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## BUSN3002

# Auditing

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 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.

<b>Course URL</b>	<a href="http://programsandcourses.anu.edu.au/2017/course/BUSN3002">http://programsandcourses.anu.edu.au/2017/course/BUSN3002</a>
<b>Mode of Delivery</b>	On campus
<b>Prerequisites</b>	To enrol in this course you must have completed <a href="#">BUSN2015</a> and must also have completed or currently be studying <a href="#">BUSN2101</a> or <a href="#">LAWS2203</a>
<b>Incompatible Courses</b>	N/A
<b>Course Convenor</b>	<a href="#">Dr. Alicia Jiang</a>
<b>Phone</b>	+61 2 6125 7385
<b>Email</b>	<a href="mailto:Alicia.jiang@anu.edu.au">Alicia.jiang@anu.edu.au</a>

<b>Office</b>	Hanna Neumann Room 2030
<b>Office hours for student consultation</b>	See <a href="#">Wattle</a>
<b>Research Interests</b>	Dr Jiang completed her 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. Her research interests focus on audit quality related topics.
<b>Student Administration</b>	Room 2037 Hanna Neumann Building 21 <a href="mailto:enquiries.rsa@anu.edu.au">enquiries.rsa@anu.edu.au</a> 6125 0025 or 6125 7968 Office Hours: Monday-Friday 9-5 pm

## SEMESTER 2

**2017**

## COURSE OVERVIEW

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### 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;
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.
9. In addition, the course aims to develop students' cognitive skills (especially analytical, appreciative, and communication skills).

### Assessment Summary

Assessment Task	Value	Due Date	Date for Return of Assessment	Linked Learning Outcomes
1 Weekly tutorial assignment	10%	Random	At the following tutorial weeks after the assignment collections	1-9
2 Learning journal	5%	At 3pm on 21 <sup>st</sup> September	At the lecture on 5 <sup>th</sup> October	1-4,9

3 Group Assignment	15%	The first part due at 3pm on 5 <sup>th</sup> October; the second part due at 3pm on 24 <sup>th</sup> October	The first part to be returned at the lecture on 19th October; the second part on 31 <sup>st</sup> October.	2,4,6,7,9
4 Lecture Quizzes	15%	Lectures 5 & 10	Results and feedback to be released on wattle in weeks 6 & 12	1-6, 9
5 Examination	55%	Refer to the exam timetable	NA	2-9

## **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 convenor.

## **Feedback**

### **Staff Feedback**

Students will be given feedback in the following forms in this course:

- Written comments will be given to the students for all the within semester assessment tasks
- Verbal feedback will be given during the lectures, tutorials, and consultations on weekly basis

### **Student Feedback**

ANU is committed to the demonstration of educational excellence and regularly seeks feedback from students. One of the key formal ways students have to provide feedback is through Student Experience of Learning Support (SELS) surveys. The feedback given in these surveys is anonymous and provides the Colleges, University Education Committee and Academic Board with opportunities to recognise excellent teaching, and opportunities for improvement.

For more information on student surveys at ANU and reports on the feedback provided on ANU courses, go to:

<http://unistats.anu.edu.au/surveys/self/students/> and  
<http://unistats.anu.edu.au/surveys/self/results/learning/>

## **Policies**

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 [Academic Misconduct Rule](#) before the commencement of their course.

Other key policies include:

- Student Assessment (Coursework) Policy
- ([https://policies.anu.edu.au/ppl/document/ANUP\\_004603](https://policies.anu.edu.au/ppl/document/ANUP_004603))

- Student Assessment (Coursework) Procedure
- ([https://policies.anu.edu.au/ppl/document/ANUP\\_004604](https://policies.anu.edu.au/ppl/document/ANUP_004604))
- Student Surveys and Evaluations
- ([https://policies.anu.edu.au/ppl/document/ANUP\\_004601](https://policies.anu.edu.au/ppl/document/ANUP_004601))
- Copyright (<http://copyright.anu.edu.au/>)

### **Examination material or equipment**

No material will be permitted in any examination room.

