Unit Outline*

ACCT3322

Auditing

Semester 2, 2011
Crawley Campus

Unit Coordinator: Ms Prerana Agrawal

Business School
www.business.uwa.edu.au

* This Unit Outline should be read in conjunction with the Business School Unit Outline Supplement available on the Current Students web site http://www.business.uwa.edu.au/students
UNIT DESCRIPTION

Introduction

‘ACCT3322 Auditing’ introduces you to an important area of accounting profession. This unit emphasis on practical auditing concepts, the auditor's decision-making processes and the audit procedures involved in the course of audit. The core theme of the course is the external audit of corporations, from initial planning to final reporting in the context of a professional environment.

Auditing is an inter-disciplinary subject in that it draws upon your knowledge and understanding of company law, financial accounting, management accounting, accounting information systems and taxation. It is impossible to cover all of the areas in depth for a unit spanning 13 weeks but the course aims to lay a foundation for those students who will proceed to an audit working environment by enabling them to apply and build on the concepts learnt in this unit. Those students who do not wish to enter public practice will nevertheless gain an appreciation of the audit function and its important role in the business and information arena.

Unit content

This unit examines the role of the auditor in the information marketplace, auditor's rights, duties and responsibilities, auditing standards, audit planning, audit evidence, tests of controls, substantive testing and audit reporting. It will introduce you to the principles and practice of auditing. It is designed to give you knowledge of the theoretical concepts surrounding the audit function as well as an overview of the audit process. All the various stages of the auditing process are examined during the course of the semester with some of the more important processes examined in detail. A case study during the last few weeks of the unit shall assist you in applying the theoretical concepts to a practical setting.

The goal of the unit

The objective of ACCT3322 is to develop your understanding of the audit process and to advance your analytical and decision making skills by applying your acquired knowledge of the unit to practical problems. Your ability to do well in auditing depends on your ability to think laterally, rather than to memorise information. Strong emphasis is placed on your ability to communicate your views in a clear, concise and logical manner.

Learning outcomes

On completion of this unit, you should be able to:
• Understand the regulatory framework in which auditor operates
• Evaluate business risks of an audit client and plan the audit to obtain sufficient evidence to support the audit opinion
• Apply appropriate audit procedures and evaluate the quality of audit procedures performed
• Critically evaluate audit transactions and balances
• Complete an audit and formulate an appropriate audit report
• Put theoretical knowledge to practice
• Understand the future directions of the auditing profession and
• Through teamwork, demonstrate effective decision making skills and judgement in the areas of risk assessment, audit planning, execution and formulation of audit opinion

Educational principles and graduate attributes

In this unit, you will be encouraged and facilitated to develop the ability and desire to:
• critically evaluate and solve audit issues by preparing for pre-assigned tutorial questions
• develop competencies to work more efficiently independently and in teams through the completion of weekly multiple choice tests and a group case study during the last few weeks of the course
• demonstrate self-management and independent learning skills through completion of the prescribed weekly exercises
• get an understanding of the subject matter, concepts and techniques of auditing at internationally recognised levels and standards
• acquire the skills required to learn, and to continue through life to learn, from a variety of sources and experiences
• undertake problem identification, analysis and solution
• acquire mature judgement and responsibility in ethical, moral, social, and practical, as well as academic matters
• think and reason logically and creatively

TEACHING AND LEARNING RESPONSIBILITIES

Teaching and learning strategies

The strategies used in this unit to facilitate your learning process include lectures, tutorials, a case study and an independent final examination.

Lectures

Repeat lectures are provided. You are required to register in either the original or the repeat lecture.

Each lecture will cover the material for the current topic as detailed on page 7 of the unit outline. In this unit, it is highly recommended that you come prepared to each lecture. By doing this, you can maximise the value of attending lectures and can contribute readily to discussions, if any, concerning objectives and content. In addition, your ability to both understand and demonstrate understanding of the material through any lecture activities (cooperatively or otherwise) will be significantly enhanced if you are adequately prepared.

