FINANCIAL AUDIT

UNIT CODE: BUS/CU/AC/CR/07/6

Relationship to Occupational Standards

This unit addresses the unit of competency: Conduct Financial Audits

Duration of Unit: 130 hours

Unit Description

This unit specifies the competencies required to conduct financial audits. It involves carrying out pre-engagement procedures, planning financial audit, monitoring internal control system, detecting errors and frauds, gathering audit evidence, carrying out risk assessment, carrying out computerized auditing and carrying out audit report.

Summary of Learning Outcomes

1. Carry out pre-engagement procedures
2. Plan financial audit
3. Monitor internal control system
4. Detect errors and frauds
5. Gather audit evidence
6. Carry out risk assessment
7. Carry out computerised auditing
8. Carry out audit completion

Learning Outcomes, Content and Suggested Assessment Methods

Learning Outcome	Content	Suggested Assessment Methods
1. Carry out pre-engagement procedures	• Definition of auditing, auditor and an audit • Explain the principles and processes of an audit • Differences between auditing and accounting • The types and timing of audits – consider internal versus external and a focus • on the complimentary role of internal to external, interim and final • The users of audited financial statements and auditor reports	• Written tests • Observation • Oral questions • Third party report • Interviewing • Project and report writing

2. Plan financial audit	• Objectives of planning for the audit work • Audit plan for a new client • Audit plan for an existing client • Developing an overall audit plan • Limitations of audit plans	• Written tests • Observation • Oral questions • Third party report • Interviewing • Project and report writing

3. Monitor internal control system	• Definition of internal controls and internal control systems
	• Purpose of internal control system
	• Designing an internal control system
	• Benefits and limitations of internal control system
	• General controls on:
	  ○ Revenue
	  ○ expenditure
	  ○ Assets
	  ○ Liabilities
		• Written tests
		• Observation
		• Oral questions
		• Third party report
		• Interviewing
		• Project and report writing

4. Detect errors and frauds	• Definition of error and fraud • Differences between error and fraud • Types of errors and fraud • Causes of frauds	• Written tests • Observation • Oral questions • Third party report • Interviewing • Project and report writing
5. Gather audit evidence	• Nature and source of audit evidence • Types of audit evidence • Gathering audit evidence • Reliance on the work on internal auditor	• Written tests • Observation • Oral questions • Third party report • Interviewing • Project and report writing

	• Contents of audit working papers (excluding their preparation)
	• Audit tests
	   o Compliance tests
	   o Substantive tests
	   o Analytical tests	

6. Carry out risk assessment	• Meaning of audit risks • Types of audit risks • Risk based audit	• Written tests • Observation • Oral questions • Third party report • Interviewing • Project and report writing
7. Carry out computerised auditing	• Benefits and drawbacks of computerised accounting systems • Computer Aided Auditing Techniques (CAATs); Auditing around and through the computer	• Written tests • Observation • Oral questions • Third party report • Interviewing • Project and report writing
8. Carry out audit report	• Purpose of the auditor's report • Elements of the auditor's report • Types of audit reports • Key audit matters • Forms of audit opinion • Professional ethics • Emerging issues and trends	• Written tests • Observation • Oral questions • Third party report • Interviewing • Project and report writing

Suggested Methods of Instruction
- Project
- Demonstration by trainer
- Practice by the trainee

- Discussions
- Direct instruction
- Case study
- Audio –visual aids

Recommended Resources

- Printers
- Computer
- Calculator
- Computer software
- Internet connectivity
- Paper shredders
- Photocopiers
- Printers
- scanners
- Stationery