AF 3224

DEREE COLLEGE SYLLABUS FOR:

AF 3224 INTERNAL AUDITING 15 UK Credits
Optional
(Updated Spring 2010)

PREREQUISITES: AF 2006 Financial Accounting
AF 3131 Intermediate Accounting

CATALOG DESCRIPTION: Introduction to standards and the application of internal auditing methods, procedures and techniques in order to examine and evaluate operations within an organization.

RATIONALE: For more than two decades internal auditing has experienced an explosive expansion. The need for professional auditors to perform the internal audit function has increased worldwide. Companies whose securities are publicly traded all over the world are establishing internal audit departments. Internal auditors, with their professional competence over accounting, auditing, management, and other matters are prime candidates to assume managerial positions.

LEARNING OUTCOMES: As a result of taking this course, the student should be able to:
1. Describe the profession of internal auditing, the role of internal auditors, auditing ethics and the internal audit function and Present the techniques used in internal auditing.
2. Identify the methods used to perform examinations and testing of records.
3. Demonstrate internal audit reporting methods and techniques.
4. Define the administration of the internal audit function.
5. Describe quality assurance procedures.

METHOD OF TEACHING AND LEARNING: In congruence with the learning and teaching strategy of the college, the following tools are used:

- Class lectures.
- Homework assignments discussed in classroom.
- Project work: Students are given audit tests and are required to implement them in ACL environment. Audit tests involve slicing and dicing audit data in order to explore control weaknesses.
- Office Hours: Students are encouraged to make full use of the office hours of their instructor, where they can ask questions and go over lecture material.
- Use of a Blackboard learning platform, where instructors post lecture notes, assignment instruction, timely announcements, as well as additional resources.
ASSESSMENT:

<table>
<thead>
<tr>
<th>Assessment Type</th>
<th>Weight</th>
<th>Description</th>
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</thead>
<tbody>
<tr>
<td>In-class, 1-hour, &quot;diagnostic&quot; test - formative</td>
<td>0</td>
<td>problems/essay questions combination</td>
</tr>
<tr>
<td>Project work - summative</td>
<td>40</td>
<td>Data mining in ACL environment</td>
</tr>
<tr>
<td>Final examination (2-hour, comprehensive) - summative</td>
<td>60</td>
<td>problems/essay questions combination</td>
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Formative assessment: Practice exercises and problems prepare students for the examinations.

Project work focuses on Learning Outcomes 2 and 3

The final examination tests Learning Outcomes 1-6.

INDICATIVE READING:

REQUIRED MATERIAL:

Recommended Reading:
- Lawrence B. Sawyer. Sawyer's Internal Auditing: The Practice of Modern Internal Auditing The Institute of Internal Auditors, 2003

Indicative Articles:
- Consulting financial newspapers such as The Wall Street Journal
- Financial Times and specialized magazines such as Internal Auditor is recommended.

SOFTWARE REQUIREMENTS: ACL, Excel

WWW RESOURCES:
- [www.theiia.org](http://www.theiia.org) Institute of Internal Auditors
- [www.sec.com](http://www.sec.com) Securities and Exchange Commission U.S.A.
- [www.aicpa.com](http://www.aicpa.com) American Institute of Certified Public Accountants
- [www.isaca.com](http://www.isaca.com) Information Systems and Control Association
- [www.corpgov.net](http://www.corpgov.net) Issues on Corporate Governance
- [www.ecgi.org](http://www.ecgi.org) European resources on Corporate Governance
- [www.irmi.com](http://www.irmi.com) Risk Management resource
INDICATIVE CONTENT:

1. Introduction
   1.1. Introduction and conceptual foundation
   1.2. Professionalism by internal auditing
   1.3. Corporate Governance

2. Internal Auditing Techniques
   2.1. Control structure (internal control)
   2.2. Risk Considerations / Risk Assessment
   2.3. Preparation for the audit
   2.4. Preliminary survey
   2.5. Audit work papers
   2.6. Sampling
   2.7. Using Computers in Auditing

3. Internal Audit Reporting
   3.1 Audit findings
   3.2 Reporting the internal audit
   3.3 Follow-up reviews

4. Types of Audit
   4.1 Controls Self Assessment
   4.2 Fraud audits
   4.3 Basics on Information Systems Audit