

THE UNIVERSITY OF
NEW SOUTH WALES



Australian School of Business
School of Accounting

ACCT 3718
AUDITING AND ASSURANCE SERVICES
(HONOURS)

COURSE OUTLINE
SESSION 1, 2009

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1. COURSE STAFF

Course Co-ordinator:

Dr Wendy Green Quad 3094 9385 5805 w.green@unsw.edu.au

2. INFORMATION ABOUT THE COURSE

2.1 Teaching Times and Locations

Tutorial Time and Location

The tutorials will run for 1 hour during Weeks 2-12 of the semester. The tutorial time and location is

Tuesday	12.00 – 13.00 am	ASBus 219
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2.2 Units of Credit

ACCT3718 has a total of 6 units of credit

2.3 Relationship of This Course to Other Course Offerings

The course is integrated with ACCT3708 Auditing and Assurance Services. Honours students must attend as well one tutorial in that course. The mark for the undergraduate component of auditing will be **scaled to 80%**. The calculation of the **additional 20%** for the honours component is outlined later in this course outline.

3. COURSE AIMS AND LEARNING OUTCOMES

3.1 Course Aims

The aim of this course is to introduce students to current research being undertaken in the auditing and assurance services areas. This should provide students with a greater range of analytical skills, and will expose students to the rigour with which current issues are being explored.

3.2 Objectives:

- (a) To introduce students to the major research areas in current auditing and assurance services research.
- (b) To critically examine research methods used in audit and assurance services research.
- (c) To consider possible future developments in audit and assurance services theory and research.

- (d) To examine possible relations between research and practice in auditing and assurance services.

For additional information regarding various university policies etc., please refer to the overall course outline contained in ACCT3708/3718.

3.3 Student Learning Outcomes

As this course covers all of ACCT 3708 Auditing and Assurance Services, the student outlined for that course are relevant of ACCT 3718 Auditing and Assurance (Hons). In addition, the following learning outcomes are relevant for students undertaking the honours component:

Content-based learning outcomes.

- (a) To introduce students to the major research areas in current auditing and assurance services research.
- (b) To examine possible relations between research and practice in auditing and assurance services.

Skills-based learning outcomes.

- (a) To develop the skills to critically examine research methods used in audit and assurance services research.
- (b) To develop the capacity to identify possible future developments in audit and assurance services theory and research.

3.3 Approach to Learning and Teaching

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 classes; 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 questions as well as case studies with solutions are provided to guide your learning process.

3.4 Teaching Strategies

Instruction in this course consists of a two hour lecture and a one hour tutorial each week for the course ACCT 3708. 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 class discussions. In addition, ACCT3718 will consist of a one hour seminar each week where a research area will be explored. This will be presented by the instructor but will involve you in reviewing the research assigned for that week, and preparing the required for discussion and possible submission.

4. LEARNING ASSESSMENT

4.1 Assessment:

The course is integrated with ACCT3708 Auditing and Assurance Services. Honours students must attend as well one tutorial in that course. The mark for the undergraduate component of auditing will be **scaled to 80%**. The **additional 20%** will be determined in the following assessment tasks:-

1. **Preparation of seminar answers and participation in class discussion (10%)**
2. **Assignment (10%)**

Guideline for Assessment Tasks

1. **Preparation of seminar answers and participation in class discussion. (10%)**

Required:

- (a) **Seminar Preparation and Class Participation (5%)**

You will be required to read the assigned reading and prepare written answers to seminar questions for discussion purposes for Weeks 4-11 of the course. Your answers should address the questions specified, and incorporate as much of your own knowledge and viewpoint as possible. You will be expected to be able to participate in class discussion each week by contributing your own thoughts/ideas where appropriate.

- (b) **Written Submissions (5%)**

You will be required to submit your written answers to the course co-ordinator for one of the seminars. You will be advised which answers to submit in week 2.

Method of submission: Seminar submission must be made by email to w.green@unsw.edu.au

Due Date: Submissions must be made before 17.00 pm on the Monday before the related seminar. Submissions made after this time will not be accepted.

Word Length: A maximum word length of 2 pages (1.5 spaced type, size 12 font) is imposed.

4.2 Assignment due date and format (10%)

Due Date: On or before 11.00 am Tuesday 19 May. Submissions after this time will not be accepted.

Word Length: A maximum length of 6 pages, 1.5 spaced, size 12 font is strictly imposed (not including covering page or bibliography).

**4.3 Required: You are required to select one (1) of the following assignment options.
(Please ensure you read the NOTE: below)**

EITHER

(a) Undertake a literature review and development of a research idea

This research topic may relate to any auditing or assurance topic selected by yourself.

