Module 21:   Audit and Assurance

Stage	3
Semester	2
Module Title	Audit and Assurance
Module Number	21
Module Status	Mandatory
Module NFQ level	8
Pre-Requisite Module Titles	N/A
Co-Requisite Module Titles	N/A
Capstone Module?	No
List of Module Teaching Personnel	

Contact Hours				Non-contact Hours			Total Effort (hours)
46				54			100
Lecture	Practical	Tutorial	Seminar	Assignment	Placement	Independent Work	
36		10		15		39	100

Allocation of Marks (Within the Module)					
	Continuous Assessment	Project	Practical	Final Examination	Total
Percentage Contribution	20%			80%	100%

Intended Module Learning Outcomes

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

1. Evaluate the nature, purpose and scope of an audit and the legal, regulatory and ethical framework for auditing
2. Distinguish between the respective roles and responsibilities of directors and internal and external auditors
3. Demonstrate how the auditor obtains and accepts audit engagements and conducts a detailed investigation into an audit client to identify the risks of material misstatement (whether arising from fraud, error or other irregularities)
4. Describe the nature of internal control systems of relevance to the audit, including IT systems
5. Identify and apply the procedures required to evaluate control risk, including communication of the weaknesses, impacts and professional recommendations to those charged with governance and management
6. Devise an overall audit strategy, identify and formulate the audit tests and evidence required to meet the objectives of audit assignments to comply with the International Standards on Auditing
7. Analyse how subsequent events review and going concern assessment informs the conclusions in the auditor's report

8. Describe the key basic component elements of the Auditor's Report, and identify and analyse matters that impact on the wording of audit reports, including those that affect the auditor's opinion and those that do not affect the auditor's opinion

Module Objectives

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

Module Curriculum

Audit Framework
- Objectives and general principles of external audit engagements
- Statutory audits, accountability, stewardship and agency
- Limited and non-assurance engagements

The legal and regulatory environment and sources of authority for audit and assurance services
- Statutory regulations governing the appointment, rights, duties, removal and resignation of auditors
- Authority of national and international standard setting bodies
- International standard-setting process
- Provisions of International Codes on Corporate Governance (e.g. OECD) and their relevance to auditors
- Role and function of an Audit Committee

Laws and regulations
- Responsibilities of management and auditors in relation to compliance with laws and regulations
- Non-compliance with laws and regulations - Auditors considerations and plan of audit procedures required
- Respective responsibilities of management and auditors for fraud and error
- Current and future role of auditors in preventing, detecting and reporting fraud and error.
- Recognition of necessity to withdraw from an engagement

Money laundering
- Scope of offences that could be committed by the auditor and protection from liability
- Auditor compliance with Money Laundering regulations

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 and available safeguards

Internal Audit
- Scope, functions and limitations of internal audit, the nature and extent of internal audit assignments
- Outsourced internal audit functions
- Differences between the role of internal audit and external audit

Practice Management
Quality Control
- Purpose of quality control of audit and other assurance engagements
- Elements of an audit firm's system of quality control

Advertising, publicity, obtaining professional work and fees
- Acceptability of advertisements and promotional material
- Establishing and negotiating fees, ethical and professional considerations

Professional Appointments
- Tendering for audit engagements
- Considerations and procedures for acceptance of new client/ Continuation with existing clients
- Scope and terms of an engagement
- Engagement letter

Planning, materiality and assessing risk of material misstatement
- Understanding the entity and its environment
- Assessment of Audit risk, Business risk, Control risk and Risk of material misstatement
- Analytical procedures and other risk assessment procedures
- Other planning considerations
- Concepts of materiality and performance materiality

Evidence
- Audit evidence to verify different elements of financial statements
- Sources, reliability and techniques for obtaining audit evidence
- Nature, timing and extent of audit procedures in given situations
- Tests of control and substantive procedures
- Working papers
- Related party transactions

- Management representations
- Reliance on third parties; Experts, Internal audit, Service organisations

Evaluation and review
- Review procedures, evaluation of findings
- Material misstatement/material inconsistencies –actions by auditor
- Auditor responsibility for comparative figures, other information in the financial statements, subsequent events and going concern

Group audits
- Accepting appointment as principal auditor to a group
- Organisation, planning, management and administration of group audits
- Using the work of component auditors
- Letters of support ("Comfort letters")
- Implications of qualified audit reports for one or more group members

Reporting
- Audit reports: Unqualified, Qualified, Unmodified and Modified
- Reports to Management and those charged with Governance
- Other reports

Current issues and development
- Information technology
- Current legal, ethical, professional and practice management matters affecting the profession.

Reading lists and other learning materials

Griffith College Manual

Secondary Reading

Cosserat, G. 2012. *Modern Auditing*. Wiley and Sons.
Gray and Manson, 2011. *The Audit Process, Principles, Practice & Cases.* Cengage
Kaplan, Paper F8 (INT) *Audit and Assurance,* Kaplan Publishing
Porter, Hatherby, Simon, *Principles of External Auditing*, Latest edition, Wiley, ISBN
Spicer E.E., Pegler E.C., Bigg W.W., 1974. *Practical Auditing*, London HFL

Useful Websites
www.cpaireland.ie – Institute of Certified Public Accountants in Ireland.
www.iaasa.ie/ - Irish Auditing and Accounting Supervisory Authority.
www.iaasb.org – International Auditing & Assurance Standards Board.
www.ifac.org – The International Federation of Accountants.
www.theiia.org – Institute of Internal Auditors
www.frc.org.uk/ - The Financial Reporting Council.
www.accountingnet.ie/ - Irish Accounting and Business Portal.

Module Learning Environment

A practical and hands-on teaching and learning environment is fostered through participative lectures and individual or group-work based tutorials. Moodle is used extensively to support learners beyond the face-to-face encounters. Online videos, quizzes, additional readings, glossaries and discussion forums are key aspects of the module delivery and formative assessment for learners.

Module Teaching and Learning Strategy

This module is delivered through formal and participative lectures and tutorials. Lectures are dynamic and interactive with the use of PowerPoint presentations, guest lecturers, videos, case studies, group discussion and debate. Tutorials allow learners to apply techniques, learned in the lectures, individually or in groups, to resolving related issues using current relevant case study information. Learners are required to undertake extensive reading of assigned material prior to class, and then encouraged to participate in discussions and group work by expressing opinions and asking questions. Particular emphasis is placed on the practical application of concepts and theories central to auditing. Learners also have access to Moodle, Griffith College's Virtual Learning Environment.

Module Assessment Strategy

20% of the marks are allocated to coursework. This may involve essay writing, cases and problem solving, report writing, presentations. This may assess one or more of the module learning outcomes.

The remaining 80% is allocated to an end of semester closed book examination which requires learners to complete five questions from a possible six. The questions contain both theory and practical elements and many of the module learning outcomes could be assessed in the exam.