



UNIVERSITAS INDONESIA  
 FACULTY OF ECONOMICS AND BUSINESS  
 DEPARTEMENT OF ACCOUNTING  
 UNDERGRADUATE PROGRAM

**SYLLABUS**  
**Introduction to Auditing and Assurance Services (AUDITING 1)**  
**ECAU604104**  
**ODD SEMESTER 2019/2020**

Lecturers	Email address
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Subject Code	ECAU604104
Subject Title	Auditing 1
Credit Value	3
Year	3
Pre-requisite	Financial Accounting 1 Financial Accounting 2
Role and Purposes	This course is a part of Auditing and Assurance Services class which consists of Auditing and Assurance-Introduction (Auditing 1) and Auditing and Assurance-Intermediate (Auditing 2). This course is designed to provide an introduction to auditing and assurance services. <b>Level of Proficiency in Auditing 1: Foundation</b>
Subject Learning Outcome	Upon completion of the subject, student will be able to: <b>I. Technical Competence: audit &amp; assurance</b> Upon completion of the subject, student will be able to: (T1) able to describe the objectives and stages involved in performing an audit of financial statements (T2) able to apply relevant auditing standards and applicable laws and regulations to an audit of financial statements (T3) able to assess the risks of material misstatements in the financial statements and consider the impact on the audit strategy (T4) able to explain the key elements of assurance engagements and applicable standards that are relevant to such engagement

	<p><b>T1</b> and <b>T4</b> will be assessed in Auditing 1; T2 and T3 will be assessed in Auditing 2.</p> <p><b>II. Professional Skill : Interpersonal and Communication Skills</b></p> <p>a. Communicate clearly and concisely when presenting, discussing and reporting in formal and informal situations, both in writing and orally</p> <p>b. Active listening</p> <p><b>III. Critical Thinking</b></p> <p>c. Provide arguments and draw conclusions supported by appropriate evidence</p> <p><b>IV. Professional Value, Ethics and Attitude : Ethical Principal</b></p> <p>d. Identify and discuss the fundamental principles of ethics including the threats to fundamental principles and determine the appropriate safeguards to offset the threats</p>		
Subject Synopsis/Indicative Syllabus	Week	<ul style="list-style-type: none"> <li>• Specific Learning Outcome</li> <li>• Topic</li> </ul>	Required Reading Material
	1	<p>Student should be able to discuss</p> <ol style="list-style-type: none"> <li>1. the nature and objective of auditing,</li> <li>2. responsibility of auditor and management regarding financial statements,</li> <li>3. stages of an audit of financial statements</li> </ol> <p><b>Introduction to Audit</b></p> <ol style="list-style-type: none"> <li>1.1. Nature and objective of auditing</li> <li>1.2. Responsibility of auditor and management regarding financial statements</li> <li>1.3 Stages of an audit of financial statements</li> </ol>	Hayes ch 1 Theo ch 1 Arens ch 1
	2	<p>Student should be able to:</p> <ol style="list-style-type: none"> <li>4. Distinguish among different theories of auditing services</li> <li>5. Understand the audit market in Indonesia and international</li> <li>6. Identify organizations that affect the external auditing profession and the nature of their effects</li> </ol> <p><b>The Audit Market</b></p> <ol style="list-style-type: none"> <li>2.1. Theories on the demand and supply of audit services</li> <li>2.2. Mandatory audit and voluntary audit</li> </ol>	Hayes ch 2 Theo ch 2
	3	<p>Student should be able to:</p> <ol style="list-style-type: none"> <li>7. Understand the general definition of assurance services</li> <li>8. Identify the assurance and non-assurance services normally performed by auditor</li> <li>9. Describe the five elements exhibited by all assurance engagement</li> <li>10. Understand the difference between audit, review and compilation</li> </ol> <p><b>Auditors' Services</b></p> <ol style="list-style-type: none"> <li>3.1. International framework of auditor services</li> </ol>	Hayes ch 4

	3.2. Elements of an assurance service 3.3. Reasonable assurance versus limited assurance	
4	Student should be able to: 11. Discuss International Standards on Auditing 12. Discuss the impact of various statutes and regulations to auditing services 13. Discuss professional requirements to become public accountant in Indonesia <b>Auditing Standards and Regulation</b> 4.1 ISA 4.2 Statutes and regulations relevant to auditor profession in Indonesia	IAASB Handbook UU AP UU PT No. 40/2007 PP No. 20/2015 PP No. 84/2012
5	Student should be able to: 14. Understand the code of ethics for professional accountant 15. Discuss the threats to the fundamental ethical principle and determine the safeguards <b>Ethics for Professional Accountant</b> 5.1. What are ethics 5.2. Code of Ethics for Professional Accountants 5.3. Enforcement of ethical environments	Hayes ch 3 Theo ch 3, page 50-54 Code of Ethic (2015) IAPI: Kode Etik AP RNCL
6	Student should be able to: 16. Explain the components of audit risk <b>Audit Risk Model</b> 6.1. Components of audit risk model	Hayes ch 6 Arens ch 9
7	Student should be able to: 17. Understand the objective and activity during preliminary engagement 18. Understand the seven primary procedures involved in the client acceptance process 19. Understand the acceptance of a new client and acceptance by the client <b>Pre-planning Activities - Client Acceptance</b> 7.1. The first step on the journey to an opinion 7.2. Evaluate the client background 7.3. Ability to meet ethical and specific competence requirement	Hayes ch 5
<b>MID-TERM EXAM</b>		
8	Student should be able to: 20. Explain why internal controls are important to the auditor 21. Understand what an auditor does in preliminary planning assessments of internal control risk. 22. Characterize the differences between general control and application IT control <b>Internal Control and Control Risk</b> 8.1. Management control objectives 8.2. Control over financial reporting 8.3. Control over transaction 8.4. IT risk and control	Hayes ch 7 Theo ch 6 ISA 315
9	Student should be able to:	Hayes ch 8

