ACCT 5908
AUDITING AND ASSURANCE SERVICES

Course Outline
Semester 1, 2015

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PART A: COURSE-SPECIFIC INFORMATION

1 STAFF CONTACT DETAILS

Lecturer-in-charge: Robert Morley
Quadrangle Room 3109
Phone No: 9385 5907 (during consultation hours only)
Email: r.morley@unsw.edu.au
Consultation Times – refer to Moodle announcement early in semester.

Other lecturing staff: Dr Wendy Green
Quadrangle Room 3111
Phone No: 9385-5805
Email: w.green@unsw.edu.au
Consultation Times – refer to Moodle announcement early in semester.

2 COURSE DETAILS

2.1 Teaching Times and Locations

<table>
<thead>
<tr>
<th>Day</th>
<th>Time</th>
<th>Location</th>
</tr>
</thead>
<tbody>
<tr>
<td>Tuesday</td>
<td>6pm – 9pm</td>
<td>Tyree Energy Tech LG07</td>
</tr>
<tr>
<td>Wednesday</td>
<td>3pm – 6pm</td>
<td>Mathews Theatre C</td>
</tr>
<tr>
<td>Friday</td>
<td>10am – 1pm</td>
<td>Old Main Building 150</td>
</tr>
</tbody>
</table>

2.2 Units of Credit

The course is worth 6 units of credit. There is no parallel teaching in this course.

2.3 Summary of Course

This course examines the practice of auditing and the underlying concepts, auditors responsibilities and the audit environment. Although the focus of attention is on audits carried out under the provisions of the Corporations Law, reference is also made to other forms of audit. The course is intended to provide an overview of the audit process as it exists in Australia and internationally.

2.4 Course Aims and Relationship to Other Courses

This course is offered by the School of Accounting as part of the Master of Professional Accounting Degree. In order to enrol in this course, you must have passed ACCT 5930 Financial Accounting. This course also constitutes part of the core curriculum of studies required by the Institute of Chartered Accountants in Australia.

2.5 Student Learning Outcomes

The Course Learning Outcomes are what you should be able to DO by the end of this course if you participate fully in learning activities and successfully complete the assessment items.

The Learning Outcomes in this course also help you to achieve some of the overall Program Learning Goals and Outcomes for all postgraduate students in the Business School. Program Learning Goals are what we want you to BE or HAVE by the time you successfully complete your degree (e.g. ‘be an effective team player’). You
demonstrate this by achieving specific Program Learning Outcomes - what you are able to DO by the end of your degree (e.g. ‘participate collaboratively and responsibly in teams’).

**Business Postgraduate Coursework Program Learning Goals and Outcomes**

1. **Knowledge**: Our graduates will have current disciplinary or interdisciplinary knowledge applicable in local and global contexts.
   
   You should be able to identify and apply current knowledge of disciplinary or interdisciplinary theory and professional practice to business in local and global environments.

2. **Critical thinking and problem solving**: Our graduates will have critical thinking and problem solving skills applicable to business and management practice or issues.
   
   You should be able to identify, research and analyse complex issues and problems in business and/or management, and propose appropriate and well-justified solutions.

3. **Communication**: Our graduates will be effective communicators in professional contexts.
   
   You should be able to:
   
   a. Produce written documents that communicate complex disciplinary ideas and information effectively for the intended audience and purpose, and
   
   b. Produce oral presentations that communicate complex disciplinary ideas and information effectively for the intended audience and purpose.

4. **Teamwork**: Our graduates will be effective team participants.
   
   You should be able to participate collaboratively and responsibly in teams, and reflect on your own teamwork, and on the team’s processes and ability to achieve outcomes.

5. **Ethical, social and environmental responsibility**: Our graduates will have a sound awareness of ethical, social, cultural and environmental implications of business issues and practice.
   
   You should be able to:
   
   a. Identify and assess ethical, environmental and/or sustainability considerations in business decision-making and practice, and
   
   b. Consider social and cultural implications of business and/or management practice.

For more information on the Postgraduate Program Learning Goals and Outcomes, see Part B of the course outline. The following table shows how your Course Learning Outcomes relate to the overall Program Learning Goals and Outcomes, and indicates where these are assessed:

<table>
<thead>
<tr>
<th>Program Learning Goals and Outcomes</th>
<th>Course Learning Outcomes</th>
<th>Course Assessment Item</th>
</tr>
</thead>
<tbody>
<tr>
<td>This course helps you to achieve the following learning goals for all Business postgraduate coursework students:</td>
<td>On successful completion of the course, you should be able to:</td>
<td>This learning outcome will be assessed in the following items:</td>
</tr>
<tr>
<td>1 Knowledge</td>
<td>• Explain the audit function and the reasons for an audit.</td>
<td>• Mini Quizzes</td>
</tr>
<tr>
<td></td>
<td>• Explain current developments in audit practice.</td>
<td>• Major Quiz</td>
</tr>
<tr>
<td></td>
<td>• Explain the audit process and the techniques used by auditors including risk analysis, evidence collection and evaluation, computer assisted audit techniques and audit reporting.</td>
<td>• Final Exam</td>
</tr>
<tr>
<td></td>
<td>• Apply yourself to learn independently and to assume</td>
<td></td>
</tr>
</tbody>
</table>
### 2 Critical thinking and problem solving
- Apply tools, techniques and frameworks to apply knowledge to specific audit contexts.
- Apply tools, techniques and frameworks to conduct applied business research – acquiring, analysing and presenting knowledge relevant to specific audit client engagement issues.
- Analyse and tolerate ambiguity in making various audit judgments.
- Analyse your own strengths and weaknesses as a learner.

| 3a | Written communication | Communicate in a professional report. | Major Assignment |
| 3b | Oral communication | Communicate ideas in a succinct and clear manner. | Not specifically assessed |
| 4 | Teamwork | Collaborate effectively with team members, to assume leadership and to manage differences and conflicts. | Major Assignment |
| 5a | Ethical, environmental and sustainability responsibility | Explain the professional, legal, ethical, commercial and regulatory framework within which audits and other audit related and assurance engagements are carried out. | Mini Quizzes, Major Quiz, Final Exam |
| 5b | Social and cultural awareness | Collaborate effectively with team members, to assume leadership and to manage differences and conflicts. | Major Assignment |

### 3 LEARNING AND TEACHING ACTIVITIES

#### 3.1 Approach to Learning and Teaching in the Course
At university, the focus is your self-directed search for knowledge. Seminars, textbooks, exams and other resources are all provided to help you learn. You are therefore required to attend all seminars and read all required readings in order to fully grasp and appreciate the concepts of Auditing and Assurance Services.

It is up to you to choose how much work you do in each part of the course: preparing for seminars; completing assignments; studying for exams; and seeking assistance or extra work to extend and clarify your understanding. You must choose an approach that best suits your learning style and goals in this course. Seminar discussion questions as well as case studies with solutions are provided to guide your learning process.

#### 3.2 Learning Activities and Teaching Strategies
Instruction in this course consists of one, three hour seminar each week.
Methods of presentation may include lectures, videos, discussion of case study material and student presentations. It should be emphasised that attendance at classes is a necessary but not sufficient condition for adequate examination preparation. All students should study the relevant textbook, materials prescribed, auditing standards and/or other relevant professional pronouncements, and participate in seminar discussions.

The seminars constitute the core learning experience of this course. During seminars, students will be encouraged to discuss various steps in the audit process in a team environment and may be asked to present their findings in front of the class, as well as applying their knowledge to specific audit issues and situations via homework questions and class exercises.

Seminar discussion questions are included as a part of this Course Outline booklet distributed via Moodle. It is essential to your learning that, prior to a seminar, you read the relevant course materials.

To assist in the development of key research and analytical skills, some of these discussion questions may require students to conduct additional research.

Self study

Self study is a key element of the learning design of this course. Self study materials include the auditing standards, the case studies and discussion questions included in the Course Outline. The aim of this material is to encourage students to assume responsibility in the learning process and to make the seminars more effective. Thus, onus is on students to review and complete these materials. Staff will be available in consultation hours to assist with difficulties experienced with the self study materials, but not as a substitute for seminar attendance.

4 ASSESSMENT

4.1 Formal Requirements

In order to pass this course, you must:

- achieve a composite mark of at least 50%; and
- achieve a mark of at least 50% in the final exam; and
- make a satisfactory attempt at all assessment tasks (see below).

