Subject Outline

ACCY 342 Advanced Auditing
Wollongong Campus

6 Credit points
Spring Session 2004

Dr Annamaria Kurtovic
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Telephone: 02 4221 4004

School of Accounting and Finance
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Subject details

Description
Auditing and assurance services are integral to modern accounting practice and are a vital part of the regulatory, accountability and corporate governance framework of reporting entities. The American Accounting Association defined auditing as

A systematic process of objectively obtaining and evaluating evidence regarding assertions about economic actions and events to ascertain the degree of correspondence between those assertions and established criteria and communicating results to interested users (A Statement of Basic Auditing Concepts)

This subject provides an examination of modern auditing and assurance services from acceptance of the assurance engagements, through to risk analysis, data collection, analysis and interpretation and the communication of results in the form of an audit report. While the subject matter is set within the context of the Australian legal and regulatory framework, consideration will also be given to the implication of globalisation and standards convergence on Australia and Australian reporting entities.

Objectives
On successful completion of this subject, students should be able to:

- Demonstrate an understanding of contemporary risk and assurance approaches to audit
- Demonstrate a working knowledge of Australian Auditing standards and auditors’ professional and legal duties, responsibilities and legal and civil liability
- Apply concepts of assurance, compliance and business risk to the auditing process
- Identify, analyse and interpret red flags indicative of irregularities, including fraudulent and non-fraudulent activities, financial statement manipulation and poor corporate governance
- Formulate and perform risk analysis, analytical and review processes and procedures in order to facilitate detection or refute existence of irregularities
- Demonstrate a working understanding of the fundamentals of information systems audit and the use of Generalized Audit Software (GAS).

Method of delivery
Delivery will incorporate two hours of lectures (which may include video presentations as teaching aids), a one-hour tutorial. Times have been allocated in the computer laboratory for ACCY 342 students who may not have computer facilities off campus or simply would like to complete the assignment on campus. During these times you are able to go to the computer labs and work on your computer assignment.

Study time
The University of Wollongong has determined that successful completion of subjects requires 2 hours of study per credit point per week. As this is a 6 credit point subject, students should invest
Major text
IDEA Workbook Computer Assignment – Available at the Uni bookshop

Contacts

Subject Coordinators
Dr Annamaria Kurtovic
School of Accounting and Finance
Building No 40, Room No 332
Telephone: 61 2 4221 4004

Consultation times
Members of the teaching team will place a notification of consultation times on their office door during the first week of session.

Student administration
Telephone 61 2 4221 3938
Facsimile 61 2 4221 4322
Email studeng@uow.edu.au
Student OnLine Services http://www.uow.edu.au/student/sols

Library
Telephone 61 2 4221 3548
Web http://www-library.uow.edu.au

Purchasing of books (Unishop)
Telephone 61 2 4221 8050
Facsimile 61 2 4221 8055
Email unishop@uow.edu.au
Assessment Guidelines

General Criteria
Assessment for this subject comprises 3 tasks:
1. Essay 20%
2. Computer Assignment and audit program and report 20%
3. Final Examination 60%

In order to receive a grade of Pass or better in this subject, students must meet satisfactory performance criteria including completion of all three assessment tasks achieving a minimum of 50 per cent in the Final Examination.

The University of Wollongong Code of Practice- Students requires attendance at all classes. Accordingly, while no marks are assigned for class attendance, class roles will be kept for tutorials and computer laboratories. Students who attend less than 90 per cent of tutorials and computer laboratories will be deemed to have not achieved satisfactory performance in the subject.

Note: Marks may be scaled.

Performance grades
HD High Distinction 85–100%
D Distinction 75–84%
C Credit 65–74%
P Pass 50–64%
F Fail (unsatisfactory completion) 0–49%

Summary

<table>
<thead>
<tr>
<th>Task</th>
<th>Weighting</th>
<th>Due Date</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Essay</td>
<td>20%</td>
<td>Week Beginning 23.8.04 (Week 6)</td>
</tr>
<tr>
<td>2. Computer Assignment and Report</td>
<td>20%</td>
<td>Week Beginning 4.10.04 (Week 11)</td>
</tr>
<tr>
<td>3. Final Examination</td>
<td>60%</td>
<td>As per Exam Schedule</td>
</tr>
</tbody>
</table>

Special Consideration
University policy requires students who, through serious illness or other circumstances beyond their control, are unable to attend an examination or meet any of the other course requirements, to submit
Supplementary examinations

Students should note that supplementary examinations are not an automatic entitlement on the submission of a request for special consideration. In cases where the decision is made to allow a supplementary examination, students will usually be required to take the examination at a date to be determined by the School within three weeks of the end of the formal examination period. Students will be notified of the exam at least seven days beforehand. It is every student’s responsibility that the University has a correct record of your current address.

