

**COURSE OUTLINES: AC2104 Assurance & Auditing**

Academic Year	2022-2023	Semester	2
Course Coordinator	Terence Ng Other Instructor(s): Fung Chee Kong, Dominique Tan		
Course Code	AC2104		
Course Title	<b>Assurance &amp; Auditing</b>		
Pre-requisites	AC1102/AC1104		
No. of AUs	4		
Contact Hours	4 hours per week		

**A) Course Aims/Description**

This course provides students with an in-depth understanding of key assurance concepts and methodologies, as well as develops the skills and attitudes needed to effectively and efficiently conduct financial statements audits and other assurance services.

This course aims to inculcate in students critical knowledge, skills and attitudes that an effective assurance professional should possess, and emphasizes active learning at both individual and team levels through project work, seminar discussions and activities. Critical skills that are developed and reinforced through the various course activities include problem solving and decision making, critical thinking, research, communication, teamwork and interpersonal skills. Important attitudes and values that this course aims to impart include professional values and ethics, social responsibilities, receptiveness to differing views, professional skepticism and a passion for proactive self-learning.

**B) Intended Learning Outcome/Objectives**

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

1. Explain the importance and role of assurance in society, the audit process and audit reports.
2. Describe key assurance and auditing concepts and methodologies.
3. Identify and critically assess the risk of material misstatement.
4. Identify and evaluate key internal controls and design tests of controls.
5. Develop appropriate substantive audit procedures to test key assertions.
6. Identify ethical issues faced by auditor and apply the code of professional conduct and ethics to critically think about and resolve these issues.

**C) Course Content**

1. Introduction to assurance and auditing
2. Overview of the financial statement audit process
3. Types of audit reports

4. Code of professional conduct and ethics
5. Financial statement assertions and audit evidence
6. Audit Risk and Materiality
7. Internal controls
8. Impact of computerized systems on audit
9. Tests of controls and substantive testing
10. Audit sampling
11. Auditing processes such as revenue/AR, purchases/AP, inventory, PPE, cash etc.
12. Audit Completion
13. Beyond financial statement audits

**D) Assessment**

Component	ILO Tested	NBS Learning Goals	Weightage	Team/Individual	Assessment Rubrics
Seminar Participation	ILO 1 – ILO 6	Acquisition of Knowledge, Ethical Reasoning, Critical Thinking, Problem Solving and Decision Making, Oral Communication	15%	Individual	Seminar Participation Rubric <sup>1</sup>
Team Presentation (every member must present) - Presentation skills (individual): 10% - Presentation content (team-based): 10%	ILO 1 – ILO 6	Oral Communication, Written Communication, Teamwork and Interpersonal Skills	20%	Individual/ Team	Presentation Rubric <sup>1</sup>
Seminar Activities - Team critique 5% - IDEA e-learning	ILO 1 – ILO 6	Acquisition of Knowledge, Ethical Reasoning, Critical Thinking, Problem Solving and Decision	15%	Individual/ Team	Seminar Activities Rubric <sup>2</sup>

activity 5% - In-class seminar activities 5%		Making, Teamwork and Interpersonal Skills			
Final Examination (Open Book)	ILO 1 – ILO 6	Acquisition of Knowledge, Ethical Reasoning, Critical Thinking, Problem Solving and Decision Making	50%	Individual	NA
<b>Total</b>			<b>100%</b>		

<sup>1</sup> Rubrics will be made available on AC2104 NTULearn main website.

<sup>2</sup> Rubrics will be made known during the seminar for each seminar activity administered.

### 1. Seminar participation

Seminar participation refers to both *voluntary* individual contributions to discussions in seminars (90%) and professional in-class behavior (10%) (in terms of attendance, punctuality and engagement). Individual contributions to discussions in seminars can take the form of an insightful question, comment, or response, and are assessed on both the quality and consistency of participation. In addition, good performance in seminar participation often reflects excellent preparation, good critical thinking, listening, and communication skills, and most importantly, a willingness to share one's questions, thoughts and ideas with other students.