4.2 Assessment Details

<table>
<thead>
<tr>
<th>Assessment Task</th>
<th>Weighting</th>
<th>Length</th>
<th>Due Date</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mini Quiz (x2)</td>
<td>5%</td>
<td>10 minutes</td>
<td>Seminars 4 and 12</td>
</tr>
<tr>
<td>Major Quiz</td>
<td>20%</td>
<td>45 minutes</td>
<td>Seminar 7</td>
</tr>
<tr>
<td>Group Assignment</td>
<td>20%</td>
<td>10 pages</td>
<td>Seminar 11</td>
</tr>
<tr>
<td>Final Exam</td>
<td>55%</td>
<td>2 hours</td>
<td>University Exam Period</td>
</tr>
<tr>
<td>Total</td>
<td>100%</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
4.3 Quality Assurance
The Business School is actively monitoring student learning and quality of the student experience in all its programs. A random selection of completed assessment tasks may be used for quality assurance, such as to determine the extent to which program learning goals are being achieved. The information is required for accreditation purposes, and aggregated findings will 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 will not be related to course grades.

4.4 Mini Quizzes
Two Mini Quizzes (comprising 5% of overall assessment) will be held during seminars as indicated under 4.2 above, covering the principles from preceding seminar lectures. Each Mini Quiz is comprised of 5 multiple choice questions and is worth 2.5% of overall assessment.

4.5 Major Quiz
The Major Quiz (comprising 20% of overall assessment) will be held during a seminar as indicated under 4.2 above, covering material from preceding seminars. The Major Quiz is worth 20% of overall assessment. The aim of the Major Quiz is to provide you with on-going feedback relating to your understanding and learning progress within the course. The Major Quiz will be a combination of short answer written and multiple choice questions aimed at testing both technical and analytical skills learned in this course. Further information regarding the Major Quiz will be provided in the preceding seminar.

4.6 Final Exam
Students are required to sit for a final examination paper in this course. The exam is worth 55% of overall assessment. It will be of two hours duration and will cover the entire course, although emphasis will be given to those areas not previously examined.

4.7 Group Assignment
The aim of the group assignment (comprising 20% of overall assessment) is to test students' ability to integrate skills learnt in Auditing and Assurance Services to analyse a real company from the auditor's perspective and within the framework of auditing standards. The successful completion of this assignment requires extensive research on internal and external environments, operations, strategies and analysis of the annual report and other relevant information, including financial information. Students are expected to demonstrate their ability to critically evaluate various pieces of information and apply analytical skills to critically evaluate potential audit risks. An important aspect of the assignment will be to demonstrate your ability to present a written report in a professional manner.

The assignment will be undertaken by groups of five students, allocated by your lecturer, within the same seminar. Please note that it is the student's responsibility to organise a group. Details regarding the nature of the assignment and its assessment will be provided during the second seminar.

Self and peer (S&P) assessment will be involved in the determination of the final assignment mark. The aim of the S&P assessment procedure is to encourage students to co-operate with their team members, to understand the importance of managing differences and conflicts in a team environment in order to ensure the effectiveness of teamwork. Furthermore, the S&P procedures can also be used to
create productive dialogues among team members, allowing students to reflect on the strengths and weaknesses of both the team and the individuals comprising the team. For more details regarding the S&P methodology refer below.

The actual assignment will be distributed in seminar 2.

**Length and Format**

Note that as this is a research report, appropriate reference citations throughout the report are expected. You may select the style of referencing but be consistent.

The assignment shall be presented in the following format (as a minimum):
- An assignment cover sheet. This can be downloaded from the Assignment tab on Moodle, there is also a copy in this course outline.
- A title page, which must contain the title of the assignment and the names and student numbers of the group members
- A table of contents
- An executive summary
- The body of the assignment - This is not to exceed 10 pages
- Bibliography (this is **required**)
- Appendices - Appendices are not to be used to circumvent the restrictions on the length of the assignment.

**Submission Details**

1. A hardcopy of the assignment is to be submitted to your lecturer at the beginning of seminar 10. Any assignments received after these times will be considered late and subject to the penalty described below. Last minute printing difficulties, computer failure or transportation problems will not constitute an adequate excuse for lateness. Please keep a copy of your work.

2. Each assignment must use an assignment cover sheet and all students must sign the declaration on the front of the cover sheet. A copy of this cover sheet is available on Moodle. **No marks will be awarded to any student who does not sign the cover sheet.**

3. Each assignment must have a title page, in addition to the cover sheet. The title page should clearly indicate the names of your team members and their student numbers, your lecturer’s name and the time and location of your seminar. **Failure to do so will incur a 5 mark penalty.**

4. All assignments must be typed. Footnotes should be reserved for points of clarification. Marks may be deducted for inappropriate use of footnotes and appendices.

5. Please note, elaborate binding and plastic covers are **not necessary and will not result in extra marks.** Assignments that are not stapled or otherwise bound together may not be accepted.

6. **Late submissions will incur a 3 mark penalty** for every day of late submission (including weekends) unless prior permission is obtained from the lecturer-in-charge.
Teamwork Responsibilities

Participating on an audit team involves planning (allocating responsibilities, budgeting time, and brainstorming new ideas), collaborating and reviewing each other’s work during and at the end of the engagement. The following are requirements to facilitate team work for this assignment:

1. Submit a Team Assignment Contract defining member roles/responsibilities, team procedures, etc. Refer to team contract form. This will be collected in Seminar 3 by your lecturer. Each member should retain a copy of the contract. There are no marks for doing this but failure to submit or below standard submissions will incur a penalty of 5 marks for the assignment.

2. Submit a Peer Assessment of Teamwork Performance. You will be asked to reflect on your own teamwork in addition to each team member’s contribution to both the team process and task using a self and peer assessment rubric. This will have a direct effect on each team member’s final assignment mark. Each student must submit this to your lecturer at the beginning of seminar 11. Refer to peer assessment form.

3. Team Assignment Work Plan

<table>
<thead>
<tr>
<th>By:</th>
<th>Activity</th>
<th>Deliverable</th>
</tr>
</thead>
<tbody>
<tr>
<td>Seminar 2</td>
<td>Students will be allocated into a group of 5 within their seminar by the lecturer</td>
<td></td>
</tr>
<tr>
<td>Seminar 3</td>
<td>Completion of team contract. Each team member should retain a copy of the contract</td>
<td>Hand in completed “Team Assignment Contract” form to your lecturer</td>
</tr>
<tr>
<td>Seminar 11</td>
<td>Completion of all Assignment requirements including Peer Assessment of Teamwork Performance</td>
<td>Assignment submission Peer Assessment of Teamwork Performance</td>
</tr>
</tbody>
</table>
TEAM ASSIGNMENT CONTRACT
(Please submit to your lecturer in Seminar 3)

The purpose of this contract is to focus you and your team members on both aspects of the team: the process and the outcome. The terms of this contract are linked to the peer evaluations completed at the end of the assignment to which you will be held accountable by your team.

Seminar Day/Time: ..................................................

Team Name: ................................................................

We as a team agree to the terms of this contract and understand that we will each be held individually accountable to these terms throughout the length of this project.

Student Names:                     Student ID:        Student Signature:

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<tbody>
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<tr>
<td>5</td>
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</tbody>
</table>

**HOW DO WE PLAN TO DO EACH OF THE FOLLOWING:**

<table>
<thead>
<tr>
<th><strong>Criterion #1: Participate effectively in the collaborative team process</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Contribute positively to team processes? <em>(plan, set goals, coordinate, monitor)</em></td>
</tr>
<tr>
<td>2. Contribute positively to team morale? <em>(motivate, maintain a positive attitude; support/ help other team members; boost team morale)</em></td>
</tr>
<tr>
<td>3. Demonstrate effective interpersonal/ communication skills? <em>(listen actively, communicate respectfully; give/receive feedback constructively)</em></td>
</tr>
<tr>
<td>4. Handle conflict positively? <em>(prevent or work through conflict effectively)</em></td>
</tr>
<tr>
<td>5. Show leadership? <em>(facilitate team processes, boost team morale, help others, deal constructively with conflict)</em></td>
</tr>
</tbody>
</table>
### Criterion #2: Contribute effectively to achieving team outcomes (task work)

<table>
<thead>
<tr>
<th>HOW DO WE PLAN TO DO EACH OF THE FOLLOWING:</th>
</tr>
</thead>
<tbody>
<tr>
<td>6. Contribute a high quality and amount of work, with accuracy and attention to detail?</td>
</tr>
<tr>
<td>7. Demonstrate a high level of relevant knowledge/skills?</td>
</tr>
<tr>
<td>8. Meet deadlines and plan own work well?</td>
</tr>
<tr>
<td>9. Attend, and be punctual, well-prepared for team meetings/communications?</td>
</tr>
<tr>
<td>10. Contribute constructively to task meetings/communications; share and generate useful ideas</td>
</tr>
</tbody>
</table>

**General:** Preferred method of communication (email, mobile, chat function, face-to-face):

**Student Names:**

<p>| | |</p>
<table>
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<tr>
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<tbody>
<tr>
<td>1</td>
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<tr>
<td>2</td>
<td></td>
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<tr>
<td>3</td>
<td></td>
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<tr>
<td>4</td>
<td></td>
</tr>
<tr>
<td>5</td>
<td></td>
</tr>
</tbody>
</table>

**Contact details (phone, email, etc.):**
PEER ASSESSMENT OF TEAMWORK PERFORMANCE

The purpose of this form is to allow you to assess the amount of effort each member of your group has put into the completion of the assignment. This will have the effect of directly impacting your individual assignment mark. You should take care to complete this form honestly. Individual responses will be kept confidential.