Tutorials

The tutorials for the previous week’s lecture topic shall commence from week 2 through to week 10. A range of tutorial times is available. Students who have not already registered for a workshop using the on-line class registration (OLCR) system should do so immediately. From week 4 onwards (i.e. from week beginning 22 August 2011), at the beginning of every tutorial, you will be tested on your preparation and understanding of the assigned topic by completing a multiple choice test. Multiple choice tests will be closed book and can be sat only in your assigned tutorial. If you are late for your tutorial, you can join others while the test is running, however, no extra time will be provided to you. Your best six scores in the seven multiple choice tests will be taken into account while finalising your assessment.

The tutorials will provide you with an opportunity to improve your understanding and technical competence by completing a range of questions and problems related to each topic. I strongly recommend you to participate in tutorials as it not only develops your oral communication skills but provides you the satisfaction of engaging in problem solving and critically analysing the issues. To get maximum benefit from the use of tutorials, you should be prepared in advance for each tutorial by having (a) analysed the topic in advance (b) completed the required readings (c) completed the set questions and problems, when provided (d) drafted a set of questions concerning problems encountered during reading of the topic and/or preparation for tutorial. In addition, one important aspect of using the tutorial as a learning aid is the follow up. It really is in your best interests as soon as possible after the tutorial to follow up on any aspects raised as a consequence of that tutorial.
You should ask yourself if you are satisfied that you have achieved the topic objectives. Were there any general issues that have not been addressed? Can you see how this topic relates to previous topics? Are there any technical or conceptual issues that are still causing you concern? Remember that what you get out of tutorials is directly related to what you are willing to put into them by way of preparation and contribution.

**Case study**

A case study based on “practice led and theory driven” concept will be run during the lectures beginning from week 10 through to week 13. The case study has been designed to be completed over a series of 4 weeks, allowing you to apply the principles you have learnt to a set of “real world” facts. It would assist in development of your cognitive skills such as analysing, evaluation, judgement, decision making. Generic capabilities such as time management, working within a team and oral and written communication would also mature. It would induce you to take a deeper approach to learning as opposed to a surface approach; thereby enhancing your learning experience.

The case study is a team exercise and will be open book. You need to ensure that you sign-up for a group through WebCT by 5pm, 9 September 2011. Each group will consist of 4 members. You can form your own group subject to all group members being enrolled for the same lecture time. A market place for group members will be available through Discussion Board to assist you in formation of groups.

**Teaching and learning evaluation**

You may be asked to complete two evaluations during this unit. The Student Perception of Teaching (SPOT) and the Students’ Unit Reflective Feedback (SURF). The SPOT is optional and is an evaluation of the lecturer and the unit. The SURF is completed online and is a university wide survey and deals only with the unit. You will receive an email from the SURF office inviting you to complete the SURF when it is activated. We encourage you to complete the forms as your feedback is extremely important and can be used to make changes to the unit or lecturing style when appropriate.

This unit has been shaped based on prior student feedback in the following ways:

- A case study based on “practice led and theory driven” concept is developed with the help of a Practicing Lecturer from Ernst & Young who is also invited to guide you to complete it using tools and techniques adapted in practice.
- Weekly multiple choice tests are introduced to promote regular self study.
- The ACCT3322 teaching faculty will observe the time limits of the tutorials to allow students to reach their next class on time.

**Attendance**

Participation in class, whether it be listening to a lecture or getting involved in other activities, is an important part of the learning process, therefore it is important that you attend classes. More formally, the University regulations state that ‘to complete a course or unit students shall attend prescribed classes, lectures, seminars and tutorials’.
CONTACT DETAILS

We strongly advise students to regularly access their student email accounts. Important information regarding the unit is often communicated by email and will not be automatically forwarded to private email addresses.

<table>
<thead>
<tr>
<th><strong>Unit coordinator/lecturer</strong></th>
</tr>
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<tbody>
<tr>
<td><strong>Name:</strong> Prerana Agrawal</td>
</tr>
<tr>
<td><strong>Email:</strong> <a href="mailto:prerana.agrawal@uwa.edu.au">prerana.agrawal@uwa.edu.au</a></td>
</tr>
<tr>
<td><strong>Phone:</strong> (08) 6488 2099</td>
</tr>
<tr>
<td><strong>Consultation hours:</strong> Wednesday 9am to 10am</td>
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<tr>
<td><strong>Lecture times:</strong></td>
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<tr>
<td>Original lecture: Tuesday 3pm to 5pm</td>
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<tr>
<td>Repeat lecture: Thursday 3pm to 5pm</td>
</tr>
<tr>
<td><strong>Lecture venue:</strong></td>
</tr>
<tr>
<td>Original lecture: CHEM: Wilsmore Lecture Theatre</td>
</tr>
<tr>
<td>Repeat lecture: CHEM: Tattersall Lecture Theatre</td>
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</tbody>
</table>

List of tutors and their contact details shall be made available through WebCT closer to the beginning of the semester.

