



The University of Hong Kong

HKU Business School

ACCT3109 A-C

Auditing

Fall Semester, 2021/22

Course Syllabus

Lecturer: Dr. Sammy Fung (Ph.D., CPA & CESGA)

Principal Lecturer

Office: Room 1220, K. K. Leung Building

Phone: (852) 3917-4214 (Direct)

Email: flksammy@hku.hk

Tutor: Ms. Karen Hung

Office: Room 609, K. K. Leung Building

Phone: (852) 3917-4470 (Direct)

Email: karenh@hku.hk

COURSE DESCRIPTIONS

This course examines the role of the external auditor on financial statement reporting and the needs for external auditing in the commercial sector. Assurance services other than auditing will also be discussed and examined. By the end of the course, students should be able to gather enough knowledge on the nature of the auditing profession to decide whether they wish to embark on a public accounting career.

Textbooks reference:

1. Karla M. Johnstone, Audrey A. Gramling and Larry E. Rittenberg. 2018. *Auditing: A Risk-Based Approach*, 11th Edition, Cengage Learning;
2. *Code of Ethics for Professional Accountants (COE)* issued by the Hong Kong Institute of Certified Public Accountants (HKICPA).

Pre-requisite:

ACCT3103 Intermediate Financial Accounting II

COURSE OBJECTIVES

1. Provide students with basic concepts of auditing theory, concepts, methodology and practice;
2. Provide students with the capability to apply knowledge in gathering audit evidence and in evaluating the financial statement assertions;
3. Inculcate professional judgment in various auditing and ethical scenarios;
4. Develop students' communication skills.

INTENDED LEARNING OUTCOMES (ILOs)

On completion of the course, students will be able to:

ILO1. Describe and explain the financial statement auditing process;

ILO2. Use relevant information for making decisions of client acceptance, risk assessment, as well as extent of audit work;

ILO3. Apply Code of Ethics for Professional Accountants to resolve an ethical situation;

ILO4. Demonstrate effective verbal and writing communication skills.

ALIGNMENT OF PROGRAM AND COURSE ILOs

Program ILOs	Course ILOs
1. Acquisition and internalization of knowledge of accounting, business and economics	ILOs 1 & 2
2. Application and integration of knowledge	ILOs 2, 3 & 4
3. Inculcating professionalism	ILOs 2 & 3
4. Mastering communication skills	ILO 4
5. Developing global outlook	/
6. Cultivating leadership	ILOs 2 & 3

TEACHING AND LEARNING ACTIVITIES (TLAs)

TLA1. Situation: Lectures and in-class exercises, discussions & quizzes

- Lectures: basic knowledge and concept of auditing is presented with PowerPoint slides.
- In-class exercises: basic concepts and techniques are illustrated using examples. Students work through in-class exercises along with the lecturer. These exercises help students follow the lectures closely and actively.
- In-class discussions: students are encouraged to raise questions, participate in discussions and share opinions with their peers. These discussions encourage students to think more for certain arguable topics.

Major focus: ILOs 1, 2, 3 and 4.

TLA2. Situation: Tutorials

- Weekly tutorial assignments: students are required to complete assigned homework before each tutorial session on an individual basis.
- In-class interactive activities: students are required to interact with the tutorial instructor, and participate in the in-class exercises and discussions actively.

Major focus: ILOs 1, 2, 3 and 4.

TLA3. Situation: Group presentations, group report and outside-classroom activities

- Group presentations: students are expected to perform at least one group presentation in the semester. Each group should have 4 – 5 students. Students will complete an assigned cases analysis and deliver group presentation in the small group lecture. Once the topic is assigned, each group should work as a team and contribute jointly to discuss and analyze the topic, assign responsibility for the topic and present the topic and manage Q&A session in class.
- Group case report: students in the same group are expected to complete the case questions and apply the internal control concepts learned in this course in a report. Details of requirements and guiding questions on the group case report will be provided in a separate document.
- Outside-classroom activities: the lecturer will provide consultation to address students' questions and doubts related to the course on appointment basis.

Major focus: ILOs 2, 3 and 4.

ESTIMATED STUDY LOAD

Course Teaching and Learning Activities	Expected Contact hours	Study Load (%)
TLA1. Interactive lectures	32	22.86%
TLA2. Tutorials	11	7.86%
TLA3. Group presentation	30	21.43%
TLA3. Group case report	20	14.29%
Self study	47	33.56%
Total	140	100.00%

ASSESSMENT TASKS/ACTIVITIES (ATs)

Assignments and tutorial in-class	10%
Group presentation	20%
Mid-Term examination	30%
Final examination	40%
Total	<u>100%</u>

AT1. Assignments and tutorial in-class participation (10%)

Students are expected to attend and participate actively in tutorials. Being absent from class will negatively affect students' participation performance. Each student will be appraised by the tutor individually. Written assignments and exercises will be assigned for each topic to assess the students' ability to comprehend the concepts discussed during lectures. Students are also required to attempt selected assignments before commencement of the tutorials. Part of the coursework assessment will be allocated to individual performance in the class discussions of the homework assignments. Participation and assignments are evaluated per student by the tutorial instructor. The objective of the tutorials is to help students digest and apply the knowledge they have learned from the classes.

