

## Course Title

### Auditing (AUD)

Knowledge Pillar	Level	Course Title	Course Code	Total Marks
Audit & Assurance [AA]	Intermediate Level II	Auditing (AUD)	AA133	100

### *Syllabus Structure*

The syllabus comprises the following main topics with the relative study weightings:

Segment	Segment Title	Weight
A	Introduction to Audit and Assurance	20%
B	Internal Control and Audit Framework	30%
C	Assurance Engagement and Reporting	40%
D	Auditors Role in Emerging Areas	10%

### *Course Description*

The Auditing course is divided into four major segments. It starts with the nature, purposes and scope of audit assurance engagements. In explaining audit engagements, the responsibilities and liabilities of both the auditor and management are explained. Focus is then given to the statutory audit, its regulatory environment, governance and professional ethics relating to audit and assurance. It then leads to planning the audit and assessing relevant risks. The course also covers a range of areas relating to an audit of financial statements including the scope of internal control and the role of internal audit. These include evaluating internal controls, audit evidence and a review of the financial statements. In addition to final review procedures, the final section concentrates on reporting, including the form and content of the independent auditor's report. It also explains the role of an Auditor in emerging areas.

### *Course Objectives*

This course focuses on the basic knowledge of audit and assurance, 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, analyze and conclude on an assurance engagement in the context of best practice. It also promotes the decision-making skills and administrative competence relevant to financial accounting and corporate management in general.

### *Course Learning Outcomes*

On successful completion of the course, the aspiring professional accountants will be able to:

1. discuss the fundamental requirements of different assurance engagements;
2. sketch, evaluate and comment on the requirements of effective internal control systems;
3. understand the relevant conceptual and legal requirements in the auditing framework;
4. carryout auditing process following the International Standards on Auditing;
5. understand the professional code of ethics in performing the role of an auditor;
6. illustrate the implications of IT on auditing and assurance; and
7. understand the contemporary issues influencing the work of an auditor.

## DETAILED CONTENTS

Parts	Topics	Level of study required	Subtopics	Learning outcomes of topics	Probable weight
A. Introduction to Audit and Assurance (20 Marks)	A1. Fundamental concepts and scope	R, U	<ul style="list-style-type: none"> <li>• Concept of Audit and Assurance;</li> <li>• Key elements of an assurance engagement;</li> <li>• Benefits and limitations of Assurance;</li> <li>• Objectives, nature, purpose and scope of assurance engagement;</li> <li>• Levels of Assurance;</li> <li>• Internal audit;</li> <li>• External audit;</li> <li>• Role of the Audit committee.</li> </ul>	<p>Upon successful completion, students shall be able to:</p> <ol style="list-style-type: none"> <li>1. explain the concept of audit and assurance;</li> <li>2. understand the requirements and reasons for assurance engagements.</li> </ol>	50%
	A2. Responsibilities and Professional Liabilities	R, U, AP	<ul style="list-style-type: none"> <li>• Management responsibilities;</li> <li>• Assurance providers' responsibilities;</li> <li>• Error and Fraud, money laundering, Compliance with law and regulations;</li> <li>• Expectations gap;</li> <li>• Auditors' liabilities: statutory liabilities, contractual liabilities under Contract law, liabilities under Common law, liabilities for professional misconduct, other liabilities;</li> <li>• Management and Third-Party Liability.</li> </ul>	<ol style="list-style-type: none"> <li>3. understand the responsibilities of management and assurance providers;</li> <li>4. recognize circumstances in which professional accountants may have legal liability;</li> <li>5. compare and contrast liability owed to the client with liability owed to third parties.</li> </ol>	50%
B. Internal control and audit framework (30 Marks)	B1. Internal Control	U, AP, E, D	<ul style="list-style-type: none"> <li>• Meaning and Categories of Internal Control;</li> <li>• Nature and Importance of Internal Control;</li> <li>• Components of internal control;</li> <li>• Fundamental principles of effective control systems;</li> <li>• Systems of Internal Control;</li> <li>• Weaknesses in the internal control system.</li> </ul>	<ol style="list-style-type: none"> <li>6. explain the requirements and implications of effective control systems;</li> <li>7. evaluate and report on the effectiveness and efficiency of the internal control systems.</li> </ol>	40%

