**AU-470 Audit and Assurance Services**

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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: | Spring 2022 |
| Course Pre-requisites: | / |
| Credit Hours: | 3 |
| Course Type: | Online |
| Venue/Day/Time: | Thursday : 08.00 a.m. to 11.00 a.m. |
| Course URL (if any): | / |

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| **Course Description:** |
| The objective of this course is to recognize the role of internal and 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 has been increased on business risk, corporate governance, the quality of financial reporting, and the emerging forms of assurance services. Intensive use of IT/EDP trends present challenges to the auditing profession. The objective is to be ahead of the curve of in dealing with technology, risk and changing audit approaches. |

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| **Course Teaching Methodology:** |
| The course will boost student learning and interest by having:* Interactive Classes
* Case-based teaching
* Class activities
* Applied Projects

Experiential Learning |

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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 | To introduce the concept and definition of assurance services  |
| CO-2 | Various types of insurance services and their relevant regulations |
| CO-3 | To introduce students to ethical principles of the auditing profession |
| CO-4 | To describe why external audit and other assurance services and conducted |
| CO-5 | To comprehensively explain the general process involved in auditing and assurance services |
| CO-6 | To discuss the current developments in auditing and other assurance services |

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| **Course Learning Outcomes (CLOs):****After completing this course, students shall be able to:** |
|  | **Mapping the CLOs with PLOs** |
| CLO-1 | The participants must fully comprehend the need and importance of business risk approach as foundation for audits | PLO-1, PLO-3, PLO-4, PLO-9 |
| CLO-2 | Developing Audit Plan | PLO-1, PLO-2, PLO-3, PLO-9 |
| CLO-3 | Developing Internal Control Questionnaire | PLO-1, PLO-2, PLO-3, PLO-4, PLO-9 |
| CLO-4 | Analytical Review Procedures | PLO-1, PLO-3, PLO-4, PLO-5, PLO-6, PLO-9 |
| CLO-5 | Audit Risk Assessment | PLO-1, PLO-4, PLO-9 |
| CLO-6 | Audit sampling Techniques | PLO-1, PLO-4, PLO-6, PLO-7, PLO-9 |
| CLO-7 | Conducting Audit in an IT based environment | PLO-1, PLO-4, PLO-6, PLO-7, PLO-9 |
| CLO-8 | Value for Money Audit | PLO-1, PLO-4, PLO-9 |
| CLO-9 | Use of CAATs | PLO-1, PLO-2, PLO-3, PLO-4, PLO-5, PLO-9 |
| CLO-10 | Operational Auditing Requirements | PLO-1, PLO-4, PLO-9 |
| CLO-11 | Types of audit Reports | PLO-1, PLO-4, PLO-6, PLO-8, PLO-9 |

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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 | **PLO-1, PLO-2, PLO-4, PLO-5, PLO-6, PLO-7, PLO-8, PLO-9** |
| Project  | **PLO-1, PLO-3, PLO-4, PLO-5, PLO-8, PLO-9** |
| Mid Term Examination | **PLO-1, PLO-4, PLO-6, PLO-7, PLO-8, PLO-9** |
| Final Term Examination | **PLO-1, PLO-4, PLO-6, PLO-7, PLO-8, PLO-9** |

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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** |
| 1-2 | Audit and Assurance* Audit definition
* Accountability and stewardship
* Agency theory
* Types of audit
 | Class Activity | PLO-1, PLO-4, PLO-9,CO-1, CO-2, CLO-1 |
| 3-4 | **Statutory audit and regulations*** Objective and general principles of audit
* Appointment of auditors
* Qualifications & disqualifications of auditor
* Duties of auditors
* Rights of an auditor
* International standards on auditing
* Internationalization of Auditing standards and practices
* Sustainability Auditing
 | Class Activity | PLO-2, PLO-3, PLO-5, PLO-6, PLO-7, PLO-9, CO-2, CLO-1 |
| 5 | Ethics* Ethical considerations in Auditing Profession
* Audit committee
* Professional ethics
 | Class Activity | PLO-3, PLO-5, PLO-8,PLO-9, CO-2, CO-3, CLO-1 |
| 6-7 | Audit engagement* Accepting audit engagement
* Agreeing the terms of engagement
* Letter of engagement and its contents
 | Presentations  | PLO-2, PLO-3, PLO-5, PLO-6, PLO-7, PLO-9, CO-2, CO-4, CLO-8, CLO-10 |
| 8-9-10 | **Internal controls*** Definition of internal control
* Designing internal controls
* Types of internal control
* Internal control questionnaires
* Internal control evaluation
* Preliminary evaluation of controls

Audit testing and work programs | Presentations | PLO-1, PLO-4, PLO-9, CO-5, CLO-3, CLO-4, CLO-5 |
| 11-12-13 | **Internal audit** 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
 | Class Activity | PLO-1, PLO-4, PLO-9, CO-5, CLO-3, CLO-4, CLO-5 |
| 14 | **Audit planning and documentation*** Audit planning
* Overall audit strategy
* Audit documentation and audit files
 | Class Activity | PLO-1, PLO-4, PLO-9, CO-5, CO-6, CL0-2 |
| 15 | **MIDTERM EXAMINATION** |  |  |
| 16-17 | **Risk assessment*** Introduction to risk and its components
* Materiality
* Understanding the entity and its environment
* Assessing the risk of material misstatement
* Responding to the risk assessment
* Types of risk
* Evaluation of control
* Fraud
* Laws and regulations
* Documentation of risk assessment
* Sampling
 | Class Activity  | PLO-1, PLO-4, PLO-6, PLO-7, PLO-9, CO-5, CO-6, CLO-5 |
| 18-19-20 | **Test of controls** | Project Simulation  | PLO-1, PLO-4 PLO-9, , CO-5, CO-6, CLO-3, CLO-4, CLO-10 |
| 21-22 | **Audit evidence*** Definition of audit evidence
* Sufficient and appropriate audit evidence
* Financial statement assertions
* Audit procedures to obtain audit evidence
 | Class Activity | PLO-1, PLO-4 PLO-9, , CO-5, CO-6, CLO-3, CLO-4, CLO-6, CLO-7, CLO-9, CLO-10 |
| 23-24 | **Audit procedures*** Analytical and substantive procedures
 |  | PLO-1, PLO-4 PLO-9, , CO-5, CO-6, CLO-3, CLO-4, CLO-6, CLO-7, CLO-9, CLO-10 |
| 25-26-27 | **Audit Review and Finalization** | Class Activity | PLO-1, PLO-4, PLO-6, PLO-7, PLO-8 PLO-9, CO-5, CO-6, CLO-8, CLO-10, CLO-11 |
| 28-29 | **Reporting:*** 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
 |  | PLO-1, PLO-2, PLO-4, PLO-5, PLO-9 CO-5, CO-6, CLO-11 |
| 15 | Revision of the course | Viva  |  |

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| **Primary Text Book (s):** |
| 1. Handouts by Resource Person
2. Auditing by Milli Champ
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| **Reference / Supplementary Reading (s):** |
| 1. Accounting Information Systems by James. A.Hall
2. Audit and Assurance (ACCA - F8)
3. International Standards on Auditing by IAASB.
4. Auditing – Concepts for changing Environment by Rittenberg and Schwieger
5. Auditing Today by Emile Wolf
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| **Useful Online / Web Resources:** |
| * https://www.iaasb.org
* https://www.secp.gov.pk
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