		<p>23. Explain why analytical procedures are important to the auditor</p> <p>24. Understand the auditor’s responsibility in term of the use analytical procedures</p> <p>25. Comprehend why and how analytical procedures may be used at each audit phase</p> <p><b>Analytical Procedures</b></p> <p>9.1. Relationship among data</p> <p>9.2. Type and timing of analytical procedures</p> <p>9.3. Analytical review process</p> <p>9.4. Analytical procedures as substantive test</p>	ISA 520
	10	<p>Student should be able to:</p> <p>26. State what the general objective is in planning the audit</p> <p>27. Understand the knowledge of client’s industry and business in order to assess the audit risk</p> <p>28. Understand the definition of materiality</p> <p><b>Main Audit Concept and Planning</b></p> <p>10.1 Planning objective and procedures</p> <p>10.2 Understand the entity and its environment</p> <p>10.3 Materiality</p>	Hayes ch 6 Theo ch 8,16 ISA 300, 315, 320
	11	<p>Student should be able to:</p> <p>29. Understand and define management assertions</p> <p>30. Understand the relation between management assertions, internal control and financial statement</p> <p>31. Distinguish management assertion and audit objectives</p> <p><b>Auditor’s Response to Assessed Risk</b></p> <p>11.1. Management assertion group</p> <p>11.2. Risk of material misstatement at the assertion level</p> <p>11.3. Test of control</p> <p>11.4. Substantive procedures</p>	Hayes ch 9 ISA 330
	12	<p>Student should be able to:</p> <p>32. Define auditing evidence</p> <p>33. Know the definition of evidence in an audit and legal sense</p> <p>34. Describe the components of and the meaning of “sufficient &amp; appropriate audit evidence”</p> <p><b>Audit Evidence</b></p> <p>12.1. Legal evidence versus audit evidence</p> <p>12.2. Sufficient and appropriate audit evidence</p> <p>12.3. Seven evidence-gathering techniques: inquiry, observation, inspection, reperformance, recalculation, confirmation, and analytical procedures.</p>	Hayes ch10 ISA 500
	13	<p>Student should be able to:</p> <p>35. Understand the content and element of the Auditor’s Report</p> <p>36. Distinguish between unmodified opinion and modified opinion</p>	Hayes Ch 12 ISA700,705

		<b>Introduction to Audit Reports</b> 13.1. Basic elements of the Auditor's Report 13.2. Types of report expressing audit opinion						
	14	Wrap up						
	<b>FINAL EXAM</b>							
Teaching/Learning Methods	<p>Teaching method uses active lecturing and class discussions, in which students achieve the study objectives by discussing the topics under the guidance of the lecturer. Sessions 1 to 13 start with group presentation and then continue with discussion led by the lecturer</p> <p>Each student is required to prepare a paper submitted at the mid-term exam. Student should select an ethical case involving auditors in the last 3 years, identify the threat(s) in the case and analyze the appropriate safeguards that should have been applied to reduce the threat(s).</p> <p>In session 14, lecturers may select cases from textbook pertaining to topics covered in session 8-13 and discuss with students.</p>							
Assessment Methods	Specific assessment methods/tasks	%	Intended Learning Outcome to be Assessed					
			T1	T4	a	b	c	d
	Continuous Assessment	100						
	GROUP	20						
	Weekly paper (10%)				√			
	Group presentation (10%)				√	√	√	
	INDIVIDUAL	80						
	Mid-term Exam (30%)		√	√				√
	Final Exam (30%)		√					
	Participation & Discussion (10%)				√	√		
Individual paper (10%)				√		√	√	
Reading Materials	<p>Required Reading:</p> <ol style="list-style-type: none"> <li>Hayes, Wallage, and Gortemaker, Principles of Auditing – an Introduction to International Standards on Auditing, 3rd Edition (2014), Pearson Education Limited (<b>Hayes</b>)</li> <li>Tuanakotta, Theodorus M, Audit Kontemporer, Penerbit Salemba Empat, 2015 (<b>Theo</b>)</li> <li>Steven Colling, Interpretation and Application of International Standards, John Wiley &amp; Sons, 2011 (<b>Colling</b>)</li> </ol> <p>Supplementary Reading:</p> <ol style="list-style-type: none"> <li>Undang Undang Akuntan Publik, 2011 (<b>UU AP</b>)</li> <li>Handbook of International Quality Control, Review, Auditing, Other Assurance, and Related Services Pronouncements, 2016-2017, IAASB (<b>Handbook IAASB</b>)</li> <li>Arens, Alvin, Beasley, Elder, Auditing and Assurance services – an integrated approach. Global Edition. Pearson Education Limited 2014 (<b>Arens</b>)</li> <li>Responding to Non-Compliance with Laws and Regulations, IESBA, 2016 (<b>RNCL</b>)</li> </ol>							