Part 1: Rate each of your team’s members, including yourself, on each of the items listed on the next page and as objectively as possible, based on their contribution to the team. First, write the names of your team members. For each question, write the number that is most applicable to each of the members, as per the scale indicated immediately below. Then total points the points for each person.

<table>
<thead>
<tr>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
</tr>
</thead>
<tbody>
<tr>
<td>Very little or</td>
<td>Average</td>
<td>Very much or</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Very infrequently</td>
<td>amount</td>
<td>All of the time</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Marking mechanisms: In using the following evaluation form, students assessed with average effort would earn 30 points (10 questions * 3 points each of average effort). Students with an average of 30 points or more (as assessed across all team member evaluations) will receive full marks awarded on the assignment. Assume the assignment was awarded a mark of 15/20 and you were awarded a peer evaluation average score of 30 points (or better). This would result in you receiving the full 15 marks out of 20. Note there are no bonus marks for exceeding an average of 30. If however, you are assessed as less than 30 average points, then deductions will apply to your individual score on the team assignment. Assume again the assignment was awarded a mark of 15/20 and you were awarded a peer evaluation average score of 21 points. This would result in you only receiving 70 percent (21/30) of the total marks received on the assignment, resulting in a final mark of 10.5/20. Note that the marks are NOT allocated proportionally across team members. In other words if all the team members received a peer evaluation average of 30 points or more, then using the above example everyone will receive 15 out of 20 marks on their assignment.

Note: Students CANNOT achieve more than the team mark for the project, even if their peer evaluation score exceeds 30 points in total.

<table>
<thead>
<tr>
<th>Example 1</th>
<th>Example 1</th>
</tr>
</thead>
<tbody>
<tr>
<td>Jo</td>
<td>Jo (Self)</td>
</tr>
<tr>
<td>Stan</td>
<td>Stan</td>
</tr>
<tr>
<td>Grace</td>
<td>Grace</td>
</tr>
<tr>
<td>Brian (Self)</td>
<td>Brian</td>
</tr>
<tr>
<td>Brian's Average</td>
<td>Jo's Average</td>
</tr>
<tr>
<td>Team Mark</td>
<td>Team Mark</td>
</tr>
<tr>
<td>Brian’s Total Score</td>
<td>Jo’s Total Score</td>
</tr>
<tr>
<td>35</td>
<td>35</td>
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<tr>
<td>30</td>
<td>15</td>
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<td>25</td>
<td>15</td>
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<td>30</td>
<td>19</td>
</tr>
<tr>
<td>30</td>
<td>21</td>
</tr>
<tr>
<td>15/20</td>
<td>15/20</td>
</tr>
<tr>
<td>15/20</td>
<td>10.5/20</td>
</tr>
</tbody>
</table>
# PEER ASSESSMENT OF TEAMWORK PERFORMANCE

(Please submit to your lecturer in Seminar 11)

Day/Time: __________________________

Student Name: ______________________ Student ID: __________________

Score 1 – 5 (refer previous page)

<table>
<thead>
<tr>
<th>TEAM MEMBER NAMES</th>
<th></th>
<th></th>
<th></th>
<th></th>
<th>Self</th>
</tr>
</thead>
</table>

<table>
<thead>
<tr>
<th>TEAM MEMBER STUDENT NUMBERS</th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
</table>

## Criterion #1:
*Participates effectively in the collaborative team process*

1. Contribute positively to team processes? *(planning, goal setting, co-ordination, or monitoring)*

2. Contribute positively to team morale? *(motivated, positive attitude; supports/helps other team members; boosts team morale)*

3. Demonstrate effective interpersonal/communication skills? *(listens actively, communicates respectfully; gives/receives feedback constructively)*

4. Handle conflict positively? *(prevents or works through conflict effectively)*

5. Show leadership? *(in facilitating team processes, boosting team morale, helping others, dealing constructively with conflict)*

## Criterion #2:
*Contributes effectively to achieving team outcomes (task work)*

6. Contribute a high quality and amount of work, with accuracy and attention to detail?

7. Demonstrate a high level of relevant knowledge/skills?

8. Meet deadlines and plan own work well?

9. Attend, and be punctual, well-prepared for team meetings/communications?

10. Contribute constructively to task meetings/communications; share and generate useful ideas?

**Total Points**
PEER ASSESSMENT OF TEAMWORK PERFORMANCE (continued)

Part 2: For any evaluations where a student was scored below average in total (i.e., less than 30 total points), please describe why in detail below. Substantiate your claims with evidence where possible. In particular identify how the student violated the terms of the team contract. **Note: No description is required where a student was scored at average or above average (i.e., 30 points or more).**

Comments: Team member ________________

Comments: Team member ________________

Comments: Team member ________________

Comments: Team member ________________
5 COURSE RESOURCES

The website for this course is on UNSW Moodle at:

1. Prescribed Textbooks:

2. Highly Recommended References:

3. The ASA Clarity Standards (Australian Auditing Standards), which may be downloaded (free of charge) from the AU Business School website.

Note: students with photocopied textbooks are in breach of copyright law.

Both the prescribed textbook and the highly recommended reference book are available from the UNSW Bookshop.

6 COURSE EVALUATION AND DEVELOPMENT

Each year feedback is sought from students and other stakeholders about the courses offered in the School and continual improvements are made based on this feedback. UNSW's Course and Teaching Evaluation and Improvement (CATEI) Process is one of the ways in which student evaluative feedback is gathered. In this course, we will seek your feedback through end of semester CATEI evaluations. As a result of this feedback, improvements are incorporated in the following semester’s programme.
## COURSE SCHEDULE

<table>
<thead>
<tr>
<th>Seminar week</th>
<th>Lecture Topic</th>
<th>Other Activities/Assessment</th>
</tr>
</thead>
<tbody>
<tr>
<td>Week 1</td>
<td>Introduction to the Audit Function, Assurance Framework, Professional Standards and Structure of the Profession.</td>
<td></td>
</tr>
<tr>
<td>Week 2</td>
<td>Introduction to the Audit Process – Understanding the Entity and Assessing Risk.</td>
<td></td>
</tr>
<tr>
<td>Week 3</td>
<td>Internal Control Evaluation, Mitigating Controls and Fraud Risk.</td>
<td>Team Assignment Contract due</td>
</tr>
<tr>
<td>Week 4</td>
<td>Analytical Procedures, Risk Assessment and Materiality.</td>
<td>Mini Quiz 1</td>
</tr>
<tr>
<td>Week 5 *</td>
<td>Audit Evidence and Use of Assertions (Part 1).</td>
<td></td>
</tr>
<tr>
<td>Week 6</td>
<td>Audit Evidence and Use of Assertions (Part 2).</td>
<td></td>
</tr>
<tr>
<td>Week 7</td>
<td>Auditors Response to Risks, Audit of Complex Balances and Transactions.</td>
<td>Major Quiz</td>
</tr>
<tr>
<td>Week 8</td>
<td>No seminars this week for ACCT5908</td>
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</tr>
<tr>
<td>Week 9</td>
<td>Auditing in an IT Environment – Internal Control and Substantive Testing.</td>
<td></td>
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<tr>
<td>Week 10</td>
<td>Using the Work of Others, Internal Audit and Public Sector Auditing.</td>
<td></td>
</tr>
<tr>
<td>Week 11</td>
<td>Completing the Audit Process and Audit Reporting.</td>
<td>Group Assignment, and Peer Assessment of Teamwork Performance due</td>
</tr>
<tr>
<td>Week 12</td>
<td>Ethics, Legal Liability, Corporate Governance and Environmental Assurance</td>
<td>Mini Quiz 2</td>
</tr>
<tr>
<td>Week 13</td>
<td>Course Review.</td>
<td></td>
</tr>
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**MID-SESSION BREAK: 3 April – 12 April**

* Due to Good Friday (3 April 2015) being a public holiday, students enrolled in the Friday seminar will need to attend an alternative seminar in week 5.*
PART B: KEY POLICIES, STUDENT RESPONSIBILITIES AND SUPPORT

1 PROGRAM LEARNING GOALS AND OUTCOMES

The Business School Program Learning Goals reflect what we want all students to BE or HAVE by the time they successfully complete their degree, regardless of their individual majors or specialisations. For example, we want all our graduates to HAVE a high level of business knowledge, and a sound awareness of ethical, social, cultural and environmental implications of business. As well, we want all our graduates to BE effective problem-solvers, communicators and team participants. These are our overall learning goals for you.

