



MACQUARIE  
UNIVERSITY

FACULTY OF  
BUSINESS AND ECONOMICS

**ACCG340**

Auditing and Assurance Services

2010 Semester 1

**MACQUARIE UNIVERSITY  
DIVISION OF ECONOMICS AND FINANCIAL STUDIES  
UNIT OUTLINE ACCG 340**

<b>Year and Semester:</b>	2010 Semester 1
<b>Unit Convenor:</b>	Medhat Endrawes
<b>Prerequisites:</b>	39 Credit Points and (ACCG 310 (P) or GPA 2.5) and (ACCG250 (P) or ACCG251 (P))

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

### **ABOUT THIS UNIT**

#### **UNIT DESCRIPTION (3 undergraduate credit points)**

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 and International Auditing Standards.

The majority of the lectures deal with the various activities undertaken by auditors. The main stages of the audit process are addressed including planning, gathering and evaluating audit evidence (including performance of tests of controls and substantive audit procedures) and the formation of the audit opinion. Topics such as analytical procedures and computer assisted audit techniques are not treated as separate topics, but are integrated throughout the unit. Other topics, including auditors' legal responsibilities, ethics, and other assurance services, are dealt with as special topics.

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.

#### **UNIT RATIONALE**

Audit and assurance services are a growing and integral part of the accounting profession. Independent audits add credibility to financial statements and are essential for the operation of capital markets, governments and for non profit organisations. The concepts in this course rely on an understanding of accounting developed in early units and link closely with internal controls covered in ACCG 250/ACCG251.

## TEACHING STAFF

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Consultation hours will be detailed on the unit webpage. **Please note that staff will only respond to emails that are sent by students from their Macquarie University email address.** Please remember that there are hundreds of students in the unit so check your question has not been answered elsewhere (e.g. in the textbook or unit webpage) and use e-mail only as a last resort.

## CLASSES

Students are required to attend 3 hours face-to-face teaching per week consisting of 1 x 2 hour lecture and 1 x 1 hour tutorial.

The timetable for classes can be found on the University web site at:

<http://www.timetables.mq.edu.au/>

**Changing Classes: Students may only attend their registered tutorial.**

Tutorial performance will be taken into account when considering any appeals for special consideration. **Changes to tutorial classes can only be done ONLINE.** Please do not email academic staff to request changes.

## ATTENDANCE REQUIREMENT

It is expected that students will attend all classes scheduled for the subject. Tutorial attendance will not carry any marks towards your overall result in the subject.

As part of your **assessment quizzes** will be conducted on **three** occasions during the semester, and your **tutorial assignments** will be collected on randomly four occasions at the end of the tutorial and marked by your tutor.

## REQUIRED AND RECOMMENDED TEXTS:

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

1. Gay, G. and Simnett, R., *Auditing and Assurance Services in Australia, 4e edition*, McGraw-Hill Irwin, North Ryde, Australia, 2010.
2. Eikner, S and Robertson, W. *Cloud 9 Pty Ltd: an audit case study*. 2009, John Wiley & Sons Australia, Ltd.

**Note that previous editions of this text are NOT acceptable as there have been substantial revisions to the Auditing Standards.**

This text will be supplemented with readings available on the unit webpage.

Students will also be expected to read the relevant Auditing Standards, available online at <http://www.auasb.gov.au/> or published as the *Auditing Handbook 2010*, being Volume 2 of the Accounting and Auditing Handbook 2010 by both Wiley and Pearson/Prentice Hall.

The following texts are useful as additional references:

Arens, A., P. Best, G. Shailer, B. Fielder, R. Elder & M. Beasley, *Essentials of Auditing Assurance Services & Ethics in Australia*, Eight Edition, Pearson, Sydney, 2010.

Leung P., P. Coram, B. Cooper & P. Richardson, *Modern Auditing and Assurance Services*, Fourth Edition, John Wiley and Sons Australia Ltd, Milton, Queensland, 2009.

## WORLD WIDE WEB (WWW) SITES

### Web CT:

Students can access the Web site for ACCG 340 from either their home/office (via modem) or at University computers.