Parts	Topics	Level of study required	Subtopics	Learning outcomes of topics	Probable weight
			<ul style="list-style-type: none"> <li>• Communication on Internal Control and Management Letter;</li> <li>• Internal Control Questionnaire;</li> <li>• IT Control.</li> </ul>		
	B2. Professional Ethics	R, U, AP	<ul style="list-style-type: none"> <li>• Need for professional ethics;</li> <li>• Code of Ethics: fundamental principles, threats to Objectivity and Independence, safeguards against the threats;</li> <li>• Conflict of interest and suggested courses of action to resolve ethical conflicts relating to integrity, objectivity, independence and confidentiality.</li> </ul>	8. demonstrate the ethical approach in carrying out the assurance work.	30%
	B3. Framework and legal provision	R, U, AP	<ul style="list-style-type: none"> <li>• Legal provisions Under Companies Act, 1994: appointment of auditor, qualification and disqualification of an auditor, rights and Powers of auditors, responsibilities and Duties of auditors, qualification and disqualification of auditors, resignation and removal of auditors, penalties;</li> <li>• International Framework for Assurance Engagements;</li> <li>• The International Auditing and Assurance Standards Board;</li> <li>• International Standards on Auditing;</li> <li>• Role of regulators like FRC, BSEC, ICAB, etc.;</li> <li>• Requirements under Financial Reporting Act, 2015;</li> <li>• Regulatory and legal issues relating to financial audit.</li> </ul>	9. describe the legal framework of the Audit and Assurance engagement.	30%

Parts	Topics	Level of study required	Subtopics	Learning outcomes of topics	Probable weight
C. Assurance engagement and Reporting (40 Marks)	C1. Process of assurance engagement	R, U, AP, AN, E, C, D	<ul style="list-style-type: none"> <li>• Obtaining the Engagement;</li> <li>• Risk Assessment (ISA 315, ISA 330);</li> <li>• Engagement Acceptance (ISA 800);</li> <li>• Scope of the engagement (ISA 200, ISA 210);</li> <li>• Audit Planning (ISA 300, ISA 320, ISA 520);</li> <li>• Performing the engagement (ISA 710, ISA 720, ISA 800);</li> <li>• Test of Control and Substantive procedures;</li> <li>• Obtaining evidence, Sampling and documentation (ISA 230, ISA 500, ISA 501, ISA 505, ISA 530);</li> <li>• Taking assistance (ISA 610, ISA 620);</li> <li>• Quality Control (ISA 220);</li> <li>• Completion, Review and Reporting: subsequent events, going concern (ISA 560, ISA 570, ISA 700);</li> <li>• Written Representations (ISA 580);</li> <li>• Evaluation of results of assurance (ISA 450);</li> <li>• Audit Finalization and Final review;</li> <li>• Reporting to the engaged party;</li> <li>• Reporting issues (ISA 701, ISA 705, ISA 706, ISA 710, ISA 800);</li> </ul>	<ol style="list-style-type: none"> <li>10. obtain an understanding of the entity and its environment;</li> <li>11. identify the key concerns and issues in accepting an engagement;</li> <li>12. plan an audit considering the audit risk of the client;</li> <li>13. understand the underlying provisions of the International Standards on Auditing;</li> <li>14. apply ISA in formulating decisions in the assurance engagement;</li> <li>15. understand and outline different types of audit reports.</li> </ol>	80%
	C2. Other relevant standards	R, U, AP	<ul style="list-style-type: none"> <li>• Auditor's Responsibility to Consider Fraud (ISA 240);</li> <li>• Consideration of Laws and Regulations (ISA 250);</li> <li>• Communication of Audit Matters (ISA 260, ISA 265);</li> <li>• Entities Using Service Organizations (ISA 402);</li> <li>• Initial Audit</li> </ul>	<ol style="list-style-type: none"> <li>16. understand the auditor's responsibility as outlines in different ISA and law;</li> <li>17. treat issues relating to related parties, accounting</li> </ol>	20%

