



Group Assessment Details and Submission Guidelines	
Trimester	T1 2020
Unit Code	HI6026
Unit Title	Audit, Assurance and Compliance
Assessment Type	Group Assignment
Assessment Title	Demand for Corporate Governance and Audit Committee
Purpose of the assessment (with ULO Mapping)	<p>Students are required to research the factors which create the demand for assurance and consider the benefits of assurance for key stakeholders, including those employed by the client company as well as the general public at large.</p> <p>Learning Outcomes:</p> <ol style="list-style-type: none"> 1. Demonstrate an understanding of the reporting requirements of auditing standards (ULO 1) 2. Identify the elements of the financial report audit process (ULO 3) 3. Understand the audit planning procedures, evaluate the business risk and assess the internal control (ULO 4)
Weight	40% of the total assessments
Total Marks	40
Word limit	Maximum 3,000 words
Due Date	Week 10
Submission Guidelines	<ul style="list-style-type: none"> • All work must be submitted on Blackboard by the due date along with a completed Assignment Cover Page. • The assignment must be in MS Word format, single spacing, 12-pt Arial font and 2cm margins on all four sides of your page with appropriate section headings and page numbers. • Reference sources must be cited in the text of the report, and listed appropriately at the end in a reference list using Harvard referencing style.

Assignment Specifications

Purpose

This assignment aims to enhance students' critical thinking skills and higher order application abilities by researching what the key factors are which create the **Demand for Corporate Governance and Audit Committee**. Students will also need to consider the benefits of assurance services to key stakeholders including: Shareholders, Directors, Creditors, Suppliers, Customers, Regulators and potential investors.

The assignment structure must be as follows:

- 1. Holmes Institute Assignment Cover Sheet – Full Name, Student No., Campus, Session No.**
- 2. Executive Summary-**
 - The Executive summary should be concise and not involve too much detail.
 - It should make commentary on the main points **only** and follow the sequence of the report.
 - Write the Executive Summary **after the report is completed**, and once you have an overview of the whole text.
 - The Executive Summary appears on the first page of the report.
- 3. Contents Page** – This needs to show a logical listing of all the sub-headings of the report's contents. Note this is excluded from the total word count.
- 4. Introduction** – A short paragraph which includes background, scope and the main points raised in order of importance. There should be a brief conclusion statement at the end of the Introduction.
- 5. Main Body Paragraphs** - with numbered sub-headings – Detailed information which elaborates on the main points raised in the Introduction. Each paragraph should begin with a clear topic sentence, then supporting sentences with facts and evidence obtained from research and finish with a concluding sentence at the end.
- 6. Conclusion** – A logical and coherent evaluation based on a thorough and an objective assessment of the research performed.
- 7. Appendices** – Include any additional explanatory information which is supplementary and/ or graphical to help communicate the main ideas made in the report. Refer to the appendices in the main body paragraphs, as and where appropriate. (Note this is excluded from the total word count.)

Assignment Topic – *The Demand for Corporate Governance and Audit Committee.*

- (a) “Audit committees do not prepare financial reports, nor do they conduct audits. But they have an essential role to play in ensuring the integrity and transparency of corporate reporting” – explain what is the role of an audit committee in ensuring the integrity and transparency of corporate reporting? Is an audit committee mandatory in Australia? **(9)**
- (b) What do the ASX Corporate Governance Principles say about having an internal audit function? **(5)**
- (c) Baxby Fashion Ltd is a long-established Australian company, based in Brisbane that manufactures office cloths. Started in 1995 as a family-owned business, it expanded rapidly with branches around Australia and was listed on the Australian Securities Exchange (ASX) in 2000. The governance structure of Baxby Fashion includes seven directors, four of whom are executive directors and three of whom are non-executive directors. The four executive directors are Sue Berry (CEO), Gordon Dawn (CFO), Neal Arthur (marketing director) and Bluberry Richard (chief information officer). The three non-executive directors are Rogers Burrit (who joined the board in 2013 as the independent chair), Lucy Brian (a widely recognised furniture designer) and Tully McDonald (a solicitor who has been on the board since Baxby Fashion was listed). The Baxby Fashion board has three subcommittees: remuneration, nomination and audit. The audit committee consists of Tully McDonald (chair), Bluberry Richard and Lucy Brian. Provide three compliance concerns with the current structure of the audit committee, according to the ASX’s Corporate Governance Principles and Recommendations. Explain your answers. **(10)**
- (d) From 2014, Baxby Fashion Ltd, which recently listed on the ASX, was established by Tully McDonald to provide high-quality fashion products based on the latest trends at reasonable prices. At the June 2018 board meeting, Tully McDonald, who is currently the chair, advised the rest of the board that he had just signed an agreement to set up and run fashion-watch kiosks in large department stores, in a major venture with Colette Hayman Handbags, a fashion handbag manufacturer. The board was stunned that this was the first that they had heard of the venture, and the CFO, Gordon Dawn, expressed concern that they had no experience of this type of operation and that they knew nothing about Colette Hayman Handbags. However, Tully said that it was a ‘done deal’ and that he was confident of its success. He said he was very impressed with Mark Hayman from Colette Handbags, with whom he had held several meetings to discuss the project, and that he expected future sales arising from the venture to be significant. Identify two key ASX Corporate Governance Council principles that have been breached and explain how Tully has breached them. **(10)**

Resources and Reference Links:

1. Textbook: Gay & Simnett, Auditing & Assurance Services in Australia, 7th Edn, McGraw Hill Education, 2018
2. <https://www.asx.com.au/documents/regulation/cgc-principles-and-recommendations-fourth-edn.pdf>
3. <https://www.iaasb.org/focus-areas/focus-audit-quality>
4. <https://www.cpaaustralia.com.au/~/media/corporate/allfiles/document/professional-resources/auditing-assurance/evolving-roles-of-audit-committees.pdf?la=en>
5. <https://asic.gov.au/regulatory-resources/financial-reporting-and-audit/auditors/internal-audit/>

Group Formation and Assignment Submission

Students are required to work on the assignment in **groups of 4** produce a group report.