Grading Criteria

ILO	A+ A A-	B+ B B-	C+ C C-	D+ D	F
ILO 1, 2, 3 and 4.	Extremely well prepared for class discussion, active in sharing views and attended at least 90% of classes. Submitted all homework with 90% accuracy.	Partially prepared for class discussion, quite active in sharing views and attended at least 80% of classes. Submitted at least 80% of homework with 80% accuracy.	Not well prepared for class discussion, limited active in sharing views and attended at least 70% of classes. Submitted at least 70% of homework with 70% accuracy.	Not well prepared for class discussion, no sharing of views and attended at least 60% of classes. Submitted at least 60% of homework with 60% accuracy.	Never prepared for class discussion and no sharing of views and experience and attend less than 60% of classes. Submitted less than 60% of homework with less than 60% accuracy.

AT2. Group Presentation and Group case report (20%)

A number of formal group presentations will be scheduled throughout the semester. Each group should consist of **4 - 7** students. Each group of students is required to deliver a formal presentation of 25 minutes on the assigned case, plus Q&A session. The group presentation will be evaluated based on the following five criteria: 1) presentation style; 2) the use of presentation/ visual aids; 3) the contents and organizations; 4) the extent of research and 5) the quality of interaction at the Q&A sessions. A feedback meeting with the lecturer will be scheduled in the subsequent class following each presentation.

Grading Criteria

ILO	A+ A A-	B+ B B-	C+ C C-	D+ D	F
ILOs 2, 3 and 4.	Very Good to excellent ratings on some or all five criteria.	Good to very good ratings on some or all five criteria.	Fair to good ratings on some or all five criteria.	Fair ratings on all five criteria.	Fail to prepare and present the case.

AT3. Mid-Term Examination (30%)

An *closed* mid-term examination scheduled on **8th October 2021**, Friday evening will be used to gauge students' understanding of the auditing principles on a continuous basis and to test students' problem solving skills.

Grading Criteria

ILO	A+ A A-	B+ B B-	C+ C C-	D+ D	F
ILOs 1, 2 and 3.	Provided accurate solutions to all problems, gave detailed and insightful responses to essay questions and scored correctly on more than 90% of the multiple choice questions.	Provided accurate solutions to some problems, gave detailed responses to some essay questions and scored correctly on less than 90% of the multiple choice questions.	Provided accurate solutions to a few problems, gave limited responses to some essay questions and scored correctly on less than 80% of the multiple choice questions.	Provided inaccurate solutions to a few problems, gave unclear responses to most essay questions and scored correctly on less than 70% of the multiple choice questions.	Skipped some problems or provided inaccurate solutions to most problems, gave poor responses to most essay questions and scored correctly on less than 60% of the multiple choice questions.

AT4. Final Exam (40%)

The final examination will be held in the normal exam period. It is **a closed book**, comprehensive and covers all the chapters on the course syllabus. With the exception of extremely special cases, NO MAKEUP exam will be allowed if students fail to seek ADVANCE permission from the instructor. The objective of the final exam is to further enhance students' understanding of the course and their application of judgmental skills on various auditing issues.

Grading Criteria

ILO	A+ A A-	B+ B B-	C+ C C-	D+ D	F
ILOs 1, 2, 3 and 4.	Provided accurate solutions to all problems, gave detailed and insightful responses to essay questions and scored correctly on more than 90% of the multiple choice questions.	Provided accurate solutions to some problems, gave detailed responses to some essay questions and scored correctly on less than 90% of the multiple choice questions.	Provided accurate solutions to a few problems, gave limited responses to some essay questions and scored correctly on less than 80% of the multiple choice questions.	Provided inaccurate solutions to a few problems, gave unclear responses to most essay questions and scored correctly on less than 70% of the multiple choice questions.	Skipped some problems or provide inaccurate solutions to most problems, gave poor responses to most essay questions and scored correctly on less than 60% of the multiple choice questions.

ACADEMIC CONDUCT

Plagiarism and copying of copyright materials are serious offences and may lead to disciplinary actions. Students should read the chapters on "Plagiarism" and "Copyright" in the Undergraduate/Postgraduate Handbook for details. Students are strongly advised to read the booklet entitled "What is Plagiarism" which was distributed to them upon their admission into the University, a copy of which can be found at www.hku.hk/plagiarism. A booklet entitled "Plagiarism and How to Avoid it" is also available from the Main Library.

Students are required to attend all the lectures and tutorials on time. In case they cannot attend, they should inform the instructor beforehand.