You can demonstrate your achievement of these goals by the specific outcomes you achieve by the end of your degree (e.g. be able to analyse and research business problems and propose well-justified solutions). Each course contributes to your development of two or more program learning goals/outcomes by providing opportunities for you to practise these skills and to be assessed and receive feedback.

Program Learning Goals for undergraduate and postgraduate students cover the same key areas (application of business knowledge, critical thinking, communication and teamwork, ethical, social and environmental responsibility), which are key goals for all Business School students and essential for success in a globalised world. However, the specific outcomes reflect different expectations for these levels of study.

We strongly advise you to choose a range of courses which assist your development of these skills, e.g., courses assessing written and oral communication skills, and to keep a record of your achievements against the Program Learning Goals as part of your portfolio.

<table>
<thead>
<tr>
<th>Business Postgraduate Coursework Program Learning Goals and Outcomes</th>
</tr>
</thead>
</table>
| 1. **Knowledge:** Our graduates will have current disciplinary or interdisciplinary knowledge applicable in local and global contexts.  
You should be able to identify and apply current knowledge of disciplinary or interdisciplinary theory and professional practice to business in local and global environments. |
| 2. **Critical thinking and problem solving:** Our graduates will have critical thinking and problem solving skills applicable to business and management practice or issues.  
You should be able to identify, research and analyse complex issues and problems in business and/or management, and propose appropriate and well-justified solutions. |
| 3. **Communication:** Our graduates will be effective communicators in professional contexts.  
You should be able to:  
c. Produce written documents that communicate complex disciplinary ideas and information effectively for the intended audience and purpose, and  
d. Produce oral presentations that communicate complex disciplinary ideas and information effectively for the intended audience and purpose. |
| 4. **Teamwork:** Our graduates will be effective team participants.  
You should be able to participate collaboratively and responsibly in teams, and reflect on your own teamwork, and on the team’s processes and ability to achieve outcomes. |
| 5. **Ethical, social and environmental responsibility:** Our graduates will have a sound awareness of ethical, social, cultural and environmental implications of business issues and practice.  
You should be able to: |
c. Identify and assess ethical, environmental and/or sustainability considerations in business decision-making and practice, and

d. Consider social and cultural implications of business and/or management practice.

2 ACADEMIC HONESTY AND PLAGIARISM

The University regards plagiarism as a form of academic misconduct, and has very strict rules regarding plagiarism. For UNSW policies, penalties, and information to help you avoid plagiarism see: https://student.unsw.edu.au/plagiarism as well as the guidelines in the online ELISE tutorials for all new UNSW students: http://subjectguides.library.unsw.edu.au/elise

To see if you understand plagiarism, do this short quiz: https://student.unsw.edu.au/plagiarism-quiz

For information on how to acknowledge your sources and reference correctly, see: https://student.unsw.edu.au/harvard-referencing

For the Business School Harvard Referencing Guide, see the Business Referencing and Plagiarism webpage (Business > Students > Learning support > Resources > Referencing and plagiarism).

3 STUDENT RESPONSIBILITIES AND CONDUCT

Students are expected to be familiar with and adhere to university policies in relation to class attendance and general conduct and behaviour, including maintaining a safe, respectful environment; and to understand their obligations in relation to workload, assessment and keeping informed.

Information and policies on these topics can be found in UNSW Current Students ‘Managing your Program’ webpages: https://student.unsw.edu.au/program.

3.1 Workload

It is expected that you will spend at least nine to ten hours per week studying this course. This time should be made up of reading, research, working on exercises and problems, and attending classes and online sessions. In periods where you need to complete assignments or prepare for examinations, the workload may be greater.

Over-commitment has been a cause of failure for many students. You should take the required workload into account when planning how to balance study with employment and other activities.

We strongly encourage you to connect with your Moodle course website in the first week of semester. Local and international research indicates that students who engage early and often with their course website are more likely to pass their course.

Information on expected workload: https://student.unsw.edu.au/uoc

3.2 Attendance

Your regular and punctual attendance at lectures and seminars or on online learning activities is expected in this course. University regulations indicate that if students attend less than 80% of scheduled classes they may be refused final assessment. For more information, see: https://student.unsw.edu.au/attendance
3.3 General Conduct and Behaviour
You are expected to conduct yourself with consideration and respect for the needs of your fellow students and teaching staff. Conduct which unduly disrupts or interferes with a class, such as ringing or talking on mobile phones, is not acceptable and students may be asked to leave the class. More information on student conduct is available at: https://student.unsw.edu.au/conduct

3.4 Occupational Health and Safety
UNSW Policy requires each person to work safely and responsibly, in order to avoid personal injury and to protect the safety of others. For more information, see http://www.ohs.unsw.edu.au/.

3.5 Keeping Informed
You should take note of all announcements made in lectures, tutorials or on the course web site. From time to time, the University will send important announcements to your university e-mail address without providing you with a paper copy. You will be deemed to have received this information. It is also your responsibility to keep the University informed of all changes to your contact details.

4 SPECIAL CONSIDERATION AND SUPPLEMENTARY EXAMINATIONS
You must submit all assignments and attend all examinations scheduled for your course. You should seek assistance early if you suffer illness or misadventure which affects your course progress.

General Information on Special Consideration for Postgraduate courses:
1. All applications for special consideration must be lodged online through myUNSW within 3 working days of the assessment (Log into myUNSW and go to My Student Profile tab > My Student Services channel > Online Services > Special Consideration). You will then need to submit the originals or certified copies of your completed Professional Authority form (pdf - download here) and other supporting documentation to Student Central. For more information, please study carefully the instructions and conditions at: https://my.unsw.edu.au/student/atoz/SpecialConsideration.html
2. Please note that documentation may be checked for authenticity and the submission of false documentation will be treated as academic misconduct. The School may ask to see the original or certified copy.
3. Applications will not be accepted by teaching staff. The lecturer-in-charge will be automatically notified when you lodge an online application for special consideration.
4. Decisions and recommendations are only made by lecturers-in-charge (or by the Faculty Panel in the case of UG final exam special considerations), not by tutors.
5. Applying for special consideration does not automatically mean that you will be granted a supplementary exam or other concession.
6. Special consideration requests do not allow lecturers-in-charge to award students additional marks.

**Special Consideration and the Final Exam:**
Applications for special consideration in relation to the final exam are considered by a Business School Faculty panel to which lecturers-in-charge provide their recommendations for each request. If the Faculty panel grants a special consideration request, this will entitle the student to sit a supplementary examination. No other form of consideration will be granted. The following procedures will apply:

1. Supplementary exams will be scheduled centrally and will be held approximately two weeks after the formal examination period. The dates for Business School supplementary exams for Semester 1, 2015 are:
   - 14 July 2015 – exams for the School of Accounting
   If a student lodges a special consideration for the final exam, they are stating they will be available on the above dates. **Supplementary exams will not be held at any other time.**

2. Where a student is granted a supplementary examination as a result of a request for special consideration, the student’s original exam (if completed) will be ignored and only the mark achieved in the supplementary examination will count towards the final grade. Failure to attend the supplementary exam will not entitle the student to have the original exam paper marked and may result in a zero mark for the final exam.

If you attend the regular final exam, you are extremely unlikely to be granted a supplementary exam. Hence if you are too ill to perform up to your normal standard in the regular final exam, you are strongly advised not to attend. However, granting of a supplementary exam in such cases is not automatic. You would still need to satisfy the criteria stated above.

**Special consideration and assessments other than the Final exam:**
No supplementary assessments are available other than for the final exam.

