



BUSINESS SCHOOL
Te Kura Pakihi

DEPARTMENT OF ACCOUNTANCY AND FINANCE

Auditing Practice ACTP₃₁₁

COURSE OUTLINE

Semester One. 2024

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Paper Description and Aims

This paper covers the nature and purpose of auditing and the regulatory and professional environment in which it operates. The paper provides coverage of the assumed knowledge required for the Chartered Accountants Australia & New Zealand (CAANZ) Chartered Accountants Program.

Learning Outcomes

Upon successful completion of this paper, you should be able to:

- 1 Identify and explain the nature and purpose of auditing.
- 2 Explain the regulatory and professional requirements of auditors.
- 3 Discuss the auditing process and the role of auditing standards

Teaching Staff

Paper Coordinator and Lecturer

Name: Phil Sinclair - Senior Partner – Crowe Australasia
Office: Findex / Crowe - 44 York Place
Email: phil.sinclair@crowe.nz

You should contact Phil with any enquiries about the paper.

Course Delivery

Lectures

Lecture Day/Time: Monday's 8:00 am - 8:50 am and Wednesday's 8:00 am - 8:50 am
Lecture power point slides will be posted on Blackboard prior to the above times.

Lectures will be recorded and available to view on Blackboard.

Tutorials

Five tutorials will be held during the semester, of which the top four will contribute towards your tutorial internal assessment grade.

Late tutorials will not be accepted or marked.

See Course Calendar (page 6) for details.

Lectures present key conceptual material. Refer to the Lecture Plan for lecture topics. Associated readings are not provided. It should be self-explanatory what chapters of the textbook and/or XRB Audit Standards are relevant. Lecture notes will be provided on Blackboard prior to the lectures.

Unless stated otherwise, all aspects of the course are examinable.

Tutorial questions will be posted on the ACTP 311 Blackboard. Students will have one week in which to prepare written answers. Tutorial answers are to be placed in your tutors' box in the Accountancy and Finance Department (5th Floor) by 10:00 am on the appropriate Monday (refer attached Course Calendar).

Suggested answers will be posted on Blackboard in the week after the tutorials.

Course Calendar The course calendar (in this outline) details scheduling information. Note that this calendar may change as the course proceeds. Any changes will be announced at lectures and be detailed on Blackboard.

Students are expected to prepare for and attend all classes to gain full benefit from the course.

These activities should be prepared for by reviewing information detailed on Blackboard and completing any assigned readings. Students unable to attend a lecture are expected to catch up on missed material. Unless stated otherwise, all aspects of the course are examinable.

Expectations and Workload

As a guideline, the University of Otago suggests 180 hours of work for an 18-point paper. There are 25 lecture hours, 5 tutorial hours, 1 mid-semester test hour and 3 final examination hours. This leaves 146 hours for independent study, or approximately 9 hours (on average) per week for the whole semester.

Course Learning Resources

Texts

The recommended texts are:

- Audit & Assurance Services – 1st Edition
Authors: Philomena Leung, Paul Coram, Barry J. Cooper, Peter Richardson
Textbook with Interactive E-Text (ISBN): 9780730363477
Interactive E-Text (ISBN): 9780730354925
Print New Zealand CAANZ 2021 Pack (ISBN): 9780730394471
- New Zealand Auditing and Assurance Standards Board – International Standards on Auditing (New Zealand) - Please note individual Auditing Standards are available from the XRB website at no cost <https://www.xrb.govt.nz/standards/assurance-standards/>

Blackboard

<https://blackboard.otago.ac.nz/> provides you with access to course materials, class notices, and resources. Blackboard is used to email the whole class, so it is important that you check your student email and *Blackboard* regularly.

Further information about student support, learning support and information, academic integrity and other University resources for students is available on the COMMERCE_UG_2017: Commerce Undergraduate Students site on Blackboard.

