

Course Title	Auditing I			
Course Code	ACF 321			
Course Type	Compulsory			
Level	Undergraduate			
Year / Semester	Year 3 / Semester 5			
Teacher's Name	PHANOS IACOVOU			
ECTS	6	Lectures / week	3	Laboratories / week N/A
Course Purpose and Objectives	<p>The main objectives of the course are to:</p> <ul style="list-style-type: none"> • Introduce students to the nature, purpose and scope of assurance engagements, including the statutory audit, its regulatory environment, and governance and professional ethics relating to audit and assurance. • Introduce students to planning the audit and performing risk assessment. • Introduce students to the audit of financial statements including the scope of internal control and the role and function of internal audit. These include, evaluating internal controls, audit evidence, and a review of the financial statements. 			
Learning Outcomes	<p>After completion of the course students are expected to be able to:</p> <ol style="list-style-type: none"> A. Explain the concept of audit and assurance and the functions of audit, corporate governance, including ethics and professional conduct. B. Demonstrate how the auditor obtains and accepts audit engagements, obtains an understanding of the entity and its environment, assesses the risk of material misstatement (whether arising from fraud or other irregularities) and plans an audit of financial statements. C. Describe and evaluate internal controls, techniques and audit tests, including IT systems to identify and communicate control risks and their potential consequences, making appropriate recommendations. Describe the scope, role and function of internal audit. 			
Prerequisites	NONE	Required	NONE	
Course Content	<p>A. Audit framework and regulation:</p> <p><u>Concept of Audit & Assurance Engagements</u></p> <ul style="list-style-type: none"> • General Principles • Development of assurance engagements 			

- Accountability, Stewardship and Agency
- Assurance Engagements
- 5 Elements of Assurance engagements
- Types of assurance engagement
- Levels of Assurance
- True and Fair & Reasonable Assurance

External Audit

- Regulatory Environment for External Audits
- Mechanisms for Regulating Auditors
- Appointment of the Auditor
- Auditor Removal
- Duties / Rights of the Auditor
- Limitations of external audits
- The development and status of ISAs
- The relationship between ISAs and national standards

Corporate Governance

- Corporate Governance & Auditing
- International Codes of CG (OECD)
- Good Corporate Governance
- Audit Committees
- Internal Controls & Risk Management
- Responsibilities for systems and controls
- Communicating with those charged with governance

Professional Ethics

- Fundamental Principles
- What is meant by a conceptual framework of accounting
- Threats
- Typical threats
- More threats
- Safeguards
- Independence & Confidentiality

B. Planning and risk assessment:

Obtaining and accepting audit engagements

- Professional ethics and the new audit engagements
- Preconditions for an audit
- New engagement process
- Engagement letter
- Principles & Purpose
- Definitions for Quality Control

- Elements of a QC system
- Engagement Performance
- Assigning the Audit Team
- Individual level of Quality Control

Objective and general principles

- Auditor Objectives
- Professional Scepticism and Judgement

Assessing audit risks

- Components of Audit Risk
- Affecting Audit Risk
- Materiality

Professional Ethics

- Fundamental Principles
- What is meant by a conceptual framework of accounting
- Threats
- Typical threats
- More threats
- Safeguards
- Independence & Confidentiality

Fraud, laws and regulations

- Definitions
- Fraud & Misstatement Effects
- Management and Auditor Responsibilities
- Investigating Misstatements
- Reporting Fraud and Error
- Responsibilities of management and auditors

Audit planning and documentation

- Why Plan an Audit?
- Contents of the Plan
- Audit Strategy vs Audit Plan
- Difference between Interim and Final audit
- Importance of Documentation
- Contents of Documentation
- Keeping Working Papers

C. Internal control:

Internal control systems

- Understanding the Controls
- The 5 components of Internal Control

The use and evaluation of internal control systems by auditors

	<ul style="list-style-type: none"> • How Auditors Record Systems • How Auditors Identify Deficiencies • Evaluation of Internal Controls <p><u>Tests of control</u></p> <ul style="list-style-type: none"> • Application & General IT controls • Revenue (Sales Cycle) • Purchases • Payroll • Inventory System continued • Bank & Cash • Capital expenditure <p><u>Communication on internal control</u></p> <ul style="list-style-type: none"> • Reporting on Internal Controls • Management Letters • The need for auditors to communicate with TCWG <p><u>Internal audit and corporate governance</u></p> <ul style="list-style-type: none"> • Is there a need for Internal audit? • Best practice for Internal Audit • Internal v External Audit <p><u>Scope of Internal Audit</u></p> <ul style="list-style-type: none"> • Scope and limitations of Internal Audit • Outsourcing • Outsourcing internal audit • Value for Money • Best value assignments • IT & Financial assignments • Operational assignments • Internal Audit Reports
<p>Teaching Methodology</p>	<ul style="list-style-type: none"> • Working on problem-solving scenarios. • Solving unstructured questions and case studies. • In-class discussions and participation. • Writing and reply on objective type questions. • Brief oral presentation before starting a new chapter and reply to queries from students. • Homework for revision purposes. • Interaction and collaborative learning.

	<ul style="list-style-type: none"> • Video Watching. 								
Bibliography	<p><u>Essential Reading:</u> ICAEW (2021). <u>Assurance Study Manual and Question Bank 2020.</u></p> <p><u>Recommended Reading:</u> Kaplan Publishing. <u>ACCA Audit and Assurance (AA) Study Text and Exam Kit.</u></p>								
Assessment	<table> <tr> <td>Participation</td> <td>10%</td> </tr> <tr> <td>Midterm Exam</td> <td>20%</td> </tr> <tr> <td>Assignment</td> <td>10%</td> </tr> <tr> <td>Final Exam</td> <td>60%</td> </tr> </table>	Participation	10%	Midterm Exam	20%	Assignment	10%	Final Exam	60%
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Language	English								