### **READING LISTS**

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#### **Prescribed Text**

- Gay, G. and Simnett, R., (2015) Auditing and Assurance Services in Australia, 6<sup>th</sup> **Revised** Edition, McGraw-Hill Australia

#### **Recommended Reading**

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

### **COURSE SCHEDULE**

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<b>Week</b>	<b>Summary of Activities</b>	<b>Assessment</b>
1	Lecture: Assurance, auditing, the structure of the profession: an overview  Read the textbook: Chapters 1 & 2 (up to page 65)	None
2	Lecture: Ethics, audit quality and Corporate governance  Read the textbook: Chapter 3  Tutorial one	TBA on Wattle
3	Lecture: Overview and planning of the financial report audit  Read the textbook: Chapters 4 (except for page 165-171) & 5  Tutorial two	TBA on Wattle
4	Lecture: Audit risk and materiality  Read the textbook: Chapter 6 & Chapter 4 (page 165-171)  Tutorial three	TBA on Wattle

5	Lecture: Understanding and assessing internal controls  Read the textbook: Chapter 7  Tutorial four	TBA on Wattle  Quiz 1
6	Lecture: Tests of controls  Read the textbook: Chapter 8  Tutorial five	TBA on Wattle
<i>Mid semester teaching break – Monday 4 to Friday 15 September</i>		
7	Lecture: Substantive tests of Transactions and balances (I)  Read the textbook: Chapter 9 (p394-423)  Tutorial six	TBA on Wattle  Learning Journal is due at the lecture time
8	Lecture: Substantive tests of transactions and balances (II)  Read the textbook: Chapter 9 (p424-444)  Tutorial seven	TBA on Wattle
9	Lecture: Audit sampling  Read the textbook: Chapter 10  Tutorial eight	TBA on Wattle  The first part of the assignment due
10	Lecture: Completing the audit  Read the textbook: Chapters 11  Tutorial nine	TBA on Wattle  Quiz 2
11	Lecture: Audit reporting & auditors' legal liability  Read the textbook: Chapter 12 & Chapter 2 (from page 65)  Tutorial ten	TBA on Wattle
12	Lecture: Other assurance services & course review  Read the textbook: Chapters 13, 14, & 15  Tutorial eleven	TBA on Wattle  The second part of the assignment due
	Examination period	

## ASSESSMENT REQUIREMENTS

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The ANU is using Turnitin to enhance student citation and referencing techniques, and to assess assignment submissions as a component of the University's approach to managing Academic Integrity. For additional information regarding Turnitin please visit the [ANU Online](#) website.

Students may choose not to submit assessment items through Turnitin. In this instance you will be required to submit, alongside the assessment item itself, copies of all references included in the assessment item.

Any student identified, either during the current semester or in retrospect, as having used ghost writing services will be investigated under the University's Academic Misconduct Rule.

### Assessment Tasks

#### Participation

Students are encouraged to participate in the discussions at the lectures and tutorials. Although the participation will not be assessed, it will help you to achieve better understanding and performance overall.

#### 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 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: Learning Journal

##### Details of task:

<b>Suggested length</b>	Maximum 180 words for learning journal (+/- usual 10% allowance); sufficient and succinct.
<b>Instructions</b>	Submit as individual assignments.
<b>Submission</b>	Learning journal (5 marks): due at 3pm on 21 <sup>st</sup> September

<b>Purpose</b>	<ol style="list-style-type: none"> <li>1. Demonstrate understanding of research papers given for the course;</li> <li>2. Enhance the ability to link research and course content;</li> <li>3. Explore ANU's electronic databases and other information resources;</li> </ol> <p>Details of the requirement for learning journals will be posted separately on Wattle.</p>
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### Assessment Task 3: Group Assignment