SCHEDULE OF LECTURES

LECTURES					
Date For subclasses			Topic	Chapter	Case Analysis & Presentation
A (Tue)	B (Thu)	C (Fri)			
Sep 7	Sep 2	Sep 3	Quality Auditing: Why It Matters	Ch. 1	Warm-up; briefing of group presentation; group formation
Sep 14	Sep 9	Sep 10	The Auditor's Responsibilities Regarding Fraud and Mechanisms to Address Fraud: Regulation and Corporate Governance	Ch. 2	- Introduction of the Code of Ethics for Professional Accountants - A sample practice ethics question in HKICPA QP exam
Sep 21	Sep 16	Sep 17	Internal Control over Financial Reporting: Responsibilities of Management and the External Auditor	Ch. 3	Case 1 – PCAOB (Textbook: P1-50)
Sep 28	Sep 23 (No class on Sept 30)	Sep 24	Professional Auditing Standards and the Audit Opinion Formulation Process	Ch. 5	Case 2 –Koss Corporation (Textbook: P2-27)
Oct 5	Oct 7	Oct 8	Audit Evidence	Ch. 6	Case 3 – Chesapeake Petroleum and Supply, Inc. (Textbook: P3-39)
Reading Week – October 11 – 16, 2021					
Closed book Mid-Term Examination – 8th October 2021 Time: 7pm to 9pm, HK Time Venue: TBC Coverage: 1, 2, 3, 5 & Code of Ethics					
Oct 19	Oct 21	Oct 22	Planning the Audit: Identifying, Assessing and Responding to the Risks of Material Misstatement	Ch. 7	Case 4 – P5-50 Assertions & P5-51 Deloitte-Brazil
Oct 26	Oct 28	Oct 29	Auditing the Revenue and Payment Cycle	Ch. 9, 11	Case 5 – PCAOB, Deloitte & Touche (Textbook: P6-37)

LECTURES					
<u>Date</u> For subclasses			Topic	Chapter	Case Analysis & Presentation
A (Tue)	B (Thu)	C (Fri)			
Nov 2	Nov 4	Nov 5	Auditing Cash, Accounts Receivable, Sales, Inventory, Accounts Payable and Long-lived Assets	Ch. 9, 10, 11, 12 (Learning Objective 8)	Case 6 – Johnston Wholesaling Case (Fictional company) (Textbook: P7-21)
Nov 9	Nov 11	Nov 12	Auditing Cash, Accounts Receivable, Sales, Inventory, Accounts Payable and Long-lived Assets	Ch. 9, 10, 11, 12 (Learning Objective 8)	Case 7 – Gateway computers (Textbook: P6-32)
Nov 16	Nov 18	Nov 19	Completing a Quality Audit	Ch. 14	Case 8 – PCAOB, SEC, Satyam Computer Services, Ramalinga (Textbook: P10-37)
Nov 23	Nov 25	Nov 26	Audit Reports on Financial Statement Audits	Ch. 15	--

SCHEDULE OF TUTORIALS

Week	Period	Topic	Discussion Questions	Hand-written Assignments submitted <Note a>	Tutorial on Thu	Tutorial on Fri
1	Sep 1 – 3	No class	--	--	--	--
2	Sep 6 – 10	Ch. 1	P1-9	P1-1, P1-20	9 Sep	10 Sep
3	Sep 13 – 17	Ch. 2	P2-10	P2-1, P2-25	16 Sep	17 Sep
4	Sep 20 – 24	Ch. 3	P3-18	P3-4, P3-38	23 Sep	24 Sep
5	Sep 27–Oct 1	Ch. 5	P5-37	P5-6, P5-9	30 Sep	Makeup tutorials (TBC) <Note 1c>
6	Oct 4–Oct 8	No tutorials			--	--
7	Reading week Oct 11 – Oct 15, 2021 (week 7)					
8	Oct 18 – 22	Ch. 6	P6-10 (f to j)	P6-1, P6-18	21 Oct	22 Oct
9	Oct 25 – 29	Ch. 7	P7-10	P7-20(a)	28 Oct	29 Oct
10	Nov 1 – 5	Ch. 9, 11	P11-1	P9-16 (req 1-4), P9-3, P11-9	4 Nov	5 Nov
11	Nov 8 – 12	Ch.9 – 12 (learning objective 8)	--	P9-39, 10-16	11 Nov	12 Nov
12	Nov 15 – 19	Ch.9 – 12 (learning objective 8)	P11-18	P11-23, P12-26*	18 Nov	19 Nov
13	Nov 22 – 26	Ch.14	P14-27	P14-22, P14-26	25 Nov	26 Nov
14	Nov 29–Dec 3	Ch.15	P15-24	P15-26	TBC	TBC

Notes:

- (a) Only **HAND-WRITTEN** assignment answers are accepted and to be submitted at the beginning of the tutorials. Late submission will be penalized.
- (b) Students who were **absent** should provide the medical certificate to tutor within 24 hours from the due date and time. The handwritten assignment can be submitted **via email** to the tutor **before the student's registered tutorial time** and due date.
- (c) There are no tutorials on 1st October 2021 due to public holiday, the tutorials will be rescheduled to other days in week 5. Please refer to the announcement and course moodle for details.