BUSN7054
Auditing & Assurance Services

STUDENTS: Course details change from semester to semester. Please check that you are reading the Course Outline for the correct semester.

Course Description

This course is primarily focused on the external audit of corporate financial statements while also covering other assurance services, professional ethics, and legal liabilities. The lectures presented are structured to correspond with auditing process in theory and practice, and inevitably integrate Australian and International Auditing Standards.

The majority of the lectures deal with the various activities undertaken by external auditors. The main stages of the audit process are addressed including risk analysis in auditing, audit planning and documentation, fraud auditing, gathering and evaluating audit evidence (including performance of tests of controls and substantive audit procedures) and the formation of the audit opinion. Other topics, including auditors' legal responsibilities, audit quality and ethics, and other assurance services, are also dealt with as special topics.

The lectures mainly deal with the concepts underlying the methodology, while the cases and discussion questions are used to demonstrate how the methodology is applied in practical situations. Research papers assist students with better understanding otherwise abstract auditing concepts and motivate students to further study the specific areas they may be more interested in.

Semester and Year | S1, 2016
Course URL | http://programsandcourses.anu.edu.au/2016/course/BUSN7054
Mode of Delivery | On campus
Prerequisites | To enrol in this course you must have completed BUSN7050 and must also have completed or currently be studying BUSN7057.
Incompatible Courses | BUSN3002
Course Conveners | Dr. Masoud Azizkhani (week 1-7)
Dr. Alicia Jiang (Week 8-13)
Office Location | Dr. Masoud Azizkhani: Room 2023, Hanna Neumann Bld 21
Dr. Alicia Jiang: Room 2030, Hanna Neumann Bld 21
Phone | Dr. Masoud Azizkhani: (2) 6125 8460
Dr. Alicia Jiang: (2) 6125 7385
COURSE OVERVIEW

Course Learning Outcomes

Upon successful completion of the requirements for this course, students will be able to:

1. Discuss the need for an independent audit and assurance function, and briefly describe the development of the role of the external and internal assurance provider in modern business society;
2. Explain the regulatory environment in which the auditor operates (including relevant sections of the Corporations Act 2001 and the auditing standards issued by the Australian Auditing and Assurance Standards Board (AUASB) as well as the ethical pronouncements issued by the Accounting Professional and Ethical Standards Board (APESB), and apply those rules, standards and pronouncements to the conduct of a financial report audit and other assurance engagements;
3. Describe the quality control procedures necessary to ensure that a competent assurance engagement is performed, and apply professional ethics including Code of Conduct to specific scenarios;
4. Understand the financial report audit process, beginning with accepting clients, followed by understanding the client, evaluating business risk and assessing inherent risk, performing tests of controls to assess control risk and substantive tests to reduce detection risk, considering subsequent events and evaluating evidence gathered, ending in the formation of an audit opinion and communication of the results to the client;
5. Describe the various levels of persuasiveness of different types of audit evidence and explain the broad principles of audit sampling techniques;
6. For major transaction types and account balances, identify appropriate assertions at risk and apply appropriate audit procedures to test the assertions identified;
7. Determine the appropriateness, in different circumstances, of different types of audit and review reports;
8. Understand auditors’ legal liabilities, and be able to apply case law in making a judgement whether auditors might be liable to certain parties;
9. Describe other assurance and non-assurance services provided by the auditing and assurance profession, and, for assurance services, understand the level of assurance provided.
10. Develop students’ cognitive skills (especially analytical, appreciative, and communication skills).
Research-Led Teaching

Current issues in accounting and auditing will be incorporated into teaching, wherever applicable, throughout the semester. To achieve the goals, this course draws upon business practices, contemporary and international research, case studies, and applied research experiences of the course convenors. Students are also encouraged to read articles or given certain parts of relevant research papers on certain debatable topics such as fraud and audit reporting.

Continuous Improvement

We use feedback from students, professional bodies and staff to make regular improvements to the course. In response to this feedback, design improvements from the previous version of the course include:

- Case study based teaching
- Update the textbook
- Reflective learning journals for research papers / course materials
- Lecture quizzes

Technology, Software, Equipment

Proficiency in Word and capability in searching on library databases and/or the internet for information will be required, especially for completing the assignment.

Requisites

Students are expected to have retained familiarity with the concepts studied in previous accounting, introductory commercial law (or equivalent), information systems and introductory statistics courses.

Course Delivery

The course is structured around 13 three-hour seminars and your own private study. Lecture and tutorial locations, dates and times can be found at http://timetable.anu.edu.au/

Staff Feedback

Students will be given feedback in various ways in this course, including verbal or written feedback on the return of assessment tasks, during class discussion, or during consultation with lecturers and tutors.

