BUSN3002
Auditing

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

Course Description
This unit 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 tutorial assignments are used to demonstrate how the methodology is applied in practical situations.
Alicia.Jiang@anu.edu.au

Consultation hours: See Wattle

Bio and research interests
Dr Azizkhani completed his PhD in the area of auditing in 2008 and has years of experience in teaching accounting and auditing at both undergraduate and post graduate level and supervision of research students. His research interests include the role of auditing in capital markets, audit quality and corporate governance.

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Student Administrators
HN 2037 Hanna Neumann Bld 21
enquiriesabis@anu.edu.au
6125 0025 or 6125 7968
Office hours: Monday - Friday
9am – 5pm

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 or external audit and describe briefly the development of the role of the assurance provider in modern business society.

2. Explain the regulatory environment in which the external 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 standards issued by the Australia Professional Ethical Standards Board) 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 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; determine the appropriateness, in different circumstances, of different types of audit and review reports;

7. Understand auditors’ legal liabilities, and be able to apply case law in making a judgment whether auditors might be liable to certain parties;

8. Describe other assurance and non-assurance services provided by the auditing and assurance profession, and, for assurance services, understand the level of assurance provided.
In addition, the course aims to develop students’ cognitive skills (especially analytical, appreciative, and communication skills).

**Research-Led Teaching**
To achieve the goals, this course draws upon business practices, contemporary and international research, case studies, and applied research experiences of the course convenors.

**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
- Change of the textbook

**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**
The course is designed to be taken in the final year of an accounting major. You 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 two-hour lectures, 12 one-hour tutorials and your own private study. Lecture and tutorial locations, dates and times can be found at [http://timetable.anu.edu.au/default.asp](http://timetable.anu.edu.au/default.asp).

**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 [http://unistats.anu.edu.au/surveys/selt/students/](http://unistats.anu.edu.au/surveys/selt/students/) and [http://unistats.anu.edu.au/surveys/selt/results/learning/](http://unistats.anu.edu.au/surveys/selt/results/learning/)
<table>
<thead>
<tr>
<th>Week</th>
<th>Topics</th>
<th>Activity</th>
<th>Required student preparation</th>
<th>Deadlines</th>
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</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</td>
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<tr>
<td>2</td>
<td>Ethics, audit quality and Corporate governance</td>
<td>Lecture and tutorials</td>
<td>Read the textbook: Chapter 3</td>
<td>Tutorial questions TBA on Wattle</td>
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<tr>
<td>3</td>
<td>Overview and planning of the financial report audit</td>
<td>Lecture and tutorials</td>
<td>Read the textbook: Chapters 5 &amp; 6</td>
<td>Tutorial questions TBA on Wattle</td>
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<td>4</td>
<td>Audit risk and materiality</td>
<td>Lecture and tutorials</td>
<td>Read the textbook: Chapter 7</td>
<td>Tutorial questions TBA on Wattle</td>
</tr>
<tr>
<td>5</td>
<td>Understanding and assessing internal controls</td>
<td>Lecture and tutorials</td>
<td>Read the textbook: Chapter 8</td>
<td>Tutorial questions TBA on Wattle</td>
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<tr>
<td>6</td>
<td>Tests of controls</td>
<td>Lecture and tutorials</td>
<td>Read the textbook: Chapter 9</td>
<td>Tutorial questions TBA on Wattle</td>
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<tr>
<td>7</td>
<td>Audit sampling</td>
<td>Lecture and tutorials</td>
<td>Read the textbook: Chapter 11</td>
<td>Tutorial questions TBA on Wattle</td>
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<td>8</td>
<td>Substantive tests of transactions and balances (I)</td>
<td>Lecture and tutorials</td>
<td>Read the textbook: Chapter 10 (p446-472)</td>
<td>Tutorial questions TBA on Wattle</td>
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<tr>
<td>9</td>
<td>Substantive tests of transactions and balances (II)</td>
<td>Lecture and tutorials</td>
<td>Read the textbook: Chapter 10 (p472-493)</td>
<td>Tutorial questions TBA on Wattle</td>
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<tr>
<td>10</td>
<td>Completing the audit and audit reports</td>
<td>Lecture and tutorials</td>
<td>Read the textbook: Chapters 12 &amp; 13</td>
<td>Tutorial questions TBA on Wattle</td>
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<tr>
<td>11</td>
<td>The legal liability of auditors</td>
<td>Lecture and tutorials</td>
<td>Read the textbook: Chapter 4</td>
<td>Tutorial questions TBA on Wattle</td>
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<td>Activity</td>
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<td>12</td>
<td>Other assurance services</td>
<td>Lecture and tutorials</td>
<td>Read the textbook: Chapters 14, 15 &amp; 16 Tutorial questions TBA on Wattle</td>
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<tr>
<td>13</td>
<td>Course revision</td>
<td>Lecture and tutorials</td>
<td>Tutorial questions TBA on Wattle</td>
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**COURSE ASSESSMENT**

**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>10%</td>
<td>Weekly tutorials</td>
<td>1-8</td>
</tr>
<tr>
<td>2</td>
<td>Mid-semester exam</td>
<td>20%</td>
<td>Week 7</td>
<td>1-4</td>
</tr>
<tr>
<td>3</td>
<td>Group assignment</td>
<td>15%</td>
<td>3pm, Wednesday 13\textsuperscript{th} May 2015</td>
<td>2, 4, 6</td>
</tr>
<tr>
<td>4</td>
<td>Examination</td>
<td>55%</td>
<td>Refer to the exam timetable</td>
<td>2-8</td>
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**Assessment Task 1: Tutorial Assignment**

**Details of task:**
Tutorials will comprise of guided individual and group activity directed at discussing possible solutions to pre-assigned questions. Printed solutions will not be available from tutors – the only feedback on problems will be provided within the classroom. Due to time constraints, tutorial problems may not all be fully discussed in tutorials. 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 **FOUR (4)** occasions during the semester the tutorial assignments will be collected and marked by your tutors. These weeks will be selected at random.

Tutorials commence in **Week 2**.

**Assessment Task 2: Mid-semester exam**

**Details of task:**
Mid-semester test will be a 90 minute multiple choice and short answers test. The test will cover lectures & tutorial materials from lectures 1 to 5 inclusively. More instructions on how to prepare for the test will be given during the earlier lectures.
Assessment Task 3: Group Assignment

Details of task:

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

Assignment Submission
Assignment submission is through the Assignment Box located at the Research School of Business Information Systems office. The assignment is due by 3pm, Wednesday 13th May 2015. All assignments received after 3pm will incur penalties (see below for details).

Extensions and Penalties
Where an assignment is submitted after the due date, students are penalised by Five percent (5%) of the possible marks available for the assessment task per working day or part thereof.
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 School of Business Information Systems office. You will need to bring your student ID to collect your assignment.

Examinations
Apart from the Mid-semester test as mentioned above in the assessment task 2, there will be a final examination as indicated in the assessment task 4. 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:

a. you are familiar with ANU policy for academic integrity
b. work submitted for assessment is original
c. appropriate acknowledgement and citation is given to the work of others
d. 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-enroll 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 finalized for you to have access to Wattle.

COMMUNICATION

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:

- Programs and Courses (http://programsandcourses.anu.edu.au/2014/Catalogue)
- the College of Business and Economics website (http://cbe.anu.edu/courses) and
- Wattle (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://students.anu.edu.au/studentlife/

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/

Students are expected to have read the Student Academic Integrity Policy before the commencement of their course.

Other key policies include:

- Student Assessment (Coursework)
- Student Surveys and Evaluations
- Copyright (http://copyright.anu.edu.au/)