Assessment

(a) Class Participation	10%
(b) In-class Presentation	10%
(c) Group Assignment	15%
(d) Class Exams	35%
(e) CPA Examination	30%
	100%

To be eligible to obtain a pass grade or better, it is necessary to:

- satisfactorily attempt ALL assessment components, AND
- obtain a PASS in the CPA external examination, AND
- obtain a PASS for the 70% Macquarie University assessment of the unit

### **(a) Class Participation (10%)**

A key skill to be successful as an auditor is the ability to effectively and appropriately communicate with both your audit colleagues as well as the client. As a result, a mark out of 10 will be awarded based on your individual participation throughout the semester.

To obtain a satisfactory mark, you are expected to arrive at classes on time and to be an active participant in the class. If you miss classes or arrive late or depart early then you can expect a low mark. To be an active participant, it will be necessary for you to read the relevant CPA module and complete the assigned case studies before attending the class.

### **(b) In-class Presentation (10%)**

You will be allocated to a team of 4, with each team allocated a case study to review. Teams will give a short presentation (maximum of 20 minutes) during a nominated class of their understanding of an allocated case study, detailing relevant audit issues and relating the findings to particular auditing standards. Although this will be a group effort, each team member will be assessed on their individual contribution.

You will be marked on the quality of your presentation and communication skills in line with the guidelines on page 10 of this course outline. A suggested approach on how to complete this task will be covered by a representative of CME during class in week 2.

**(c) Group Assignment (15%)**

Each team will be allocated a listed public company from the ASX200. Your team will identify 2 major audit risk areas for your selected company. For each audit risk, your assignment should

- explain the potential impact of the audit risk on the company’s financial statements and
- detail the auditing procedures to verify the account balances impacted by the risk

Your submission should be no longer than 5 pages (in 12 font with adequate margins and line spacing) and is due for submission in your lecture in the week commencing 19 April 2010. The submission will be graded out of 10. Late submissions will be penalised by 1 mark per day (or part thereof), such that an assignment submitted, for example, 3 days late, will be marked out of a maximum of 7 marks.

In addition, your team will present your major findings during the week commencing 17 May 2010. This presentation is expected to be no longer than 10 minutes per group and will be graded out of 5.

In order to grade the assignment, an Individual Contribution sheet must be filled out by each student and submitted at the same time as the assignment. The individual sheets can remain confidential and do not have to be shown to the other students in your team.

A copy of the individual contribution sheet is included on page 11 of this outline. As can be seen, you should note down the percentage contribution of each member of the group (including yourself) to the finally completed assignment. For example, if you believe all 4 students in your group contributed equally to the assignment, you should allocate 25% next to each of the 4 students. The sheet of every member of the group will be used in determining the grade for the assignment.

<b>Group</b>	<b>Allocated Company</b>
A	Billabong International (BBG)
B	David Jones Limited (DJS)
C	Gunns Limited (GNS)
D	National Australia Bank (NAB)
E	QBE Insurance Group (QBE)
F	Seven Network (SEV)
G (if required)	Virgin Blue Holdings (VBA)

**(d) Class Exams (35%)**

There will be 2 multiple choice exams held throughout the semester. Each exam will be for 90 minutes (plus 10 minutes reading time), covering 50 multiple choice questions. The first exam will be held in your normal class in the week commencing 8 March, covering CPA modules 1 to 4 and will be worth 15%. It will also cover Case Study A and B (from the group presentations). The second exam will be held in your normal class in the week commencing 12 April 2010, covering CPA modules 5, 7, 8, 9 and 10 and will be worth 20%. It will also cover Case Study C, D and E (from the group presentations).

The purpose of these exams is to provide students with feedback on their progress throughout the material and an indication of whether their understanding of the CPA module material and case studies have reached a sufficient level.

It should be noted that these exams may bear little resemblance to the content and level of difficulty of the CPA final exam. Student in this module in prior semesters have suffered due to an assumption that a strong performance in these exams guarantees a similar performance in the CPA final exam.

### **(e) CPA Examination (30%)**

The CPA Examination is a three hour open book exam consisting of around 95 multiple choice questions worth 100% of the marks and will take place on 10 May 2010.

Students are advised that the CPA examination is conducted by CPA Australia and in accordance with their rules and regulations. It is the responsibility of students to be aware of the rules and requirements of CPA Australia, the venue, date and time for the examination.