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

### myMQ: Macquarie Student Portal

The Student Portal is now available to all students. myMQ, the student portal, provides the gateway to information for current students. The myMQ Portal has been designed to bring all student resources to one location to access all of their university resources. The Portal contains links to: Student Email-Calendar - On

Line Teaching Facility - Library catalogue and reserve systems - eStudent - Unit home pages- and many other student and university resources. Additional services will be added throughout the year and future initiatives will include a portal for University staff.

The Student Portal home page is located at <https://my.mq.edu.au>

## LEARNING OBJECTIVES AND OUTCOMES

### **Learning Objectives:**

1. The examination of auditing and assurance services
2. Understand the differences between internal and external auditing
3. Understand the scope of the auditor's responsibilities and related ethical behaviour
4. Describe the audit process and perform basic procedures in the audit process, and
5. Read and interpret an auditor report.

### **Learning Outcomes**

- 1 Explain the need for an independent audit;
- 2 Appreciate the various auditing standards and procedures and the application of these to the conduct of an audit;
- 3 Appreciate the audit process, beginning with the planning phase, through the documentation stages, to the testing, evaluation and reporting stages;
- 4 Appreciate the concepts of internal controls and audit testing procedures;
- 5 Demonstrate understanding of the principles and application of audit sampling techniques;
- 6 Demonstrate understanding of internal controls associated with the audit of Computer Assisted Audit Techniques (CAAT's);
- 7 Critically analyse the appropriateness of different types of audit reports and prepare such audit reports;
8. To develop group skills, problem solving, independent research and presentation skills.

## TEACHING AND LEARNING STRATEGY

### LECTURES:

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. Lecture slides will be available on the **unit webpage** a few days prior to the lecture. It is the individual student's responsibility to download and print these slides.

## ASSESSMENT

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

		<b>Learning Outcomes</b>								
		<b>% of total assessment</b>	<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>	<b>6</b>	<b>7</b>	<b>8</b>
<b>1</b>	<b>Tutorial assignments</b>	<b>12%</b>	x	x	x	x	x	x	x	X
<b>2</b>	<b>Tutorial quizzes (3 quizzes)</b>	<b>23%</b>	x	x	x	x	x	x	X	
<b>3</b>	<b>Group assignment</b>	<b>15%</b>		x	x		x			X
<b>4</b>	<b>Final examination</b>	<b>50%</b>	x	x	x	x	x	x	x	x
	<b>Assessment Total</b>	<b>100%</b>								

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.

## TUTORIALS:

The objective of tutorial assignments is to apply audit theory to practical situations. Tutors will discuss the issues and difficulties students had in understanding theoretical questions and/or in answering practical questions. The focus will be on the later.

**On four occasions during the semester your tutorial assignments will be collected at the end of the tutorial and marked by your tutor. You do not however have to hand in your answers for self-review questions. Each satisfactorily attempted piece of work will receive a mark of 3 percent (total 12 percent of your overall assessment). These weeks will be selected at random.**

Solutions will be made available in the week following each tutorial on the unit webpage. It is required that students attempt all tutorial questions in writing.

**There will be three quizzes during the semester. Quiz one will be worth 7%, quiz two and three will be worth 8% each (total 23 percent of your overall assessment).**

If you are unable to attend your tutorial due to illness or other reasons you will **NOT** receive any marks for the tutorial assignment submission if it is selected. If you are unable to attend a number of tutorials and/or any quiz due to a persistent illness or some other reason, you must formally apply for special consideration in respect of your within-semester assessment.

#### GROUP ASSIGNMENT:

The group assignment is due **by 7 pm Monday 10 May 2010 at BESS**. Late assignments will incur a 20% penalty if submitted after 7pm Monday 10 May and a further 10% per day thereafter. **Note that non-submission of the assignment will result in an automatic fail grade for the unit.**

This assignment will be completed in groups (minimum 4 and maximum 5 students per group). **Your tutor will allocate groups** once tutorial enrolments have been finalised, in weeks 3-4. It is assumed that all group members will have contributed equally in the preparation of the assignment. Where this is not the case please provide a letter signed by each group member detailing the different contribution. This weighting will then be applied to the overall assignment mark. **You are required to answer questions 4, 5, 6 & 7 only of the assignment (pages 8 -16).**

#### FINAL EXAMINATION:

The final examination will be **two (2) hours with ten minutes reading time**. Note that marks may be deducted for poor grammar, spelling and expression.