### 2. Team presentation

Each student will be assigned to a team comprising four to five members. Each team will be assigned a topic or case to analyze and present during one of the seminars (20%). Students will be evaluated on their presentation skills (10%, individual-based) and presentation content (10%, team-based). More specific guidelines on the team presentation will be provided at the start of the course on the AC2104 NTULearn main site. Refer to the section on 'course policies and student responsibilities' for free-riding issues.

### 3. Seminar activities

Seminar activities include the following: a) team critique where each team will be assigned as a discussant to comment on another team's presentation (5%); b) IDEA e-learning activity (5%); and c) other team activities that are assigned from time to time during the seminar sessions/ as e-learning (5%). Students are expected to prepare for all the prescribed seminar discussion questions. Seminar activities are designed to assess students' preparedness for class and understanding of reading materials. For team based seminar activities, refer to the section on 'course policies and student responsibilities' for free-riding issues.

### 4. Final examination

The final examination will be a **two-and-half hour open-book** examination on **3 May 2023 (Wednesday) at 1pm**. Students will be tested on their understanding of key auditing concepts, framework and methodologies, and the ability to address issues and/or solve problems. Current developments and events reported in the press, business periodicals and professional journals

may also be covered.

#### **E) Formative Feedback**

Feedback is central to this course. Generally, your instructor will provide verbal feedback through in-class discussions. For team presentations, you will receive verbal feedback on content, and written feedback on your presentation skills. Formative feedback will be provided through quizzes conducted both in-class and online via the NTULearn course site. Summative group feedback on the exam will be provided following the conclusion of the course.

#### **F) Learning & Teaching Approach**

This course adopts a seminar-style approach supplemented by technology-enabled learning. A four-hour seminar will be held once a week. These seminars are designed to provide students with opportunities for interactions and discussions with other seminar participants to discover, learn and assimilate knowledge, refine skills and inculcate positive attitudes, and to apply them to solve problems. Pre-seminar e-learning activities will be prescribed for each seminar and may include e-lectures, videos, online quizzes, audit software practice assignments, among others. To maximize collaborative learning during seminars, every student **should come adequately prepared (by completing the assigned seminar readings and requirements including the pre-seminar e-learning activities) to actively participate** and constructively discuss, critique and challenge other students' and the course instructor's ideas and views during the seminar sessions.

#### **G) Readings and References**

##### **Textbook:**

GS: Assurance and Auditing: A Customized Text, McGraw-Hill, 2018. (This customized text comprises a selection of chapters from Gay, G., and Simnett, R. *Auditing & Assurance Services in Australia*. 7<sup>th</sup> Edition. McGraw-Hill Education.)

##### **Other Resources:**

The Singapore Standards on Auditing (SSAs) and other pronouncements related to auditing and assurance issued by the Institute of Singapore Chartered Accountants (ISCA) are available at: <https://isca.org.sg/standards-guidance/audit-assurance/standards>

(See also the standard setting process of ISCA at: <https://isca.org.sg/standards-guidance/audit-assurance/due-process>.)

The latest revised Code of Corporate Governance (the "Code") under the purview of Monetary Authority of Singapore (MAS) and the Stock Exchange of Singapore (SGX), is available at: <https://www.mas.gov.sg/-/media/MAS/Regulations-and-Financial-Stability/Regulatory-and-Supervisory-Framework/Corporate-Governance-of-Listed-Companies/Code-of-Corporate-Governance-6-Aug-2018.pdf>

Information about the regulation of public accountants in Singapore is available at the website of the Accounting and Corporate Regulatory Authority Singapore (ACRA): <http://www.acra.gov.sg>

Statutes relevant to this course, including the ACRA Code of Professional Conduct and Ethics contained in the Fourth Schedule to the Accountants (Public Accountants) Rules, Accountants Act (Chapter 2) and the Companies Act (Chapter 50), are available at: <https://sso.agc.gov.sg/>.

Detailed readings for each seminar will be provided in the relevant seminar outline, which will be posted on the AC2104 NTULearn main site.

