

## Subject Description Form

<b>Subject Code</b>	AF4230
<b>Subject Title</b>	Forensic Accounting and Advanced Auditing
<b>Credit Value</b>	3
<b>Level</b>	4
<b>Normal Duration</b>	1-semester
<b>Pre-requisite / Co-requisite/ Exclusion</b>	<b>Pre-requisite:</b> Auditing and Assurance (AF4228)
<b>Role and Purposes</b>	This subject contributes to the achievement of the BBA (Hons) Outcomes by enabling students to effectively communicate verbally in English (Outcome 1), and work effectively with and through others. It also equips students with sufficient professional skills and knowledge (Outcome 7), enabling them to analyze business situations and problems in providing auditing, assurance and forensic accounting services (Outcome 9).
<b>Subject Learning Outcomes</b>	Upon completion of the subject, students will be able to: <ul style="list-style-type: none"> <li>a. identify and invoke mechanisms for the simulation of fraud investigation in the business setting;</li> <li>b. understand thoroughly the major auditing and assurance services;</li> <li>c. compare other assurance and related services provided by auditors;</li> <li>d. apply the knowledge learnt in solving auditing, assurance and forensic accounting issues; and</li> <li>e. keep abreast of and evaluate the current developments in auditing, assurance and forensic accounting.</li> </ul>
<b>Subject Synopsis/ Indicative Syllabus</b>	<p><b><u>Financial Reporting and Fraud</u></b> The relationship between financial reporting structure, earnings management and fraudulent accounting. Fraud schemes and audit failures.</p> <p><b><u>Types of Fraud</u></b> Different types of economic crimes. The fraud triangle focuses in assessing fraud – incentive, opportunity and rationalization. Definition of financial statement fraud. Economic crime survey reports and a perspective on recent fraud cases.</p> <p><b><u>Fraud Examination</u></b> Fraud examiners – their roles and functions. The nature and characteristics of forensic and investigative assignments</p> <p><b><u>Information Technology and Fraud</u></b> Introduction to the impact of information technology on financial statement fraud. Using Computer-based Analysis Techniques for Fraud Detection.</p> <p><b>Other Assurance and Non-assurance Services</b> Reporting on prospective financial information. Agreed-upon procedures. Compilation of financial statements.</p> <p><b>Assurance on Non-Financial Information</b> Internal audit and operational audit. Reporting on an entity’s internal control over financial reporting.</p>