5 **STUDENT RESOURCES AND SUPPORT**
The University and the Business School provide a wide range of support services for students, including:

- **Business School Education Development Unit (EDU)**
  [https://www.business.unsw.edu.au/students/resources/learning-support](https://www.business.unsw.edu.au/students/resources/learning-support) Click on ‘Student Services’. Academic writing, study skills and maths support specifically for Business School students. Services include workshops, online resources, and individual consultations. EDU Office: Room GO7, Ground Floor, Business School Building (opposite Student Centre); Phone: 9385 5584; Email: edu@unsw.edu.au. Visit us on Facebook: [www.facebook.com/educationdevelopmentunit](http://www.facebook.com/educationdevelopmentunit).

- **Business Student Centre**
  [https://www.business.unsw.edu.au/students/resources/student-centre](https://www.business.unsw.edu.au/students/resources/student-centre) Advice and direction on all aspects of admission, enrolment and graduation. Ground Floor, West Wing, Business School Building; Phone: 9385 3189
• **Moodle eLearning Support**: For online help using Moodle, follow the links from [www.elearning.unsw.edu.au](http://www.elearning.unsw.edu.au) to *Moodle / Support for Students*. For technical support, email: [itservicecentre@unsw.edu.au](mailto:itservicecentre@unsw.edu.au); Phone: 9385 1333.

• **UNSW Learning Centre** ([www.lc.unsw.edu.au](http://www.lc.unsw.edu.au))
  Academic skills support services, including workshops and resources, for all UNSW students. See website for details.

• **Library training and search support services**
  [http://info.library.unsw.edu.au/web/services/services.html](http://info.library.unsw.edu.au/web/services/services.html)

• **IT Service Centre**: Technical support for problems logging into websites, downloading documents etc. [https://www.it.unsw.edu.au/students/index.html](https://www.it.unsw.edu.au/students/index.html)
  UNSW Library Annexe (Ground floor).

• **UNSW Counselling and Psychological Services**
  [http://www.counselling.unsw.edu.au](http://www.counselling.unsw.edu.au) Free, confidential service for problems of a personal or academic nature; and workshops on study issues such as ‘Coping with Stress’ and ‘Procrastination’. Office: Level 2, Quadrangle East Wing; Phone: 9385 5418.

• **Student Equity & Disabilities Unit** [http://www.studentequity.unsw.edu.au](http://www.studentequity.unsw.edu.au)
  Advice regarding equity and diversity issues, and support for students who have a disability or disadvantage that interferes with their learning. Office: Ground Floor, John Goodsell Building; Phone: 9385 4734.
6 KEY DATES

*It is your responsibility to ensure that:*

1. You are recorded by the University as being correctly enrolled in all your courses.
2. You have successfully completed all prerequisite courses. Any work done in courses for which prerequisites have not been fulfilled will be disregarded (unless an exemption has been granted), and no credit given or grade awarded.
3. You abide by key dates:
   - **Monday 28 July** is the first day of Semester 2 lectures.
   - **Sunday 3 August** is the last day you can change your enrolment and timetable via myUNSW, and is also the due date for Semester 2 fees.
   - **Sunday 31 August (end Week 5)** is the last day to discontinue without financial penalty (census date). Applications to start FEE-HELP must also be lodged well before this date.
   - **Sunday 14 September (end Week 7)** is the last day to discontinue without academic penalty.
4. You organise your affairs to take account of examination and other assessment dates where these are known. Be aware that your final examination may fall at any time during the semester’s examination period. The scheduling of examinations is controlled by the University administration. No early examinations are possible. The examination period for Semester 2, 2014, falls between **7 November and 22 November** (provisional dates subject to change).
5. When the **final examination timetable** is released on **26 September**, ensure that you have no clashes or unreasonable difficulty in attending the scheduled examinations.
6. Schools in the Business School schedule a common date for any supplementary exams that may be required. For Semester 2, these are:
   - **9 December, 2014** – exams for the School of Accounting

A full list of UNSW Key Dates is located at: https://my.unsw.edu.au/student/resources/KeyDates.html
PART C: SEMINAR PROGRAMME

THE UNIVERSITY OF NEW SOUTH WALES
SCHOOL OF ACCOUNTING
ACCT 5908 AUDITING AND ASSURANCE SERVICES

Course Introduction
Introduction to Audit Function, Assurance Framework, Professional Standards and Structure of the Profession

SEMINAR 1: 2 March 2015

Reading Guide:

References:
Gay and Simnett, Chapters 1 and 2.

Standards:
*ASA 200: Overall Objectives of the Independent Auditor and the conduct of an Audit in Accordance with the Australian Auditing Standards.

Discussion Questions:
1. Discuss the concept of “assurance” in an audit setting.
2. With reference to Woolworths Limited Financial statements:
   (a) Describe the objective of an independent audit.
   (b) Distinguish between (1) management's and (2) auditor's responsibility for the financial reports being audited.
   (c) Explain the meaning of 'true and fair'/'fairly' presented in the audit report.

* Please note, it is essential that students familiarise themselves with the key references (identified by *) prior to each seminar.

Note: This course requires students to apply their skills learnt in Auditing and Assurance Services to analyse a real company from the auditor's perspective and within the framework of the auditing standards. As such we require students to download / review the 2014 Woolworths Group Limited annual report from either the Woolworths (www.woolworthslimited.com.au) or ASX websites, to be used in class from next seminar to answer various seminar discussion questions.
THE UNIVERSITY OF NEW SOUTH WALES  
SCHOOL OF ACCOUNTING  
ACCT 5908 AUDITING AND ASSURANCE SERVICES  
Introduction to the Audit Process - Understanding the Entity and Assessing Risk  

SEMINAR 2: 9 March 2015

Note: Teams for Group Assignment announced in this seminar  
Hand in Team Assignment Contract in seminar 3.

Reading Guide:

References:
Martinov-Bennie, Roebuck and Soh, Chapter 1, Introductory Readings, (pp.1-7)
Gay and Simnett, Chap.6 (pp.234-240 and 252-261)

Standards:
* ASA 240: The Auditor’s Responsibility to consider Fraud in an Audit of a Financial Report
* ASA 300: Planning an Audit of a Financial Report
* ASA 320: Materiality in Planning and Performing an Audit
* ASA 315: Understanding the Entity and Its Environment and Assessing the Risks of Material Misstatements

Discussion Questions
1. Martinov-Bennie, Roebuck and Soh, Chapter 8, Question 5 (p.194).
2. Identify the types of information in the client’s minutes of the board of directors’ meetings that are likely to be relevant to the auditor. Explain why it is important to read the minutes early in the engagement.
3. When an auditor has accepted an engagement from a new client who is a manufacturer, it is customary for the auditor to tour the client’s plant facilities. Discuss the ways in which the auditor’s observations made during the course of the plant tour will be of assistance as he/she plans and conducts the audit.
4. Martinov-Bennie, Roebuck and Soh, Chapter 10, Practice Examination 2, Question 3, part 1 (p.282).
5. Prepare a SWOT analysis (Strengths, Weaknesses, Opportunities, Threats) of Woolworths’ to present in the class. For the purposes of the SWOT analysis:
   (a) Refer to the entire Woolworths group of companies within the one SWOT analysis.
   (b) Assess at least five (5) key issues for each of the SWOT factors.
THE UNIVERSITY OF NEW SOUTH WALES
SCHOOL OF ACCOUNTING
ACCT 5908 AUDITING AND ASSURANCE SERVICES
Internal Control Evaluation, Mitigating Controls and Fraud Risk

SEMINAR 3: 16 March 2015

Note: Hand in Team Assignment Contract
Mini Quiz 1 will be held in seminar 4.

Reading Guide:

References:
* Gay and Simnett, Chapter 8 (pp.329-355), Chapter 7 (pp.294-301).
* Martinov-Bennie, Roebuck and Soh, Chapter 2 Readings (pp.33-37).
* Martinov-Bennie, Roebuck and Soh, Cases 2-2 (p.39) and Solution (p.49); Chapter 10, Practice Examination 1, Question 3 (p.272) and Solution (p.278).

Standards:

Discussion Questions
1. Martinov-Bennie, Roebuck and Soh, Chapter 10, Practice Examination 3, Question 1 part 1 (p.285).
3. Martinov-Bennie, Roebuck and Soh, Case 2-1 (p.38).
4. Martinov-Bennie, Roebuck and Soh, Chapter 10, Practice Examination 2, (Mid Semester) Question 2 (p.282).
5. Review the Corporate Governance note for Woolworths Limited and comment on the relevance of the information provided on the auditor’s control evaluation, and complete Martinov-Bennie, Roebuck and Soh Case 1-7, section 3 (p.25).
6. Martinov-Bennie, Roebuck and Soh, Chapter 2, Case 2-5, Parts 1-4 (p.43).
THE UNIVERSITY OF NEW SOUTH WALES
SCHOOL OF ACCOUNTING
ACCT 5908 AUDITING AND ASSURANCE SERVICES

Analytical Procedures, Risk Assessment and Materiality

SEMINAR 4: 23 March 2015

Note : Mini Quiz 1 will be held in this seminar.

