



University of Management and Technology

Dr Hasan Murad School of Management (HSM)

Course Title: **Audit & Internal Control**
Course Code: **AU-370**
Resource Person:
Department: **Banking and Finance**

HSM Vision

HSM envisions its success in the sustainable contribution that it will make to the industry, academia and research in public and private sector. HSM will lead by providing professionally competent and ethically conscious human resources engaged in the global and local context to foster socio-economic growth and sustainability for the society. HSM envisages having faculty with high research potential and a deep desire for cutting edge research including collaboration with national and international partners.

HSM Mission

Being a research-oriented and student-centric business school, we emphasize research publications in impact journals as well as state-of-the-art learning methodologies. We will prepare our students to become the future ethical business leaders and the guiding post for the society, while equipping them with the knowledge and skills required by world-class professionals. We will be the leading choice for organizations seeking highly talented human resource. HSM will foster internationalization with key stakeholders and actively work to exchange best practices with business schools across Pakistan through collaborations, workshops, conferences and other means.

Program Objectives

This unique, professionally-oriented course has been designed to provide strong foundation to participants in finance, accounting and taxation it aims to equip participants with knowledge and competence in the field of business and commerce to pursue a professional carrier and to provide an environment that challenges the participants mind through competitive education that emphasizes on inculcating values then transforming them into socially responsible mangers and business leaders.

Moreover, the qualification further emphasizes the participant to meet the needs of entering into middle-level management for being placed as executives in various departments of the company such as finance, auditing, accounting, and taxation. It will provide you with a fast track to an accountancy qualification.

Course Objectives

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.

Learning Objectives

Study of this course aims at achieving the following objectives:

- Participants would clearly understand the need and importance of audit of companies.
- To explain the complete audit cycle from accepting an audit engagement upto audit reporting.
- To explain the process of development and implementation of internal control function in the companies.

Learning Outcomes

On completion of this course participants would be able to understand the:

- Nature and need for audit
- Objectives and scope of audit
- Complete engagement procedures

- Planning audit engagement
- Compilation of Audit evidence
- Nature and development of internal controls
- Performing tests of controls
- Application of audit procedures
- Sampling procedure
- Application of audit procedures
- Finalization of Audit Process
- Audit reports
- Nature and scope of internal audit

Teaching Methodology (List methodologies used -example are given below)

- Interactive Classes
- Case based teaching
- Class activities
- Applied Projects

STUDENTS ARE REQUIRED TO READ AND UNDERSTAND ALL ITEMS OUTLINED IN THE PARTICIPANT HANDBOOK

Class Policy:-

- **Be On Time**
You need to be at class at the assigned time. After 10 minutes past the assigned time, you will be marked absent.
- **Mobile Policy**
TURN OFF YOUR MOBILE PHONE!It is unprofessional to be texting or otherwise.
- **Email Policy**
READ YOUR EMAILS! You are responsible if you miss a deadline because you did not read your email. Participants should regularly check their university emails accounts regularly and respond accordingly.
- **Class Attendance Policy**
A minimum of 80% attendance is required for a participant to be eligible to sit in the final examination. Being sick and going to weddings are absences and will not be counted as present. You have the opportunity to use 6 absences out of 30 classes. Participants with less than 80% of attendance in a course will be given grade 'F' (Fail) and will not be allowed to take end term exams. International students who will be leaving for visa during semester should not use any days off except for visa trip. Otherwise they could reach short attendance.

- **Withdraw Policy**

Students may withdraw from a course till the end of the 12th week of the semester. Consequently, grade W will be awarded to the student which shall have no impact on the calculation of the GPA of the student. A Student withdrawing after the 12th week shall be automatically awarded “F” grade which shall count in the GPA.

- **Moodle**

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

- **Harassment Policy**

Sexual or any other harassment is prohibited and is constituted as punishable offence. Sexual or any other harassment of any participant will not be tolerated. All actions categorized as sexual or any other harassment when done physically or verbally would also be considered as sexual harassment when done using electronic media such as computers, mobiles, internet, emails etc.

- **Use of Unfair Means/Honesty Policy**

Any participant found using unfair means or assisting another participant during a class test/quiz, assignments or examination would be liable to disciplinary action.

- **Plagiarism Policy**

All students are required to attach a “Turnitin” report on every assignment, big or small. Any student who attempts to bypass “Turnitin” will receive “F” grade which will count towards the CGPA. The participants submit the plagiarism report to the resource person with every assignment, report, project, thesis etc. If student attempts to cheat “Turnitin”, he/she will receive a second “F” that will count towards the CGPA. There are special rules on plagiarism for final reports etc. all outlined in your handbook.

- **Communication of Results**

The results of quizzes, midterms and assignments are communicated to the participants during the semester and answer books are returned to them. It is the responsibility of the course instructor to keep the participants informed about his/her progress during the semester. The course instructor will inform a participant at least one week before the final examination related to his or her performance in the course.

