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## Module B2: Audit & Assurance

<b>Stage</b>	1						
<b>Semester</b>	1						
<b>Module Title</b>	Audit & Assurance						
<b>Module Number/Reference</b>	B2						
<b>Module Status (Mandatory/Elective)</b>	Mandatory						
<b>Module ECTS credit</b>	5						
<b>Module NFQ level (only if applicable)</b>	9						
<b>Pre-requisite Module Titles</b>	N/A						
<b>Co-requisite Module Titles</b>	N/A						
<b>Is this a capstone module? (Yes or No)</b>	No						
<b>List of Module Teaching Personnel</b>	Suzanne Burdis						
<b>Contact Hours</b>				<b>Non-contact Hours</b>			<b>Total Effort (Hours)</b>
<b>Lecture</b>	<b>Practical</b>	<b>Tutorial</b>	<b>Seminar</b>	<b>Assignment</b>	<b>Placement</b>	<b>Independent work</b>	
30		6		24		40	100
<b>Allocation of Marks (Within the Module)</b>							
	<b>Continuous Assessment</b>	<b>Project</b>	<b>Practical</b>	<b>Final Examination</b>	<b>Total is always 100%</b>		
<b>Percentage contribution</b>	50%			50%	100%		

### Intended Module Learning Outcomes

On successful completion of this module, the learner will be able to:

1. Demonstrate a knowledge of the legal and regulatory environment and its impact on audit and assurance practice
2. Work effectively on an assurance or other service engagement within a legal, professional and ethical framework

3. Assess and recommend appropriate quality control policies and procedures in practice management and recognise the auditor's position in relation to the acceptance and retention of professional appointments
4. Identify and formulate the work required to meet the objectives of audit assignments and apply the International Standards on Auditing
5. Identify and formulate the work required to meet the objectives of non-audit assignments
6. Evaluate findings and the results of work performed and draft suitable reports thereon
7. Discuss the current issues and developments relating to the provision of audit-related and assurance services

### **Module Objectives and Aims**

This module focuses on the legal and regulatory environment of the assurance and non-assurance engagement and the professional and ethical considerations. It also seeks to provide the learner with the ability to analyse, evaluate and conclude on an engagement in the context of best practice

### **Aims**

- to provide learners with an understanding of the quality control policies and procedures involved in the provision of assurance and non-assurance engagements
- to enable learners to identify and formulate the work required to meet the objectives of audit and non-audit assignments
- to ensure that learners have an appreciation of the legal and regulatory environment and its impact on audit and assurance practice

### **Module Curriculum**

International regulatory sources of authority for audit and assurance services

- International standard-setting process
- Authority of national and international standard setting bodies

Laws and regulations

- Responsibilities of management and auditors in relation to compliance with laws and regulations
- Non-compliance - Auditors considerations and plan of audit procedures required
- Recognition of necessity to withdraw from an engagement

Money laundering

- International efforts to combat money laundering
- Scope of offences that could be committed by the auditor and protection from liability
- Customer due diligence

Fraud and error

- Respective responsibilities of management and auditors for fraud and error
- Considerations and procedures in the investigation of actual or potential misstatements as a result of fraud and error
- Current and future role of auditors in preventing, detecting and reporting fraud and error.

### Professional Liability

- Auditor negligence and the criteria for recognition of legal liability
- Limiting auditor liability and the effect on opinions, and the implications for the auditor and the profession
- Audit failures, Expectation gap, Bridging the expectation gap

### Professional and Ethical considerations

- Code of Ethics for Professional Accountants
- Fundamental principles of behaviour and conceptual framework approach
- Threats to compliance with fundamental principles
- Available safeguards and their effectiveness

### Practice Management

#### *Quality Control*

- Purpose of quality control of audit and other assurance engagements
- Elements of an audit firm's system of quality control
- Selection of procedures appropriate to any given audit/ non-audit engagements

#### *Advertising, publicity, obtaining professional work and fees*

- Acceptability of advertisements and promotional material
- Establishing and negotiating fees, ethical and professional considerations

#### *Tendering*

- Reasons why entities change their auditors/ professional accountants
- Considerations for submission of tenders
- Evaluation criteria for tenders
- 'Lowballing' – impact on auditor independence