Reading Guide:
References:
Gay and Simnett Chp.6 (pp.262-272), Chp.7 (pp.305-310)
* Martinov-Bennie, Roebuck and Soh, Chapter 1, (p.5-6)
* Martinov-Bennie, Roebuck and Soh, Chapter 10, revise Practice Examination 1,
  Question 1 and Solution (p.269, p276).

Standards:
* ASA 315: Understanding the Entity and Its Environment and Assessing the Risks
  of Material Misstatements.
* ASA 320: Materiality in Planning and Performing an Audit.
* ASA 520: Analytical Procedures.

Discussion Questions
1. Planning is critical to the conduct of a financial statement audit. (The attached
  five (5) year statistical summary should be used to answer the following).
Required: Determine relevant areas and issues for consideration for the 2014
audit.
2. Analytical procedures provide a means of identifying unusual fluctuations
caused by potential material errors or irregularities. For each of the following
"unusual fluctuations", describe an error or the situation that could have
occurred, given no change in circumstances.
   (a) The number of employees has increased along with total wage
   expenses. However, the provision for long service leave account
   balance has reduced significantly.
   (b) Sales for a retail store have increased by 20% during the year.
   However, merchant fees (credit card charges) have remained constant.
3. Martinov-Bennie, Roebuck and Soh, Chapter 10, Practice Examination 2 (Mid-
Session), Question 1 (p.281).
4. During the course of an audit engagement, an independent auditor must address the concept of *materiality*. This concept is inherent in the work of the independent auditor and is important for planning, evidence gathering, error evaluation and in the audit opinion formation process.

**Required:**

(a) Briefly describe what is meant by the independent auditor's concept of materiality.

(b) Outline the relevance of materiality during each of the following stages of the audit process:
   - Planning
   - Evaluation of the results of audit testing
   - Forming an audit opinion

(c) Discuss the process of setting audit materiality.

5. Martinov-Bennie, Roebuck and Soh, Case 1-7 complete section 4 (p.25).


7. How should the auditor go about determining "Performance Materiality" as defined in ASA 320.9?
## GROUP STATISTICS

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<td>Other tangible assets</td>
<td>1,265.7</td>
<td>1,281.7</td>
<td>1,292.3</td>
<td>1,197.9</td>
<td>1,374.6</td>
</tr>
<tr>
<td>Intangibles and deferred tax assets</td>
<td>75.0</td>
<td>43.8</td>
<td>37.6</td>
<td>13.3</td>
<td>21.7</td>
</tr>
<tr>
<td><strong>Total assets</strong></td>
<td>1,555.3</td>
<td>1,494.1</td>
<td>1,617.1</td>
<td>1,387.6</td>
<td>1,629.3</td>
</tr>
<tr>
<td><strong>Other items</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Dividends per share: unadjusted</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Adjusted</td>
<td>12.0¢</td>
<td>17.0¢</td>
<td>20.0¢</td>
<td>19.0¢</td>
<td>18.0¢</td>
</tr>
<tr>
<td>Earnings per share: Unadjusted</td>
<td>12.0¢</td>
<td>17.0¢</td>
<td>18.9¢</td>
<td>19.0¢</td>
<td>15.0¢</td>
</tr>
<tr>
<td>Adjusted</td>
<td>15.6¢</td>
<td>21.2¢</td>
<td>27.5¢</td>
<td>28.5¢</td>
<td>28.2¢</td>
</tr>
<tr>
<td>Dividend payout ratio</td>
<td>76.2%</td>
<td>80.8%</td>
<td>69.2%</td>
<td>67.8%</td>
<td>67.6%</td>
</tr>
<tr>
<td>Cash payout ratio</td>
<td>67.8%</td>
<td>69.3%</td>
<td>59.6%</td>
<td>54.9%</td>
<td>59.5%</td>
</tr>
<tr>
<td>Return on shareholders’ funds</td>
<td>8.4%</td>
<td>11.3%</td>
<td>15.7%</td>
<td>14.7%</td>
<td>12.5%</td>
</tr>
<tr>
<td>Return on capital employed</td>
<td>9.6%</td>
<td>11.0%</td>
<td>15.4%</td>
<td>14.2%</td>
<td>14.6%</td>
</tr>
<tr>
<td>Liabilities to tangible assets ratio</td>
<td>54.1%</td>
<td>55.8%</td>
<td>63.4%</td>
<td>58.7%</td>
<td>63.7%</td>
</tr>
<tr>
<td>Net tangible assets per share</td>
<td>165.0¢</td>
<td>183.0¢</td>
<td>175.0¢</td>
<td>171.0¢</td>
<td>169.0¢</td>
</tr>
<tr>
<td>Number of shareholders at year-end</td>
<td>21,998</td>
<td>21,198</td>
<td>21,209</td>
<td>22,773</td>
<td>21,284</td>
</tr>
<tr>
<td>Number of convertible notes holders at year-end</td>
<td>-</td>
<td>1,315</td>
<td>1,397</td>
<td>2,068</td>
<td>2,151</td>
</tr>
</tbody>
</table>

### Notes:

1. Adjusted for bonus issues.
2. Based on the net operating profit and the number of shares on issue at year-end.
3. Based on the net operating profit and the average number of shares on issue during year and adjusted for bonus issues.
4. Dividends declared per share as a percentage of earnings per share.
5. Dividends paid per share, after recognising elections under the Bonus Share Plan, as a percentage of earnings per share.
6. Net operating profit as a percentage of average opening and year-end shareholders’ equity.
7. Profit before interest, tax divided by the sum of average shareholders’ equity and average borrowings net of cash and deposits.
8. Shareholders’ equity (less deferred tax assets and intangibles) divided by the number of shares on issue at year end, adjusted for bonus issues.

*Note: It is acknowledged that the accounting standards no longer refer to extraordinary items. In 2006 this was not the case, and so for the purposes of highlighting this significant amount, the term "extraordinary item" has remained relevant.*
Audit Evidence and the Use of Audit Assertions  (Parts 1 & 2)

SEMERNAR 5:  30 March 2015 (Part 1)
SEMERNAR 6:  13 April 2015 (Part 2)

Note:  - Due to Good Friday (3 April 2015) being a public holiday, students enrolled in the Friday seminar will need to attend an alternative seminar in week 5
- Major Quiz held in seminar 7

Reading Guide:

References:
* Gay and Simnett, Chapter 5 (pp.187-201), Chapter 9 (pp389-422), Chapter 10 (pp445-489).
* Martinov-Bennie, Roebuck and Soh, Chapter 3 Readings (pp.54-57).
* Martinov-Bennie, Roebuck and Soh, Case 3-4 (p.61) and Solution p75, Chapter 10, Practice Examination 1, Question 1 (p.269) and Solution (p276).
* Martinov-Bennie, Roebuck and Soh, Chapter 3, Question 3-7 (p.64) and Solution (p.75).

Standards:
* ASA 500: Audit Evidence.
* ASA 520: Analytical Procedures.

Discussion Questions

Seminar 5

1. Martinov-Bennie, Roebuck and Soh, Chapter 10, Practice Examination 2 (Mid Semester), Question 4, Part B (p.284).

2. Martinov-Bennie, Roebuck and Soh, Chapter 10, Practice Examination 4, Question 1 (pp.290).
3. For each of the two (2) key audit risks described below complete the following:
   (i) provide a brief explanation as to why the situation constitutes an audit risk
   (ii) identify the key account balance affected
   (iii) identify the prime audit assertion to be tested.

   The situations are independent of each other and are to be treated separately in your answers.
   (a) Slim and Fit Limited is a manufacturer of sporting equipment. The majority of the merchandise is highly desirable, easily handled and of relatively high dollar value. Stealing has been an ongoing problem.

   (b) Holford Limited is a manufacturer of cars. Their new range of sports coupe ‘EAGLE’ has been a great success with huge sales in the last twelve months. However, there has been a great number of customer complaints and a dramatic increase in the servicing and repairs of this model in the last three months. It appears that the material used in the brake linings which is unique to ‘EAGLE’ is defective after 8,000 kilometres. There is no stock of ‘EAGLE’ at year end due to a waiting list as a result of the popular demand for the car.