Student Webmail

IMPORTANT - DO THIS NOW:

We will use your student email account to email you information relevant to your study at Otago. To forward your university email address to an email address that you use regularly:

1. Log into your StudentMail account (<http://www.otago.ac.nz/smlanding/>) using your student username and password.
2. Click the **Cog** button (top right corner).
3. Click on **Mail** under **Your App Settings**.
4. Under **Accounts** on left hand side, select **Forwarding**.
5. Under the Forwarding heading, type in the email address you want your email to be forwarded to. You can also choose to have a copy of these emails kept on your StudentMail account, so please check the box if you would like this.
6. Click the **Save** button.

Assessment

All material presented is examinable (except where stated otherwise) by tutorials, terms test and the final examination. All-important assessment information such as due dates and times, content, guidelines are detailed in this document, any changes will be discussed at lectures and, where appropriate, detailed on Blackboard. *Students are responsible for ensuring that they are aware of this information, keeping track of their own progress, and catching up on any missed classes.*

The final grade for the course will be determined as follows.

Tutorials	15%
Terms Test - Wednesday 1 May (7:30 pm - 8:30 pm)	15%
Final examination (3 hours)	70%
	100%

Five tutorials will be held during the semester, of which the top four will contribute towards your tutorial internal assessment grade. Late tutorial answers will not be marked.

The end of semester examination will incorporate all material covered during the year including lectures, tutorials, and recommended textbooks. Note that previous years' exams may give some indication of the types of questions to be asked, but there no guarantee that the 2024 Final Exam will be similar to previous years.

Quality Assurance

At the Otago Business School, we monitor the quality of student learning and your learning experience. Your assessed work may be used for assurance of learning processes, such as evaluating the level of achievement of learning outcomes, with the aim of improving the quality of our programmes. All material used for quality assurance purposes will be treated as confidential and the outcome will not affect your grades.

Grading System

The grading scheme used at Otago is:

A+	90-100	C+	60-64
A	85-89	C	55-59
A-	80-84	C-	50-54
B+	75-79	D	40-49
B	70-74	E	<40
B-	65-69		

Marking

The Terms Test and the Final Examination is marked entirely by the Paper Co-ordinator.

For tutorials the tutors constantly interact to ensure that equity in tutorial grading is maintained across streams. If **at the end of the semester** the overall grades from one tutor's streams are statistically different from the grades of the other tutor's streams, **and no plausible explanation exists**, then an adjustment to the grades will be made. The grades of the lower scoring stream(s) will be scaled up to the higher scoring stream(s).

Academic Integrity and Academic Misconduct (Plagiarism)

Academic integrity means being honest in your studying and assessments. It is the basis for ethical decision-making and behaviour in an academic context. Academic integrity is informed by the values of honesty, trust, responsibility, fairness, respect, and courage. Students are expected to be aware of, and act in accordance with, the University's Academic Integrity Policy.

Academic Misconduct, such as plagiarism or cheating, is a breach of Academic Integrity and is taken very seriously by the University. Types of misconduct include plagiarism, copying, unauthorised collaboration, submitting work written by someone else (including from a file sharing website, text generation software, or purchased work) taking unauthorised material into a test or exam, impersonation, and assisting someone else's misconduct. A more extensive list of the types of academic misconduct and associated processes and penalties is available in the University's Student Academic Misconduct Procedures.

It is your responsibility to be aware of and use acceptable academic practices when completing your assessments. To access the information in the Academic Integrity Policy and learn more, please visit the University's Academic Integrity website at <https://www.otago.ac.nz/study/academicintegrity/index.html> or ask at the Student Learning Centre (HEDC) or the Library, or seek advice from your paper co-ordinator.