Course Outline

Course code: **AU-370**

Course title: **Audit & Internal Control**

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|---|---------------------------|
| Program | BS-Accounting and Finance |
| Credit Hours | 03 |
| Duration | 15 Weeks/30 sessions |
| Prerequisites (If any) | NA |
| Resource Person Name and Email | |
| Counseling Timing (Room#) | |
| Contact no. | |
| Web Links:- (Face book, Linked In, Google Groups, Other platforms) | NA |

Chairman/Director Programme signature.....Date.....

Dean's signature.....Date.....

Grade Evaluation Criteria

Following is the criteria for the distribution of marks to evaluate final grade in a semester.

| Marks Evaluation | Marks in percentage |
|-------------------------|----------------------------|
| Quizzes | 05% |
| Assignments | 05% |
| Presentations | 10% |
| Class Activities | 10% |
| Project | 20% |
| Mid Term | 20% |
| <u>End Term Exam</u> | <u>30%</u> |
| Total: | 100 |

Recommended Text Books:

1. Handouts by Resource Person
2. Auditing by Milli Champ

Reference Books:

1. Accounting Information Systems by James. A.Hall
2. Audit and Assurance (ACCA - F8)
3. International Standards on Auditing by IAASB.

| No | Topics to be covered in the course | Learning Objective of this topic | Expected Outcomes from Students | Teaching Method | Assessment Criteria | Deadlines and Homework |
|----|--|---|--|----------------------|---------------------|------------------------|
| 1 | Audit and Assurance: | <ul style="list-style-type: none"> • What is Audit? • Audit theories • Accounting and Stewardship • Agency Theory • Audit and Assurance • Ethical considerations in Auditing Profession | Understating the nature and need for audit | Lecture & mini cases | Assignment | Within specified time |
| 2 | International Auditing standards, Regulations and Best practices : | <ul style="list-style-type: none"> • Objective and general principles of audit • Appointment of auditors • Duties of auditors • Rights of an auditor • Internationalization of Auditing standards and practices • Sustainability Auditing | | Lecture & mini cases | Quiz | Within specified time |
| 3 | Audit Engagement: | <ul style="list-style-type: none"> • Accepting audit engagement • Agreeing the terms of engagement • Letter of engagement and its contents | Students would be able to understand the complete engagement procedure | Lecture & mini cases | Quiz | Within specified time |
| 4 | Audit Planning and Documentation: | <ul style="list-style-type: none"> • Audit planning • Overall audit strategy • Audit documentation and audit files | Students would be able to understand that how to plan an audit engagement? | Lecture & mini cases | Assignment | Within specified time |

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| 5 | Audit Evidence: | <ul style="list-style-type: none"> • Definition of Audit evidence • Sufficient and appropriate audit evidence • Financial statement assertions • Audit procedures to obtain audit evidence | Students would be able to understand the audit evidence and how to get it? | Lecture & mini cases | Quiz | Within specified time |
| 6 | Internal Control: | <ul style="list-style-type: none"> • 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 | Students would be able to understand the nature and development of internal controls | Lecture & mini cases | Assignment | Within specified time |
| 7 | Test of Controls: | <ul style="list-style-type: none"> • Sales system • purchase system • Inventory system • Cash and bank system • Payroll system • Revenue • Capital expenditure • Expenses • Other items | Students would be able to understand that how to perform test of controls? | Lecture & mini cases | Assignment | Within specified time |

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|----|-------------------------------|--|--|----------------------|------------|-----------------------|
| 8 | | MIDTERM EXAMINATION | | | | |
| 9 | Audit Procedures: | Analytical and Substantive audit procedures. | Students would be able to understand the application of audit procedures | Lecture & mini cases | Assignment | Within specified time |
| 10 | Audit Sampling: | Designing of the samples and evaluation the results. | Students would be able to understand the sampling procedure | Lecture & mini cases | Quiz | Within specified time |
| 11 | Audit of different Items: | <ul style="list-style-type: none"> • 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 | Students would be able to understand the application of audit procedures | Lecture & mini cases | Assignment | Within specified time |
| 12 | Audit Review and Finalization | Audit completion matters. | Students would be able to understand that how to finalize audit? | Lecture & mini cases | Assignment | Within specified time |
| 13 | Reporting: | <ul style="list-style-type: none"> • Legal and professional requirements • Audit report • Main elements of an Audit report • Significance of opinion paragraph • Types of audit reports | Students would be able to understand the audit reports | Lecture & mini cases | Quiz | Within specified time |

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|----|------------------------|--|---|----------------------|------|-----------------------|
| | | <ul style="list-style-type: none"> • Qualified Audit reports • Circumstances when disagreement may arise | | | | |
| 14 | Internal Audit: | <ul style="list-style-type: none"> • 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 | Students would be able to understand the nature and scope of internal audit | Lecture & mini cases | Quiz | Within specified time |
| 15 | Revision of the course | | | | | |