4. With regards to Woolworths Limited Financial Report for the following accounts, determine:
   i. The significant audit risks that may be associated with the account;
   ii. For each risk in (i), the relevant assertions;

<table>
<thead>
<tr>
<th>Current Assets</th>
<th>Current Liabilities</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash</td>
<td>Trade and other payables</td>
</tr>
<tr>
<td>Trade and other receivables</td>
<td>Provision for self-insured risks</td>
</tr>
<tr>
<td>Inventory</td>
<td>Equity</td>
</tr>
<tr>
<td>Non-current assets</td>
<td>Foreign currency translation</td>
</tr>
<tr>
<td>Property, plant and equipment</td>
<td>reserve</td>
</tr>
<tr>
<td>Liquor and gaming licenses</td>
<td></td>
</tr>
</tbody>
</table>

Seminar 6

1. Martinov-Bennie, Roebuck and Soh, Chapter 10, Practice Examination 2 (Mid Semester), Question 4, Part A (p.284).
2. Martinov-Bennie, Roebuck and Soh, Chapter 8, Question 34 (p.201).
3. For the account balance and the assertion listed in Seminar 5, Question 4 parts (ii) and (iii), describe in specific terms the substantive audit procedure which would best provide sufficient and appropriate audit evidence.
4. Martinov-Bennie, Roebuck and Soh, Chapter 3, Case 3-7 (p.64).
5. Martinov-Bennie, Roebuck and Soh, Chapter 8, Questions 22, 23 and 27, (p.199).
Auditors Response to Risks, Audit of Complex Balances and Transactions

SEMINAR 7: 20 April 2015

Note: Major Quiz held in this seminar
No seminar in week 8 for ACCT5908

Reading Guide:

References:
* Martinov-Bennie, Roebuck and Soh, Chapter 3, Readings (pp. 54-57).
* Martinov-Bennie, Roebuck and Soh, Chapter 1, (p.7).

Standards:
*ASA 540: Auditing Accounting Estimates including Fair value Accounting Estimates and Related Disclosures.
AASB 118: Revenue.
AASB 138: Intangible Assets.
AASB 116: Property, Plant and Equipment.

Discussion Questions (optional)

1. Revenue recognition, expense vs. capitalisation, valuation of brand names along with valuation of non-current assets have all been issues raised in recent corporate collapses and overstatement of profits e.g., Enron, Harris Scarf, World.com. Select two issues and relate them back to the relevant accounting standard and the auditing standards to determine how the balances for each of the issues chosen could be misstated. Also, outline the audit procedures that you would adopt in order to verify the account/balance.

2. With regard to intangibles such as trademarks, patents, etc. can an audit determine the market value for such assets? Outline what the relevant accounting standard states in regard to carrying forward the value of such assets. What issues do you consider are of most concern to the auditor?
No seminars this week.
Auditing in an IT Environment — Internal Control and Substantive Testing

SeminAr 9: 4 May 2015

Reading Guide:
References:
* Gay and Simnett, Chapter 8 (pp.355-366), Chapter 9 (pp.422-425), Chapter 10 (pp.489-492).
* Martinov-Bennie, Roebuck and Soh, Chapter 4, Readings (pp.84-89).
* Martinov-Bennie, Roebuck and Soh, Case 4-3 (p.93) and Solution (p.106), Cases 4-5 (p.96) and Solution (p.107), 4-6 (p.98) and Solution (p.108), and Chapter 10, Practice Examination 1, Question 2 (p.270) and Solution (p.278).

Standards:

Discussion Questions
1. (a) What are the implications of the existence of a computer environment at a client's place of business for an auditor?
   (b) What are the differences between general and application controls in an IT environment?
2. Martinov-Bennie, Roebuck and Soh, Case 4-1, Part 2 (p.91).
3. Martinov-Bennie, Roebuck and Soh, Case 4-2, Part 2 (p.91).
4. Martinov-Bennie, Roebuck and Soh, Chapter 10, Practice Examination 3, Question 2 (p.286).
5. ABC Ltd has the following fields in its accounting system. ABC Ltd requires payment of all debts within 30 days.

<table>
<thead>
<tr>
<th>Field No</th>
<th>Field Name</th>
<th>Field No</th>
<th>Field Name</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Customer Number</td>
<td>11</td>
<td>Order Number</td>
</tr>
<tr>
<td>2</td>
<td>Name</td>
<td>12</td>
<td>Customer Number</td>
</tr>
<tr>
<td>3</td>
<td>Street Address</td>
<td>13</td>
<td>Date</td>
</tr>
<tr>
<td>4</td>
<td>City</td>
<td>14</td>
<td>Item Number</td>
</tr>
<tr>
<td>5</td>
<td>State</td>
<td>15</td>
<td>Quantity</td>
</tr>
<tr>
<td>6</td>
<td>Post Code</td>
<td>16</td>
<td>Sale Price</td>
</tr>
<tr>
<td>7</td>
<td>Phone Number</td>
<td>17</td>
<td>Order Total</td>
</tr>
<tr>
<td>8</td>
<td>Credit Limit</td>
<td></td>
<td></td>
</tr>
<tr>
<td>9</td>
<td>Outstanding Balance</td>
<td></td>
<td></td>
</tr>
<tr>
<td>10</td>
<td>Last Payment Date</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

### Customers Table

<table>
<thead>
<tr>
<th>Field No</th>
<th>Field Name</th>
<th>Field No</th>
<th>Field Name</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Customer Number</td>
<td>11</td>
<td>Order Number</td>
</tr>
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<td>Customer Number</td>
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<tr>
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<td>City</td>
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<td></td>
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<td></td>
</tr>
<tr>
<td>10</td>
<td>Last Payment Date</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

### Orders Table

<table>
<thead>
<tr>
<th>Field No</th>
<th>Field Name</th>
<th>Field No</th>
<th>Field Name</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
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<td>State</td>
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</tr>
<tr>
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<td>8</td>
<td>Credit Limit</td>
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<td></td>
</tr>
<tr>
<td>9</td>
<td>Outstanding Balance</td>
<td></td>
<td></td>
</tr>
<tr>
<td>10</td>
<td>Last Payment Date</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

### Inventory Table

<table>
<thead>
<tr>
<th>Field No</th>
<th>Field Name</th>
<th>Field No</th>
<th>Field Name</th>
</tr>
</thead>
<tbody>
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<td>1</td>
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</tr>
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<td></td>
</tr>
<tr>
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<td></td>
<td></td>
</tr>
<tr>
<td>10</td>
<td>Last Payment Date</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

### Required

a) What is an exception report?

b) Using the ABC Ltd files, listed above, give one example of an exception report that audit software could generate, to help you test each of the following assertions.

i) Valuation and allocation of accounts receivable
ii) Valuation and allocation of inventory
iii) Occurrence of sales
iv) Completeness of inventory

c) Using the ABC Ltd files, listed above, give one example of a report (not an exception report) that audit software could generate, to help you test each of the following assertions.

i) Accuracy of sales
ii) Valuation and allocation of Inventory
iii) Existence of Accounts Receivable.
6. Toan & Associates are a firm of solicitors specialising in commercial law. An audit is required under the solicitors’ trust regulations. Recent changes in government regulation have deregulated the fees of commercial lawyers, with the result that legal fees have decreased by 20% over the past year. The firm has 4 partners, 90 associates and 6 support staff. All financial records are contained on a personal computer. A general ledger software package that is widely used by legal firms is used by the organisation. The general ledger package also contains an accounts receivable subsidiary ledger, a work-in-progress file (which shows current status of legal cases) and a payroll subsidiary ledger.

All financial records, including all payroll documentation, are maintained by the ledger clerk. The payroll details entered consist of changes to standing data, and transactions. The changes to standing data are additions and deletions of staff to the payroll master file, change of address, variation of approved fortnightly pay, and change to approved overtime rate. Any such changes are contained on a pre-numbered variation of payroll information form which is approved by the personnel partner and one other partner. After being entered into the system, the variation of payroll information forms are filed in numerical sequence.

The transaction data is entered each fortnight when the partners and staff complete a pay sheet which assigns their time to jobs. This is entered into the computer package by the ledger clerk and is used to update the work-in-progress file and the payroll file. If any staff work overtime, which must be approved by the partner in charge of the case (evidenced by the partner initialling the pay sheet), this is entered and the overtime is paid at the approved set rate.

The following reports are produced each fortnight and are reviewed and authorised by all partners, at fortnightly partners’ meetings:
- Printout of year-to-date payroll master file.
- Payroll transactions file for the last fortnight.
- List of staff who have undertaken overtime in the last fortnight.
- Current status of all cases in progress.
- Cases in progress where additional work has been undertaken over the last fortnight.
- Cases completed, but not billed over the last fortnight.
- List of accounts receivable master file.