## H) Course Policies and Student Responsibilities

### General

You are expected to complete all assigned pre-seminar readings and activities, attend all seminars punctually and take all scheduled assignments and pre-seminar quizzes by due dates. You are expected to take responsibility to follow up with course notes, assignments and all course related announcements for seminar sessions you have missed or posted by course coordinator on NTULearn. You are expected to participate in all seminar discussions and activities.

### Absenteeism

Absence from class without a valid reason will affect your overall course grade. Valid reasons include falling sick supported by a medical certificate and participation in NTU's approved activities supported by an excuse letter from the relevant bodies. If you miss a class, you must inform your instructor via email prior to the start of the class.

### Free-riding

For both the team presentation as well as team based seminar activities, members of each team are strongly encouraged to discuss and agree on each member's tasks and responsibilities early, and to amiably resolve any subsequent dispute(s) as a team prior to consulting their course instructor. Each member is required to complete a confidential peer evaluation form via eUreka after Seminar 12 (latest **by Friday 7 April 2023, 2pm**). As you will be allocated to the same team for both the team presentation as well as the team based seminar activities, you are required to complete only **ONE** peer evaluation for all the team based activities. Penalties will be imposed on the free rider for **EACH** of the team based activities based on the average rating that a member receives from other members (confidential peer evaluation form and details on assessment of penalties are available on AC2104 NTULearn main site).

## I) Academic Integrity

Good academic work depends on honesty and ethical behaviour. The quality of your work as a student relies on adhering to the principles of academic integrity and to the NTU Honour Code, a set of values shared by the whole university community. Truth, Trust and Justice are at the core of NTU's shared values. Academic misconduct is regarded as a very serious offence by the university.

As a student, it is important that you recognize your responsibilities in understanding and applying the principles of academic integrity in all the work you do at NTU. Not knowing what is involved in maintaining academic integrity does not excuse academic dishonesty. You need to actively equip yourself with strategies to avoid all forms of academic dishonesty, including plagiarism, academic fraud, collusion and cheating. Please refer to the following website for further guidance on academic integrity:

<https://ts.ntu.edu.sg/sites/intranet/dept/tlpd/ai/Pages/default.aspx>

<b>J) Course Instructors</b>				
<b>Instructor</b>	<b>Office Location</b>	<b>Phone</b>	<b>Email</b>	<b>Consultation</b>
A/P Terence NG (Course co-ordinator)	S3-B1C-99	6790 6144	<a href="mailto:abpng@ntu.edu.sg">abpng@ntu.edu.sg</a>	By appointment via email
FUNG Chee Kong	To be advised	To be advised	<a href="mailto:ckfung@ntu.edu.sg">ckfung@ntu.edu.sg</a>	By appointment via email
A/P (Adjunct) Dominique TAN	To be advised	To be advised	<a href="mailto:dominiquetan@ntu.edu.sg">dominiquetan@ntu.edu.sg</a>	By appointment via email

<b>K) Course Schedule</b>				
<b>Seminar</b>	<b>Topics</b>	<b>Learning Objectives</b>	<b>ILO</b>	<b>Selected Readings</b>
1 (9-13 Jan)	Course introduction and the role of assurance and auditing	<ul style="list-style-type: none"> <li>- Describe the course objectives, requirements and expectations</li> <li>- Distinguish between different types of audits and auditors</li> <li>- Explain the theory underlying the demand for assurance and auditing</li> <li>- Identify the key elements of an assurance engagement</li> <li>- Describe the nature, organisation and regulation of the auditing profession</li> <li>- Evaluate the pros and cons of mandatory vs voluntary audits</li> </ul>	ILO 1	Course outline and guidelines GS: Ch 1 SSA Preface and Framework Companies Act
2 (16-20 Jan)	Corporate governance, financial statement audits and audit reports	<ul style="list-style-type: none"> <li>- Explain the concept and importance of corporate governance and the roles of auditors and other key players</li> <li>- Describe the objectives and scope of a financial statement audit and the audit process</li> <li>- Identify the key elements of an audit report and the types and determinants of audit opinions</li> <li>- Explain auditors' responsibilities relating to key audit matters, emphasis of matter and other matter paragraphs, and other information in the annual report</li> </ul>	ILO 1 and 2	GS: Ch 1, 12 SSA 200, 700, 701, 705, 706, 720 Companies Act Code of Corporate Governance 2018
3 (23-27 Jan)	Professional judgment, skepticism, ethics and quality management	<ul style="list-style-type: none"> <li>- Explain the concept and underlying causes of the audit expectation gap and identify measures to narrow the gap</li> <li>- Explain the role and importance of professional judgment, professional skepticism and ethics throughout the audit process</li> <li>- Explain the role and structure of the code of professional conduct and ethics</li> <li>- Identify the ethical issues faced by auditors and threats to fundamental principles including independence</li> <li>- Apply the code of professional conduct and ethics to</li> </ul>	ILO 2 and 6	GS: Ch 3 ACRA Code/ EP 100 (ISCA) SSQM 1 SSQM 2 SSA 220 (revised)