Material that is examinable is

- all material presented at lectures,
- all material included in the prescribed text and additional readings (if applicable),
- all tutorial assignment questions, and
- material in the Auditing Standards that is referred to in the lecture notes or that relates to tutorial assignment questions.

**Note that the Auditing Handbook is NOT permitted to be taken into the final exam.**

The university examination period for Semester 1 2010 is from 9 June to 25 June 2010. You are expected to present yourself for examination at the time and place designated in the Examination Timetable. The timetable will be in draft form before the commencement of the examinations at the following web address:

<http://www.timetables.mq.edu.au/exam/>

Please note that students who do not attend the officially time-tabled examination because of a misread timetable will automatically be given a failure grade (FA).

Such students will not be given special consideration or permission to sit for supplementary examinations unless the student can demonstrate that the circumstances are so exceptional as to fall outside the reasonable application of the rule.

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>

Note that a Supplementary Examination is only granted where a student has demonstrated satisfactory coursework. **For the purposes of ACCG 340, satisfactory coursework would not be demonstrated where a student has obtained an aggregate within-semester assessment of less than 25 out of 50.**

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.

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, which is the final day of the official examination period.

### GRADING APPEALS AND EXAM SCRIPT VIEWING

If, at the conclusion of the course, you have performed below expectations, and are considering lodging an appeal of grade and/or wish to view your exam script, the following website provides information about these processes and the cut off dates. Please read the instructions provided concerning what constitutes a valid grounds for appeal before appealing your grade.

([http://www.businessandeconomics.mq.edu.au/for/new\\_and\\_current\\_students/undergraduate/admin\\_central/grade\\_appeals](http://www.businessandeconomics.mq.edu.au/for/new_and_current_students/undergraduate/admin_central/grade_appeals)).

### 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 Undergraduate Studies* or on the web at: <http://www.student.mq.edu.au/plagarism/>

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.

### STUDENT SUPPORT SERVICES:

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

In particular, students should note that auditing requires a good command of English, particularly written English. The following services are available:

#### **Writing Skills Program**

The Writing Skills Program is open to all Macquarie students and offers:

- FREE short courses on essay writing in weeks 6-10 each semester
- FREE individual consultations on academic writing (by appointment).

For more information check the website at:

[http://www.ling.mq.edu.au/support/writing\\_skills/index.htm](http://www.ling.mq.edu.au/support/writing_skills/index.htm)

#### **International Study Skills Adviser**

The International Study Skills Adviser offers:

- FREE individual or small group consultations on academic writing (by appointment)
- FREE workshops run throughout semester on topics such as:
  - Understanding and Preparing Assignments
  - Improving Academic Writing
  - Proofreading Techniques
  - Essay Writing; Report Writing; Referencing

For more information check the website at:

<http://www.international.mq.edu.au/StudentServices/StudySupport/index.html>

#### **Student Support Service**

The Student Support Service is open to all Macquarie students and offers:

- lots of useful web-based information about writing and referencing (and more)
- FREE 1 hour learning skills seminars throughout semester
- interactive online tutorials about 'time management' and 'effective academic reading'

For more information check the websites at:

Web-based info: <http://www.sss.mq.edu.au/learning/undergrad/>

Workshops: <http://www.sss.mq.edu.au/counselling/workshops/learning.htm>

Online tutorials: <http://online.mq.edu.au/pub/UCHSTIME/>

#### **Writing Gateway**

The Writing Gateway is an interactive online guide to academic literacy, covering topics such as referencing, plagiarism etc. An MQID is required to access it at the following website: <http://online.mq.edu.au/pub/EDUCGATEWAY/>