TEXTBOOK(S) AND RESOURCES

Unit website

The unit’s web presence is through the UWA WebCT site ([http://webct.uwa.edu.au/](http://webct.uwa.edu.au/)). The Unit Coordinator is able to assist if you have WebCT access but are unable to see the ACCT3322 Auditing unit specifically. All other questions should be directed to WebCT Student Help Desk. All course handouts, important announcements, tutorial questions and solutions, Lectopia will be accessed through the website. Students will also be able to access information about their ongoing assessment and results through the MyGrades tool in WebCT.

**Recommended/required text(s)**


Pflugrath, G. The CPA Australia - Auditing, Assurance and Ethics Handbook 2011: Pearson Australia

*Note: Clarity Project in Australia has resulted in revision and redrafting of many auditing standards and thus using previous year's Auditing Handbook is not recommended.*

**Additional resources and reading material**


Leung, Coram, Cooper, Richardson (2011) Modern Auditing & Assurance Services, 5th edition: John Wiley and Sons Australia
The following websites shall provide information on current audit issues and changes:

## UNIT SCHEDULE

<table>
<thead>
<tr>
<th>Wk</th>
<th>Topic</th>
<th>Tutorial questions</th>
<th>Additional reading</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Assurance and auditing: an overview (ch 1), The structure of the profession (ch 2)</td>
<td></td>
<td>Refer below*</td>
</tr>
<tr>
<td>2</td>
<td>Ethics, independence and corporate governance (ch 3), The legal liability of auditors (ch 4)</td>
<td>1.9,1.20,1.23,1.25,2.15,2.21,2.27</td>
<td>Refer below*</td>
</tr>
<tr>
<td>3</td>
<td>Overview of elements of the financial report audit process (ch 5)</td>
<td>3.23, 3.27, 3.34, 3.37, 4.23, 4.28</td>
<td>Refer below*</td>
</tr>
<tr>
<td>4</td>
<td>Planning, understanding the entity and evaluating business risk (ch 6), Assessing specific business risks and materiality (ch 7)</td>
<td>5.20, 5.23, 5.29, 5.30, 5.36</td>
<td>Refer below*</td>
</tr>
<tr>
<td>5</td>
<td>Understanding and assessing internal control (ch 8) and tests of controls (ch 9)</td>
<td>6.20,6.25, 6.32, 7.19,7.27</td>
<td>Refer below*</td>
</tr>
<tr>
<td>6</td>
<td>Substantive tests of transactions and balances (ch 10)</td>
<td>8.24, 8.32, 9.21, 9.24</td>
<td>Refer below*</td>
</tr>
<tr>
<td>7</td>
<td>Audit sampling (ch 11)</td>
<td>10.24,10.29, 10.34</td>
<td>Refer below*</td>
</tr>
<tr>
<td>8</td>
<td>Completion and review (ch 12)</td>
<td>11.5, 11.15, 11.25, 11.34</td>
<td>Refer below*</td>
</tr>
<tr>
<td>9</td>
<td>The auditor's reporting obligations (ch 13)</td>
<td>12.10, 12.17, 12.23, 12.30</td>
<td>Refer below*</td>
</tr>
<tr>
<td>10</td>
<td>Case Study</td>
<td>13.7, 13.29, 13.35</td>
<td>Refer below*</td>
</tr>
<tr>
<td>11</td>
<td>Case Study</td>
<td></td>
<td></td>
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<tr>
<td>12</td>
<td>Case Study</td>
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<tr>
<td>13</td>
<td>Case Study</td>
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*Every chapter in the textbook refers to specific standards (listed at the beginning of each chapter). These specified standards are part of the additional reading involved in your preparation for lectures, tutorials, case study and final exams.
ASSESSMENT MECHANISM

The purpose of assessment

There are a number of reasons for having assessable tasks as part of an academic program. The assessable tasks are designed to encourage you to explore and understand the subject more fully. The fact that we grade your work provides you an indication of how much you have achieved. Providing feedback on your work also serves as part of the learning process.

