



FACULTY OF
BUSINESS AND ECONOMICS

**MASTER OF ACCOUNTING (Professional)
and
MASTER OF ACCOUNTING (CPA Extension)**

UNIT GUIDE

**ACCG856
AUDITING &
ASSURANCE SERVICES**

Semester 2, 2010

**MACQUARIE UNIVERSITY
FACULTY OF BUSINESS AND ECONOMICS
UNIT GUIDE ACCG856**

Year and Semester:	2010 Semester 2
Unit convenor:	Medhat Endrawes
Prerequisites:	ACCG853, ACCG862
Credit points:	3

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

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 seminars presented are structured to correspond with audit methodology used in practice and integrate Australian Auditing Standards.

TEACHING STAFF

NAME	CONTACT INFORMATION		CONSULTATION TIMES (During Teaching Weeks)
Medhat Endrawes Unit Convenor (UC)	<i>Office</i> <i>E-mail</i>	E4A 525 medhat.endrawes@mq.edu.au	Wednesday 12-2pm
James Hazelton	<i>Office</i> <i>E-mail</i>	E4A 239 james.hazelton@mq.edu.au	Monday 2-4pm
Garry Morris	<i>E-mail</i>	garry.morris@mq.edu.au	Fridays 3-4pm
Adrian Klamer	<i>E-mail</i>	adrian.klamer@mq.edu.au	See unit website for details
Gautam Dahima	<i>E-mail</i>	g.dahima@gmail.com E4A level 2	Thursday 12-2pm

E-mail is the primary form of communication.

CLASSES

The timetable for classes in Semester 2, 2010 are as follows

(<http://www.timetables.mq.edu.au/>):-

Time	Tuesday	Wednesday	Thursday	Friday
9am-12pm	Class 1: C5A304 Adrian Klamer	Class 5: E5A131 Medhat Endrawes	Class 6: C5A301 Medhat Endrawes	Class 7: C5A301 Garry Morris Class 10: E7B200 James Hazelton
3pm-6pm	Class 3: C5A304 Gautam Dahima			
6pm-9pm	Class 4: C5A301 Gautam Dahima			

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

Mode of Delivery and Teaching Schedule: 3 hours seminar x 13 Weeks

Please see teaching Schedule. **Attend and participate in a minimum of 11 Seminars.**

Failure to satisfy this requirement will result of fail grade.

Where a student is absent from a seminar, no allowance can be given for this absence (unless supported by appropriate documentary evidence).

PRIZES

Prizes for this unit are detailed on the following website:

http://www.businessandconomics.mq.edu.au/undergraduate_degrees/prizes_scholarships

REQUIRED AND RECOMMENDED TEXT AND/OR MATERIALS

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

Gay, G. and Simnett, R., *Auditing and Assurance Services in Australia*, Fourth edition, McGraw-Hill Book Company Australia Pty Limited, 2010.

The following texts are useful as additional references.:

Auditing Handbook: "Auditing Handbook 2010", being volume 2 of the Accounting and Auditing Handbook 2010, published by Prentice Hall.

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., Coram P., Cooper, B.J., Cosserrat, G. and Gill, G.S., *Modern Auditing and Assurance Services*, Fourth edition, John Wiley & Sons Australia, Ltd, 2009

TECHNOLOGY USED

Blackboard

Students are expected to download their seminar slides from blackboard, and prepare such material on a weekly basis, before they attend their seminar.

To access the unit's online website on Blackboard, students need to navigate to the following website <http://learn.mq.edu.au> Technical advice and assistance is available to students on the following website: <http://online.mq.edu.au/docs/tecinf.html>

As Blackboard will be used in this subject, students need to ensure that you access this website on a regular basis by using your university username/password details. Students will need to contact the IT helpdesk if they face any difficulties (9850 4357 or 1800 063 191). Seminar notes should be downloaded from the website mentioned above and should be brought to the seminars. There is also a copy of this unit outline on this web page. **Always check the website for important information as this is our main way of communicating with you.**

UNIT WEB PAGE

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

The learning outcomes of this unit are:

1. Understand 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.

GRADUATE CAPABILITIES

This unit contributes to this by developing the following graduate capabilities:

1 Discipline Specific Knowledge and Skills

- a) The examination of auditing and assurance services
- b) Understand the differences between internal and external auditing
- c) Understand the scope of the auditor's responsibilities and related ethical behaviour
- d) Describe the audit process and perform basic procedures in the audit process, and
- e) Read and interpret an auditor report.
- f) The role of assurance service professionals and demonstrate an understanding of their legal, ethical and professional responsibilities