#### *Professional Appointments*

- Considerations and procedures for acceptance of new client/ Continuation with existing clients
- Scope and terms of an engagement
- Engagement letter
- Transfer of information procedures following new appointment
- Assignments

#### *Audit of historical financial information – audit methodologies*

- Risk-based auditing
- 'Top down' approach
- Systems audit
- Balance sheet approach
- Transaction cycle approach
- Directional testing

#### *Planning, materiality and assessing risk of material misstatement*

- Understanding the entity and its environment
- Assessment of Business risk, Audit risk, Risk of material misstatement
- Analytical procedures and other risk assessment procedures
- Planning considerations
- Setting materiality and applying it in financial reporting and auditing

#### *Evidence*

- Sources, Reliability and Methods of obtaining audit evidence
- Audit evidence to verify different elements of financial statements
- Nature, timing and extent of audit procedures in given situations
- Criteria for assessing extent of reliance on testing
- Working papers
- Related party transactions
- Management representations
- Implications of contradictory evidence
- Reliance on third parties; Experts, Internal audit, Service organisations

#### *Evaluation and review*

- Review procedures, evaluation of findings
- Misstatement/material inconsistencies – courses of action by auditor
- Auditor responsibility for comparative figures, other information in the financial statements, subsequent events and going concern
- Adequate disclosures

#### *Group audits*

- Accepting appointment as principal auditor to a group
- Differing accounting policies, frameworks and auditing standards
- Consolidation adjustments, specific accounting standards applying to groups
- Organisation, planning, management and administration of group audits
- Using the work of other auditors
- Letters of support (“Comfort letters”)
- Implications of qualified audit reports for one or more group members

#### Audit-related services

- Audit and audit-related services, and comparative levels of assurance provided by professional accountants
- Review engagements/ Agreed-upon procedures/ Compilation engagements
- Prospective financial information
- Interim financial information
- Forensic audits and the role of the forensic auditor
- Due diligence

#### Reporting

- Audit reports: Unqualified, Qualified, Unmodified and Modified
- Reports to Management & Those Charged with Governance
- Other reports

Current issues and development

- Professional, ethical issues and corporate governance requirements
- Information technology
- Transnational audits
- Social and environmental auditing
- Overcoming problems associated with the audit of small enterprises
- Current legal, ethical, professional and practical matters affecting accountants, auditors & their employers.

**Sample Teaching Plan**

Week 1	<p><b>Introduction: audit &amp; assurance</b></p> <ul style="list-style-type: none"> <li>• Introduction to audit</li> <li>• International sources of authority and the regulatory framework</li> <li>• Details of assignment</li> </ul>
Week 2	<p><b>Legal framework for the auditor</b></p> <ul style="list-style-type: none"> <li>• Professional appointments</li> <li>• Money laundering regulations</li> <li>• Consideration of laws and regulations in an audit of financial statements</li> <li>• Responsibilities for fraud and error</li> </ul>
Week 3 & 4	<p><b>Professional Ethics</b></p> <ul style="list-style-type: none"> <li>• Code of conduct and ethics for professional accountants</li> </ul> <p><b>Professional appointments:</b></p> <ul style="list-style-type: none"> <li>• Quality control</li> <li>• Advertising</li> <li>• Tendering</li> <li>• Fees</li> </ul>
Week 5 & 6	<p><b>Commencing the audit</b></p> <ul style="list-style-type: none"> <li>• Pre-acceptance procedures</li> <li>• Risk assessment</li> </ul>
Week 7	<p><b>Planning</b></p> <ul style="list-style-type: none"> <li>• Overall audit strategy &amp; plan</li> <li>• Reliance on 3<sup>rd</sup> parties</li> </ul>
Week 8	<p><b>Audit fieldwork</b></p> <ul style="list-style-type: none"> <li>• Preparing programmes</li> <li>• Sources &amp; reliability of evidence</li> </ul>
Week 9	<p><b>Audit completion and reporting</b></p> <ul style="list-style-type: none"> <li>• ISAs relevant to the end of the audit</li> <li>• Audit reports</li> <li>• Reports to those charged with governance</li> </ul>
Week 10 & 11	<p><b>Assignment submission and presentation</b></p> <p><b>Limited and non-assurance engagements</b></p> <ul style="list-style-type: none"> <li>• PFI</li> <li>• Reviews</li> <li>• Due diligence</li> <li>• Forensic investigations</li> </ul>
Week 12	<p><b>Revision and Examination Preparation</b></p>

