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Auditing Case Study Simulation for Conceptual Understanding

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Recent criticism of business degrees by the Business Council of Australia in their report ‘Higher Education: Lifting the Quality of Teaching and Learning’ raises the question as to how soft-skills can be increasingly integrated into technical focused curriculum such as that in accounting. The report notes:

The productivity performance of every business depends on the ability of people with up-to-date knowledge who can work effectively with others, make use of new ideas and contribute to innovation. Increasingly this is taking place in workplaces that are globally connected and with people who are international in their outlook and have the capabilities to match.

In relation to the subject Auditing and Assurance Services at both undergraduate and postgraduate levels, a lack of experience and the nature of the subject often leads to students only gaining a surface understanding of the audit process. Recent QOT evaluations have identified that students do not like the theoretical nature of the subject and desire a more practical focus. Responding to this is made difficult given it is not possible to show students the actual workings of an audit or audit firm due to confidentiality issues.

For many students the real audit process remains a mystery. Thus the development of this case study simulation is aimed at bringing a ‘real life’ element into the subject curriculum as well as the review of financial data used to produce financial statements. The simulation will enable students to interact as auditors in a simulated environment and incorporate practical elements of the audit process into student learning, a feature that is often lacking in auditing education.

The project consists of two stages:

**Stage 1**
A literature review and conduct of focus groups to answer the following questions:

- What conceptual understandings and practical skills in auditing are most important from the perspective of:
  - Current accounting education research?
  - Students currently working in audit firms?
  - Recent graduates in audit firms?
  - Audit managers/partners in audit firms?
- How can conceptual understanding be enhanced by practical application?
- What concepts need to be included in the case study simulation that meets the areas identified?
Stage 2
Development of a case study simulation that will enable students to complete audit testing and evidence gathering in relation to a hypothetical company.

The case study would link back to previous studies in accounting and potentially use a computer accounting system (such as QuickBooks). The case study will require students to consider the audit evidence gained from audit testing. A particular focus is to use the conceptual understandings and practical skills identified by the industry in Stage 1 as the basis for the development of the case study. This will enable a clearer link between theoretical auditing concepts and expectations of graduates in the area.

The case study simulation will be written such that it can be used either as a teaching resource and/or as the basis for an assessment task. It is also anticipated that this would become a framework for other case studies to be included as they are developed.