



## UQ Business School

HEAD OF SCHOOL

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CRICOS No. 00025B

## BSAC7103 – Auditing

### St Lucia Campus Semester 1, 2004

<b>Units:</b>	2
<b>Prerequisites:</b>	BSAC7101 or BSAC7020 or COMM7301 COMM1301 or COMM1102
<b>Incompatibles:</b>	CO334 or CO817 or BSAC3101 or COMM3303
<b>Corequisites:</b>	Nil
<b>Assumed Background:</b>	Nil

### Contact Information

Description	Name	Office	Phone	Email
Course co-ordinator	Dr P. Kent	Colin Clark (39) Room 444	3365 6611	<a href="mailto:p.kent@business.uq.edu.au">p.kent@business.uq.edu.au</a>
Lecturer	Dr P. Kent	Colin Clark (39) Room 444	3365 6611	<a href="mailto:p.kent@business.uq.edu.au">p.kent@business.uq.edu.au</a>

### Important Dates (1st Semester 2004):

Final day for cancellation without penalty for academic exclusion and HECS/PELS liability purposes and refund of Student Services Charge and tuition and other fees is 31 March 2004. Late enrolments received after 12 March but before 31 March will not be processed unless accompanied by proof of payment of \$50 administrative charge. Late enrolments received after 31 March will not be processed. A student is not regarded as enrolled unless fees and charges have been paid. All enquiries in person should be directed in the first instance to Student Centres.

### Important Dates

## 1.0 OVERVIEW OF THIS COURSE

Before attempting this course, students are advised that it is important to complete the appropriate prerequisite course(s) listed on the front of this course profile. No responsibility will be accepted by the School of Business, the Faculty of Business, Economics and Law: or the University of Queensland for poor student performance occurring in courses where the appropriate prerequisite(s) has/have not been completed, for any reason whatsoever.

This course aims to provide a comprehensive and integrated introduction to the environment and methodology of auditing. It

is intended to provide the framework around which auditing knowledge and skills can be built by further formal study or on the job experience.

In particular, the course will describe and discuss: the legal framework within which auditing is undertaken; the professional and ethical responsibilities of the auditor; the conduct of an audit; including audit planning review of organisational systems and audit testing; statutory and other requirements in relation to audit reports; problems associated with the audit of computer-based accounting systems; the nature and function of internal auditing; and the particular requirements of public sector audits.

## **2.0 OBJECTIVES**

At the conclusion of this course students should be able to:

- explain the nature and functions of auditing, the various types of audits and the statutory responsibilities of auditors;
- enumerate and explain the professional and ethical responsibilities of auditors;
- appreciate the nature of audit evidence and the need for its verification;
- appreciate the need to review internal control systems and understand the techniques by which a review can be accomplished;
- appreciate the requirements of audit testing and execute the specific techniques for compliance and substantive testing;
- be aware of the importance of analytical review and assessment of 'going concern' in the overall audit process;
- understand the statutory requirements for audit reporting and distinguish the types of audit reports;
- be familiar with audit techniques used to audit computer-based accounting systems;
- understand the basis of audit liability and appreciate the contemporary issues associated with legal liability of auditors to various parties;
- list the functions and responsibilities of internal auditors and explain their relationship with external auditors;
- understand the differences between private and public sector accounting and the consequences for the public sector audit function.

## **3.0 GRADUATE ATTRIBUTES**

### **3.1 IN-DEPTH KNOWLEDGE OF THE FIELD OF STUDY**

- A comprehensive and well-founded knowledge of the field of study.
- An understanding of how other disciplines relate to the field of study.
- An international perspective on the field of study.

### **3.2 EFFECTIVE COMMUNICATION**

- The ability to collect, analyse and organise information and ideas and to convey those ideas clearly and fluently, in both written and spoken forms.
- The ability to select and use the appropriate level, style and means of communication.

### **3.3 INDEPENDENCE AND CREATIVITY**

- The ability to work and learn independently.
- The ability to generate ideas and adapt innovatively to changing environments.
- The ability to identify problems, create solutions, innovate and improve current practices.

### **3.4 CRITICAL JUDGEMENT**

- The ability to define and analyse problems
- The ability to apply critical reasoning to issues through independent thought and informed judgement
- The ability to evaluate opinions, make decisions and to reflect critically on the justifications for decisions.