Full details of the University’s policy regarding special consideration are available on the web at http://www.uow.edu.au/handbook/courserules/specialconsideration.html. Students should familiarise themselves with these policies.

Disability Policy

If a student with a disability requires reasonable accommodation in this subject, they are strongly advised to discuss the issues early in the session with one of the following people: the Disability Liaison Officer, Faculty Disability Adviser and/or the Subject Co-ordinator. Students with a disability should also register with the University of Wollongong Disabilities Unit. More details can be found on the web at http://www.uow.edu.au/student/services/disabl.html.

Non Discriminatory Language

As part of its Equal Opportunity/Affirmative Action initiatives, the University of Wollongong endorses a policy of non-discriminatory language practice and presentation in all academic and administrative activities of the University. The policy is available at http://staff.uow.edu.au/eeo/nondiscrimlanguage.html.

Receipt of Assessment Tasks

It is your responsibility to ensure that you have a receipt signed by your lecturer/tutor, acknowledging submission of written work.

Assessment Tasks

<table>
<thead>
<tr>
<th>Task 1: Essay</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Due dates:</strong></td>
</tr>
<tr>
<td><strong>Weighting:</strong></td>
</tr>
<tr>
<td><strong>Length:</strong></td>
</tr>
</tbody>
</table>

**Task 1 Essay**

Topic:
The recent spate of corporate collapses has brought with it a much-needed review of the duties and responsibilities of internal and external auditors as well as corporate board members and senior
and specific regulatory changes including legal and professional requirements as a result of continuous collapses in order to support the arguments and view points adopted in your essay

**Assessment Criteria/Marking Guidelines**

a) The essay should be **2000** words (anything in excess of 2000 words will not be read).
b) The essay should be typed using double-line spacing
c) The essay must include a synopsis and a list of references. The method of referencing used in the *Accounting Review* must be followed.
d) The essay must be submitted in your tutorial. Essays must not be posted, transmitted by fax or email.
e) Penalties will be imposed from the mark awarded if there is:
   i. Late Submission: 2 marks per day or part thereof.
   ii. No Synopsis: 2 marks.
   iii. No List of references: 2 marks.
f) The assessment of the essay will consider the following:
   i. Synopsis
   ii. Structure and presentation
   iii. Content
   iv. Style
   v. Reference and citation

g) A plagiarised essay, which includes copying the work of another student, will receive a mark of zero (refer to University of Wollongong Acknowledgment Practice, on the website [http://www.uow.edu.au](http://www.uow.edu.au)).

h) All written submissions in this subject should include the cover sheet that is attached at the back of the course outline

<table>
<thead>
<tr>
<th>Task 2: Computer Assignment</th>
</tr>
</thead>
<tbody>
<tr>
<td>Due date: Week Beginning 4.10.04 (Week 11)</td>
</tr>
<tr>
<td>Weighting: 20%</td>
</tr>
<tr>
<td>Length: Complete computer assignment and a 1000 word report as per details below</td>
</tr>
</tbody>
</table>

**Task 2 – Assignment Details**

- This computer assignment is an individual effort. There are three (3) audits that must be completed
  - Accounts Receivable Audit
  - Accounts Payable Audit and Fraud Investigation
  - Inventory Special Audit
- Audit program (including relevant flowcharts outlining and discussing the three main audits) and audit report indicating findings for all of the above mentioned audits
you complete the required tasks in IDEA). Cross-reference your evidence to the audit report(s).

Upon completion of the above audits and the audit report(s), for each of the three (3) audits undertaken discuss what action(s) if any, the auditors should consider taking as a result of the audit findings. Your answer should include a discussion on the internal control procedures that should be implemented as a result of your findings. Your report should make reference to the liability placed on auditors by current legal and regulatory requirements and the actions taken or failed to be taken by auditors in recent corporate collapses.

Please note: Upon completion of this assessment task you should have three (3) separate audit programs and audit reports. These should be accompanied by sufficient audit evidence that is generated by completing the computer assignment. You should also have a report that discusses the internal control procedures and liability placed on auditors.

Furthermore: A History Log of all your transactions MUST be submitted with your assignment, failing to do so will result in a grade of zero.