AC2104 Assurance & Auditing

		<p>resolve ethical issues</p> <ul style="list-style-type: none"> <li>- Explain the purpose, principles and key elements of quality management</li> </ul>		
4 (30 Jan -3 Feb)	Financial statement assertions and audit evidence	<ul style="list-style-type: none"> <li>- Identify the different types of financial statement assertions</li> <li>- Distinguish between different types of audit evidence and audit procedures and explain their relationship to the financial statement assertions</li> <li>- Describe factors determining the appropriateness and sufficiency of audit evidence</li> <li>- Describe the conditions for using the work of experts</li> </ul> <p>Explain the objectives of audit documentation</p>	ILO 2	GS: Ch 4, 5 SSA 230, 315, 500, 520, 620
5 (6-10 Feb)	<p>Audit planning and risk assessments</p> <p>- <i>Team presentation 1</i></p>	<ul style="list-style-type: none"> <li>- Explain the key considerations in client acceptance and audit planning</li> <li>- Explain audit risk and its components, and distinguish between audit risk, audit engagement risk, and entity's business risk.</li> <li>- Explain the auditor's process and procedures to identify and assess (in terms of both likelihood and impact) the risks of material misstatement at the financial statement and assertion levels</li> <li>- Identify the different types of entity business risks (including social and environmental matters) and their relevance to the audit</li> <li>- Develop appropriate responses to the risks of material misstatement at the financial statement and assertion levels</li> </ul>	ILO 2 and 3	GS: Ch 4, 5 SSA 210, 300, 315, 330, 510
6 (13-17 Feb)	<p>Risk assessments and materiality</p> <p>- <i>Team presentation 2</i></p>	<ul style="list-style-type: none"> <li>- Explain the concepts of materiality and performance materiality and their determinants</li> <li>- Explain the relationship between audit risk and materiality</li> <li>- Perform materiality assessments</li> <li>- Perform risk assessments and develop appropriate responses (contd.)</li> </ul>	ILO 2 and 3	GS: Ch 4, 5 SSA 315, 320, 330, 450
7 (20-24 Feb)	<p>Risk assessments (contd.)</p> <p>- <i>Team presentation 3</i></p>	<ul style="list-style-type: none"> <li>- Describe auditors' responsibilities related to fraud and illegal acts, related-party transactions and the going concern assumption.</li> </ul>	ILO 2 and 3	GS: Ch 6 SSA 240, 250, 315, 330, 550, 570.



