



Diploma in Accounting & Finance (519) – Auditing & Assurance

Prerequisites: Knowledge of accounting terminology.	Corequisites: A pass or higher in Diploma in BA & Computer Systems or equivalence.
Aim: The aim of the course is to review the fundamental role of auditing and the profession, enabling candidates to develop an understanding of selected current issues facing the profession, focusing on the Generally Accepted Auditing Standards (GAAS), the ethical and legal responsibilities of auditing, and the auditing procedures and sampling techniques, including working papers and audit reports, and internal control evaluation. The role and responsibilities of external auditors, auditing process, auditing reports and procedures, auditing standards, internal control, risk control as well as audit decision making and evidence accumulation. The course will enable an internal auditor to furnish top management with analysis, appraisals, recommendations, counsel, and information concerning the activities audited. In addition, the scope will encompass the internal auditing process, internal auditing skills, management control and information technology, and the audit environment.	
Required Materials: Recommended Learning Resources.	Supplementary Materials: Lecture notes and tutor extra reading recommendations.
Special Requirements: The course requires a combination of lectures, demonstrations and discussions.	
Intended Learning Outcomes:	Assessment Criteria:
1 Analyse the nature, purpose and scope of audit and review	1.1 Explain the nature, development and social role of audit and review. 1.2 Explain the concept of accountability, stewardship and agency. 1.3 Describe Reporting as a means of communication to different stakeholders and the importance of stakeholder dialogue. 1.4 Explain the High level of assurance provided by audit assignments and risk-based approaches; the moderate level of assurance provided by review assignments and procedural approaches; assignments in which no assurance is provided. 1.5 Define Value- for- Money Auditing
2 Understand statutory audits	2.1 Describe the UK regulatory framework in which statutory audits take place. 2.2 Describe the development and status of the Audit Practices Board Statements of Auditing Standards and their relationship with International Standards on Auditing. 2.3 Describe reasons for, and mechanisms for, the regulation of auditors by governments and other regulatory agencies including other UK Standard-setters. 2.4 Describe the types of opinions provided in statutory audit assignments. 2.5 Define limitations of Statutory Audits.
3 Understand the process of internal audit	3.1 Explain the development and role of

<p>and review</p>	<p>internal audit in achieving corporate objectives and as part of good corporate governance practice.</p> <p>3.2 Describe the function of internal audit in the context of Corporate Risk Management and Organisational control.</p> <p>3.3 Outline the relative merits of outsourcing internal audit and internal review services to external auditors and others, and the associated problems.</p> <p>3.4 Differentiate between the role of external audit and internal audit.</p> <p>3.5 Describe the scope of internal audit work and the limitations of the internal audit function.</p> <p>3.6 Explain the Nature and purpose of internal review assignments including Value for money, Best value, IT and Financial.</p> <p>3.7 Explain the Nature and purpose of operational internal audit and review assignments.</p> <p>3.8 Types of reports provided in Internal Audit and Internal Review assignments.</p>
<p>4 Describe Professional Ethics. Analyse the professional code of conduct.</p>	<p>4.1 Describe the sources of, and enforcement mechanism associated with ethics and professional codes of conduct.</p> <p>4.2 Define the fundamental concepts of ethics.</p> <p>4.3 Define the detailed requirements of, and illustrate and analyse the application of, professional ethics in the context of independence, objectivity and integrity.</p> <p>4.4 Distinguish between the elements of professional ethics applicable to internal auditors and those applicable to external auditors.</p> <p>4.5 Describe the responsibilities of internal and external auditors for the prevention and detection of fraud and error.</p> <p>4.6 Describe the requirements of professional ethics and other requirements in relation to the acceptance of audit and review assignments.</p> <p>4.7 Define the detailed requirements of, and illustrate and analyse the application of Professional ethics in the context of confidentiality and conflicts of interest.</p> <p>4.8 Describe the importance of engagement letters and describe their content.</p>
<p>5 Describe preliminary planning procedures</p>	<p>5.1 Describe the sources and nature of information gathered in planning audit and review assignments.</p> <p>5.2 Describe the purpose of analytical procedures in planning and illustrate the application of such procedures.</p> <p>5.3 Describe the components of risk and the use of information technology in risk analysis.</p> <p>5.4 Illustrate the application of risk analysis.</p>




