**AU-370 Audit and Internal Control**

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| Resource Person: | Saqib Farid |
| Email: | Saqib.farid@umt.edu.pk |
| Contact Hours: | To be shared in class |
| Office Address: | 3N/09 |
| Programme: | BS Accounting and Finance |
| Section: | A |
| Semester: | Fall 2022 |
| Course Pre-requisites: | / |
| Credit Hours: | 3 |
| Course Type: | On Campus |
| Venue/Day/Time: |  |
| Course URL (if any): | / |

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| **Course Description:** |
| This course focuses on the role of external auditing with respect to financial review, control, accountability, and assurance. The aim is to enable the students to apply relevant knowledge, skills, and exercise professional judgment in analyzing, evaluating, concluding and reporting on the assurance engagement and other audit and assurance issues in the context of best practice and current developments. In this course emphasize is also given on the development and implementation of internal control function in the companies.  |

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| **Course Teaching Methodology:** |
| We will be conducting classes online through ZOOM and classes will follow a basic structure of introduction to topics and coverage of topics through class practice.List of methodologies that will be used in the class –example are given below* Interactive Classes
* Case based teaching
* Class activities
* Applied Projects
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| **Programme Educational Objectives (POs):** |
| PO-1 | Critical Thinking and Decision Making |
| PO-2 | Effective Communication Skills |
| PO-3 | Ethics and Sustainability |
| PO-4 | Core Business Knowledge and Competence |
| PO-5 | Effective Teamwork and Leadership Skills |
| PO-6 | Industry Focus |
| PO-7 | Global Perspective (Internationalization) |
| PO-8 | Market Knowledge |
| PO-9 | Professional Track |

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| **Programme Learning Outcomes (PLOs):****After completing this degree programme, students shall be able to:** |
|  | **Mapping the PLOs with POs** |
| PLO-1 | Graduates must be able to use analytical and reflective thinking techniques to identify and analyze problems, develop viable alternatives, make effective decisions and apply appropriate quantitative and qualitative techniques in solving business problems. | PO-1 |
| PLO-2 | Graduates must be able to draft effective business documents and prepare and deliver effective oral business presentations using a variety of appropriate technologies. | PO-2 |
| PLO-3 | Graduates must be able to identify and analyze ethical conflicts and sustainability issues involving different stakeholders in order to develop viable alternatives and make effective decisions relating to business ethics and sustainability. | PO-3 |
| PLO-4 | Graduates must be able to demonstrate competency in the underlying concepts, theory and tools taught in the core undergraduate curriculum. | PO-4 |
| PLO-5 | Graduates must be able to work effectively in teams and understand group processes, leadership, conflict, power and culture in organizations. | PO-5 |
| PLO-6 | Graduates must be able to understand the dynamics of local industry and understand business as an integrated system and apply strategic planning tools to coordinate among the functional areas.  | PO-6 |
| PLO-7 | Graduates must be able to identify and analyze relevant global factors that influence decision-making and develop viable alternatives and make effective decisions in an international business setting. | PO-7 |
| PLO-8 | Graduates must be able to know, and work in financial markets and roles within current trends and practices at both operational and strategic levels. | PO-8 |
| PLO-9 | Graduates must be able to possess and reflect the required learning to be able to earn professional credentials in the area of Accounting and Finance including CA and ACCA. | PO-9 |
| PLO-10 |  |  |

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| **Course Objectives (COs)** |
| CO-1 | Understand the need and importance of audit for companies |
| CO-2 | An extensive understanding regarding audit cycle from accepting an audit engagement up to audit reporting |
| CO-3 | Understand the process of development and implementation of internal control function in the companies |
| CO-4 |  |

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| **Course Learning Outcomes (CLOs):****After completing this course, students shall be able to:** |
|  | **Mapping the CLOs with PLOs** |
| CLO-1 | Nature and need for audit |  |
| CLO-2 | Objectives and scope of audit |  |
| CLO-3 | Complete engagement procedures |  |
| CLO-4 | Planning audit engagement |  |
| CLO-5 | Compilation of Audit evidence  |  |
| CLO-6 | Nature and development of internal controls |  |
| CLO-7 | Performing tests of controls |  |
| CLO-8 | Application of audit procedures |  |
| CLO-9 | Sampling procedure |  |
| CLO-10 | Application of audit procedures |  |
| CLO-11 | Finalization of Audit Process |  |
| CLO-12 | Audit reports |  |
| CLO-13 | Nature and scope of internal audit |  |

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| **Assurance of Learning and Assessment Items:***Specify Assessment Items that will assure student learning through application and achieve objectives of specific PLOs / COs / CLOs* |
| **Assessment Item** | **Application/ Objectives****PLO / CO / CLO** |
| Class activities / Presentations / Assignments |  |
| Project  |  |
| Mid Term Examination |  |
| Final Term Examination |  |

