Subject Outline

ACCY 342 Advanced Auditing
Wollongong Campus

6 Credit points
Spring Session 2003

Mr Phil Venables
Room: 40. 304
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Email: venables@uow.edu.au

Dr Kathie Cooper
Room: 40.324
Telephone: 02 4221 3392
Email: kathie_cooper@uow.edu.au

School of Accounting and Finance
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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, a one-hour tutorial and a one-hour computer laboratory. Lectures may include video presentations as teaching aids.

Messages, Lecture notes and Assessment Tasks
The ACCY 342 teaching team will use Neelix as a means of contacting ACCY 342 students en masse. Specifically, Neelix will be used to advise articles forming the basis of seminar presentations and Review Briefs, computer laboratory activities and Case Study details. Where necessary, Neelix will also be used to convey to students any important messages regarding the subject that cannot be conveyed through Lectures.

Note: lectures will be the prime forum for course information and announcements. Neelix will only be used for unexpected situations that cannot be announced in lectures.
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 an average of 12 hours study time, including class attendance, per week in this subject i.e. 4 hours class time plus 8 hours class preparation and self-study.

Lecture times

Lectures have been divided into 2 streams:

**Lecture A**: an examination of professional, legal and regulatory requirements (conducted by Mr Phil Venables)

**Lecture B**: practical application of professional, legal and regulatory requirements (conducted by Dr Kathie Cooper)

Lecture times and venues:

<table>
<thead>
<tr>
<th>Lecture</th>
<th>Day</th>
<th>Time</th>
<th>Room</th>
</tr>
</thead>
<tbody>
<tr>
<td>A</td>
<td>Tuesday</td>
<td>3.30pm to 4.30pm</td>
<td>35G20</td>
</tr>
<tr>
<td>B</td>
<td>Thursday</td>
<td>3.30pm to 4.30pm</td>
<td>35G20</td>
</tr>
<tr>
<td>A: repeat</td>
<td>Thursday</td>
<td>5.30pm to 6.30pm</td>
<td>35G45</td>
</tr>
<tr>
<td>B: repeat</td>
<td>Thursday</td>
<td>6.30pm to 7.30pm</td>
<td>35G45</td>
</tr>
</tbody>
</table>

Major text


Note: Additional resources (see reference list: Appendix 1) as prescribed in the proposed lecture schedule are **compulsory** reading for the subject. Where applicable, a website address will be provided for full-text articles available through the University of Wollongong Library databases. Prescribed readings not available through the University of Wollongong Library databases will be available in the serial section of the Library.

References for **recommended** material/resources for the subject can be obtained by contacting the University of Wollongong Library.
Contacts

Subject Coordinators, lecturers and tutors

Mr Phil Venables (Subject Coordinator and Lecturer A series, tutor)
School of Accounting and Finance
Building No 40, Room No 304
Telephone: 61 2 4221 5376
Email: venables@uow.edu.au

Dr Kathie Cooper (Subject Coordinator and Lecturer B series, tutor)
School of Accounting and Finance
Building No 40, Room No 324
Telephone: 61 2 4221 3392
Email: kathie_cooper@uow.edu.au

Mrs Kellie McCombie (tutor)
School of Accounting and Finance
Building No 40, Room No 310
Telephone: 61 2 4221 4003
Email: kellie_mccombie@uow.edu.au

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

Neelix Address

user name: accfin
pass word: accy999

Student administration

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

General Criteria
Assessment for this subject comprises 3 tasks:

1. **Literature reviews** 20%
   - marks will be allocated as follows:
     - Seminar presentation, précis and critique 12%
     - Review briefs. 8%

2. **Case Study** 25%
   - marks will be allocated as follows:
     - Computer laboratory submissions 5%
     - Case Study Report and Working Papers 20%

3. **Final Examination** 55%
   - comprising a 3 hour paper including essay type and calculation questions.

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**

<table>
<thead>
<tr>
<th>Grade</th>
<th>Description</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>HD</td>
<td>High Distinction</td>
<td>85–100%</td>
</tr>
<tr>
<td>D</td>
<td>Distinction</td>
<td>75–84%</td>
</tr>
<tr>
<td>C</td>
<td>Credit</td>
<td>65–74%</td>
</tr>
</tbody>
</table>
P  Pass  50–64%
F  Fail (unsatisfactory completion)  0–49%

Summary

<table>
<thead>
<tr>
<th>Task</th>
<th>Weighting</th>
<th>Due Date</th>
<th>Return date</th>
</tr>
</thead>
<tbody>
<tr>
<td>Task 1 Literature Reviews</td>
<td>20%</td>
<td>As allocated in tutorials and during week 5 - 9</td>
<td>one week after submission</td>
</tr>
<tr>
<td>Task 2 Case Study</td>
<td>25%</td>
<td>Week 9 and Week 11</td>
<td>Week 13</td>
</tr>
<tr>
<td>Task 3 Final Examination</td>
<td>55%</td>
<td>As per UOW exam timetable</td>
<td></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 medical or other documented evidence as soon as possible after the event to support their request for special consideration.