<p>6 Describe the work plan, the work program and documentation.</p>	<p>5.5 Define and illustrate the concept of materiality and tolerable error.</p> <p>6.1 Distinguish between risk based, procedural and other approaches to audit and review work.</p> <p>6.2 Describe and illustrate the contents of work plans and work programs.</p> <p>6.3 Explain the importance of documentation and describe the nature of documentation required for different types of assignments.</p> <p>6.4 Illustrate the use of Information technology in preparing work programs and work plans.</p>
<p>7 Understand the work of others</p>	<p>7.1 Describe the extent to which external auditors are able to rely on the work of Internal Audit, Experts and Service organisations.</p> <p>7.2 State the conditions that must be met before reliance can be placed on the work of others</p> <p>7.3 State the planning considerations in coordinating the work of others.</p> <p>7.4 State the extent to which reference to the work of others can be made in audit and review reports.</p>
<p>8 Analyse internal controls</p>	<p>8.1 Describe the objectives of internal control systems and the responsibility for internal control systems in the context of organisational objectives.</p> <p>8.2 Describe the importance of Internal Control auditors.</p> <p>8.3 Describe and illustrate the limitations of internal control system in the context of fraud and error.</p> <p>8.4 Explain the need to modify the audit plan in the light of the results of tests of control.</p>
<p>9 Analyse internal controls for Sales and Purchases</p>	<p>9.1 Describe, illustrate and analyse how internal control systems over sales and purchase transaction cycles operate in both large and small entities.</p> <p>9.2 Describe and illustrate the use by auditors of internal control checklist for Sales and Purchase transaction cycles.</p> <p>9.3 Describe and tabulate test of controls of sales and purchases for inclusion in a work program.</p> <p>9.4 Explain and illustrate how structural and operational weaknesses in Sales and Purchases systems should be reported to management.</p>
<p>10 Analyse internal controls for revenue and capital expenditure</p>	<p>10.1 Describe, illustrate and analyse how internal control systems over revenue and capital expenditure transaction cycles operate in large and small entities.</p> <p>10.2 Describe and illustrate the use by auditors of internal control checklist for</p>

		revenue and capital expenditure transaction cycles.
	10.3	Describe and tabulate tests of control of revenue and capital expenditure for inclusion in a work program.
	10.4	Explain and illustrate how structural and operational weaknesses in revenue and capital expenditure systems should be reported to management.
11	Analyse internal controls for inventories	11.1 Describe, illustrate and analyse how internal control systems over the Inventories of transaction cycle operate in both large and small entities.
		11.2 Describe and illustrate the use by auditor of internal control check lists for the stock transaction cycle.
		11.3 Describe and tabulate test of control of stock for inclusion in a work programme.
		11.4 Explain and illustrate how structural and operational weaknesses in stock systems should be reported to management.
12	Analyse internal controls for payroll, bank and cash	12.1 Describe, illustrate and analyse how internal control systems over the payroll transaction cycle operate in both large and small entities.
		12.2 Describe and illustrate the use by auditors of internal control checklist for the payroll transaction cycle.
		12.3 Describe and tabulate tests of control of payroll for inclusion in a work program.
		12.4 Explain and illustrate how structural and operational weaknesses in payroll systems should be reported to management.
		12.5 Describe, illustrate and analyse how internal control systems over the bank and cash transaction cycles operate in both large and small entities.
		12.6 Describe and illustrate the use by auditor of internal control check list for the bank and cash transaction cycle.
		12.7 Describe tests of control of bank and cash for inclusion in a work program
		12.8 Explain and illustrate how structural and operational weaknesses in bank and cash systems should be reported to management.
13	Explore audit and review evidence collection techniques. Analyse the auditing and reviewing evidence.	13.1 Describe and illustrate the application of the basic principles of statistical sampling and other selective testing procedures.
		13.2 Describe and illustrate the use of computer assisted techniques used in obtaining evidence.
		13.3 Describe the sources and relative merits of the different types of evidence available.
		13.4 Describe the financial statement assertions commonly reported on and principle and objectives of balance and