## Reading lists and other learning materials

Griffith College Manual  
Moodle

### Secondary Reading

*Principles of External Auditing* 3rd ed / Porter, Hatherby, Simon / Wiley 2008 / ISBN 978-0-470- 01825-5

Cosserat / *Modern Auditing* / Wiley / (Current edition) / ISBN 9780470319734

Foulks Lynch, Paper P7 (INT) *Advanced Audit and Assurance*, Foulks Lynch

Spicer Pegler, *Practical Auditing*, (Butterworths)

### USEFUL WEBSITES

www.cpaireland.ie – Institute of Certified Public Accountants in Ireland.

www.iaasa.ie/ - Irish Auditing and Accounting Supervisory Authority.

www.asb.org.uk/apb/ – Auditing Practices Board.

www.iaasb.org – International Auditing & Assurance Standards Board.

www.ifac.org – The International Federation of Accountants.

[www.theiia.org](http://www.theiia.org) – Institute of Internal Auditors

www.ifrs.org/ - The International Financial Reporting Standards Foundation.

www.frc.org.uk/ - The Financial Reporting Council.

ASB - Accounting Standards Board.

www.frc.org.uk/pob/ - The Professional Oversight Board.

www.accountingnet.ie/ - Irish Accounting and Business Portal.

### Module Learning Environment

A base classroom is used for teaching purposes for the delivery of the module. Learners are also supported with resources to offer structure and guidance. This includes lecture notes, reading materials as well as a detailed module curriculum which includes the module learning outcomes, a class schedule, the necessary reading material and the assignment strategy. Participants also have access to Moodle, the College's Virtual Learning Environment (VLE).

### Module Teaching and Learning Strategy

Lectures are used to impart basic knowledge and understanding of the module content and to introduce topics and outline the required reading for subsequent sessions. Practical exercises using case study scenarios are used to give learners the opportunity to put their understanding into practice. This combination of the theoretical and practical encourages autonomous learning and collaborative work.

### Module Assessment Strategy

Element Number	Weighting	Type	Description
1	50%	Assignment	Individual/ group piece of course work
2	50%	Examination	End of Module Closed Book Examination

## Constructive Alignment of Assessment

Module Learning Outcomes	Assessment Strategy	
	Assignment	Exam
1. Demonstrate a knowledge of the legal and regulatory environment and its impact on audit and assurance practice	Yes	Yes
2. Work effectively on an assurance or other service engagement within a legal, professional and ethical framework	Yes	Yes
3. Assess and recommend appropriate quality control policies and procedures in practice management and recognise the auditor's position in relation to the acceptance and retention of professional appointments	Yes	Yes
4. Identify and formulate the work required to meet the objectives of audit assignments and apply the International Standards on Auditing	Yes	Yes
5. Identify and formulate the work required to meet the objectives of non-audit assignments	Yes	Yes
6. Evaluate findings and the results of work performed and draft suitable reports thereon	Yes	Yes
7. Discuss the current issues and developments relating to the provision of audit-related and assurance services	Yes	Yes

## Sample Examination Marking Criteria

Outstanding work which is both illuminating and insightful. Language is fluent and authoritative demonstrating a comprehensive knowledge, and convincing command of the subject matter. Accurate and concise application of theory and additional sources of work where appropriate. Exceptionally clear and well articulated examples provided to support learners answer. Excellent structure.	80%+
Evidence of a very good understanding of theory and sound application to a particular business scenario when required. Competent critical analysis with the ability to develop a clear and compelling argument. Well developed examples where required to help illustrate learners work.	70- 79 %
Good understanding of the underlying concepts and a good attempt at applying theory to business scenario when required. Good logic and structure to answer. Examples provided to illustrate answer.	60- 69%
Evidence of some reading from lectures, handouts, recommended texts though often descriptive in nature. Reasonable use of most major points though missing some key elements of theory. Confused or unclear in parts. Examples provided where required but underdeveloped.	55 – 59%
Some relevant material but inadequate or incomplete treatment of same. Minimal or missing examples.	50 – 54%
Not of passing standard though shows signs of some engagement with the material.	45 – 49%
Serious lack of relevance; signs of lack of involvement with course material; serious confusion.	<45%