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](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](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: Literature Reviews</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Due dates:</strong></td>
</tr>
<tr>
<td>Part A Presentation - as allocated in tutorials; Précis and critique - one week after presentation</td>
</tr>
<tr>
<td>Part B, According to dates noted in schedule</td>
</tr>
<tr>
<td><strong>Return dates:</strong></td>
</tr>
<tr>
<td>Part A, one week after submission of Precis and critique</td>
</tr>
<tr>
<td>Part B, one week after submission</td>
</tr>
<tr>
<td><strong>Weighting:</strong></td>
</tr>
<tr>
<td>Part A – 12%</td>
</tr>
<tr>
<td>Part B – 8%</td>
</tr>
<tr>
<td><strong>Length:</strong></td>
</tr>
<tr>
<td>Refer to assignment details below</td>
</tr>
</tbody>
</table>

Assignment details Task 1

The Literature Review assessment task is split into two parts, requiring at all times for students to be able to read critically articles that are based in the subject area of auditing and assurance services. The Literature Review assessments take place over a 5 week period, the dates of which can be found in the schedule attached at the end of this subject outline.

Part A Requirements (Group assessment) - During tutorials in the 2nd week of session, students will be assigned seminar partners and allocated presentations, which begin in week 5. The presentations will be based on an article to be advised via Neelix (see address above) two weeks prior to the presentation date. The duration of the presentation is to be 30 minutes with 25 minutes discussion of issues raised in the presentation. Class discussion of issues arising from the presentation will be lead by the presenting group. Satisfactory completion of this task requires students to include supporting articles (a minimum of 4) in their presentation. Supporting articles may be media items eg newspaper articles, video, current affairs items, or articles from academic journals.
The week following the presentation, the presenting group will submit a detailed précis and critique of their assigned article. Issues discussed in the presentation are to be incorporated in the critique. The précis and critique must be 1000 – 1200 words in length and must be appropriately referenced. A List of References is to be attached.

In addition to the above each group is to prepare and sign a contract detailing the duties, responsibilities and rights of each group member. Signed records of group meetings are to be kept detailing dates of meetings, objectives and outcomes including, where relevant, group dynamic problems such as lack of participation of a group member. The contract and records of group meetings is to be submitted with précis and critique and may be used for purposes of differential assessment of group members’ contribution.

Part B Requirements (Individual assessment) - All students not presenting will hand in a brief review of the article being presented at the beginning of each presentation. It is expected that all students will be familiar with the material in order to contribute effectively to the discussion. This means all students are to complete 4 Review Briefs, according to the following format:

a. Author & Title of Article/ Chapter:

b. Title of Book/ Journal in which reading occurred:


d. Summarise in three or four sentences what you thought the reading was about.

e. How easy or difficult did you find the reading? (please circle your choice):

   Very  Moderately  Reasonable  Easy

   Difficult  Difficult

f. What is the question the author is raising in the early part of the reading?

   e.g. What is the issue? Who says it’s an issue? In what sense is it an issue?

g. What evidence does the author offer to show that this is a relevant issue to be discussing?

h. Write down a quote from the reading that sums up the author’s point of view.

i. Write down three points from the reading which could be discussed at the tutorial. These may be things you do not understand, agree or disagree with or things that occurred to you as you read the paper.

For ease of presentation, a Review Brief template is provided as Appendix 2 to this subject outline.
Assessment Criteria/Marking Guidelines Task 1

The objective of this task is to facilitate student understanding, analysis, interpretation and critique of contemporary issues in auditing and assurance services. The seminar presentations are designed to provide students with the opportunity to develop team work, communication and professional presentation skills and, at the same time, encourage class participation, discussion and understanding of complex auditing and assurance services issues.

Part A

Seminar Presentation Assessment Criteria will be based on:

1. quality of the presentation based on evidence of planning, appropriate organization, coherence and innovation, and use of appropriate presentation aids eg reading from a script/notes/overhead projector transparencies is not an appropriate presentation approach
2. content, including demonstrated knowledge and understanding of the topic ie of the set article(s) AND supporting articles/materials
3. ability to link presentation topic to other relevant subject topics
4. ability to generate class interest and active participation

Précis and Critique Assessment Criteria will be based on:

1. content, including clear and precise identification and elaboration of relevant issues
2. logical sequence of discussion of issues including formulation of and authoritative support for arguments
3. writing style, including English expression, spelling and grammar
4. evidence of wide reading and understanding of relevant material
5. appropriate and adequate referencing ie identification of direct quotes and ideas in the text as well as a List of References (Refer to the University of Wollongong’s Plagiarism/Acknowledgement Practice Code)
6. Completion of a Cover Sheet (details on page 11)

Part B

Review Brief Assessment Criteria will be based on:

1. Completed Review Brief according to above format (Part B Requirements)
2. Evidence of a conscientious attempt to review the set article(s) and answer the questions outlined above
3. Evidence of understanding of the issues raised by the article(s) OR a clear identification of difficulties eg what made the article difficult to understand: language, concepts, writing style

Note: Failure to submit review briefs prior to the relevant presentation or copying of another student’s work will attract a mark of zero
Assignment details Task 2

**Part A Requirements (Individual assessment)** - The computer laboratory classes (*weeks 5 – 9*) will introduce students to Audit Command Language (ACL). Students are to complete the set task(s) (details to be advised in lecture) by the end of this 5-week period. Building on experience gained in these laboratories, the major assignment (Part B) will contain a computer database analysis.

**Part B Requirements (Group assessment)** - In week 4 tutorials, Case Study groups (maximum of 4 members) will be formed. It is essential that computer laboratory activities be completed before students attempt the Case Study. Accordingly, details of the Case Study will be advised in lectures in week 8 (week beginning 8 September 2003), one week before completion of the computer laboratories.

The objective of the case study is to provide experience with the audit process including risk assessment, analysis and interpretation of data, preparation of working papers and a report detailing preliminary findings and implications for the audit.

**Note:** the teaching team will not provide assistance with completion of the Case Study after 9 October 2003.

### Assessment Criteria/Marking Guidelines Task 2

The Case Study will be assessed on the following criteria:

a. **Presentation**
   - the case study is to be presented as a report to management, addressing each of the criteria as specified in the case study requirements.
   - the narrative sections of the report should not exceed 1600 words (anything in excess of this will not be read) and must be typed using double line spacing with a 12 point font.
   - diagrams and charts may be hand prepared, but must be drawn using a flowcharting template and not drawn freehand.
   - the use of appropriate headings and referencing (refer to the University of Wollongong’s Plagiarism/Acknowledgement Practice Code)
• a List of References
• **Note:** Each group is to prepare and sign a contract detailing the duties, responsibilities and rights of each group member. Signed records of group meetings are to be kept detailing dates of meetings, objectives and outcomes including, where relevant, group dynamic problems such as lack of participation of a group member. The contract and records of group meetings is to be submitted with précis and critique and may be used for purposes of differential assessment of group members’ contribution.

b. Content
- clear and precise identification of risks ie tests and results indicating control weaknesses, potential consequences and actions required to rectify identified weaknesses
- appropriateness of conclusions as to existence of weaknesses, potential consequences and remedial action
- soundness of English expression, grammar and spelling

c. Integrity of evidence/data
- provision of all printouts eg data definitions, ACL files generated and audit log of ACL run. **Note:** evidence/data integrity means that ALL printouts, including those with errors accompanied by error-free repeat runs, must be submitted. Evidence/data generated during the course of an audit may be used in a court of law or other form of dispute resolution and is subject to the rules of evidence.

<table>
<thead>
<tr>
<th>Task 3: Examination</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Date:</strong> University examination period: 8 - 23 November</td>
</tr>
<tr>
<td><strong>Weighting:</strong> 55%</td>
</tr>
<tr>
<td><strong>Length:</strong> 3 hours 15 minutes</td>
</tr>
</tbody>
</table>

**Examination details**
All topics covered in lectures and tutorials (including compulsory readings, see Appendix 1) and readings set for Literature Reviews are examinable.

**Submission Requirements**

**Place of Submission**
Task 1, Part A and Part B, is to be handed in to your tutor at the beginning of your tutorial.
Task 2, Part A is to be handed in to Mr Phil Venables, by the end of Week 9.
Task 2, Part B is to be handed in to your tutor at your tutorial in Week 11 (Week beginning 13 October 2003).

**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. Note that the last detail does not need to be included for individual assessment.

- Subject Number
- Subject Name

and for each student:

- Student Name (Please give full name, include any other name you use in class, underline surname).
- Student Number
- Plagiarism / acknowledgement declaration (by each group member) 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____________________

- A declaration, signed by all group members, that all members of the presentation/Case Study group have contributed equally to the preparation and presentation of the seminar and précis and critique/Case Study

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](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.

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 Mr Phil Venables and must be applied for **before** the due date.

**Note:** Extensions will not be granted after the due date.
Late submission

Task 1 Part A: penalties for late submission of the Précis and Critique will accrue at the rate of 1 mark per day or part thereof.