#### Details of task:

<b>Suggested length</b>	1700 words (+/- usual 10% allowance); sufficient and succinct.
<b>Instructions</b>	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.
<b>Purpose</b>	<ol style="list-style-type: none"> <li>4. Demonstrate knowledge of the financial reporting and auditing process;</li> <li>5. Enhance understanding of the role of Accounting and Auditing Standards in the financial reporting and auditing practice;</li> <li>6. Appreciate the link between theory and practice;</li> <li>7. Explore ANU's electronic databases and other information resources.</li> </ol> <p>Details of the assignment will be posted separately on Wattle.</p>

### Assessment Task 4: Lecture quizzes

#### Details of task:

<b>Due date</b>	Week 5 & 10, at the end of lectures
<b>Value of weighting (%)</b>	15
<b>Duration</b>	20 minutes for quiz 1 and 25 minutes for quiz 2
<b>Instruction</b>	<p>Short multiple choice and problem-solving quizzes to be held at the end of the designated lectures. Please bring a pencil, a pen and an eraser for the quizzes.</p> <p>Note: this is considered to be an item of assessment, and hence it is your responsibility to attend the designated lectures.</p>
<b>Purpose coverage and</b>	<p>To test your understanding of topics to date and give you feedback accordingly.</p> <p>Week 5 quiz covers contents up to Week 4 lecture inclusive;</p> <p>Week 10 quiz covers contents up to Week 9 lecture inclusive.</p>

## **Assignment submission**

**Online Submission:** Assignments are submitted using Turnitin in the course Wattle site. You will be required to electronically sign a declaration as part of the submission of your assignment. Please keep a copy of the assignment for your records.

**Hard Copy Submission:** Assignment submission is through the Assignment Box located at the Research School of Accounting office. The first part of the assignment is due at 3pm on 5<sup>th</sup> October; the second part due at 3pm on 24<sup>th</sup> October. All assignments received after the due time will incur penalties (see below for details). Assignments must include the cover sheet available on wattle. Please keep a copy of tasks completed for your records.

## **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, or on or after the date specified in the course outline for the return of the assessment item.

## **Returning assignments**

The first part of the assignment will be returned at the lecture on 19th October and the second part of the assignment will be returned on 31<sup>st</sup> October (details on how to collect your marked assignments will be on Wattle). You will need to bring your student ID to collect your assignment.

## **RESUBMISSION OF ASSIGNMENTS**

No resubmission of any assignment is permitted.

## **REFERENCING REQUIREMENTS**

The source of information used and the extent to which the work of others has been utilised need to be acknowledged following the guide for referencing stated in the assignments.

## **EXAMINATIONS**

Apart from above assessments (1-4), there will be a final examination as indicated in the assessment task 5. The final examination will be a three hour closed book 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 of your assessment items. 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 the scaled mark of that student), and may be either up or down.

### **Privacy Notice**

The ANU has made a number of third party, online, databases available for students to use. Use of each online database is conditional on student end users first agreeing to the database licensor's terms of service and/or privacy policy. Students should read these carefully.

In some cases student end users will be required to register an account with the database licensor and submit personal information, including their: first name; last name; ANU email address; and other information.

In cases where student end users are asked to submit 'content' to a database, such as an assignment or short answers, the database licensor may only use the student's 'content' in accordance with the terms of service – including any (copyright) licence the student grants to the database licensor.

Any personal information or content a student submits may be stored by the licensor, potentially offshore, and will be used to process the database service in accordance with the licensors terms of service and/or privacy policy.

If any student chooses not to agree to the database licensor's terms of service or privacy policy, the student will not be able to access and use the database. In these circumstances students should contact their lecturer to enquire about alternative arrangements that are available.

### **TUTORIAL / SEMINAR REGISTRATION**

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Tutorial signup for this course will be done via the Wattle website. Detailed information about signup times will be provided on Wattle. 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 enrolment"
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.

### **SUPPORT FOR STUDENTS**

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The University offers a number of support services for students. Information on these is available online from <http://students.anu.edu.au/studentlife/>