### **3.5 ETHICAL AND SOCIAL UNDERSTANDING**

- An understanding of social and civic responsibility
- An appreciation of the philosophical and social contexts of a discipline
- A knowledge and respect of ethics and ethical standards in relation to a major area of study
- A knowledge of other cultures and times and an appreciation of cultural diversity.

## 4.0 TEACHING AND LEARNING MODES

### 4.1 Lecture/Whole Group Sessions

#### LECTURES/WHOLE GROUP SESSIONS

Students are expected to switch off any mobile telephones in their possession prior to entering any lecture session or tutorial.

#### Time and Locations:

The joint lecture and tutorial session is held 9am–11.50 noon, Building 31A–1, Education Annexe Building (Lecture Room 1). This course will consist of lectures and tutorials during each of the scheduled weeks. There are 13 lecture sessions commencing in Lecture 1 on Wednesday 3rd March.

#### PROGRAM SCHEDULE

Teaching week	Date	Topic	Readings
1	3 March	Course Overview & Introduction	Gill et al., Chapters 1 and 4
2	8 March	Ethics and Independence	Gill et al., Chapter 2
3	15 March	Audit Liability	Gill et al., Chapter 3
4	22 March	Audit Planning	Gill et al., Chapter 6
5	29 March	Audit Evidence	Gill et al., Chapter 5
6	5 April	Audit Testing – Assessing Risk	Gill et al., Chapter 7
7	19 April	Midsemester text	
8	Tues 27 April	Audit Testing – Sampling	Gill et al., Chapters 8 and 9
9	Tue 4 May	E-commerce and Auditing	Gill et al., Chapter 16
10	17 May	Completion of the Audit	Gill et al., Chapter 14
11	24 May	Audit Reports	Gill et al., Chapter 15
12	26 May	Internal and Public Sector Audit	Gill et al., Chapter 17, pp. 628–650.
13	31 May	Overview	

#### Important Dates

Common important dates for Semester 1, 2004:

Monday 1 March 2004	Classes begin
Friday 9 April 2004	Public Holiday (Good Friday)
Monday 12 April 2004	Public Holiday (Easter Monday)
10 – 17 April 2004	Mid-Semester Break
Monday 26 April	Public Holiday (Anzac Day)
Monday 3 May 2004	Public Holiday (Labour Day)
Thursday 6 May	Public Holiday (Ipswich Show Day) IPSWICH CAMPUS ONLY
Saturday 5 June 2004	Classes end

7–13 June 2004	Review Period
Monday 14 June 2004	Public Holiday (Queen's Birthday)
15 – 26 June 2004	Examination period

## 4.2 Tutorial/Small Group Sessions

### INTRODUCTION

Tutorials/Small group sessions in this course are conducted each week commencing in Teaching Week 2. Class sizes are limited. Times and registration for these sessions are available through mySI–Net. You must sign on for your preferred session electronically. Should you experience problems, please contact the in Teaching Week 1. Once you are included in a group, you should attend that group only each week. Changes will be permitted only in exceptional circumstances, and only after discussion with teaching staff.

It is the Course Coordinator's expectation that tutorials in this course will be conducted in a professional and conscientious manner. It is expected that every question on the tutorial sheet will be fully discussed by the tutor and that student participation will be encouraged.

### TUTORIAL SCHEDULE

Teaching week	Date	Topic	Activities
1	1 March	Course Overview & Introduction	Chapter 1: Review Questions 1.7. Professional Application Questions: 1.2, 1.6. Chapter 4: Review Questions 4.1,4.6. Professional Application Questions: 4.3, 4.7.
2	8 March	Ethics and Independence	Chapter 2: Review Questions 2.3, 2.4. Discussion Questions: 2.1, 2.3. Professional Application Questions: 2.3, 2.7.
3	15 March	Audit Liability	Chapter 3: Review Questions: 3.2,3.6, 3.8. Discussion Questions: 3.1, 3.8. Professional Application Questions: 3.1, 3.2, 3.5.
4	22 March	Audit Planning	Chapter 6: Review Questions: 6.1, 6.2, 6.3, 6.7, 6.9, 6.10. Professional Application Questions: 6.2
5	29 March	Audit Evidence	Chapter 5: Review Questions: 5.1, 5.2, 5.3, 5.7, 5.8, 5.11, 5.12. Professional Application Questions:5.1, 5.2, 5.3, 5.6
6	5 April	Audit Testing – Assessing Risk	Chapter 7: Review Questions: 7.3, 7.4, 7.6, 7.7. Professional Application Questions:7.2, 7.3.
7	19 April	Mid–semester test	–
8	Tue 27 April	Audit Testing – Sampling	Chapter 8: Review Questions: 8.1, 8.2, 8.4. Chapter 9: Review Questions: 9.1 Discussion Questions: 9.1, 9.4. Professional Application Questions: 9.1
9	Tue 4 May	E–commerce and Auditing	Chapter 16: Review Questions 16.1, 16.4, 16.5, 16.8. Discussion Questions:16.2, 16.3, 16.6, 16.8 Professional Application Questions: 16.1, 16.2
10	10 May	Completion of the Audit	Chapter 14: Review Questions: 14.2. Discussion Questions: 14.1, 14.2 Professional Application Questions: 14.5