2 Critical, Analytical and Integrative Thinking

3 Problem Solving and Research Capability

4 Creative and Innovative

5 Effective Communications

6 Engaged and Ethical Local and Global citizens

7 Capable of Professional and Personal Judgement and Initiative

TEACHING AND LEARNING STRATEGY

This unit involves one three-hour seminar per week. Each seminar is divided into two parts. The first part of each seminar involves working through the assignment questions. When working through these questions it is expected that seminar participants will contribute to the discussion and raise particular issues or problems that they have had with the assignment questions.

The second part of each seminar will comprise a mini-seminar that covers the key concepts of a topic area. The purpose is to prepare seminar participants so that they may attempt the relevant assignment questions and problems that have been set for the topic area.

On average the unit will require students to complete between 6 to 8 hours of private study per week.

There will be practical explanations and examples given in seminars which supplement the text material and seminar questions. If you choose not to attend seminars, it would be wise to be aware of any announcements made in seminars 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 seminar 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.

RELATIONSHIP BETWEEN ASSESSMENT AND LEARNING OUTCOMES			
	Quizzes 25%	Seminar assignments/ presentation 15%	Final examination 60%
Description	<p>There will be two quizzes during the semester. Quiz one will be worth 12%, and quiz two will be worth 13% (total 25 percent of your overall assessment).</p> <p>If you are unable to attend a number of seminars 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. There will be no supplementary quiz. The weighting will be added to the final exam.</p>	<p>The objective of seminar assignments is to apply audit theory to practical situations. These MUST be attempted on a weekly basis. Students are expected to have pre-prepared these questions before each seminar.</p> <p>Five (5) seminar assignments (each worth a maximum of two (2) marks) will be collected at random and graded accordingly:-</p> <p>2 marks for each assignment completed satisfactorily (that is, all questions reasonably attempted); 1 mark for assignments not completed satisfactorily (that is, incomplete answers or questions not answered); and, 0 marks for assignments either not handed in or where questions poorly attempted.</p> <p>You MUST attend your allocated seminar and hand in your seminar assignments to your lecturer. Late</p>	<p>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.</p> <p>Material that is examinable is</p> <ul style="list-style-type: none"> ➤ all material presented at seminars, ➤ all material included in the prescribed text and additional readings (including all questions at the end of each chapter), ➤ all seminar assignment questions, ➤ and material in the Auditing Handbook that is referred to in the seminar notes or that relates to seminar assignment questions. <p>The university examination period for Semester 2 2010 is from 15 November to 3 December. You are expected to present yourself for examination at the time and place designated in the Examination Timetable. The timetable will be available in Draft form approximately eight weeks before the commencement of the examinations and in Final form approximately four weeks before the commencement of the examinations.</p> <p>http://www.timetables.mq.edu.au/exam</p> <p>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</p>

		<p>submissions will not be accepted. Half-marks will NOT be given. All assignments MUST be handwritten.</p> <p>As seminar solutions will NOT be posted on the ACCG856 website, all discussions of seminar questions will occur in class following each presentation.</p> <p><u>In-class Presentation</u></p> <p>Students will be selected each week and allocated a seminar 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.</p>	<p>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</p> <p>If a Supplementary Examination is granted as a result of Special Consideration process the examination will be scheduled after the conclusion of the official examination period.</p> <p>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.</p> <p>The Macquarie university examination policy details the principles and conduct of examinations at the University. The policy is available at: http://www.mq.edu.au/policy/docs/examination/policy.htm</p>
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<u>Grading method</u>	Suggested solutions provided will represent marking standards	Marks will be based on technical content <u>and</u> presentation skills.	Marking guide will be provided to qualified examiners as standard marking criteria
<u>Estimated student workload</u>		6 hours per week	
<u>Feedback</u>	Feedback will be provided as appropriate in the week following the quiz	Feedback will be provided as appropriate in the week following the presentation	N/A
<u>Learning outcomes</u>			
1	X	X	X
2	X	X	X
3	X	X	X
4	X	X	X
5	X	X	X
6	X	X	
7		X	X
8		X	X
<u>Graduate capabilities</u>			
1a	X	X	X
1b	X	X	X
1c	X	X	X
1d	X	X	X
1e		X	X
1f		X	X
2	X		
3	X		
4			

5	X	X	
6			
7			

GRADING POLICY

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.