Student Feedback

All CBE courses are evaluated using Student Experience of Learning and Teaching (SELT) surveys, administered by Planning and Statistical Services at the ANU. These surveys are offered online, and students will be notified via email to their ANU address when surveys are available in each course. Feedback is used for course development so please take the time to respond thoughtfully. Course feedback is anonymous and provides the Colleges, University Education Committee and Academic Board with opportunities to recognise excellent teaching and to improve courses across the university. For more information on student surveys at ANU and reports on feedback provided on ANU courses, visit

Examination material or equipment

Details regarding materials and equipment that is permitted in an examination room can be found on the ANU website:

http://www.anu.edu.au/students/program-administration/assessments-exams/examination-conduct

Information regarding permitted examination materials for the course will be available on the examination timetable website when the examination timetable is released:

http://timetable.anu.edu.au/

COURSE SCHEDULE

<table>
<thead>
<tr>
<th>Week</th>
<th>Topics</th>
<th>Activity</th>
<th>Required student preparation</th>
<th>Deadlines</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Assurance, auditing, the structure of the profession: an overview</td>
<td>Lecture</td>
<td>Read the textbook: Chapters 1 &amp; 2 (up to page 65)</td>
<td></td>
</tr>
<tr>
<td>2</td>
<td>Ethics, audit quality and Corporate governance</td>
<td>Lecture and tutorials</td>
<td>Read the textbook: Chapter 3 Tutorial questions TBA on Wattle</td>
<td></td>
</tr>
<tr>
<td>3</td>
<td>Overview and planning of the financial report audit</td>
<td>Lecture and tutorials</td>
<td>Read the textbook: Chapters 4 (except for page 165-171) &amp; 5 Tutorial questions TBA on Wattle</td>
<td></td>
</tr>
<tr>
<td>4</td>
<td>Audit risk and materiality</td>
<td>Lecture and tutorials</td>
<td>Read the textbook: Chapter 6 &amp; Chapter 4 (page 165-171) Tutorial questions TBA on Wattle</td>
<td>Lecture Quiz 1</td>
</tr>
<tr>
<td>5</td>
<td>Understanding and assessing internal controls</td>
<td>Lecture and tutorials</td>
<td>Read the textbook: Chapter 7 Tutorial questions TBA on Wattle</td>
<td></td>
</tr>
<tr>
<td>Week</td>
<td>Topics</td>
<td>Activity</td>
<td>Required student preparation</td>
<td>Deadlines</td>
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<tr>
<td>6</td>
<td>Tests of controls</td>
<td>Lecture and tutorials</td>
<td>Read the textbook: Chapter 8&lt;br&gt;Tutorial questions TBA on Wattle</td>
<td>Learning Journal 1 is due at the lecture time</td>
</tr>
<tr>
<td>7</td>
<td>Substantive tests of transactions and balances (I)</td>
<td>Lecture and tutorials</td>
<td>Read the textbook: Chapter 9&lt;br&gt;Tutorial questions TBA on Wattle</td>
<td></td>
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<tr>
<td></td>
<td>Mid semester teaching break – Monday 6 April to Friday 17 April</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>8</td>
<td>Substantive tests of transactions and balances (II)</td>
<td>Lecture and tutorials</td>
<td>Read the textbook: Chapter 9 (p446-472)&lt;br&gt;Tutorial questions TBA on Wattle</td>
<td>Lecture Quiz2</td>
</tr>
<tr>
<td>9</td>
<td>Audit Sampling</td>
<td>Lecture and tutorials</td>
<td>Read the textbook: Chapter 10&lt;br&gt;Tutorial questions TBA on Wattle</td>
<td></td>
</tr>
<tr>
<td>10</td>
<td>Completing the audit</td>
<td>Lecture and tutorials</td>
<td>Read the textbook: Chapters 11&lt;br&gt;Tutorial questions TBA on Wattle</td>
<td></td>
</tr>
<tr>
<td>11</td>
<td>Audit reporting &amp; auditors’ legal liability</td>
<td>Lecture and tutorials</td>
<td>Read the textbook: Chapter 12 &amp; Chapter 2 (from page 65)&lt;br&gt;Tutorial questions TBA on Wattle</td>
<td>Group assignment due by 3pm 18th May Lecture Quiz3</td>
</tr>
<tr>
<td>12</td>
<td>Other assurance services</td>
<td>Lecture and tutorials</td>
<td>Read the textbook: Chapter 13, 14 &amp; 15&lt;br&gt;Tutorial questions TBA on Wattle</td>
<td></td>
</tr>
<tr>
<td>13</td>
<td>Course revision</td>
<td>Lecture and tutorials</td>
<td>Tutorial questions TBA on Wattle</td>
<td>Learning Journal 2 is due at the lecture time</td>
</tr>
</tbody>
</table>
Assessment Summary