Multiple choice tests during tutorials will enable you to test your understanding of the topic on the basis of self reading and lecture material. It also provides a better measure of your weekly preparation for the tutorial topic. A group case study during week 10 through to week 13 lectures facilitates a practical assessment of the group effort in critical evaluation and application of theoretical knowledge to a practical scenario. A final exam assessment is for you to demonstrate your ability to discuss, analyse, interpret and explain the topics covered in the unit.

Assessment mechanism summary

<table>
<thead>
<tr>
<th>Item</th>
<th>Weight</th>
<th>Due date</th>
<th>Remarks</th>
</tr>
</thead>
<tbody>
<tr>
<td>Tutorial exercises/activities</td>
<td>15%</td>
<td>On-going</td>
<td>Through a set of multiple choice questions provided in each tutorial beginning from week 4 through to week 10</td>
</tr>
<tr>
<td>Preparation for the topic</td>
<td>5%</td>
<td>On-going</td>
<td>Overall student participation during the tutorials shall be assessed</td>
</tr>
<tr>
<td>Tutorial participation</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Case Study</td>
<td>15%</td>
<td>During lectures</td>
<td>Case study will be run during the lectures from week 10 to week 13.</td>
</tr>
<tr>
<td>Final exam</td>
<td>65%</td>
<td>As advised by the Examinations Office</td>
<td></td>
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</table>

Note 1: Results may be subject to scaling and standardisation under faculty policy and are not necessarily the sum of the component parts.

Note 2: Your assessed work may also be used for quality assurance purposes, such as to assess the level of achievement of learning outcomes as required for accreditation and audit purposes. The findings may be used to inform changes aimed at improving the quality of Business School programs. All material used for such processes will be treated as confidential, and the outcome will not affect your grade for the unit.
Assessment components

Assessment item 1. Tutorial preparation and participation

Tutorial preparation and participation are designed to develop regular independent study, interpersonal skills and presentation skills. It shall provide you with an opportunity to apply theoretical concepts in practical cases. Students are expected to make every effort to complete the tutorial questions and to participate actively in the tutorial discussions in order to maximise your learning outcomes. Beginning from week 4, each week at the beginning of the tutorial, a set of multiple choice questions pertaining to the topic under consideration shall be provided. Time taken for this activity shall vary from 5 to 10 minutes depending on the complexity and the number of the questions.

Your participation in the tutorial for the pre-assigned questions shall also be assessed by your tutor.

Assessment item 2. Case Study

Case study provides a team-based learning and shall facilitate a practical insight into the auditing techniques, develop time management and interpersonal skills. In this group activity, all group members will be awarded the same mark for the case study. However, an absent group member will be awarded no marks for that particular day’s work. No change of groups is permitted.

Assessment item 3. Final Exam

Final exam assessment is for you to demonstrate your ability to discuss, analyse, interpret and explain the topics covered in the unit. The final exam will cover material from each of the topics in the unit. The exam will be a closed book exam and be of two hours and ten minutes duration. Only Auditing Handbook 2011 without any annotations and cross-referencing is permitted during exams. More information relating to the structure and format of the examination will be disclosed later in the semester.

Given the weighting of the assessment, students are strongly encouraged to prepare a study program as soon as possible. This will assist you in keeping abreast with the lecture and tutorial workload as well as subsequently assist you with your revision.

Student Guild

Phone: (+61 8) 6488 2295
Facsimile: (+61 8) 6488 1041
E-mail: enquiries@guild.uwa.edu.au
Website: http://www.guild.uwa.edu.au

Charter of Student Rights and Responsibilities


Appeals against academic assessment

The University provides the opportunity for students to lodge an appeal against assessment results and/or progress status (refer http://www.secretariat.uwa.edu.au/home/policies/appeals).