

**The University of Hong Kong**

**HKU Business School**

**ACCT3109 E**

**Auditing**

**Spring Semester, 2022/23**

**Course Syllabus**

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| **Lecturer**: | Dr. Jasmine Kwong |
| Office: | Room 1311, K. K. Leung Building |
| Phone: | (852) 3917-4219 (Direct) |
| Email: | [jkwong@business.hku.hk](mailto:jkwong@business.hku.hk) |
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| **Tutor**: | Ms. Karen Hung |
| Office: | Room 609, K. K. Leung Building |
| Phone: | (852) 3917-4470 (Direct) |
| Email: | [karenh@hku.hk](mailto: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:**

BUSI0020 Intermediate Accounting II/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 and leadership | ILOs 2 & 3 |
| 4. Mastering communication skills | ILO 4 |

**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.
* In-class quizzes: students are required to complete 2 in-class quizzes in the semester. These quizzes assist students to better understand the learning objectives of each topic and to ensure they have grasped the necessary concepts and theories of auditing.

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 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 analysisand deliver group presentationin 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.
* 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  TLA2. Tutorials  TLA3. Group presentation and written report  Self study  Self-study | 32  11  30  47 | 26.67%  9.17%  25.00%  39.16% |
| Total | 120 | 100.00% |

**ASSESSMENT TASKS/ACTIVITIES (ATs)**

|  |  |  |
| --- | --- | --- |
| Assignments and tutorial in-class participation |  | 10% |
| Group written report |  | 10% |
| Group presentation |  | 15% |
| Mid-Term examination |  | 25% |
| Final examination |  | 40% |
| Total |  | 100% |

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 access 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 (15%) and Group Written Report (10%)

A number of formal group presentations will be scheduled throughout the semester. Each group should consist of **SIX TO SEVEN** students. Each group of students is required to deliver a formal presentation of 25 to 30 minutes on the assigned case, plus Q&A session. Each group is required to submit the case report of **FIVE** pages after the presentation.

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 (25%)

A ***closed book*** mid-term examination schedule on **[ TBC ]** 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.](http://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**

|  |  |  |  |
| --- | --- | --- | --- |
|  | **Topic** | **Chapter** | **Case Analysis & Presentation** |
|  | Quality Auditing: Why it Matters | Ch. 1 | Ch. 1 |
|  | The Auditor’s Responsibilities Regarding Fraud and Mechanisms to Address Fraud: Regulation and Corporate Governance | Ch. 2 | Warm-up Case |
|  | Internal Control over Financial Reporting: Responsibilities of Management and the External Auditor | Ch. 3 | * Demonstrating Case & COE Review |
|  | Professional Auditing Standards and the Audit Opinion Formulation Process | Ch. 5 | Topic #1 |
|  | Audit Evidence | Ch. 6 | Topic #2 |
|  | Planning the Audit: Identifying and Assessing and Responding to the Risks of Material Misstatement | Ch. 7 | Topic #3 |
| Closed book Mid-Term Examination – **[ TBC ]** Time: 7 pm to 9 pm, HK Time Venue: **[ TBC ]** Coverage: 1 to 3, 5 – 6 & Code of Ethics | | | |
|  | Auditing the Revenue & Payment Cycle | Ch. 9 | Topic #4 |
|  | Auditing Cash, Marketable securities, and Complex Financial Instruments | Ch. 10 | Topic #5 |
|  | Auditing Inventory, Goods and Services, and Accounts Payable;  PPE and Intangible Assets | Ch. 11, 12 | Topic #6 |
|  | Completing a Quality Audit | Ch. 14 | Topic #7 |
|  | Audit Reports on Financial  Statement Audits | Ch. 15 | Topic #8 |