Assessment items must be submitted on Blackboard. The written assignment must be in a **report format** and submitted through **safe-assign prior to final submission**. The originality percentage should be **as low as possible**. The written submission must be double-checked, edited and rephrased if the originality percentage and plagiarism risk is noted as **Medium** or **High**, as per safe-assign.

Marking Criteria

Group Assignment Marking Criteria	Weighting	Marks
Executive Summary	2%	2 marks
Clear description of audit committee's essential role in ensuring the integrity and transparency of corporate reporting" and mandatory rotation of audit committee	9%	9 marks
Clear description of ASX Corporate Governance Principles say about having an internal audit function.	5%	5 marks
Discuss three compliance concerns of Baxby fashion Ltd. with the current structure of the audit committee, according to the ASX's CGC Principles and Recommendations	10%	10 marks
Identify two key ASX Corporate Governance Council principles that have been breached and explain how Edward has breached them.	10%	10 marks
Overall presentation, Punctuation, spelling, grammar, word choice, academic English expression	2%	2 mark
Correct referencing, In-text citation, acknowledgement of sources, consistency	2%	2 marks
Weight	40%	40 Marks
Total Marks		40 marks

Marking Rubric

	High Distinction (80-100)	Distinction (70-79)	Credit (60-69)	Pass (50-59)	Fail (0-49)
Executive Summary (2 marks)	Very effectively written synopsis with clear communication of the main points in a concise paragraph.	Competently composed a strong synopsis. The main points are communicated well.	Synopsis is well written with all the expected points raised.	Synopsis is clearly written, but it is brief or has some errors.	Synopsis is deficient and poorly written. Too brief.
The important role of audit committee in Financial Reporting and mandatory audit committee and Mandatory effect of audit committee (9 marks)	Main points are logically ordered; sharp sense of structuring and arrangement of key information. Supporting details are specific to the main points and adequate facts and other evidence is provided and well-articulated	There is good points raised. Paragraphing is noted, and there is sufficient detail with effective supporting examples and evidence.	There are valid points raised, paragraphing is noted, and there are some examples provided with supporting evidence.	There are valid points raised, but either there is not enough description or examples or they are not provided or explained in enough detail. Minor structuring issues.	There are irrelevant or incorrect information provided. Poorly organized; no logical progression. No structure.
ASX Corporate Governance Principles recommendation about internal audit function (5 marks)	Clear, concise, compelling discussion of recommendations about internal audit function.	Very good discussion of recommendations about internal audit function	Good discussion of recommendation s about internal audit function	Adequate discussion of recommendations about internal audit function	Unable to present of recommendations about internal audit function
Compliance concerns of Baxby fashion Ltd. with the current structure of the audit committee, according to the ASX's CGC Principles and Recommendations (10 marks)	Clear, concise, compelling discussion of Compliance concerns of Baxby fashion Ltd. with the current structure of the audit committee, according to the ASX's CGC Principles and Recommendations	Very good discussion of Compliance concerns of Baxby fashion Ltd. with the current structure of the audit committee, according to the ASX's CGC Principles and Recommendations	Good discussion of Compliance concerns of Baxby fashion Ltd. with the current structure of the audit committee, according to the ASX's CGC Principles and Recommendation	Adequate discussion of Compliance concerns of Baxby fashion Ltd. with the current structure of the audit committee, according to the ASX's CGC Principles and Recommendations	Unable to present of Compliance concerns of Baxby fashion Ltd. with the current structure of the audit committee, according to the ASX's CGC Principles and Recommendations
Identify key ASX Corporate Governance Council principles that have been breached and explain how Edward has breached them. (10 marks)	Clear, concise, compelling discussion of the identification of key ASX Corporate Governance Council principles that have been breached and explain how Edward	Very good discussion of the identification of key ASX Corporate Governance Council principles that have been breached and explain how	Good discussion of the identification of key ASX Corporate Governance Council principles that have been breached and	Adequate discussion of the identification of key ASX Corporate Governance Council principles that have been breached and explain how	Unable to present of the identification of key ASX Corporate Governance Council principles that have been breached and explain how Edward has breached them

	has breached them	Edward has breached them	explain how Edward has breached them	Edward has breached them	
Overall Presentation of Assignment (2 marks)	Include all elements and is very well presented. Writing flows clearly and sections are linked very effectively.	Include all elements and is well presented. Writing flows clearly and sections are linked effectively.	Include all elements and is generally presented appropriately. Writing mostly flows well and sections are linked.	Include most elements and is adequately presented. Writing sometimes does not flow clearly leaving the paper to seem disjointed in areas.	Lack key elements and is poorly presented. Writing does not flow clearly leaving the paper to seem disjointed.
Referencing and Citation (2 marks)	References are consistently correct using Harvard style. No missing citations. A strong reference list with relevant and credible sources used. Evidence of extensive research.	References are consistently correct using Harvard style. No missing citations. References used are good, but not extensive.	Generally, correct referencing using Harvard style. More references are required.	Some references are used, but not used consistently. Not enough research done.	References are missing or do not comply with correct referencing style.