11	17 May	Audit Reports	Chapter 15: Review Questions: 15.4, 15.5. Discussion Questions: 15.3, 15.5, 15.8 Professional Application Questions: 15.1, 15.3
12	24 May	Internal & Public Sector Audit	Chapter 17: Review Questions: 17.1, 17.2, 17.5 Discussion Questions: 17.3, 17.6, 17.7 Professional Application Questions: 17.2
13	31 May	Overview	

### 4.3 Consultation

Teaching staff are there to assist you. All staff members have set consultation times during which you may see them without making an appointment. Consultation times for lectures and tutors are posted on the course website and on individual staff member's doors. Consultation outside of these times is by appointment only.

If you have questions or points that require clarification, you may visit during consultation times, phone, or email to discuss questions during the semester. If staff members are unavailable, leave a message with your name and telephone number or send them an email.

### 4.4 Administration

All content related questions and specific questions re the administration of this course should, in the first instance be directed to the course coordinator and tutor/s involved in delivery of the course. Content matters that cannot be dealt with by the lecturer should then be referred to the course co-ordinator. General administrative questions (for example centrally timetabled exams, room venues, etc) may be addressed to administrative staff on Level 2 of the Colin Clark Building, St Lucia Campus.

## 5.0 RESOURCES REQUIRED AND AVAILABLE

### 5.1 Prescribed textbooks

Deegan, C. Australian Financial Accounting, Third edition, McGraw–Hill Irwin, 2002. Note that this text should be purchased with the accompanying Maxmark Quizzing Access Card.

The Maxmark access card gives you access to 25–30 multiple–choice questions per chapter. When you attempt to answer the questions, you are provided with detailed feedback as to why your answer is correct or incorrect, page referenced back to the appropriate area of the text itself where you can find the information. This should be an excellent way to self–assess your understanding of the material.

Students are also expected to have access to the latest Australian accounting standards. A hard copy of the Accounting Handbook can be purchased or copies are available in the library.

### 5.2 Other references

You may find the following texts useful as supplementary reading:

Henderson S. and G Peirson, Issues in Financial Accounting, Longman Cheshire, Melbourne, 9th Edition, 2000.

Leo K. and J Radford (Eds.), Financial Accounting Issues, John Wiley & Sons, Brisbane, 2nd Edition, 1999.

Whittred, G., Zimmer, I. and Taylor S., Financial Accounting: Incentive Effects and Economic Consequences, Fifth edition, Harcourt, 2000.

### URL Links

A number of URL links have been provided on the webCT site that will take you to listed company financial reports and other information to illustrate the practical applications of the material covered in lectures and tutorials. You are strongly advised to examine this material as it demonstrates the relevance of the topics in the course and enhances your learning by providing up–to–date examples of financial reporting disclosures.

## 6.0 ASSESSMENT

### 6.1 Policies

The school abides by the policies set forth by the University. These policies are listed in the Handbook of University Policies and Procedures. These policies may be viewed on the University of Queensland website.

It is the student's responsibility to attend lectures and consult designated course noticeboards for correct and up-to-date information regarding the course, including examination times etc. Relying on fellow students to pass on information may result in incorrect information for which tutorial/lecturing staff will not be held responsible.

### 6.2 Assessment details

A student's final grade in the course will be determined by the following assessment. Section 6.3 contains details of the process of awarding the final grades.