<table>
<thead>
<tr>
<th>Item</th>
<th>Title</th>
<th>Value</th>
<th>Due Date</th>
<th>Linked Learning Outcomes</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Tutorial assignment</td>
<td>7.5%</td>
<td>Weekly tutorials</td>
<td>1-10</td>
</tr>
<tr>
<td>2</td>
<td>Learning Journals for research papers</td>
<td>7.5%</td>
<td>Week 6 &amp; 13</td>
<td>1-6, 10</td>
</tr>
<tr>
<td>3</td>
<td>Lecture quizzes</td>
<td>15%</td>
<td>Lectures in week 4, 9 &amp; 12</td>
<td>1-8</td>
</tr>
<tr>
<td>4</td>
<td>Group assignment</td>
<td>15%</td>
<td>3pm, Wednesday 18th May 2016</td>
<td>2,4,6,7,10</td>
</tr>
<tr>
<td>5</td>
<td>Examination</td>
<td>55%</td>
<td>Refer to the exam timetable</td>
<td>2-10</td>
</tr>
</tbody>
</table>

Assessment Task 1: Tutorial Assignment

Details of task:

Tutorial assignments will comprise of guided individual and group activity directed at discussing possible solutions to pre-assigned questions. Printed solutions will not be available; the feedback on problems will be provided within the classroom. Due to time constraints, tutorial questions may not all be fully discussed within the classroom. Students are encouraged to come to the consultations to discuss any questions further if it is not clear.

It is expected that students will attend ALL lectures and tutorials scheduled for the subject. As part of your assessment, on THREE (3) occasions during the semester the tutorial assignments will be collected and marked by your convenors. These weeks will be selected at random.

One-hour discussion sessions commence in Week 2.

Assessment Task 2: Learning Journals for Research Papers/ course materials

Details of task:

<table>
<thead>
<tr>
<th>Suggested length</th>
<th>Maximum 180 words for learning journal 1 and 200 words for learning journal 2 (+/- usual 10% allowance); sufficient and succinct.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Instructions</td>
<td>Submit as individual assignments.</td>
</tr>
<tr>
<td>Submission</td>
<td>Two learning Journals are due as below; 1) Learning journal 1 (3.5 marks): due at the week 6 lecture 2) Learning journal 2 (4 marks): due at week 13 lecture</td>
</tr>
<tr>
<td>Purpose</td>
<td>1. Demonstrate understanding of research papers given for the course; 2. Enhance the ability to link research and course content; 3. Explore ANU’s electronic databases and other information resources; Details of the requirement for learning journals will be posted separately on Wattle.</td>
</tr>
</tbody>
</table>
Assessment Task 3: Lecture Quizzes

Details of task:

<table>
<thead>
<tr>
<th>Due date</th>
<th>Week 4, 9 &amp; 12, at the end of lectures</th>
</tr>
</thead>
<tbody>
<tr>
<td>Value of weighting (%)</td>
<td>15</td>
</tr>
<tr>
<td>Duration</td>
<td>15 minutes each</td>
</tr>
<tr>
<td>Instruction</td>
<td>Short multiple choice quizzes to be held at the end of the designated lectures. The average mark of tutorial quizzes will be taken into consideration. Please bring a pencil, and an eraser for the quizzes. Note: this is considered to be an item of assessment, and hence it is your responsibility to attend the designated lectures.</td>
</tr>
<tr>
<td>Purpose and coverage</td>
<td>To test your understanding of topics to date. Week 4 quiz covers contents up to Week 3 lecture inclusive; Week 9 quiz covers contents from Week 4 up to Week 8 lecture inclusive; Week 12 quiz covers contents from Week 9 up to Week 11 lecture inclusive.</td>
</tr>
</tbody>
</table>

Assessment Task 4: Group Assignment

Details of task:

<table>
<thead>
<tr>
<th>Suggested length</th>
<th>1700 words (+/- usual 10% allowance); sufficient and succinct.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Instructions</td>
<td>Submit as a group with no more than 4 group members. Please note that the same assessment criteria will be applied regardless of the number of members in the group.</td>
</tr>
<tr>
<td>Purpose</td>
<td>1. Demonstrate knowledge of the financial reporting and auditing process; 2. Enhance understanding of the role of Accounting and Auditing Standards in the financial reporting and auditing practice; 3. Appreciate the link between theory and practice; 4. Explore ANU’s electronic databases and other information resources.</td>
</tr>
<tr>
<td></td>
<td>Details of the assignment will be posted separately on Wattle.</td>
</tr>
</tbody>
</table>

Assignment Submission

Assignment submission is through the Assignment Box located at the Research School of Accounting. The assignment is due by 3pm, Wednesday 18th May 2016. All assignments received after 3pm will incur penalties (see below for details).

