



DEPARTMENT OF ACCOUNTING

ACCT4510 Auditing Fall Semester 2022

Course Outline

Instructor:	David Lai
Office:	Room LSK6005
Phone:	2358-7567
Email:	acdavid@ust.hk
Classes:	L1: Mon 3:00pm – 4:20pm & Fri 10:30am – 11:50am at LSK1011 L2: Mon & Wed 10:30am – 11:50am at 2302 (Lift 17-18) L3: Mon & Wed 12:00pm – 1:20pm at 2302 (Lift 17-18)
Office hours:	Please email for appointment
TA:	Nicholas Wu (LSK6066; 2358-7580; jhn.wu@ust.hk)
TA office hours:	Please email for appointment

All classes are conducted face-to-face. The Zoom Meetings on Canvas are set up for the instructor's use only (for easy sharing of iPad screen to the classroom display). Students will NOT be able to join the classes via Zoom; those who attempt to join will be put into a waiting room and not be admitted.

Course Description:

The main aim of this course is to help students learn the basic principles and practice of auditing. Students will develop a broad understanding of the core auditing functions and integrate these functions to solve problems that auditors commonly face.

Course Objectives:

By the end of this course, you should be able to

1. Apply auditing theories, standards, and procedures to the practice of auditing, including designing and implementing methodologies for examining, verifying, evaluating and reporting on the financial statements of organizations.
2. Demonstrate an understanding of the international dimensions of auditing.
3. Demonstrate an understanding of the design and the application of information technology to auditing.
4. Identify an ethical dilemma in a scenario case of auditing, articulate the consequences associated with unethical behavior, and apply professional ethical standards to propose and defend a resolution.

5. Form critical judgment, including the ability to analyze the core issues and key assumptions in auditing scenarios and approach problems from alternative perspectives.

Student Learning Resources:

Required Course Materials

Auditing and Assurance Services: International Perspectives, Global 17th Edition, by Randal J. Elder, Mark S. Beasley, Chris E. Hogan and Alvin A. Arens.

Note: Some parts of the textbook such as those on regulatory matters are US-centric. Your instructor will supplement with Hong Kong contexts during the lectures. Nevertheless, it is still important to have knowledge about these US regulatory matters due to their significant influences in the World. Otherwise, most parts of the textbook are directly relevant to Hong Kong because US auditing standards are highly comparable with Hong Kong standards as both have converged with International Auditing Standards.

Powerpoint slides will be available on Canvas.

Assessment Scheme:

Short Quizzes (5 x 3%)	15%
Midterm Test (1 x 25%)	25%
Final Examination (1 x 60%)	<u>60%</u>
	<u>100%</u>

The assessments will be comparable to the HKICPA QP Module 8 (Principles of Auditing) exam. A pilot exam paper of QP Module 8 is available on Canvas for your information.

Short Quizzes

There are 5 non-cumulative short quizzes which will be held during the following weekends:

- (1) September 17-18
- (2) October 1-2
- (3) October 15-16
- (4) November 5-6
- (5) November 19-20

Each quiz will contain a mix of multiple choice, true/false and fill-in-the-blank questions to be answered within 20 minutes in a single attempt. Each quiz will open at 00:00am on Saturday and close at 11:59pm on the next day (i.e. Sunday) on Canvas. In other words, you spare 20 minutes on your own and do the quiz by yourself any time during the 48-hour window. However, if you start the quiz at 11:49pm on Sunday, you will only have 10 minutes because the quiz will close at 11:59pm.

Midterm Test

The midterm test will be held on October 21 (Friday), 7pm to 8:20pm (80 minutes). It will contain MCQs and a few short-answer questions.

The midterm test will be CLOSE book.

Final Examination

The final examination will be held during the examination period in December. The exact date and time will be scheduled and announced by the University. The final examination will last for 2 ½ hours. It will contain case and long questions. The final examination will be cumulative, that is, cover the entire course syllabus. More details about the final examination will be announced at the end of the semester.

The final exam will also be CLOSE book, but you will be allowed ONE piece of A4 paper (both sides) as cheat sheet.

Policy on Absences from Assessments

Any student who will need to be absent from the midterm test or final exam must contact the Instructor and receive approval PRIOR TO THE ASSESSMENT. You will need to provide a valid reason with supporting documents. Generally, sickness is the only valid reason; attending job interview or taking part in sports or other competition is not. If your absence is approved, you will be subject to the following absence policy. Otherwise, you will simply receive a 0 mark for the missed assessment.

If you are absent from the midterm test, its weight will be loaded onto the final exam. That is, the final exam will count for 85% of your final grade.

Absences from quizzes will not be given special consideration unless you are hospitalized during the relevant weekend.

Topics Outline (refers to the Textbook chapters):

Part 1 The Audit Profession

Chapter 1 The demand for audit and other assurance services

Chapter 2 The CPA profession

Chapter 3 Other assurance services

Chapter 4 Internal and governmental financial auditing and operational auditing

Part 2 The Audit Process

Chapter 5 Audit responsibilities and objectives

Chapter 6 Audit evidence

Chapter 7 Audit planning and materiality

Chapter 8 Assessing the risk of material misstatement

Chapter 9 Assessing and responding to fraud risks

Chapter 10 Internal control and Coso framework

Chapter 11 Assessing control risk and reporting on internal controls

Chapter 12 Overall audit strategy and audit program

Part 3 Application of the Audit Process to the Sales and Collection Cycle

Chapter 13 Tests of controls and substantive tests of transactions

Chapter 14 Audit sampling for tests of controls and substantive tests of transactions

Chapter 15 Completing the tests in the sales & collection cycle: Accounts Receivable

Chapter 16 Auditing sampling for tests of details of balances

Part 5 Completing the Audit

Chapter 23 Completing the Audit

Chapter 24 Audit Reports

Chapter 25 Professional Ethics

Note 1: The above is subject to change. For example, some parts of a Chapter may be omitted. In addition, Chapters 14 and 16 will only be covered if time permits.

Note 2: You are not expected to read the Textbook chapters 1-4 in detail as they serve as background materials. However, you are expected to diligently study all the other chapters. Since most of you will work in Auditing in the future, the textbook and this course will provide you with the knowledge that you will need in your job. Take the readings seriously!