AC2104 Assurance & Auditing

	<ul style="list-style-type: none"> <li>- IDEA assignment 1 (Self-practice)</li> <li>- Assurance Of Learning on-line quiz</li> </ul>	<ul style="list-style-type: none"> <li>- Perform risk assessments and develop appropriate responses (contd.)</li> <li>- Apply audit analytics tools in a generalized audit software (IDEA)</li> </ul>		
Recess Week				
8 (6-10 Mar)	<p>Internal controls I</p> <ul style="list-style-type: none"> <li>- Team presentation 4</li> </ul>	<ul style="list-style-type: none"> <li>- Explain the objectives, key components and limitations of an internal control system</li> <li>- Describe the responsibility of management and those charged with governance (TCWG) for an entity's internal controls</li> <li>- Explain the auditors' responsibility, rationale and procedures for understanding an entity's internal controls</li> <li>- Describe the risks arising from an entity's use of IT and the general IT controls that address those risks</li> <li>- Evaluate the strengths and weaknesses of an entity's internal controls and their impact on the auditor's risk assessment</li> <li>- Describe auditor's responsibilities to communicate internal control deficiencies to TCWG and management</li> </ul>	ILO 4	<p>GS: Ch 7, 8 SSA 260, 265, 315, 330 SGX Listing Rules Code of Corporate Governance 2018</p>
9 (13-17 Mar)	<p>Internal Controls II and CAATs</p> <ul style="list-style-type: none"> <li>- Team presentation 5</li> </ul>	<ul style="list-style-type: none"> <li>- Explain the key risks and internal controls in selected business processes and develop audit procedures to test their effectiveness</li> <li>- Describe auditors' considerations for an entity using a service organization</li> <li>- Explain the auditor's considerations relating to using the work of internal auditors</li> </ul> <p>Explain the use of computer-assisted auditing techniques (CAATs) and data analytics tools to enhance audit effectiveness and efficiency</p>	ILO 4	<p>GS: Ch 7, 8 SSA 315, 330, 402, 610</p>
10 (20-24 Mar)	<p>Substantive tests of transactions and balances I</p>	<ul style="list-style-type: none"> <li>- Distinguish between tests of controls, substantive tests of transactions and substantive tests of balances and explain the relationship between them</li> </ul>	ILO 2 and 5	<p>GS: Ch 9 SSA 330, 505</p>

AC2104 Assurance & Auditing

	<ul style="list-style-type: none"> <li>- <i>Team presentation 6</i></li> <li>- <i>IDEA assignment 2 (Team submission)</i></li> </ul>	<ul style="list-style-type: none"> <li>- Explain the common substantive audit procedures used to address the risk of material misstatement for cash, revenue and accounts receivable, purchases and accounts payable</li> <li>- Apply audit analytics tools in a generalized audit software (IDEA)</li> </ul>		
11 (27-31 Mar)	<p>Substantive tests of transactions and balances II</p> <ul style="list-style-type: none"> <li>- <i>Team presentation 7</i></li> </ul>	<ul style="list-style-type: none"> <li>- Explain the common substantive audit procedures used to address the risk of material misstatement for inventories, non-current assets, non-current liabilities, owners' equity and income statement accounts</li> <li>- Explain the objectives, use and limitations of inventory observation</li> <li>- Appreciate the challenges in auditing accounting estimates and ways to address the challenges</li> <li>- Explain key concepts, key steps and considerations in audit sampling</li> <li>- Evaluate the strengths and weaknesses of different sampling approaches</li> </ul>	ILO 2 and 5	GS: Ch 9, 10 SSA 501, 530, 540, AGS 4
12 (3-7 Apr)	<p>Group audits and audit completion</p> <ul style="list-style-type: none"> <li>- <i>Team presentation 8</i></li> </ul>	<ul style="list-style-type: none"> <li>- Describe some of the special considerations in group audits (client acceptance, risk assessment, work of component auditors, allocating component performance materiality)</li> <li>- Describe auditors' responsibilities relating to contingent liabilities, subsequent events and other matters to be addressed in completing the audit</li> <li>- Evaluate the effects of identified misstatements</li> <li>- Explain auditors' responsibility relating to comparative information</li> <li>- Explain auditors' responsibility to communicate with those charged with governance</li> </ul>	ILO 2 and 5	GS: Ch 11 SSA 260, 450, 560, 580, 600, 710

AC2104 Assurance & Auditing

<p>13 (10-14 Apr)</p>	<p>Beyond financial statement audits and course review</p>	<ul style="list-style-type: none"> <li>- Describe review engagements, examination of prospective financial information and other related services provided by auditors</li> <li>- Distinguish between different levels of assurance</li> <li>- Describe current developments and issues being deliberated by standard setters</li> <li>- Recap and clarify fuzzy points</li> </ul>	<p>ILO 2</p>	<p>GS: Ch 1, 13 SSA Framework SSRE 2400/2410 SSAE 3400 SSRS 4400</p>
-------------------------------	--	--	--------------	--