Task 1 Part B: submission of Review Briefs will not be accepted after commencement of the relevant presentation.

Task 2 Part A: penalties for late submission of computer laboratory activities will accrue at the rate of 1 mark per day or part thereof.

Task 2 Part B: penalties for late submission of the Case Study will accrue at a rate of 2 marks per day or part thereof commencing from 13 October 2003. NOTE: 13 October 2003 is the due date for submission of the Case Study even though Case Studies are to be submitted to your tutor in your tutorial in the week beginning 13 October 2003.

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</th>
<th>Week beginning</th>
<th>Topic</th>
<th>Compulsory Readings</th>
<th>Tutorial Questions</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>21 July</td>
<td>Nature and role of auditing and assurance services in corporate regulation including external financial reporting and corporate governance</td>
<td>Chpts 1 &amp; 2</td>
<td>AUS 102, 104, 106, 108, 202, 702, APS1.1, ED81</td>
</tr>
<tr>
<td>2</td>
<td>28 July</td>
<td>Role, duties and responsibilities of auditors: professional, legal and civil</td>
<td>Chpts 3 &amp; 4</td>
<td>Clerp 9; Joint Code of Prof Conduct, AUP 32, AUS 210</td>
</tr>
<tr>
<td>3</td>
<td>4 August</td>
<td>Role, etc contd</td>
<td>Chpts 3 &amp; 4</td>
<td>As above</td>
</tr>
<tr>
<td>4</td>
<td>11 August</td>
<td>Audit Planning: risk assessment; internal control; corporate governance</td>
<td>Chpts 5–8; 15</td>
<td>AUS 208 204 206 210 214 218 302 304 306 402 404 502 510 512 518 520 526 602 604 606, 708 AGS 1018 1020 1022 1038</td>
</tr>
<tr>
<td>5</td>
<td>18 August</td>
<td>Audit Planning contd</td>
<td>Chpts 5–8; 15</td>
<td>3 4.17; 4.23</td>
</tr>
<tr>
<td>6</td>
<td>25 August</td>
<td>Audit Planning contd</td>
<td>Chpts 5-8; 15</td>
<td>4 Seminar presentations</td>
</tr>
<tr>
<td>7</td>
<td>1 September</td>
<td>Audit Planning contd</td>
<td>Chpts 5–8; 15</td>
<td>5 Seminar presentations</td>
</tr>
<tr>
<td>8</td>
<td>8 September</td>
<td>Audit Process: evidence; analytical procedures; testing of controls, transactions and balances; audit sampling</td>
<td>Chpts 9-11; 17</td>
<td>AUS 214 402 404 502 504 506 514 526 AGS 1002 1060</td>
</tr>
<tr>
<td>9</td>
<td>15 September</td>
<td>Audit Process contd - Computer Laboratory Activities to be submitted</td>
<td>Chpts 9-11; 17</td>
<td>7 Seminar presentations</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>8 Seminar presentations</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>Mid-Session Recess: 22 September – 5 October 2003</td>
</tr>
<tr>
<td>10</td>
<td>6 October</td>
<td>Audit Process contd</td>
<td>Chpts 9-11; 17</td>
<td>As above</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>9 5.17; 6.27; 9.18</td>
</tr>
<tr>
<td>11</td>
<td>13 October</td>
<td>Audit completion and report - Case Study to be submitted</td>
<td>Chpts 12-13</td>
<td>AUS 212 502 508 512 516 518 520 702 704 706 708 710 AGS 1028 1046 1050 AASB 1002</td>
</tr>
<tr>
<td>12</td>
<td>20 October</td>
<td>Audit completion and report</td>
<td>Chpts 12-13</td>
<td>10 7.23; 8.21; 10.21</td>
</tr>
<tr>
<td>13</td>
<td>27 October</td>
<td>Review</td>
<td>Chpts 12-13</td>
<td>11 11.20; 12.11; 13.9</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>12 14.30; 15.19</td>
</tr>
</tbody>
</table>
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)
APPENDIX 2
Review Brief

Author & Title of Article/ Chapter:

Title of Book/ Journal in which reading occurred:

Year of Publication: Vol. No. (Journal)
Issue No. (Journal) Page Nos.

Summarise in three or four sentences what you thought the reading was about.

How easy or difficult did you find the reading? (please circle your choice):

Very Difficult Moderately Reasonable Easy
Difficult Difficult

What is the question the author is raising in the early part of the reading?
e.g. What is the issue? Who says it’s an issue? In what sense is it an issue?
What evidence does the author offer to show that this is a relevant issue to be discussing?

Write down a quote from the reading that sums up the author’s point of view.

Write down three points from the reading which could be discussed at the tutorial. These may be things you do not understand, agree or disagree with or things that occurred to you as you read the paper.

1.

2.

3.