Assessment Item	Individual/Group	Form of Assessment	Weighting	Date or Due date
1. Midsemester exam	Individual	1.5 hour duration	35%	tba
2. Final exam	Individual	2 hours duration	65%	tba

6.3 contains details of the process of awarding the final grades.

#### 6.2.1 Midsemester exam

The format, date and time of the mid-semester exam will be notified to students in due course. **The mid-semester exam will cover work from Lectures 1 to 4 inclusive.**

**Midsemester Exams** are the responsibility of the Course Coordinator. The Faculty has no jurisdiction over midsemester examinations, hence all correspondence and documentation needs to be forwarded directly to the course coordinator. A student who fails to sit the midsemester exam at the scheduled time will be awarded a mark of zero, unless the course coordinator is supplied with documentation satisfactorily explaining the student's absence either prior to, or no later than two working days after, the midsemester examination. In such cases, the Course Coordinator has three options – (1) award a mark of zero if the evidence is judged to be insufficient or unsatisfactory; (2) hold an oral special examination; or (3) reweight other assessment such as the final examination. There are **no written special midsemester examinations** in the UQ Business School. The choice as to whether there is an oral special midsemester examination or a reweighting of assessment is at the discretion of the course coordinator and not the individual student involved.

#### 6.2.2 Final exam

The final exam in this course will cover weeks 5 to 12. All final exams will be held during the official examination period. Only one examination paper per course will be set irrespective of location (ie. Cotah, Gatton, Ipswich, St Lucia).

Any issues regarding the administration of, timetabling of and non attendance at final examinations need to be directed to the University of Queensland Examinations Sections. These issues are not the responsibility of the individual course coordinator.

#### 6.2.3 Special Examinations and Deferred Special Examinations

A student who is unable to sit or complete a scheduled final examination must apply for a special examination within 7 days of the end of the examination period. Applications should be lodged at a Student Centre for submission to the Examinations Section, who will forward it to the appropriate Faculty/School administration. For evidence required and time limits see [Assessment Rules](#) A1.14 as listed in the University of Queensland Handbook. Faculties will generally approve applications for special examinations under the broad headings medical, compassionate or exceptional circumstances. (Some faculties have delegated to the relevant school the approval authority for special examinations.) All applications are assessed on a case-by-case basis and may require an interview where it is considered necessary to appraise the student's position in more detail. Directors of Studies should identify and provide appropriate advice to students applying repeatedly for special examinations, including referral to [Student Support Services](#) and the [Disability Program](#).

A student who has been granted a special examination but is unable to sit for or complete that examination at the prescribed time may apply for a deferred special examination within 7 days of the examination. The student granted a deferred special examination must undertake the examination in the next end of semester or summer examination period. No further deferral will be granted.

### 6.3 Allocation of Grades

Grades will be allocated according to University-wide standards of criterion Based Assessment.

The following generic descriptors provide a university-wide point of reference for these standards (Note: Each passing grade subsumes and goes beyond the grades lower than it.)

Grade	Description of Grade	Cut Off % Range	Cumulative Weighted Grade
<b>1 (Serious Fail)</b>	Fails to satisfy most or all of the basic requirements of the course.	0 – 29	0 – 1.99
<b>2 (Fail)</b>	Fails to satisfy some of the basic requirements of the course.	30 – 45	2.0 – 3.74
<b>3 (Pass Conceded)</b>	Falls short of satisfying all basic requirements for Pass but can be granted concession for deficiencies through : · being close to satisfactory overall, or · having compensating strengths in some aspects of the course, or · having compensating strengths in other courses, or · other mitigating considerations.	46 – 49	3.75 – 3.99
<b>4 (Pass)</b>	Satisfies all of the basic learning requirements for the course, such as knowledge of fundamental concepts and performance of basic skills ; demonstrates sufficient quality of performance to be considered satisfactory or adequate or competent or capable in the course.	50 – 64	4.0 – 4.79
<b>5 (Credit)</b>	Demonstrates ability to use and apply fundamental concepts and skills of the course, going beyond mere replication of content knowledge or skill to show understanding of key ideas, awareness of their relevance, some use of analytical skills, and some originality or insight.	65 – 74	4.8 – 5.79
<b>6 (Distinction)</b>	Demonstrates awareness and understanding of deeper and subtler aspects of the course, such as ability to identify and debate critical issues or problems, ability to solve non-routine problems, ability to adapt and apply ideas to new situations, and ability to invent and evaluate new ideas.	75 – 84	5.8 – 6.19
<b>7 (High Distinction)</b>	Demonstrates imagination, originality or flair, based on proficiency in all the learning objectives for the course ; work is interesting or surprising or exciting or challenging or erudite.	85+	6.2 – 7.0

Note: To be awarded a passing grade or higher, a student must achieve an overall passing grade and demonstrate competence in their aggregated individually completed assessment items.