NOTE:

If you are selecting the research proposal, you must hand in a proposal (one paragraph) to the course co-ordinator, outlining the option selected for this assignment during the seminar in week 8 (Tuesday 5 May). The proposal should identify the topic, include a brief motivation for the topic and should reference 3-5 key readings in the area chosen.

Failure to complete these requirements will incur a penalty of 2 marks on your assignment.

OR

(b) Provide a report

Background:

There is worldwide concern regarding greenhouse gas (GHG) emissions and their impact on the environment. Not surprisingly this has led to an increasing demand for disclosures about GHG emissions around the world, and a desire to improve their credibility. In Australia recent legislation in the form of The National Greenhouse and Energy Reporting Act (NGER Act) established a national framework for reporting GHG emissions by corporations from 1 July 2008. While assurance is not mandatory under the Act, some organisations will be required to have their disclosures verified.

Required:

You are required to prepare a report for presentation to the partners in your audit firm outlining how the NGER Act will impact on:

- The potential role of your audit firm in relation to GHG assurance
- The issues associated with providing GHG assurance that your firm would be likely to face. This discussion should include, but not be limited to: issues associated with determining the structure/composition of assurance teams; the groups likely to demand the assurance services; and whether professional accounting firms are the most appropriate assurers.

4.4 Late Submission:

As outlined earlier you will be required to submit your written answers to the course co-ordinator for two of the seminars. Submissions must be made before 17.00 pm on the Monday before the related seminar. Submissions made after this time will not be accepted.

4.5 Special Consideration and Supplementary Examinations

Details on special consideration and supplementary exams are contained in the course outline ACCT 3708.

In the ASB, requests for special consideration are determined by a Faculty wide panel which will advise the Lecturer in Charge of appropriate action.

If the Faculty panel (see above) grants a special consideration request, this may entitle the student to sit a supplementary examination. In such cases the following procedures will apply:

- Supplementary exams will be scheduled centrally and will be held approximately two weeks after the formal examination period. Actual date will be advised by mid-semester.
- 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 not be marked and only the mark achieved in the supplementary examination will count towards the final grade.

Further information concerning supplementary examinations is available on the ASB website.

6. ACADEMIC HONESTY AND PLAGIARISM

The University regards plagiarism as a form of academic misconduct, and has very strict rules regarding plagiarism. For full information regarding policies, penalties and information to help you avoid plagiarism see:
<http://www.lc.unsw.edu.au/plagiarism/index.html>

7. STUDENT RESPONSIBILITIES AND CONDUCT

All students are expected to adhere to university policies in relation to class attendance and general conduct and behaviour. In addition, students are expected to understand their obligations in relation to workload and keeping informed. Information and policies on these topics can be found at: www.my.unsw.edu.au .

7.1 Workload

As outlined in the course outline for ACCT 3708, it is expected that you will spend at least **ten hours per week** studying this course. This time should be made up of reading, research, working on exercises and problems, and attending classes. In periods where you need to complete assignments or prepare for examinations, the workload may be greater. In addition, preparation of the requirements on ACCT 3718 are expected to take another **five hours per week**.

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.

7.2 Attendance

Your regular and punctual attendance at lectures and seminars is expected in this course. University regulations indicate that if students attend less than eighty per cent of scheduled classes they may be refused final assessment.

7.3 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: www.my.unsw.edu.au

7.4 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.

8. STUDENT RESOURCES

8.1 Course Material

Copies of research papers will be provided in Week 2, or posted to the course website on WebCT.

8.2 Other Resources, Support and Information

The University and the ASB provide a wide range of support services for students, Refer to the School of Accounting website for further details. www.accounting.unsw.edu.au.

9. Continual course improvements

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 CATEI process is one of the ways in which student evaluative feedback is gathered. Significant changes to courses and programs within the School are communicated to subsequent cohorts of students.

10. Provisional Seminar Schedule

Week	Date	Topic
2	17 March	Introduction to Audit and Assurance Services Research
3	24 March	The development of an Honours research project in auditing and assurance
4	31 March	Demand for assurance service on carbon emissions disclosures
5	7 April	Audit quality research
Recess		
6	21 April	Audit reporting
7	28 April	Work on assignment proposal
8	5 May	Audit judgement studies
9	12 May	Work on assignment submission
10	19 May	Audit Independence
11	26 May	Reflection week
12	2 June	Overview

11. READING OUTLINE and TUTORIAL QUESTIONS

Week 2: 17 March

Introduction to Auditing and Assurance Services Research

There are no prescribed readings for this week.