Parts	Topics	Level of study required	Subtopics	Learning outcomes of topics	Probable weight
			Engagements: Opening Balances (ISA 510); <ul style="list-style-type: none"> <li>Accounting Estimates (ISA 540);</li> <li>Related Parties (ISA 550);</li> <li>Special Considerations (ISA 600, ISA 805);</li> <li>Summary Financial Statements (ISA 810);</li> <li>International Standards on Assurance engagements;</li> <li>International Standards for Review Engagements;</li> <li>International Standards on Quality Control.</li> </ul>	estimates and others following ISA.	
D. Auditors role in emerging areas (10 Marks)	D1. Information Technology and Information Systems Audit	U, AP, D	<ul style="list-style-type: none"> <li>Audit in a computerized environment;</li> <li>Systems and processes in place that secure company data;</li> <li>Risks associated with a company's information assets in the IT environment;</li> <li>Methods of risk management;</li> <li>Information management processes in compliance with IT-specific laws, policies and standards;</li> <li>Inefficiencies in IT systems and associated management;</li> <li>Computer-Aided Auditing Technique (CAAT);</li> <li>Process of Information Systems (IS) Auditing – Planning (IS audit standards, guidelines, code of ethics, risk-based audit planning) and Execution (Performing IS audit, reporting &amp; communication techniques, quality assurance).</li> </ul>	18. understand the basics of audit in a computerized environment; 19. identify and manage the risks associated with an IT environment; 20. sketch the fundamentals of CAAT.	70%

Parts	Topics	Level of study required	Subtopics	Learning outcomes of topics	Probable weight
	D2. Public sector and special audit	R, U	<ul style="list-style-type: none"> <li>IFAC Guidelines for public sector audit;</li> <li>Special Audit.</li> </ul>	21. understand the process of public sector audit; 22. outline requirements and considerations in the special audit.	30%

Here, R = Remembering; U = Understanding; AP = Applying; AN = Analyzing; E = Evaluating; C = Creating; D = Decision making; are the seven levels of learning developed based on the Bloom's Taxonomy.

## Recommended Books and Learning Materials

### Primary Textbook

1. ICMAB. (2021). ICMAB Learning Manual for Auditing.

### Recommended Textbook (Latest Edition)

1. Saeed, K. A. (2013). *Advanced Auditing*. Asianet-Pakistan
2. Tandon, B. N., Sudharsnam, S. & Sundharabahu, S. (2013). *A handbook of practical auditing*. (5<sup>th</sup> ed.). S. Chand & Company, India.
3. Gupta, K. (2005). *Contemporary Auditing*. (6<sup>th</sup> ed.). McGraw Hill Education.

### Reference Books/Other Learning Materials (Latest Edition)

1. International Federation of Accountants. (2018). *Handbook of international quality control, Auditing, Review, Other Assurance and Related Services Pronouncements*.
2. International Federation of Accountants. (2020). *Handbook of the international code of ethics for professional accountants*.
3. *The Companies Act (Bangladesh), 1994*. Ministry of Commerce: Government of the People's Republic of Bangladesh.
4. The Institute of Chartered Accountants of Bangladesh. (2016) *Assurance*. (Latest ed.). Study Manual CA Certificate Level.
5. The Institute of Chartered Accountants of Bangladesh. (2016) *Audit & assurance*. (Latest ed.). Study Manual CA Professional Level.
6. Association of Chartered Certified Accountants. (2021). *Study text: Audit and assurance*. (Latest ed.).
7. Association of Chartered Certified Accountants. (2021). *Study text: Advanced audit and assurance*. (Latest ed.).

## AUD Course Mapping

PrOs	POs	POs	CLOs	CLOs	TLOs
PrO1	1, 3	PO1	2	CLO1	1, 2, 3, 4, 5, 10, 11, 15
PrO2	2, 4	PO2	1, 3	CLO2	6, 7, 10, 16, 17,
PrO3	5	PO3	2	CLO3	4, 5, 9, 11, 12, 15, 16
PrO4	6	PO4	4	CLO4	12, 13, 14
PrO5	4	PO5	5	CLO5	8, 11, 12
PrO6	1, 7	PO6	6	CLO6	18, 19, 20
PrO7	3, 7	PO7	7	CLO7	21, 22

Here, PrOs = Program Objectives; POs = Pillar Objectives; CLOs = Course Learning Outcomes; TLOs = Topic Learning Outcomes