Required:

(a) Identify any controls that exist in the payroll area. For the controls identified, detail the relevant assertion that each control addresses.

(b) The client’s software package contains a programmed range check on the payroll file. No associate’s fortnightly pay (before overtime) should be outside the range of $2,200-$4,000. Identify and illustrate by example with respect to this control the technique(s) by which the auditor could obtain direct evidence that this programmed control is working.

(c) Some of the reports generated by the client each fortnight are exception reports. Identify which of the reports generated are exception reports.
Note: Group Assignment and Peer Assessment of Team performance due in seminar 11

Reading Guide:
References:
Gay and Simnett, Chapter 5 (pp.202-204), Chapter 8 (pp.367-370), Chapter 14 (pp.652-653), Chapter 15.
* Martinov-Bennie, Roebuck and Soh, Chapter 6, Readings (pp144-146).
* Martinov-Bennie, Roebuck and Soh, Chapter 10, Practice Examination 1, Question 4, Part A (p.273) and Solution (p.279).
* Martinov-Bennie, Roebuck and Soh, chapter 6, Case 6-7, part B (p.160) and solution (p.166).

Standards:
* ASA 315: Using the Work of another Auditor
* ASA 330: The Auditors' Procedures in Response to Assessed Risks.
* ASA 610: Considering the Work of Internal Auditors
* ASA 620: Using the Work of an Auditor's Expert
* ASAE 3500: Performance engagements

Discussion Questions

1. Martinov-Bennie, Roebuck and Soh, Chapter 8, Questions 47, 48 and 49 (p.203).

2. Review Woolworths Limited financial report and identify any areas in which the auditor may need to engage an expert.

3. Your accounting firm has recently acquired a new audit client, which operates a major industrial plant. Coal is the main raw material used to generate power for the plant.
   (a) Consider whether the use of an independent expert will be necessary to determine the quantity of coal held in stockpiles at the plant.
   (b) Assuming an independent expert is required, outline the broad procedures that are necessary for you to be able to rely on the expert's work.

4. Explain how the objectives of public sector auditing differ from that of the private sector. What implications do these differences have for auditing the public sector in terms of the application of the risk methodology and the ASAs.

5. The private sector auditor must be 'independent and seen to be independent'. Is the same true of the public sector auditor?

6. Discuss the main independence features prevalent in a public sector audit.
THE UNIVERSITY OF NEW SOUTH WALES
SCHOOL OF ACCOUNTING
ACCT 5908 AUDITING AND ASSURANCE SERVICES

Completing the Audit Process and Audit Reporting

SEMINAR 11: 18 May 2015

Note: Group Assignment and Peer Assessment of Team performance due
Mini Quiz 2 held in seminar 12.

Reading Guide:

References:
Gay and Simnett, Chps.12 and 13.
* Martinov-Bennie, Roebuck and Soh, Chapter 5, Readings (pp114-121).
* Martinov-Bennie, Roebuck and Soh, Chp.10, Practice Examination 1, Question 4 Part C (p.273) and Solution (p.279).

Standards:
* ASA 560: Subsequent Events.
* ASA 570: Going Concern.

Discussion Questions

1. Review Woolworths Limited audit report and directors’ declaration. Comment as to the date each one is signed.

2. Martinov-Bennie, Roebuck and Soh, Case 5-3 (p.124).


4. Martinov-Bennie, Roebuck and Soh, Chapter 8, Questions 52, 53, 55, 56, 57, 58 (p.204).
ETHICS, LEGAL LIABILITY AND CORPORATE GOVERNANCE AND ENVIRONMENTAL ASSURANCE

SEMINAR 12: 25 May 2015

Note: Mini Quiz 2 held in this seminar.

Reading Guide:

Ethics
References:
Gay and Simnett, Chps 3 and 4.
Gay and Simnett, Chp 16 (pp741-745).
* Martinov-Bennie, Roebuck and Soh, Chapter 7, Readings (pp.170-176).
* Martinov-Bennie, Roebuck and Soh, Cases 7-3 (p.180) and Solutions (p.189), 7-9
  (p.187) and Solutions (p.191),
  Chapter 10, Practice Examination 1, Question 4B (p.273) and Solutions (p.279).

Standards:
APES 110: Code of Ethics for Professional Accountants (Part A and s290)
APES 320: Quality Control for Firms
ASAE 3410: Assurance Engagements on Greenhouse Gas Statements

Discussion Questions - Ethics:

1. The following each involve a possible violation of the professional bodies’ (ICAA
   and CPAA) ethical rules. For each situation determine if the current ethical
   standards have been compromised (cite references where applicable).

   (a) John Brown is a chartered accountant, but not a partner, with three
       years of professional experience with Lyle and Lyle Chartered
       Accountants, a one-office firm. He owns 2,500 shares in an audit client
       of the firm, but he does not take part in the audit of the client and the
       amount of stock is not material in relation to his total wealth.

   (b) A client requests assistance of J. Bacon, Chartered Accountant, in the
       installation of a computer system for maintaining production records.
       Bacon had no experience in this type of work and no knowledge of the
       client's production records, so he obtained assistance from a computer
       consultant. The consultant is not in the practice of public accounting, but
       Bacon is confident of his professional skills. Because of the highly
       technical nature of the work Bacon is not able to review the consultant's
       work.
Five small Sydney public accounting firms have become involved in an information project by taking part in an interfirm working paper review program. Under the program, each firm designates two partners to review the working papers, including the tax returns and the financial statements of another public accounting firm taking part in the program. At the end of each review, the auditors who prepared the working papers and the reviewers have a conference to discuss the strengths and weaknesses of the audit. They do not obtain authorisation from the audit client before the review takes place.

2. For each of the following situations, state which threat to independence (as stated in APES 110 s200.3) is present and justify your answer:

(a) Lachlan Howet, a partner of Howet & Howet Chartered Accountants, is the engagement partner on the audit of Urban Ltd. During the course of the 2013 audit, Rose Stackman, Chairman and CEO of Urban Ltd tells Lachlan that due to financial problems at Urban Ltd, the audit fee will have to be cut by 50% this year or Urban Ltd will replace Howet & Howet with a new audit firm.

(b) Rod Cheng, of Cheng and Kwok Chartered Accountants, is offered the position of engagement partner on the audit of Watt Ltd by the Watt Ltd board of directors. The Chairman of the board of Watt Ltd is Zhang Guo. Rod Cheng and Zhang Guo are both on the board of Martins Ltd (a company not related to Watt Ltd) and have investments in shares of Martins Ltd.

(c) Fahimah Barack is qualified as both a chartered accountant and solicitor. She is the audit partner on the audit of the computer company, Big PC Ltd. Big PC Ltd is in dispute with International Computers Inc, over a contract to buy 500 PCs. The Big PC Ltd board asks Fahimah to represent them in negotiations with International Computers Inc.

Discussion Questions – Law:

1. In his comprehensive judgement in Pacific Acceptance Corporation v Forsyth, Moffit J. set out the duties of the auditor. Briefly outline these duties. Consider also the relationship between these common law duties and the auditing standards.

2. What was the significance for the auditors of the AWA Limited v Daniels (trading as Deloitte, Haskins and Sells) and other recent decisions?

3. What is the ‘proximity test’ with regard to auditor’s liability to third parties? Support your explanation with relevant legal cases.

Discussion Questions – Environmental Assurance:

1. Which factors drive demand for greenhouse gas emissions (GHG) reporting and assurance by Australian companies?

2. What are the three categories of GHG emissions and what are the two allowable ways to measure them?
No set readings. Students will work on a practice exam during the seminar, distributed via Moodle - please ensure you download and print yourself a copy to bring along to the seminar.
MULTIPLE-CHOICE ANSWERS

Students may access the most recent past exam papers (for the semesters shown below) via Moodle. No solutions are available to written questions. Answers to multiple-choice questions are shown below:

Session 1, 2013 1d, 2a, 3b, 4d, 5c, 6a, 7c, 8a, 9b, 10c, 11b, 12d, 13d, 14a, 15d, 16b, 17a.
Session 2, 2013 1a, 2b, 3c, 4c, 5c, 6c, 7a, 8b, 9b, 10d, 11a, 12d, 13c, 14b, 15c, 16c, 17b, 18d, 19a, 20a, 21d.
Session 1, 2014 1c, 2c, 3c, 4c, 5b, 6a, 7b, 8b, 9b, 10d, 11a, 12b, 13b, 14a, 15b, 16b, 17a, 18d, 19d.
Session 2, 2014 1c, 2d, 3a, 4b, 5b, 6c, 7d, 8a, 9b, 10d, 11b.