<p>14 Analyse auditing and reviewing evidence on receivables, inventories and prepayments</p>	<p>transaction testing.</p> <p>13.5 Distinguish between the interim and the final audit.</p> <p>13.6 Describe and illustrate how analytical procedures are used as substantive procedures.</p> <p>13.7 Explain the problems associated with the audit and review of accounting estimates.</p> <p>13.8 Describe the types of evidence available in smaller entities.</p> <p>14.1 Describe and tabulate for inclusion in a work program the substantive procedures used in obtaining evidence in relation to receivables and prepayments, and related income statement entries.</p> <p>14.2 Explain the purpose of substantive procedures in relation to financial statement assertions concerning debtors and payments.</p> <p>14.3 Describe and tabulate for inclusion in a work program the substantive procedures used in obtaining evidence in relation to Inventories.</p> <p>14.4 Explain the purpose of substantive procedures in relation to financial statement assertions concerning Inventories.</p>
<p>15 Analyse auditing and reviewing evidence on current liabilities, bank and cash</p>	<p>15.1 Describe and tabulate for inclusion in work program the substantive procedures used in obtaining evidence in relation to current liabilities and accruals, and the related income statement entries.</p> <p>15.2 Explain the purpose of substantive procedures in relation to financial statement assertions concerning current liabilities and accruals.</p> <p>15.3 Describe and tabulate for inclusion in work program the substantive procedures used in obtaining evidence in relation to bank and cash, and the related income statements entries.</p> <p>15.4 Explain the purpose of substantive procedures in relation to financial statement assertions concerning bank and cash.</p>
<p>16 Analyse auditing and reviewing evidence on tangible fixed assets and long-term liabilities.</p>	<p>16.1 Describe and tabulate for inclusion in a work program the substantive procedures used in obtaining evidence in relation to tangible fixed assets and long-term liabilities and the related statement entries.</p> <p>16.2 Explain the purpose of substantive procedures in relation to financial statement assertions concerning tangible assets and long-term liabilities.</p>
<p>17 Understand going concern reviews</p>	<p>17.1 Explain the importance of going concern reviews.</p> <p>17.2 Describe the procedures to be applied in performing going concern reviews.</p>

18	Understand how to produce the audit report	17.3	Describe the disclosure requirements relating to going concern issues.
		17.4	Describe and the reporting implications of the findings of going concern reviews.
		18.1	Describe, illustrate and analyse the format and content of unmodified modified statutory audit reports.
		18.1	Describe and analyse the format and content of external review report.
19	Analyse audit for not-for-profit organisations	18.1	Describe, illustrate and analyse the format and content of: unmodified and modified review reports and reports dealing with recommendations for the enhancement of business performance.
		19.1	Apply audit and review techniques to small not-for-profit organisations.
		19.2	Explain how the audit and review of small not-for-profit organisations (including the Public Sector) differs from the audit and review of commercial entities.
20	Explain the nature of computerised auditing and discuss its advantages and disadvantages.	20.1	Describe the procedures for computerized auditing
		20.2	Analyse computerized auditing methods

Recommended Learning Resources: Auditing & Accountability

Text Books	<ul style="list-style-type: none"> • Auditing (Paperback) by Alan Millichamp. ISBN-10: 1844809404 • Implementing Auditing Procedures (Paperback) by John Taylor. ISBN-10: 187296298X • The Audit Process: Principles, Practice and Cases (Paperback) by Iain Gray; Stuart Manson. ISBN-10: 1844806782
Study Manuals 	BCE produced study packs
CD ROM 	Power-point slides
Software 	None

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