Requirement:

During this seminar you will be provided a general overview of auditing and assurance services research and methods of researching auditing issues. This overview will provide areas for future/continuing research.

Week 3: 24 March

The Development of an Honours Research Project in Auditing and Assurance Services

Readings:

F. Mohd Salman and E. Carson "The Impact of the Sarbanes-Oxley Act on Australian Listed Firms", University of New South Wales working paper, 2008. http://papers.ssrn.com/sol3/papers.cfm?abstract_id=1091065#PaperDownload

Requirement:

You will be provided with an overview of the development and supervision of an honours project, and expectations about 4th year honours. In addition, you will examine the provided reading, which is an example of a fourth year research project that was recently completed.

Using the research paper, we will draw on the knowledge acquired in the first half of the seminar to allow an understanding of how to summarise research papers under the following headings:

- aim;
- motivation;
- method;
- hypotheses/research questions and results for the paper (note that the results should be discussed in terms of the authors' expectations as noted in the research hypotheses/questions developed in the paper)
- brief discussion of any limitations you identify with the paper;
- brief discussion of what you have learned from the research paper; and
- brief discussion of how you think the research findings may impact the practice of auditing.

Week 4: 31 March

Demand for assurance services on carbon emissions disclosures

Reading:

Simnett R., M. Nugent and A. Huggins “Developing an International Assurance Standard on Carbon Emission Disclosures” Working paper, University of New South Wales, SSRN Id to be advised.

Requirement:

You are required to prepare a 1 page summary for discussion of the Simnett et al., (2008) paper. Your summary should include a discussion of issues associated with this assurance service that you believe are possible research issues in this area. For example, you may wish to explore the demand for an assurance service of GHG emissions information.

Week 5: 7 April

Audit quality research

Reading:

Tse, A., M. Cheng, and K.T. Trotman. 2007. The Impact of the Existence and Timing of Concessions in Multi-Period Auditor-Client Negotiations. *Working Paper*, UNSW

Requirement:

Note: This working paper is from the 2007 Honours Thesis of Aileen Tse.

You are required to **submit** your 2 page answer for this week.

1. Briefly summarise the key findings of this paper.
2. Explain how the findings of this paper may affect the practice of auditing.
3. Identify at least one limitation of this paper not identified by the authors.
4. Based on the findings of this study, do you think the requirement for audit partners to be rotated each 5 years will impact on the auditor-client negotiation process? Justify your answer.
5. How does this research relate to audit quality research? How do think audit quality can be measured?

Week 6: 21 April

Audit Reporting

Reading:

E. Carson, A. Ferguson and R. Simnett, "Australian Audit Reports: 1996-2003"
Australian Accounting Review, 16 (3), 2006, 89-96.

Requirement:

You are required to prepare a 1 page summary of what you have learnt from this research paper under the following headings:

1. Briefly summarise the key findings of this paper.
2. Explain how the findings of this paper may affect the practice of auditing.
3. Identify at least one limitation of this paper not identified by the authors.
4. Based on the findings of this study, identify potential research questions that can be examined in the area of audit reporting.

Week 7: 28 April

Work on assignment proposal

Week 8: 5 May

Audit Judgement studies

Reading:

Green, W. 2008. Are industry specialists more efficient and effective in performing analytical procedures? A multi-stage analysis. International Journal of Auditing, Vol. 12, No. 3, pp. 243-260

Requirement:

You are required to prepare a 1 page summary of what you have learnt from this research paper under the following headings:

1. Briefly summarise the key findings of this paper.
2. Explain how the findings of this paper may affect the practice of auditing.
3. Identify at least one limitation of this paper not identified by the authors.
4. Based on the findings of this study, do you believe that industry specialist knowledge is important? Justify your answer.

Week 9: 12 May
Work on Assignment Submission

Week 10: 19 May
Audit Independence

Reading:

Carey, P. and R. Simnett. 2006. Audit partner tenure and audit quality
Accounting Review, Vol. 81, No. 3 2006, pp.653-676

Requirement:

Regulators have indicated that they view audit partner rotation as an important mechanism to achieve auditor independence. Briefly outline a research project addressing one aspect of audit partner rotation that you believe regulators need to/should have considered.

Your answer should include the research issue of interest; the motivation for researching this issue; and the method you would use to address the issue.

Week 11: 26 May
Reflection week

Week 12: 2 June
Overview

No prescribed readings for this tutorial. Students are to reflect on the objectives outlined at the commencement of the course and determine whether or not they have been met. Also, they should be prepared to discuss the area of research which has interested them and briefly outline a research project. (For many the area of research may be the one they chose for the assignment).