All final grades in the Department of Accounting and Finance are determined by a grading committee and are not the sole responsibility of the Unit Coordinator. Macquarie University's 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). The Standardised Numerical Grade (SNG) is not a summation of the individual assessment components.

To be awarded a specific grade, students are required to perform at an equivalent standard in the final examination and their overall assessment marks in the unit.

The University Examination period in Second Half Year 2010 is from 15 November 2010 to 3 December 2010.

ACADEMIC HONESTY

The nature of scholarly endeavour, dependent as it is on the work of others, binds all members of the University community to abide by the principles of academic honesty. Its fundamental principle is that all staff and students act with integrity in the creation, development, application and use of ideas and information. This means that:

- all academic work claimed as original is the work of the author making the claim
- all academic collaborations are acknowledged
- academic work is not falsified in any way
- when the ideas of others are used, these ideas are acknowledged appropriately.

Further information on the academic honesty can be found in the Macquarie University Academic Honesty Policy at

http://www.mq.edu.au/policy/docs/academic_honesty/policy.html

SPECIAL CONSIDERATION

The University is committed to equity and fairness in all aspects of its learning and teaching. In stating this commitment, the University recognises that there may be circumstances where a student is prevented by unavoidable disruption from performing in accordance with their ability. A special consideration policy exists to support students who experience serious and unavoidable disruption such that they do not reach their usual demonstrated performance level. The policy is available at:

http://www.mq.edu.au/policy/docs/special_consideration/procedure.html

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>.

SEMINAR PROGRAM—SEMESTER 2 2010

Week	Seminar Week commencing:	Topic	Text Topic Number
1	2 August	Introduction and Course Overview Introduction to audit and assurance services and the auditing profession	Chapters 1 & 2
2	9 August	Professional Ethics	Chapter 3
3	16 August	Elements of the financial reporting audit process	Chapter 5
4	23 August	Audit Planning & Strategic Business Risk	Chapter 6
5	30 August	Inherent Risk & Internal Control *Quiz one at the beginning of the seminar	Chapter 7
6	6 September	Understanding Internal Control / Test of Control	Chapter 8 & 9
7	13 September	Conception Day – No seminar	
MID SEMESTER BREAK (20 September - 1 October)			
8	4 October	Substantive Testing	Chapter 10
9	11 October	Audit Sampling	Chapter 11
10	18 October	Subsequent Events & Audit Report	Chapters 12 & 13
11	25 October	Auditor's legal liability **Quiz two at the beginning of the seminar	Chapter 4
12	1 November	Internal auditing and other assurance services	Chapters 14 & 16
13	8 November	Unit Summary	

*Quiz one covers chapters 1, 2, 3, 5 & 6.

**Quiz two covers chapters 7, 8, 9, 10 & 11.

SEMINAR QUESTIONS

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

Seminar questions must be completed before class. Five random collections of these questions will be collected by your lecturer and contribute to your seminar assessment mark. Any student encountering difficulties in understanding concepts should see a staff member in their consultation hours as soon as possible.

Seminar Week commencing:	Questions
Week 2 9 August	Seminar questions: 1.24, 1.25, 1.26, 1.30, 2.26, 2.27
Week 3 16 August	Seminar questions: 3.19, 3.27, 3.28, 3.29, 3.31
Week 4 23 August	Seminar questions: 5.21, 5.23, 5.26, 5.28, 5.32
Week 5 30 August	Seminar questions: 6.22, 6.24, 6.26, 6.29 Quiz one at the beginning of the seminar
Week 6 6 September	Seminar questions: 7.15, 7.17, 7.23, 7.25, 7.30
Week 7 13 September	Conception Day – No seminar
<i>MID SEMESTER BREAK (20 September - 1 October)</i>	
Week 8 4 October	Seminar questions: 8.18, 8.19, 8.22, 9.23, 9.25
Week 9 11 October	Seminar questions: 10.20, 10.25, 10.29, 10.31, 10.33
Week 10 18 October	Seminar questions: 11.6, 11.9, 11.13, 11.14, 11.15 + Handout
Week 11 25 October	Seminar questions: 12.19, 12.21, 13.28, 13.32 Quiz two at the beginning of the seminar
Week 12 1 November	Seminar questions: 4.24, 4.26, 4.28, 4.29
Week 13 8 November	Seminar questions: 14.18, 14.21, 16.23, 16.24, 16.31, 16.36