

## Auditing (course outline)

### Scope:

Nearly all professional jobs have auditing as a core component of their ongoing and strategic actions. While a limited number of positions focus solely on internal and external auditing, the bulk of commerce graduates will apply risk assessment, internal control, systems evaluation, and forensic accountability ideas and techniques in their careers. Thus, the course aims at developing students' understanding of the critical aspects of managing an assurance and audit engagements: acceptance, planning, managing, concluding and reporting. On completion of this course, students will be able to:

- Understand and advise on the regulatory, professional and ethical issues relevant to those carrying out an assurance/audit engagement
- Understand the processes involved in accepting and managing assurance/audit engagements, and how quality assurance/audit processes mitigate the risks to those conducting the engagement
- Plan assurance/audit engagements in accordance with the terms of the engagements and appropriate standards
- Conclude and report on assurance/audit engagements in accordance with the terms of the engagements and appropriate standards.

Briefly, each session will cover the following topics:

- Session 1:
  - Introduction:
    - Assurance defined
    - Audit defined
  - Types of Assurance engagements conditional on: timeframe, parties involved (external, internal, government-oriented), subject - purpose
  - Users of reliable financial and accounting information - Providers of reliable financial and accounting information
  - Inherent weaknesses of financial statements
  - Assurance/ audit purpose
  - Auditors' role – Greece's governing Law (L. 3604/2007 and L. 3693/2008)

**Related reading:** *Modern Auditing, Theory and Practice according to the International Auditing Standards, Karamanis Konstantinos, 2008. Chapter 1.*

- Session 2:
  - Services provided by auditing firms (assurance, related services, consulting)
  - Assurance providers' responsibilities (requirements of any legislation or regulation, terms of engagement for the assignment, ethical and professional standards, quality control standards)
  - Assurance service's description (scope, necessity, basic elements)
  - Auditor's opinion
  - Small recap on firms' financial statements
  - Related services' description
  - Consulting services' description

**Related reading:** *Modern Auditing, Theory and Practice according to the International Auditing Standards, Karamanis Konstantinos, 2008. Chapter 2.*

➤ *Session 3:*

- *Corporate Governance and Audit*
- *Corporate Governance's purpose*
- *Corporate Governance's tools*
- *Relevant legislation (USA SOX 2002, Directive 2006/43/EC, L 3016/02 and L 3091)*
- *Audit Expectations Gap*
- *Auditor's responsibilities (social, legal liabilities)*
- *Degrees of legal liability under the Greek legislation (L. 4449/2017 and L. 2190/1920)*
- *Fraud definition (types and examples)*
- *Red flags*

**Related reading:** *Modern Auditing, Theory and Practice according to the International Auditing Standards, Karamanis Konstantinos, 2008. Chapter 4.*

➤ *Session 4:*

- *Professional Judgment defined*
- *Decision-making process*
- *Errors in decision-making processes*
- *Heuristics*
- *Ethics*
- *Auditor's objectiveness and independence (along with the relevant regulatory framework in Greece)*
- *Adopting the IFAC Code of Ethics in Greece*
- *Threats to objectivity and independence*
- *Safeguards against the threats*

**Related reading:** *Modern Auditing, Theory and Practice according to the International Auditing Standards, Karamanis Konstantinos, 2008. Chapter 5.*

➤ *Session 5:*

- *True and fair view of financial statements defined*
- *Management assertions*
- *Audit evidence (trustworthiness, process of collecting audit evidence, inherent weaknesses in gathering audit services)*
- *Comparing the reliability of different types of assurance evidence*
- *Audit working papers and Audit file*

**Related reading:** *Modern Auditing, Theory and Practice according to the International Auditing Standards, Karamanis Konstantinos, 2008. Chapter 8.*

➤ *Session 6:*

- *Audit process*
- *Selection, Planning, Execution, Reporting, and Follow-Up.*
- *Materiality*

**Related reading:** *Modern Auditing, Theory and Practice according to the International Auditing Standards, Karamanis Konstantinos, 2008. Chapter 9.*

- **Session 7:**
  - Analytical processes defined
  - Application of analytical processes
  - Types of analytical processes

**Related reading:** *Modern Auditing, Theory and Practice according to the International Auditing Standards, Karamanis Konstantinos, 2008. Chapter 10.*
  
- **Session 8:**
  - Internal auditing systems defined
  - Parties affecting internal auditing systems
  - Key elements of internal auditing systems
  - Internal auditing in SMEs
  - Weakness of internal auditing systems

**Related reading:** *Modern Auditing, Theory and Practice according to the International Auditing Standards, Karamanis Konstantinos, 2008. Chapter 11.*
  
- **Session 9:**
  - Control risk in internal auditing systems
  - Assessing the effectiveness of internal auditing systems

**Related reading:** *Modern Auditing, Theory and Practice according to the International Auditing Standards, Karamanis Konstantinos, 2008. Chapter 12.*
  
- **Session 10:**
  - Residual audit risk
  - Audit risk Model
  - Planning (tests) for errors
  - Planning and developing an audit process

**Related reading:** *Modern Auditing, Theory and Practice according to the International Auditing Standards, Karamanis Konstantinos, 2008. Chapters 11-15.*
  
- **Session 11:**
  - Audit sampling
  - Risks related to audit sampling
  - Types of audit sampling and types of samples
  - Errors in audit sampling

**Related reading:** *Modern Auditing, Theory and Practice according to the International Auditing Standards, Karamanis Konstantinos, 2008. Chapters 14, 16 & 17.*
  
- **Session 12:**
  - Audit report defined (its importance)
  - Written opinions (what type of questions are addressed) and auditors' responsibilities
  - Types of written opinions
  - Audit reports when there is a disagreement between the auditor and firm's management
  - Main components of an auditing report

**Related reading:** *Modern Auditing, Theory and Practice according to the International Auditing Standards, Karamanis Konstantinos, 2008. Chapters 20-21.*

- *Session 13:*
  - *Case studies conditional on specific accounting data (eg. sales, inventory etc)*
  - *Mini quizzes taken from AUDIT AND ASSURANCE study manual 2020, ICAEW*

***Suggested reading on evdoxos:***

- *Modern Auditing, Theory and Practice according to the International Auditing Standards, Karamanis Konstantinos, 2008.*
- *"Auditing Cases (translated)", Beasley Mark, Buckless Frank, Glover Steven, Prawitt, Broken Hill Publishers LTD*

***Additional Suggested reading (besides the aforementioned):***

- *Porter, B., Hatherly, D. and Simon, J. (2014), Principles of external auditing. Wiley, Hoboken, NJ.*
- *Eilifsen, A., Messier, W. and Prawitt, D. (2014), Auditing and assurance services. McGrawHill, London*
- *Handbook of International Auditing, Assurance, and Ethics Pronouncements, International Federation of Accountants, New York. (available at <http://www.ifac.org>).*

***Useful websites:***

- *Σώμα Ορκωτών Ελεγκτών Λογιστών: <http://www.soel.gr>*
- *Επιτροπή Λογιστικής Τυποποίησης και Ελέγχων – ΕΛΤΕ: [www.elte.org.gr](http://www.elte.org.gr)*
- *The International Accounting Standards Committee – IASC : <http://www.iasc.org.uk/>*
- *The International Federation of Accountants - IFAC : <http://www.ifac.org/>*
- *The Institute of Chartered Accountants in England & Wales (ICAEW): <https://charteredaccountantsworldwide.com/institute/the-institute-of-charteredaccountants-in-england-and-wales-icaew/>*