Extensions and Penalties

Extensions and late submission of assessment pieces are covered by the Student Assessment (Coursework) Policy and Procedure.

The Course Convener may grant extensions for assessment pieces that are not examinations or take-home examinations. If you need an extension, you must request it in writing on or before the due date. If you have documented and appropriate medical evidence that
demonstrates you were not able to request an extension on or before the due date, you may be able to request it after the due date.

Late submission of assessment tasks without an extension are penalised at the rate of 5% of the possible marks available per working day or part thereof. Late submission of assessment tasks is not accepted after 10 working days after the due date.

The revised Policy documentation on Extension and Penalties can be found:


Returning Assignments

Upon the release of the results to the course WATTLE site, your assignment will be returned through the Assignment Box located at the Research School of Accounting office. You will need to bring your student ID to collect your assignment.

Examinations

Apart from above assessments (1-4), there will be a final examination as indicated in the assessment task 5, there will be a final examination as indicated in the assessment task 5. The final examination will be a three hour exam. Further details will be provided during final lectures. All course learning outcomes are examinable in the final examination. **Please note: you will need to pass both the final exam and overall to pass the course.**

Scaling

Your final mark for the course will be based on the raw marks allocated for each assignment or examination. However, your final mark may not be the same number as produced by that formula, as marks may be scaled. Any scaling applied will preserve the rank order of raw marks (i.e. if your raw mark exceeds that of another student, then your scaled mark will exceed or equal the scaled mark of that student), and may be either up or down.

Referencing Requirements

It is the responsibility of each individual student to ensure that:

- you are familiar with ANU policy for academic integrity
- work submitted for assessment is original
- appropriate acknowledgement and citation is given to the work of others
- you declare your understanding of, and compliance with, the principle of academic integrity by completing the appropriate cover sheet when submitting assessment items

For information on academic honesty and integrity please refer to http://academichonesty.anu.edu.au/
READING LISTS

Prescribed Text


Recommended Reading

- Australia Auditing Standards can be downloaded free of charge from http://www.auasb.gov.au.


TUTORIAL AND/OR SEMINAR REGISTRATION

Tutorial and /or Seminar signup for this course will be done via the Wattle website. Detailed information about signup times will be provided on Wattle or during your first lecture. When tutorials are available for enrolment, follow these steps:

1. Log on to Wattle, and go to the course site.
2. Click on the link “Tutorial signup here”
3. On the right of the screen, click on the tab “Become Member of ……” for the tutorial class you wish to enter.
4. Confirm your choice

If you need to change your enrolment, you will be able to do so by clicking on the tab “Leave group…” and then re-enrol in another group. You will not be able to enrol in groups that have reached their maximum number. Please note that enrolment in ISIS must be finalised for you to have access to Wattle.

COMMUNICATION

Email is the preferred way of communication between the lecturer, tutors and students.

Email

If necessary, the lecturers and tutors for this course will contact students on their official ANU student email address. Information about your enrolment and fees from the Registrar and Student Services' office will also be sent to this email address.

Announcements

Students are expected to check the Wattle site for announcements about this course, e.g. changes to timetables or notifications of cancellations. Notifications of emergency cancellations of lectures or tutorials will be posted on the door of the relevant room.
**Course URLs**

More information about this course may be found on:


- the College of Business and Economics website ([https://www.cbe.anu.edu.au/students/student-information/college-courses/](https://www.cbe.anu.edu.au/students/student-information/college-courses/)) and

- Wattle ([https://wattle.anu.edu.au](https://wattle.anu.edu.au)), the University’s online learning environment. Log on to Wattle using your student number and your ISIS password.

**POLICIES**

The University offers a number of support services for students. Information on these is available online from [http://www.anu.edu.au/students/get-involved](http://www.anu.edu.au/students/get-involved)

ANU has educational policies, procedures and guidelines, which are designed to ensure that staff and students are aware of the University’s academic standards, and implement them. You can find the University’s education policies and an explanatory glossary at: [http://policies.anu.edu.au/](http://policies.anu.edu.au/)

Students are expected to have read the [Academic Misconduct Rules 2014](http://www.anu.edu.au) before the commencement of their course.

Other key policies include:

- Copyright ([http://copyright.anu.edu.au/](http://copyright.anu.edu.au/))