## LECTURE AND TUTORIAL PROGRAM—SEMESTER 1 2010

Week and Lecturer	Lecture Week commencing:	Topic	Text Topic Number
1	22 <sup>nd</sup> February	Introduction and Course Overview Introduction to audit and assurance services and the auditing profession	Chapters 1 & 2
2	1 <sup>st</sup> March	Professional Ethics	Chapter 3
3	8 <sup>th</sup> March	Elements of the financial reporting audit process	Chapter 5
4	15 <sup>th</sup> March	Audit Planning & Strategic Business Risk <b>Quiz one - last 20 minutes of tutorial</b>	Chapter 6
5	22 <sup>nd</sup> March	Inherent Risk & Internal Control	Chapter 7
6	29 <sup>th</sup> March Good Friday	<b>No tutorials or lectures in this week</b>	
<b>MID-SEMESTER BREAK NO CLASSES</b>			
7	19 <sup>th</sup> April	Understanding Internal Control / Test of Control	Chapter 8 & 9
8	27 <sup>th</sup> April (Monday Public Holiday)	Substantive Testing <b>Quiz two - last 20 minutes of tutorial</b>	Chapter 10
9	3 <sup>rd</sup> May	Audit Sampling	Chapter 11
10	10 <sup>th</sup> May	Audit Report & Subsequent Events <b>Group Assignment is Due</b>	Chapters 12 & 13
11	17 <sup>th</sup> May	Auditor's legal liability	Chapter 4
12	24 <sup>th</sup> May	Internal auditing <b>Quiz three - last 20 minutes of tutorial</b>	Chapters 14
13	31 <sup>st</sup> May	Unit Summary	

## TUTORIAL QUESTIONS

All tutorial questions are from the set text (Gay and Simnett *4e edition*)

**Tutorial questions must be completed before class. Four random collections of these questions will be collected by your tutor and contribute to your tutorial assessment mark.**

Detailed solutions of the tutorial questions and any additional tutorial questions will be available on the unit website at the end of each week. Any student encountering difficulties in understanding concepts or the solutions provided should see a staff member in their consultation hours as soon as possible.

Tutorial Week commencing:	Questions
<b>Week 2</b> 1 <sup>st</sup> March	Tutorial questions: 1.21, 1.23, 1.30,1.34, 2.20, 2.21, 2.24, 2.28
<b>Week 3</b> 8 <sup>th</sup> March	Tutorial questions: 3.20, 3.24, 3.26, 3.30, 3.36. 3.37
<b>Week 4</b> 15 <sup>th</sup> March	Tutorial questions: 5.20, 5.25, 5.30, 5.34 <b>Quiz one - last 20 minutes of tutorial</b>
<b>Week 5</b> 22 <sup>nd</sup> March	Tutorial questions: 6.17, 6.21, 6.24, 6.25, 6.28, 6.31
<b>Week 6</b> 29 <sup>th</sup> March	<b>No tutorials and no lectures in this week</b> <b>Good Friday</b>
<b>Week 7</b> 19 <sup>th</sup> April	Tutorial questions: 7.13, 7.16, 7.18, 7.20, 7.21
<b>Week 8</b> 27 <sup>th</sup> April	Tutorial questions: 8.20, 8.23, 9.21, 9.24, 9.26 <b>Quiz two - last 20 minutes of tutorial</b>
<b>Week 9</b> 3 <sup>rd</sup> May	Tutorial questions: 10.23, 10.24, 10.26, 10.30, 10.34, 10.35
<b>Week 10</b> 10 <sup>th</sup> May	Tutorial questions: 11.21, 11.22, 11.23, 11.28, 11.32, 11.36 <b>Group Assignment is due</b>
<b>Week 11</b> 17 <sup>th</sup> May	Tutorial questions: 12.16, 12.17, 12.24, 13. 27,13.29,13.31
<b>Week 12</b> 24 <sup>th</sup> May	Tutorial questions: 4.23, 4.25, 4.28, 4.30, 4.32 <b>Quiz three - last 20 minutes of tutorial</b>
<b>Week 13</b> 31 <sup>st</sup> May	Tutorial questions: 14.19, 14.20, 14.25, 14.26,14.27