### **SNG Result**

Student Results for the course will consist of a Standardised Numerical Grade (SNG) expressed as a number between 0 and 100, and a grade denoted by letters HD, D, Cr, P, PC, or F.

### **Macquarie University Rules and Regulations**

All assessment is subject to the University's rules and information to students set out in the 2009 Handbook of Postgraduate Studies. You are particularly referred to rules of the various postgraduate awards and with the Student Information regarding Plagiarism and Assessment.

### **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 (ie., the total of your marks for each assessment item) may not be the same as the SNG which you receive. The process of scaling does not change the order of marks among students. A student who receives a higher mark than another will also receive a higher final scaled mark.

The policy does not require that a minimum number of students are to be failed in any unit.

For an explanation of the policy see  
<http://senate.mq.edu.au/rules/Guidelines2003.doc> or  
<http://senate.mq.edu.au/rules/detailedguidelines.doc>

### **University Policy on 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.
3. 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, example attempting to use 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.

## **Student Support Services**

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

Further, CME provides Study Skills workshops each week for MAcc students. For the timetable, see <http://www.accg.mq.edu.au/ss/macc/timetables>.



## Schedule of Classes

Wk	Commencing	Cases	Topic
1	8 February		Module 1, Assurance Services Framework
2	15 February		Module 2, General audit principles and auditor responsibilities / <b>CME</b>
3	22 February		Module 3, Understanding & Assessing Risk / <b>Video “Billion Dollar Bubble”</b>
4	1 March	<b>A</b>	Module 4, Response to Risks
5	8 March		<b>Revision (modules 1 to 4) and Multiple Choice Exam</b>
6	15 March	<b>B</b>	Module 5, Reporting Requirements
7	22 March	<b>C</b>	Modules 7 & 8, Fraud & Going Concern
8	<b>29 March**</b>	<b>D</b>	Module 9, Performance Audits
9	5 April	<b>E</b>	Module 10, Other Assurance Engagements / <b>Assignment due</b>
10	12 April		<b>Revision (modules 5, 7, 8, 9 and 10) and Multiple Choice Exam</b>
11	19 April	<b>F &amp; G</b>	Revision / Module 6 / Exam feedback
	10 May		CPA Exam
12	17 May		Presentation of Audit Strategy

Fri 2 April is a public holidays – the class scheduled for Good Friday will proceed as normal, unless advised otherwise by your lecturer.

## IN-CLASS PRESENTATION (10%)

Your team will be required to give a short presentation (maximum of 20 minutes) on your understanding of an allocated case study. Your presentation should

- outline the facts of the case
- detail an relevant auditing issues
- relate the auditing issues to any relevant auditing standards
- note any deficiencies in the auditor's performance
- if appropriate, make any recommendations to avoid the auditing issues arising

You are not required to address the questions contained at the end of each case study handout, unless you believe they are particularly relevant to addressing the issues noted above.

Group Allocation	Nominated Case Study	Presentation Week Commencing
A	Lincoln Savings & Loan Association	1 March 2010
B	Lesley Fay	15 March 2010
C	Campbell Soup	22 March 2010
D	General Technologies	29 March 2010
E	United States Surgical Corp	5 April 2010
F	Troberg Stores	19 April 2010
G	Golden Bear	19 April 2010

Note – all cases have been taken from “Contemporary Auditing, Real Issues and Cases”, Michael Knapp, 6<sup>th</sup> edition, 2003, Thomson SouthWestern. **Copies of these case studies will be available from the website. Students are expected to read and understand ALL case studies as they will be examinable in the in-class exams.**

## ORAL PRESENTATION MARKING GUIDE

	Team Names				
<b>STRUCTURE</b>					
Introduction					
Message					
Handover to others					
<b>CONTENT</b>					
Appropriate for topic					
Information for class					
<b>STYLE</b>					
Use of visuals					
Loud & clear					
Hand/body movement					
<b>AUDIENCE</b>					
Eye contact					
Engaging					
<b>LOGIC/TIME</b>					
Good flow					
Within 4/5 minutes					

## ACCG904

### GROUP ASSIGNMENT INDIVIDUAL CONTRIBUTION SHEET

	Student ID	Student Name	Percentage Contribution of group member to the overall assignment
1			
2			
3			
4			
5			
Total			100%

**SIGNED**

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**DATE**

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**Student ID**

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