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| **Assessment Structure and Grading Policy\*:** |
| **Assessment Item** | **Weight (%)** | **Execution Plan** |
| Class activities / Presentations / Assignments | 20 | Spread out during the semester |
| Project | 20 | To be conducted at the end of the semester |
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| Mid-term exam | 25 | One-time assessment |
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| Final exam | 35 | One-time assessment |
| **Total**  | **100** |  |
| **Notes – Norms and Important Class Policies:***(such as submission guidelines, academic honesty, make-up policy, code of conduct)** Students are responsible to make every attempt to be on time, attend classes, keep their mobile phones on silent mode or airplane mode during classes
* Students should read their emails regularly for any class related updated
* Students are required to maintain 80% attendance in the course or they will received SA grade
* The results of activities, midterms and assignments are communicated to the participants during the semester rand they need to share any concerns timely with the instructor
* Any participant found using unfair means or assisting another participant during a class test/quiz, assignments or examination would be liable to disciplinary action.
* UMT –LMS (Moodle) is an Open Source Course Management System (CMS), also known as a learning Management System (LMS). Participants should regularly visit the course website on MOODLE Course Management system, and fully benefit from its capabilities. If you are facing any problem using moodle, visit http://oit.umt.edu.pk/moodle. For further query send your queries to moodle@umt.edu.pk
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*\*Rubrics for all assessments (including mid and final exams) will be provided separately to the students.*

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| **Weekly Sessions Plan:** |
| **Week** | **Topics / Contents** | **Activity** | **Application/Objectives****PLO / CO / CLO** |
| 1 | Introduction to audit and assurance services. The topics covered will include:* What is Audit?
* Audit theories
* Accounting and Stewardship
* Agency Theory
* Audit and Assurance
* Ethical considerations in Auditing Profession
 | Assignment  |  |
| 2 | **International Auditing standards, Regulations and Best practices.**The topics covered will include:* Objective and general principles of audit
* Appointment of auditors
* Duties of auditors
* Rights of an auditor
* Internationalization of Auditing standards and practices
* Sustainability Auditing
 | Assignment |  |
| 3 | **Audit Engagement**The topics covered will include:* Accepting audit engagement
* Agreeing the terms of engagement
* Letter of engagement and its contents
 | Class Activity |  |
| 4 | **Audit Planning and Documentation**The topics covered will include:* Audit planning
* Overall audit strategy
* Audit documentation and audit files
 | Class Activity |  |
| 5 | **Audit Evidence**The topics covered will include:* Definition of Audit evidence
* Sufficient and appropriate audit evidence
* Financial statement assertions
* Audit procedures to obtain audit evidence
 | Class Activity |  |
| 6 | **Internal Control**The topics covered will include:* Designing internal controls
* Types of internal control
* Internal control

questionnaires* Components of internal control
* Risk based approach
* Internal control evaluation
* Preliminary evaluation of controls
* Audit testing and work programs
 | Various |  |
| 7 | **Test of Controls**The topics covered will include:* Sales system
* purchase system
* Inventory system
* Cash and bank system
* Payroll system
* Revenue
* Capital expenditure
* Expenses
* **Other items**
 | Various |  |
| 8 | Mid Term Examination | Exam |  |
| 9 | **Audit Procedures**The topics covered will include:* **Analytical and Substantive audit procedures**
 | Class Activity |  |
| 10 | **Audit Sampling**The topics covered will include:* **Designing of audit samples**
* **Evaluation the results**
 | Class Activity |  |
| 11 | **Audit of different Items**The topics covered will include:* Non-current assets
* Inventory
* Receivables
* Cash and bank
* Trade payables
* Accruals
* Non-current liabilities
* Provisions and contingencies
* Capital and other issues
* Purchases
* Sales
* Expenses
* Other items
 | Various |  |
| 12 | **Audit Review and Finalization**The topics covered will include:* Audit completion matters
 | Assignment |  |
| 13 | Audit **Reporting**The topics covered will include:* Legal and professional requirements
* Audit report
* Main elements of an Audit report
* Significance of opinion paragraph
* Types of audit reports
* Qualified Audit reports
* Circumstances when disagreement may arise
 | Various |  |
| 14 | Internal AuditThe topics covered will include:* Nature of internal audit
* Difference between external audit and internal audit
* Scope of internal audit
* Internal audit assignments
* Internal audit reports
* Outsourcing of internal audit functions
* Considering the work of internal auditor
 | Various |  |
| 15 | Revision of the course |  |  |
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| 17 | Final Term Examination |  |  |

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| **Primary Text Book (s):** |
| * Auditing by Milli Champ
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| **Reference / Supplementary Reading (s):** |
| * Accounting Information Systems by James. A.Hall
* Audit and Assurance (ACCA - F8)
* International Standards on Auditing by IAASB.
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| **Useful Online / Web Resources:** |
| * https://www.iaasb.org
* https://www.secp.gov.pk
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