

Course Unit Title	Auditing Theory and Practice I		
Course Unit Code	ABSA408		
Type of course unit:	Compulsory		
Level of course unit:	Bachelor (1st Cycle)		
Year of study:	3		
Semester when the unit is delivered:	5 (Fall)		
Number of ECTS credits allocated :	6		
Name of lecturer(s):	Dr. Andreas Georgiou		
Learning Outcomes of the course unit	<p>By the end of the course, the students should be able to:</p> <ol style="list-style-type: none"> 1. Identify and discuss the nature, purpose and scope of an audit and assurance engagement. 2. Compare and contrast the characteristics of an internal and external audit 3. Appraise the statutory and professional duties of an audit. 4. Examine the true and fair view and its significance to the audit. 5. Outline the main areas of the audit. 6. Design an audit plan when given a mini-case scenario. 7. Explain the audit procedures to acquire audit evidence. 8. Examine the role of the internal audit to the audit. 9. Discuss the procedures for auditor appointment, removal or resignation. 10. Discuss principles of good corporate governance and relate the practice of external and internal audit in forging corporate governance systems. 11. Understand the importance of internal controls to the audit. 12. Explain and understand the role of the review of the financial statements to the audit process. 13. Analyse the contents of an audit report. 		
Mode of Delivery	Face-to-face		
Prerequisites	ABSA102	Co-requisites	NONE
Recommended optional program components	NONE		
Course Contents	The nature and purpose of an audit and assurance engagements: Distinguish		

between an audit and an assurance, engagement. Examine the objectives of an external audit and assurance engagements. Examine the role of external auditors. Examine the changing role of an audit and the expectation gap. Understand the concepts of internal audits versus external audits. Describe alternative assurance projects and reports.

Professional and legal regulation: Examine the statutory requirements and evaluate the role of the law in the conduct of an audit. Examine the auditor's duties and responsibilities concerning the statutory (external) audit. Law and regulations governing accounting and the audit. Examine the law concerning the removal, appointment and resignation of auditors. Compare the management's responsibilities against those of the auditor concerning fraud and fraudulent behaviour and how it can be prevented. Analyse the position concerning fraud and the audit with emphasis on relevant laws, regulations and professional ethics. Examine the fundamental principles of professional ethics and the code of the ethics. Identify and understand the rules of professional ethics including the areas of client acceptance, independence, integrity, objectivity, confidentiality, due care and professionalism. Examine mini-case studies on issues of ethics that involved amongst others issues connected with auditor independence and ethical conflicts of interest and dilemmas.

Fundamental principles and the framework of an audit: Examine the concept of 'true and fair' and its effect on the audit. Identify the definition of materiality, calculate materiality limits based on case study scenarios and examine its importance to the audit. Evaluate the public's expectations of an audit and assurance arrangement and how this differs to that of the auditor's expectations.

An overview of the auditing process: Outline the main areas in the auditing process such as: audit planning and risk assessment; the collection and analysis of audit evidence; evaluation of accounting and internal controls; testing; review of the financial statements and the audit report.

Audit planning and risk assessment: Identify the planning process in auditing and understand its importance to the audit. Explain how auditors obtain an initial understanding of the entity and its environment, Understanding the role of materiality in the planning process. An examination of analytical review and its role in the planning of the audit. Examine the content of an audit plan. Applying the format to case study scenarios including the application of analytical review techniques and sampling techniques. Definition of audit risk and an analysis of its components. The assessment of risks based on case study scenarios and its effect on the audit process. Explain the need to audit documentation. Understand the forms and contents of working papers.

Introduction to audit evidence: Understand the various sources of audit evidence. Explain the financial statement assertions about audit evidence. Explain the audit procedures to acquire audit evidence. Examine the following factors concerning audit evidence: quality; quantity; relevance and reliability. Define audit sampling and its role in the audit.

The internal audit: Explain the term internal audit. Examine the role of the internal audit to the audit. Examine the scope of the internal audit function. Evaluate the factors that would be considered by the external auditor when considering how much reliance should be placed on the internal audit. Evaluate the differences between the external and internal audit. Examine the role of the internal auditor in the formation of corporate objectives. Examine the strengths and weaknesses of outsourcing the internal audit.

Corporate Governance: Elaborate on the concepts of accountability and stewardship. State the principle-agency problem. Explain principles of good corporate governance and relate the practice of external and internal audit in forging corporate governance systems.

	<p>Introduction to Internal controls: Define the term internal controls and internal check. Understand the components of internal control. Explain the role of the internal control systems to the audit. Understand the management's responsibilities concerning internal controls. Explain the methods of how auditors record and evaluate internal control systems.</p> <p>Review of financial statements and audit reports: Explain and understand the role of the review of the financial statements to the audit process. Tasks to be carried out in the review. Evaluating compliance of financial statements with accounting requirements. Analyse the contents of an audit report.</p>
Recommended and/or required reading:	
Textbooks	<ul style="list-style-type: none"> BPP, Study Text, F8 Audit and Assurance, 2016-2017 Edition (or latest edition), BPP Learning Materials, 2016.
References	<ul style="list-style-type: none"> Kaplan Publishing, Audit and Assurance (AA), Kaplan Publishing, Latest edition. Alan Millichamp and John Taylor, Auditing, Cengage Learning, 10th Edition, 2012. Iain Gray and Stuart Manson, The Audit Process: Principles, Practice and Cases, Sixth Edition, Thomson Learning, 2015. Graham Cosserrat and Neil Rodda, Modern Auditing, 4th Edition, John Wiley, 2016.
Planned learning activities and teaching methods	The taught part of course is delivered to the students by means of lectures. Lecture notes and presentations are available through the web for students to use in combination with the textbooks. Lectures are supplemented with class exercises carried out in class and via homework. The students will be asked to complete an assignment during the course.
Assessment methods and criteria	Assignments 20% Tests 20% Final Exam 60%
Language of instruction	English
Work placement(s)	NO