For further information:

Academic Integrity Policy <https://www.otago.ac.nz/administration/policies/otago116838.html>

Student Academic Misconduct Procedures

<https://www.otago.ac.nz/administration/policies/otago116850.html>

Course Calendar

Week Beginning		Mon	In Week	Wed	Notes
Feb	26	L1		L2	
March	4	L3		L4	
	11	L5	*	L6	
	18	L7	T1	L8	
	25	L9		L10	
April	1				Mid Semester Break
	8	L11	*	L12	
	15	L13	T2	L14	
	22	L15	*	L16	ANZAC Day - 25 April
	29	L17	T3 *	L18	Terms Test – Wed 1 st May
May	6	L19	T4	L20	
	13	L21	*	L22	
	20	L23	T5	L24	
	27	L25	R		Review Lectures – Tues and Thurs

Key L1-25 = Lectures

T = Audit Tutorial held in this week (you will be allocated a Monday or Tuesday stream. All at 6:00 -6:50pm)

TERMS = Terms Test on Wednesday 1 May (7.30pm – 8.30pm)

* = Your next tutorial answers to be placed in **your** tutor's box in the Accounting and Finance Department (5th Floor) by 10:00am on the **Monday** of this week.

R = Review Lectures to be held 5.00pm – 5.50pm on Tuesday 28 May and Thursday 30 May

University lectures end Friday 31 May 2024
University Exam Period 5 June 2024 - 19 June 2024

Lecture Plan

DATE		TOPIC
26 Feb		1. Course administration and introduction to auditing <ul style="list-style-type: none"> ▪ NZICA/CAANZ/XRB and Structure of the NZ Accounting Profession ▪ What is an Audit? – Overview ▪ The 'Expectation Gap' ▪ 'External' v 'Internal' Auditing
28 Feb		2. Terms of Reference <ul style="list-style-type: none"> ▪ Regulators – FMA / CAANZ / OAG / ASIC / Others ▪ Code of Ethics ▪ Threats to Independence ▪ Safeguards to Independence
4 March		3. Terms of Reference (continued) <ul style="list-style-type: none"> ▪ XRB Audit Standards ▪ IAS (NZ) 200 – Overall Objective of the Independent Audit and Conduct of an Audit in Accordance with ISA's (NZ) ▪ ISA (NZ) 210 - Agreeing the Terms of an Audit Engagement ▪ ISA (NZ) 220 (Revised) – Quality Management for an Audit of Financial Statements
6 March		4. Auditors Legal Liability <ul style="list-style-type: none"> ▪ To Clients ▪ To 3rd Parties
11 March		5. Audit Risk <ul style="list-style-type: none"> ▪ The Risk Model
13 March		6. Materiality <ul style="list-style-type: none"> ▪ ISA (NZ) 320 – Materiality in Planning and Performing an Audit ▪ ISA (NZ) 450 – Evaluations of Misstatements Identified During the Audit
18 March		7. Audit Evidence <ul style="list-style-type: none"> ▪ ISA (NZ) 500 - Audit Evidence
20 March		8. Audit Documentation <ul style="list-style-type: none"> ▪ ISA (NZ) 230 - Audit Documentation
25 March		9. Audit Planning <ul style="list-style-type: none"> ▪ ISA (NZ) 300 - Planning an Audit of Financial Statements ▪ ISA (NZ) 315 (Revised) - Identifying and Assessing the Risks of Material Misstatement ▪ ISA (NZ) 570 (Revised) - Going Concern

DATE		TOPIC
27 March		10. Planning (continued) <ul style="list-style-type: none"> ISA (NZ) 240 - The Auditor's Responsibilities Relating to Fraud in an Audit of Financial Statements
8 April		11. Planning (continued) <ul style="list-style-type: none"> ISA (NZ) 600 - Audits of Group Financial Statements ISA (NZ) 610 - Using the Work of an Internal Auditors ISA (NZ) 620 - Using the Work of an Auditor's Expert ISA (NZ) 540 (Revised) - Auditing Accounting Estimates and Related Disclosures
10 April		12. Financial Management Information Systems (FMIS) <ul style="list-style-type: none"> Complexity - Impact on audit Cyber risk Disaster Recovery / Business Continuity Planning Computer Assisted Audit Techniques (CAATS)
15 April		13. Internal Control <ul style="list-style-type: none"> Control Framework – COSO ISA (NZ) 315 (Revised) – Identifying and Assessing the Risks of Material Misstatement
17 April		14. Internal Control (continued) <ul style="list-style-type: none"> Documentation of financial systems Evaluation of Controls
22 April		15. Internal Control (continued) <ul style="list-style-type: none"> Evaluation of Controls Testing of Controls ISA (NZ) 330 – The Auditors Response to Assessed Risks ISA (NZ) 260 – Communication with those Charged with Governance ISA (NZ) 265 – Communicating Deficiencies in Internal Controls to those Charged with Governance and Management
24 April		16. Analytical Procedures <ul style="list-style-type: none"> ISA (NZ) 520 – Analytical Procedures
29 April		17. Revenue Cycle <ul style="list-style-type: none"> Sales / Receivables - Risks Controls Approach Substantive Approach