	<p><b>Current Issues</b> Current trend and development in auditing, assurance and forensic accounting.</p>																																																																																														
<p><b>Teaching/Learning Methodology</b></p>	<p>Seminars will introduce the various concepts and techniques of auditing, assurance and fraud examination. These are to be reinforced by problems and case study exercises.</p>																																																																																														
<p><b>Assessment Methods in Alignment with Intended Learning Outcomes</b></p>	<table border="1" data-bbox="459 454 1487 1115"> <thead> <tr> <th rowspan="2">Specific assessment methods/tasks</th> <th rowspan="2">% weighting</th> <th colspan="6">Intended subject learning outcomes to be assessed (Please tick as appropriate)</th> <th rowspan="2"></th> <th rowspan="2"></th> </tr> <tr> <th>a</th> <th>b</th> <th>c</th> <th>d</th> <th>e</th> <th></th> </tr> </thead> <tbody> <tr> <td><b>Continuous Assessment</b></td> <td><b>50%</b></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> </tr> <tr> <td>1. Mid-term Test</td> <td>25%</td> <td>√</td> <td>√</td> <td>√</td> <td></td> <td></td> <td></td> <td></td> <td></td> </tr> <tr> <td>2. Individual written report</td> <td>10%</td> <td>√</td> <td></td> <td></td> <td>√</td> <td>√</td> <td></td> <td></td> <td></td> </tr> <tr> <td>3. Case Presentation</td> <td>10%</td> <td>√</td> <td>√</td> <td>√</td> <td>√</td> <td></td> <td></td> <td></td> <td></td> </tr> <tr> <td>4. Participation</td> <td>5%</td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> </tr> <tr> <td><b>Final Examination</b></td> <td><b>50%</b></td> <td>√</td> <td>√</td> <td>√</td> <td>√</td> <td>√</td> <td></td> <td></td> <td></td> </tr> <tr> <td>Total</td> <td>100 %</td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> </tr> </tbody> </table> <p>To pass this subject, students are required to obtain Grade D or above in <b>both</b> the Continuous Assessment and Examination components.</p>									Specific assessment methods/tasks	% weighting	Intended subject learning outcomes to be assessed (Please tick as appropriate)								a	b	c	d	e		<b>Continuous Assessment</b>	<b>50%</b>									1. Mid-term Test	25%	√	√	√						2. Individual written report	10%	√			√	√				3. Case Presentation	10%	√	√	√	√					4. Participation	5%									<b>Final Examination</b>	<b>50%</b>	√	√	√	√	√				Total	100 %								
Specific assessment methods/tasks	% weighting	Intended subject learning outcomes to be assessed (Please tick as appropriate)																																																																																													
		a	b	c	d	e																																																																																									
<b>Continuous Assessment</b>	<b>50%</b>																																																																																														
1. Mid-term Test	25%	√	√	√																																																																																											
2. Individual written report	10%	√			√	√																																																																																									
3. Case Presentation	10%	√	√	√	√																																																																																										
4. Participation	5%																																																																																														
<b>Final Examination</b>	<b>50%</b>	√	√	√	√	√																																																																																									
Total	100 %																																																																																														
<p><b>Student Study Effort Required</b></p>	<table border="1" data-bbox="459 1245 1487 1688"> <tr> <td colspan="2">Class contact:</td> <td></td> </tr> <tr> <td>▪ Seminars</td> <td></td> <td>39 Hrs.</td> </tr> <tr> <td colspan="2">Other student study effort:</td> <td></td> </tr> <tr> <td>▪ Small scale research on cases presented and group discussions</td> <td></td> <td>36 Hrs.</td> </tr> <tr> <td>▪ Readings, tutorial exercises and revision</td> <td></td> <td>60 Hrs.</td> </tr> <tr> <td><b>Total student study effort</b></td> <td></td> <td><b>135 Hrs.</b></td> </tr> </table>									Class contact:			▪ Seminars		39 Hrs.	Other student study effort:			▪ Small scale research on cases presented and group discussions		36 Hrs.	▪ Readings, tutorial exercises and revision		60 Hrs.	<b>Total student study effort</b>		<b>135 Hrs.</b>																																																																				
Class contact:																																																																																															
▪ Seminars		39 Hrs.																																																																																													
Other student study effort:																																																																																															
▪ Small scale research on cases presented and group discussions		36 Hrs.																																																																																													
▪ Readings, tutorial exercises and revision		60 Hrs.																																																																																													
<b>Total student study effort</b>		<b>135 Hrs.</b>																																																																																													
<p><b>Reading List and References</b></p>	<p><b><u>Recommended Textbooks</u></b> Zimelman and Albrecht, <i>Forensic Accounting</i>, latest edition, CENGAGE. Leung, Coram, Cooper and Richardson <i>Modern Auditing &amp; Assurance Services</i>, latest edition, Wiley (note that this is the textbook for AF4228 Auditing and Assurance)</p> <p><b><u>References</u></b> Gul, F.A., <i>Hong Kong Auditing: Economic Theory and Practice</i>, City University of Hong Kong Press, latest edition.</p>																																																																																														

*Beasley, Mark, Frank Buckless, Steven Glover and Douglas Prawitt, Auditing Cases: An Interactive Learning Approach, latest edition, Prentice Hall.*

*Knapp, Michael, C., Contemporary Auditing: Issues and Cases, latest edition, Thomson.*

**Kwok, B.K.B., Accounting Irregularities in Financial Statements: A Definitive Guide for Litigators, Auditors and Fraud Investigators. latest edition, Gower Publishing.**

**KPMG, 2003 Fraud and Misconduct Diagnostic Survey: Hong Kong, KPMG, 2003.**

**PricewaterhouseCoopers, Economic Crime Survey 2003, PricewaterhouseCoopers, 2003.**

**PricewaterhouseCoopers (PwC), Economic Crime Survey 2003: Asia Pacific, PwC, 2003.**

*Robertson, Jack C., Fraud examination for managers and auditors, FEMA, Latest Edition.*

*Rezaee, Zabihollah, Financial Statement Fraud, John Wiley and Sons Inc. Latest Edition.*

*Other Resources*

**Auditing, Assurance and all other relevant Standards, and Code of Ethics for Professional Accountants issued by Hong Kong Institute of Certified Public Accountants.**

**Journal of Forensic Accounting:**  
<http://edwardspub.com/journals/JFA/consider.html>

**Association of Certified Fraud Examiners:** <http://www.cfenet.com/home.asp>

**Forensic Accountants' Society of North America:** <http://www.fasna.org/>