Assessment Criteria/Marking Guidelines – Computer Assessment

a) Three Separate audit programmes and reports must be submitted (one for each audit completed) in addition to this a report must be submitted discussing relevant internal control procedures as a result of your audit findings and the liability placed on auditors today.

b) All necessary evidence must be included (this is, documents generated by completing the audit assignment)

c) A history log generated by the IDEA software must be submitted with the assignment, failing to do so will result in a grade of zero.

d) If required a list of references must be included. The method of referencing used in the Accounting Review must be followed.

e) The computer assignment must be submitted in your tutorial. Computer assignments must not be posted, transmitted by fax or email.

f) Penalties will be imposed from the mark awarded if there is:
   i) Late Submission: 2 marks per day or part thereof.
   ii) No history log included results in a mark of zero
   iii) Inadequate referencing where required 2 marks

g) The assessment of the computer assignment will consider the following:
   i) Structure and presentation of audit program(s) and report(s) including final discussion on internal control procedures as a result of the findings.
   ii) Content
   iii) Audit evidence generated
   iv) Cross referencing of audit evidence to audit report

h) A plagiarised computer assignment, which includes copying the work of another student, will receive a mark of zero (refer to University of Wollongong Acknowledgment Practice, on the website http://www.uow.edu.au).

i) All written submissions in this subject should include the cover sheet that is attached at the back of the course outline.
Examination details
All topics covered in lectures, tutorials and computer assignment

Submission Requirements

Assessment tasks are to be submitted during your tutorial
Note: No posted, faxed, or emailed assignments will be accepted.

Assignment cover sheet
Students must include a word-processed cover sheet attached to the front of all assessment tasks.
Note that the last detail does not need to be included for individual assessment.

- Subject Number
- Subject Name
- Student Name (Please give full name, include any other name you use in class, underline surname).
- Student Number
- Plagiarism / acknowledgement declaration signed and dated stating the following:

  I, __________________________ declare that I have read, understood and adhered to the University of Wollongong policies on Plagiarism / Acknowledgment Practice and Non-discriminatory Language Practice and Presentation.

  Signature_______________________                           Date_______________

Collection
All assessment can be collected from your tutor during tutorials.

Acknowledgment/Plagiarism
Plagiarism is not acceptable and may result in the imposition of severe penalties. The University provides clear guidelines on its attitude towards plagiarism and how to avoid unintentional plagiarism in the Postgraduate University Calendar, located on the web at http://www.uow.edu.au/handbook/courserules/plagiarism.html
Students are advised to read these carefully. If any doubts remain as to what constitutes plagiarism, students should discuss the matter with the subject co-ordinator
Students are expected to follow the Accounting Review of referencing.

Extensions
Extensions may be granted if circumstances beyond the control of the student interfere with their ability to complete the task on time. These will only be granted by the subject coordinator and must be applied for before the due date.
Price Waterhouse Coopers, Chartered Accountants, offer a cash prize of $400 to the student securing the highest aggregate mark in ACCY 342: Advanced Auditing at his/her first attempt, providing the student has attained a sufficient academic standard.