DATE		TOPIC
1 May		18. Expenditure Cycle <ul style="list-style-type: none"> ▪ Purchases / Creditors / Payroll - Risks ▪ Controls Approach ▪ Substantive Approach
6 May		19. Production Cycle <ul style="list-style-type: none"> ▪ Inventory / Work in Progress - Risks ▪ Controls Approach ▪ Substantive Approach
8 May		20. Property Plant & Equipment / Investments / Bank <ul style="list-style-type: none"> ▪ Risks ▪ Approach
13 May		21. Completion of the Audit <ul style="list-style-type: none"> ▪ Contingent Liabilities ▪ ISA (NZ) 550 - Related Parties ▪ ISA (NZ) 580 - Written Representations ▪ ISA (NZ) 560 - Subsequent Events
15 May		22. Audit Reports <ul style="list-style-type: none"> ▪ ISA (NZ) 700 – Forming an Opinion and Reporting on Financial Statements
20 May		23. Audit Reports (continued) <ul style="list-style-type: none"> ▪ ISA (NZ) 705 – Modifications to the Opinion in the Independent Auditor's Report ▪ ISA (NZ) 706 – Emphasis of Matter Paragraphs and Other Matters Paragraphs in the Independent Auditor's Report ▪ ISA (NZ) 701 – Communicating Key Audit Matters in the Independent Auditor's Report
22 May		24. Corporate Governance / Emerging Audit Issues <ul style="list-style-type: none"> ▪ The role of the Director & Audit Committees ▪ Emerging Audit Issues
27 May		25. DVD – The Auditor at Risk

Student Feedback

We encourage your feedback. This can be in the form of contacting staff, participating in course evaluation surveys, and communicating with class representatives. Continual improvements will be made to this course based in part on student feedback.

Class Representatives

The class (or student) representative system is an avenue for encouraging communication and consultation between staff and students. It provides you with a vehicle for communicating your views on the teaching and delivery of the paper and provides staff with an opportunity to communicate information and gain constructive feedback from students. It contributes to the development of a sense of community within a department and it adds a further dimension to the range of support services offered to students.

Volunteers for the role of class representatives will be called early in the semester. The OUSA invites all class representatives to a training session, conducted by OUSA, about what it means to be a class representative and some of the possible procedures for dealing with issues that arise. They also provide information on the services that OUSA offers and the role OUSA can play in solving problems that may occur. The OUSA provides support to class representatives during the semester. Departmental staff will also meet with class representatives during the semester to discuss general issues or matters they wish to have considered.

Your class representative's name and contact details will be posted on Blackboard early in the semester.

Concerns about the Course

We hope you will feel comfortable coming to talk to us if you have a concern about the course. The Course Co-ordinator will be happy to discuss any concerns you may have. Alternatively, you can report your concerns to the Class Representative who will follow up with departmental staff. If, after making approaches via these channels, you do not feel that your concerns have been addressed, there are University channels that may aid resolution. For further advice or more information on these, contact the departmental administrator or head of department.

Disclaimer

While every effort is made to ensure that the information contained in this document is accurate, it is subject to change. Changes will be notified in class and via Blackboard. Students are encouraged to check Blackboard regularly. It is the student's responsibility to be informed.