1. Course Description:

This course covers topics related to financial reporting, how management accounting can be used to create value in companies, financial statement analysis and auditing. The course is given and examined in English.

2. Course General Objectives:
Upon successful completion of this course, the student will have reliably demonstrated the ability to:

1. Identify the significant accounts, disclosures, and relevant assertions in the acquisition and payment cycle
2. Identify and assess inherent risks of material misstatement in the acquisition and payment cycle
3. Identify and assess fraud risks of material misstatement in the acquisition and payment cycle
4. Identify and assess control risks of material misstatement in the acquisition and payment cycle
5. Describe how to use preliminary analytical procedures to identify possible material misstatements in acquisition and payment cycle accounts, disclosures, and assertions
6. Determine appropriate responses to identified risks of material misstatement for acquisition and payment cycle accounts, disclosures, and assertions
7. Determine appropriate tests of controls and consider the results of tests of controls for acquisition and payment cycle accounts, disclosures, and assertions
8. Determine and apply sufficient appropriate substantive audit procedures for testing acquisition and payment cycle accounts, disclosures, and assertions
9. Apply the frameworks for professional decision making and ethical decision making to issues involving conducting the audit of acquisition and payment cycle accounts, disclosures, and assertions

4. Course Outline:
The course contain of seven chapters, divide as following:
Chapter 1: The impact of information technology on the audit process

After studying this chapter you should be able to:

- Describe how IT improves internal control.
- Identify risks that arise from using an IT-based accounting system.
- Explain how specific types of general controls and application controls reduce risks associated with using IT-based accounting systems.
- Describe how the strength of general controls affects the auditor’s testing of application controls.
- Use generalised audit software, test data and embedded modules to audit with use of the computer.
- Describe ways to use a microcomputer as an auditing tool.
- Identify issues for e-commerce systems and other specialised IT environments.

Chapter 2: Overall audit plan and audit program

After studying this chapter you should be able to:

- Use the five types of audit tests to determine whether financial statements are fairly stated.
- Select the appropriate types of audit tests.
- Understand how information technology affects audit testing.
- Understand the concept of evidence mix and how it should be varied in different circumstances.
- Design an audit program.
- Compare and contrast transaction-related audit objectives and balance-related audit objectives.
- Integrate the four phases of the audit process.

Chapter 3: Audit of the sales and collection cycle: tests of controls and substantive tests of transactions

After studying this chapter you should be able to:

- Identify the accounts and the classes of transactions in the sales and collection cycle.
- Describe the business functions and the related documents and records in the sales and collection cycle.
- Understand internal control, and design and perform tests of controls and substantive tests of transactions for sales.
- Apply the methodology for controls over sales transactions to controls over sales returns and allowances.
- Understand internal control, and design and perform tests of controls and substantive tests of transactions for cash receipts.
- Apply the methodology for controls over the sales and collection cycle to write-offs of uncollectible accounts receivable.

Chapter 4: Completing the tests in the sales and collection cycle: accounts receivable

After studying this chapter you should be able to:

- Describe the methodology for designing substantive tests of balances using the audit risk model.
• Design and perform analytical procedures for accounts in the sales and collection cycle.
• Design and perform tests of details of balances for accounts receivable.
• Obtain and evaluate accounts receivable confirmations.
• Design audit procedures for the audit of accounts receivable, using an evidence planning worksheet as a guide.

Chapter 5: Audit sampling

After studying this chapter you should be able to:

• Explain the concept of representative sampling.
• Distinguish between statistical and non-statistical sampling and between probabilistic and non-probabilistic sample selection.
• Select representative samples.
• Differentiate audit sampling for tests of details of balances and for tests of controls and substantive tests of transactions.
• Use non-statistical sampling in tests of controls and substantive tests of transactions.
• Use non-statistical sampling in tests of details of balances.
• Define and describe attributes sampling and a sampling distribution.
• Use attributes sampling in tests of controls.
• Apply monetary unit sampling in tests of details of balances.
• Describe variables sampling in tests of details of balances.

Chapter 6: Audit of transaction cycles and financial balance statements I

After studying this chapter you should be able to:

• Describe the general nature of the acquisition and payment cycle, and identify the accounts and classes of transactions involved.
• Describe the business functions and the related documents and records in the acquisitions and payment cycle.
• Describe how e-commerce affects the acquisition of goods and services.
• Understand internal control and design and perform tests of controls and substantive tests of transactions for the acquisition and payment cycle.
• Describe the methodology for designing substantive tests of balances using the audit risk model.
• Design and perform analytical procedures for accounts payable.
• Design and perform tests of details of balances for accounts payable, including out-of period liability tests.
• Distinguish between the reliability of vendors' invoices, vendors' statements and confirmations of accounts payable as audit evidence.
• Describe the business functions and the related documents and records in the inventory and warehousing cycle.
• Describe how e-commerce affects inventory management.
• Explain the five parts of the audit of the inventory and warehousing cycle.
• Design and perform audit tests of cost accounting.
• Apply analytical procedures to the accounts in the inventory and warehousing cycle.
• Design and perform physical observation and audit tests for inventory.
• Design and perform tests of pricing and compilation for inventory.
• Integrate the various parts of the audit of the inventory and warehousing cycle.
• Describe the general nature of the payroll and personnel cycle and identify the accounts and classes of transactions.
Describe the business functions and the related documents and records in the payroll and personnel cycle.
Understand internal control over payroll and design and perform tests of controls and substantive tests of transactions for the payroll and personnel cycle.
Design and perform analytical procedures for the payroll and personnel cycle.
Design and perform tests of details of balances for accounts in the payroll and personnel cycle.

Chapter 17: Audit of transaction cycles and financial balance statements II

After studying this chapter you should be able to:

- Show the relationship of cash in the bank to various transaction cycles.
- Identify the major types of cash accounts maintained by business entities.
- Design and perform audit tests of the general cash account.
- Recognise when to extend audit tests of the general cash account to test further for material fraud.
- Design and perform tests of imprest petty cash.
- Identify the nature of property, plant and equipment account balances and their unique characteristics.
- Design and perform analytical procedures for property, plant and equipment and related depreciation.
- Design and perform audit tests of acquisitions and disposals of property, plant and equipment.
- Design and perform tests of details of balances of property, plant and equipment and related accounts.
- Identify the nature of prepaid expenses and their unique characteristics.
- Design and perform tests of details of balances of prepaid expenses.
- Identify the nature of accrued liabilities and their unique characteristics.
- Design and perform tests of details of balances for accrued liabilities.
- Identify the nature of the capital acquisition and repayment cycle, its account balances and their unique characteristics.
- Understand internal control and design and perform tests of controls and substantive tests of transactions.
- Design and perform analytical procedures for the capital acquisition and repayment cycle.
- Design and perform tests of details of balances for the capital acquisition and repayment cycle.

Revision & Papers Evaluation

5. Course Evaluation:
- Participation, Presentation, & Research (0%)
- 1st Exam (25%)
- 2nd Exam (25%)
- Final (50%)

Reading List:

References