Disclaimer
The School attempts to ensure that the information herein is up to date at the time of production, however we reserve the right to amend without notice in response to changing circumstances.
<table>
<thead>
<tr>
<th>Week Nos.</th>
<th>Week Commencing</th>
<th>Lecture Schedule</th>
<th>Text Book Chapters</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>19.7.04</td>
<td>Introduction to Audit and Assurance Services</td>
<td>1</td>
</tr>
<tr>
<td>2</td>
<td>26.7.04</td>
<td>Audit Profession Structure: Corporate Governance, Serving Client and Public Interest and Audit Professionalism</td>
<td>2</td>
</tr>
<tr>
<td>3</td>
<td>2.8.04</td>
<td>Audit Process Understanding Business Risk</td>
<td>3, 4</td>
</tr>
<tr>
<td>4</td>
<td>9.8.04</td>
<td>Audit Process: the clients control systems, substantive testing</td>
<td>5, 7</td>
</tr>
<tr>
<td>5</td>
<td>16.8.04</td>
<td>Cooking the books: what every accountant/auditor should know about fraud</td>
<td>Literature on recent corporate collapses</td>
</tr>
<tr>
<td>6</td>
<td>23.8.04</td>
<td>Audit Process: Computer-based Testing</td>
<td>6, 8</td>
</tr>
<tr>
<td>7</td>
<td>30.8.04</td>
<td>Audit Sampling: inherent and control risk</td>
<td>9</td>
</tr>
<tr>
<td>8</td>
<td>6.9.04</td>
<td>Audit Sampling: non-statistical sampling</td>
<td>10</td>
</tr>
<tr>
<td>9</td>
<td>13.9.04</td>
<td>Audit Cycles: inventory</td>
<td>11</td>
</tr>
<tr>
<td>10</td>
<td>20.9.04</td>
<td>Audit Cycles: liquid assets and treasury</td>
<td>12</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Mid – Session Recess</td>
<td></td>
</tr>
<tr>
<td>11</td>
<td>4.10.04</td>
<td>Audit Cycles: assets and long term financing</td>
<td>13</td>
</tr>
<tr>
<td>12</td>
<td>11.10.04</td>
<td>Audit Completion</td>
<td>Audit Levels of Assurance</td>
</tr>
<tr>
<td>Week Nos.</td>
<td>Week Commencing</td>
<td>Tutorial Questions</td>
<td>Text Book Chapters</td>
</tr>
<tr>
<td>----------</td>
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<td>--------------------</td>
<td>-------------------</td>
</tr>
<tr>
<td>1</td>
<td>19.7.04</td>
<td>No tutorials in week 1</td>
<td></td>
</tr>
<tr>
<td>2</td>
<td>26.7.04</td>
<td>1-1, 1-2, 1-10, 1-13, 1-14, 1-17, 1-22, 1-24, 1-49, 1-59</td>
<td>1</td>
</tr>
<tr>
<td>3</td>
<td>2.8.04</td>
<td>2-2, 2-10, 2-15, 2-38, 2-40, 2-41, 2-51, 2-53</td>
<td>2</td>
</tr>
<tr>
<td>4</td>
<td>9.8.04</td>
<td>3-6, 3-8, 3-10, 3-20, 3-25, 3-45, 3-46</td>
<td>3</td>
</tr>
<tr>
<td></td>
<td></td>
<td>4-7, 4-15, 4-20, 4-21, 4-22, 4-42</td>
<td>4</td>
</tr>
<tr>
<td>5</td>
<td>16.8.04</td>
<td>5-1, 5-2, 5-3, 5-10, 5-11, 5-24, 5-42, 5-46, 5-60</td>
<td>5</td>
</tr>
<tr>
<td>6</td>
<td>23.8.04</td>
<td>Essay due during your allocated tutorial</td>
<td>7</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Discuss the video 7-1, 7-2, 7-7, 7-22, 7-36, 7-51</td>
<td></td>
</tr>
<tr>
<td>7</td>
<td>30.8.04</td>
<td>6-4, 6-8, 6-11, 6-14, 6-41, 6-46, 6-59</td>
<td>6, 8</td>
</tr>
<tr>
<td></td>
<td></td>
<td>8-1, 8-2, 8-3, 8-12, 8-20, 8-49, 8-66, 8-70</td>
<td></td>
</tr>
<tr>
<td>9</td>
<td>13.9.04</td>
<td>10-2, 10-8, 10-9, 10-24, 10-50, 10-62, 10-63</td>
<td>10</td>
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<tr>
<td>10</td>
<td>20.9.04</td>
<td>11-1, 11-5, 11-11, 11-54, 11-56, 11-57, 11-66</td>
<td>11</td>
</tr>
<tr>
<td></td>
<td></td>
<td>12-4, 12-5, 12-12, 12-36, 12-38, 12-41, 12-46, 12-47</td>
<td>12</td>
</tr>
<tr>
<td>12</td>
<td>11.10.04</td>
<td>14-1, 14-6, 14-13, 14-19, 14-30, 14-42</td>
<td>14</td>
</tr>
<tr>
<td>13</td>
<td>18.10.04</td>
<td>16-1, 16-2, 16 0 -7, 16-8, 16-12, 16-13,16-38, 16-45</td>
<td>16</td>
</tr>
</tbody>
</table>

**ACCY 342 Advanced Auditing Proposed Tutorial Schedule 2004**
APPENDIX 1

5. Thompson, Courtenay (2002) “One ride that’s unacceptable: the fun and games end for a business unit manager when auditors discover his recently acquired amusement park was purchased with company funds”, Internal Auditor, August, vol59 issue 4, p73 (Expanded Academic Index)
Subject Code: (Delete where not applicable)

Subject Title: 

Submission Type: ESSAY/SEMINAR/TUTORIAL PAPER/ASSIGNMENT (Delete where not applicable)

Assignment Title: 

Student’s Name: 

Student Number: 

Contact No. or e-mail: 

Tutorial Group or Class (Day and Time): 

Tutor’s Name: 

Due Date: 

Date Submitted: 

PLAGIARISM:
The penalty for deliberate plagiarism is FAILURE in the subject. Plagiarism is cheating by using the written ideas or submitted work of someone else. The University of Wollongong has a strong policy against plagiarism.


The University of Wollongong also endorses a policy of non-discriminatory language practice and presentation.

PLEASE NOTE:
STUDENTS MUST RETAIN A COPY OF ANY WORK SUBMITTED

DECLARATION: I certify that this is entirely my own work, except where I have given fully-documented references to the work of others, and that the material contained in this essay has not previously been submitted for assessment in any formal course of study. I understand the definition and consequences of plagiarism.

Signature:

MARK: COMMENTS:

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Assignment Receipt (To be filled in by student and retained by Tutor upon return of assignment)

Subject: 
Assignment Title: 

Student’s Name: 

Student Number: 

-------------------------------&-----------------------------------&-------------------------------