

ABSA 409 - Advanced Auditing Theory and Practice I

Course Title	Advanced Auditing Theory and Practice I				
Course Code	ABSA 409				
Course Type	Elective				
Level	BA (Level 1)				
Year / Semester	7 th				
Teacher's Name	Andreas Georgiou.				
ECTS	6	Lectures / week	3	Laboratories/week	
Course Purpose	<p>The aim of the module is for students to demonstrate their ability to understand the professional and ethical framework in which auditors work in.</p> <p>Another aim is the appraisal of the role of the internal audit in providing assurance on risk management and on the control framework of an organisation.</p> <p>A further aim is the evaluation of quality control policies and procedures and recommendation for improvement.</p> <p>Students are expected to identify and describe the work required to meet the objectives of a group audit.</p> <p>Finally subject aims to apply the requirements of international accounting standards and international financial reporting standards to auditing practice.</p>				
Learning Outcomes	<p>By the end of the lesson, the student will be able to:</p> <ol style="list-style-type: none"> 1. Recognise and explain the difference between audit and assurance assignments. 2. Discuss the theory of the expectation gap and how it can be narrowed. 3. Explain the auditors' duties concerning professional responsibility and liability. 4. Evaluate and recommend quality control policies and procedures. 5. Identify and describe the work required to meet the objectives of a group audit. 6. Appraise the role of the internal audit in providing assurance on risk management and on the control framework of an organisation. 				

	<ol style="list-style-type: none"> 7. Recognise and apply the accounting standards in the areas of: provisions, contingencies, and impairment of assets, non-current assets, investments and inventories amongst others. 8. Analyse the audit process with an emphasis of risk assessment. 9. Apply analytical review techniques to given information. 10. Carry out a review of the financial statements based on given information. 11. Recognise and apply the different forms of audit reports and assurance reports. 12. Demonstrate university-level communication skills for presentations and written reports. 		
Prerequisites	ABSA 408.	Corequisites	ABSA 308 and ABSA 411
Course Content	<ul style="list-style-type: none"> • All aspects from previous modules in auditing that is ABSA 408 and ABSA 411 are carried forward to this module. In addition aspects from previous modules in financial accounting (concerning accounting standards) are carried forward to this module. • The context of auditing: Critically evaluate the various types of audit and assurance assignments. Discuss the concept of ‘true and fair’ and its effect on the audit. Discuss the theory of the “expectation gap” and how it may be narrowed. Discuss the relationship between materiality and the audit. Recognise the role of the internal audit and discuss how it can assist the external audit in being more efficient. • Professional responsibility and liability: Recognise and critically evaluate the auditor’s duties and responsibilities concerning the statutory audit. Recognise and apply the law concerning the: removal, appointment and resignation of auditors. Apply rules of professional ethics. Discuss the relationship of corporate governance to the audit. • Practice management: Explain the procedures to be followed concerning the acceptance of a new client. Recognise the contents of an engagement letter and discuss its importance. Discuss the role of quality control in the audit. Explain the various types of reviews that occur throughout and after the audit. • The audit process and business risk: Discuss the roles of audit risk and business risk in the audit process. Explain what is meant by “top down” and “bottom up” audit testing. Discuss the role of analytical review and its application to the audit. 		

	<ul style="list-style-type: none"> • Review of financial statements and audit reports: Explain the role of the review of the financial statements to the audit process. Identify the tasks to be carried out in the review and apply to case study scenarios. Recognise the different types of audit reports that may be issued. Critically analyse the contents of an audit report. Examine the procedures in the review of financial statements in the audit concerning of small and medium sized companies (as opposed to large companies). • Application of accounting standards to auditing practice – an introduction: Analyse and apply the accounting standards in the areas of: provisions, contingencies, and impairment of assets, non-current assets, investments and inventories amongst others. • Group audits: Recognise the characteristics of a group audit. Explain the relationship between the primary and secondary auditor.
Teaching Methodology	<p>The taught part of course is delivered to the students by means of lectures, conducted with the help of computer presentations. Lecture notes and presentations are available through the web for students to use in combination with the textbooks.</p> <p>Lectures are supplemented with class exercises carried out in class and via homework. Class exercises for homework are submitted on the e-learning platform for students to attempt and the solutions are posting on the platform at a later date (around one week).</p>
Bibliography	<p><u>Textbooks:</u> Kaplan Publishing, Advanced Audit and Assurance (AAA –INT/uk) Study Text, Kaplan Publishing, 2018 edition.</p> <p><u>References:</u> BPP, ACCA AA Audit and Assurance, Study Textbook 2019 Edition, BPP Learning Materials, 2019.</p> <p>Kaplan Publishing, Audit and Assurance (AA) Study Text, Kaplan Publishing, 2018 edition.</p> <p>Alan Millichamp and John Taylor, Auditing, Cengage Learning, 10th Edition, 2012.</p> <p>Iain Gray and Stuart Manson, The Audit Process: Principles, Practice and Cases, Sixth Edition, Thomson Learning, 2015.</p> <p>Graham Cosserat and Neil Rodda, Modern Auditing, 4th Edition, John Wiley, 2016.</p> <p>Andreas Georgiou (2018), Auditors' Perceptions on Impact Of Mandatory Audit Firm Rotation on Auditor Independence - Evidence from Cyprus, Science and Business: Development Ways, No. 3 (81), pp 150-157.</p>

Assessment	<p><u>(a) Methods:</u> Students will be assessed with coursework that involves an assignment (with a written report and presentation), a midterm test and a final exam. The course involves both explaining theoretical concepts and also solving practical problems in auditing.</p> <p><u>(b) Criteria:</u> The assessment criteria can be generalised as follows concerning the area assessed:</p> <ul style="list-style-type: none"> • 86% or more – Excellent application of problem solving skills. • 76%-85% - Very good application of problem solving skills. • 66%-75% - Good application of problem solving skills. • 56%-65% - Satisfactory with some success in applying problem solving skills • 50%-55% -Satisfactory with limited success in applying problem solving skills • Below 50% -Little or no application of problem solving skills. <p><u>(c) Weights:</u></p> <ul style="list-style-type: none"> • Assignment 20% • Mid-term test 20% • Final exam 60%
Language	English.