Note: Students must complete all items of assessment to a satisfactory standard to achieve a passing grade.

### 6.4 Student Access to Feedback on Assessment

#### Policy on Consultation for Progressive Assessment

Whilst staff members are genuinely sympathetic to assessment grievances, individual reviews of progressive assessment is not feasible on a large scale. Accordingly, following the release of marks, consultation will be strictly limited as follows:

- 1 Students will be seen only in designated consultation hours, or by appointment.
- 2 No consultation will occur on the day of the release of marks.



- 3 The consultation period will be limited.
- 4 Priority at all times will be given to those students who did not achieve the pass mark for that piece of assessment.

### **Viewing of Final Examination Papers**

- Students visit the UQ Business School Reception area, and complete an Viewing of Examination form.
- The original form is kept by the School Office and a copy is given to the student.
- Completed forms must be submitted to the School Office by the end of the first week of the subsequent semester at the latest.
- Examination papers of those students who have submitted a completed form to the School Office will be available for viewing during the following relevant session.
- The sessions are scheduled as follows: in the case of first semester examinations during the third teaching week in semester two; and in the case of second semester examinations and summer examinations during the third teaching week in the following semester one.
- The only opportunity for students to view their final exam paper is during the above sessions. Exam papers cannot be viewed by approaching individual staff outside of these times, except for December graduands (see below).
- Students completing their final courses in semester two and graduating in December may wish to see their final exam before graduation. Such cases are handled on a case-by-case basis with the individual staff member.
- The location and the hours during which papers may be viewed will be published on the School's website and will be available from the School Reception area.
- The student will be given their exam paper and the suggested answers (or the marking guide) which they may view on site.
- No exam papers may be taken out of the viewing room.
- No bags may be taken into the viewing room.
- At the time of viewing the exam papers, the Course Coordinator or their authorised delegate must be available in the viewing room.

While errors in marking will be corrected, there is no re-grading of exams.

### **6.5 Appeal Against Results**

Should a student feel that the mark allocated does not reflect the standard of her/his work, then she/he is encouraged to discuss the matter with the course co-ordinator. In the event of course-based disputes not being resolved with the course co-ordinator, the student may appeal to the relevant Head of School and then the Director of Studies of the BEL Faculty.

## **7.0 USE OF DICTIONARIES AT EXAMINATIONS**

Students may request the use of dictionaries supplied by the Examinations Section.

Procedures have also been developed to assist students who may need to access a bilingual dictionary during examinations. Contact examinations for details.

## **8.0 STUDENT MISCONDUCT AND PLAGIARISM**

University Policy on Plagiarism is the action or practice of taking and using as one's own, the thoughts or writings of another without acknowledgment.

"Reproduction and presentation of the work of others without acknowledgment is the attempt by an individual to receive credit for the ideas or felicitous language of others."

Students are encouraged to discuss together issues that arise in this course, however, the written work you submit must be entirely your own. Similarly, you must not help another student to cheat by lending assignments (present or past). Under University Stature, cheating constitutes misconduct and the students who have cheated may undergo proceedings and if found guilty, receive a penalty under the Statute.

Please do not plagiarise. Plagiarism is an injustice to your colleagues within the class. Any cases of plagiarism detected in a student's work will be prosecuted fully under the University rules. If you are unsure about the nature of or any issues in relation to plagiarism, please discuss the matter with your supervisor, course coordinator, or tutor.



## **9.0 SUPPORT FOR STUDENTS WITH A DISABILITY**

Any student with a disability who may require alternative academic arrangements in the course/program is encouraged to seek advice at the commencement of the semester from a Disability Adviser at Student Support Services.

## **10.0 COMPUTING FACILITIES**

Courses offered by the School of Business extensively utilise the internet and other computer facilities. Students should be familiar with these resources prior to undertaking a course. AskIT, available through the University of Queensland Library, offers computing help and training free to UQ students. Contact the AskIT Desk, Level 2, Duhig Bldg, St Lucia campus for further details.