ACC 4612A Course Outline – INTERNAL AUDITING

AY2019/2020: Semester 2 (Jan 2020 – May 2020)

Module Description and Scope

This elective module provides students with the knowledge, both theory and practice, of how internal audits in organizations are done.

Students will gain an appreciation of how an internal auditor helps the Board of Directors, Audit Committee and Management of an organization by adding value and improving on the organization's results and operations. They will learn that an internal auditor does this by reviewing and recommending processes for better governance and accountability. This includes giving assurance that policies and procedures are in place to ensure the organization's objectives are achieved, risk are managed, controls are complied with, and resources are used efficiently and economically.

At the end of the module, students would have a better understanding of the expectations of being an internal auditor and also to be equipped with the knowledge to set up and run an internal audit function in an organization. In particular, they will –

- Understand what internal auditing is, its important role in governance, risk management and internal controls in an organization
- Know the recommended and widely-used standards in internal auditing
- Prepare plans for internal audits such as planning the assignment, performing audit procedures completion, reporting, audit findings
- Understand how to carry out operational audits
- Be in a better position to look out for red flags for frauds and other abuses
- Appreciate the problems, issues challenges in internal auditing.

Pedagogy

This module meets once a week. The meeting typically consists of seminar discussions or presentations. Seminar discussion and presentation questions are designed to provide students with opportunities for interactions and discussions with other seminar participants to discover, learn and assimilate knowledge, refine skills and apply knowledge in problem solving in an internal audit environment. Opportunities will be given to interact with industry practitioners and to discuss how the principles and theories on internal auditing are applied in practice and the problems encountered.

Students are expected to take responsibilities for their own learning by doing the assigned readings and completing the seminar discussion questions *before* class. Students are also expected to contribute to class discussion during the seminars.

Module Assessment

The module is based on continual assessment. The following is the basis of the assessment.

Continual Assessment Components –

(i)	Attendance and Participation	10%
(ii)	Tests	60%
(iii)	Group Projects	30%
	Total Assessment	**100%**

Seminar Participation (10%)

Seminar participation/presentation includes individual contributions to discussions in seminars and can take the form of an insightful question, comment, or response. Both the quality and consistency of participation are considered in grading seminar participation. Good performance in seminar participation often reflects excellent preparations, good critical thinking, listening and communication skills, and, most importantly, a willingness to share questions, thoughts and ideas with others.

Group Projects (30%)

Students are also required to submit group projects (to be announced). Students will be graded as a group and the elements that they will be assessed on are originality, accuracy, sound reasoning, relevance, conciseness and report writing skills.

Tests (60%)

Short tests will be administered to test students of their understanding of the key internal auditing concepts and methodologies covered in this module, as well as their ability to address and/or solve problems.

References

The reference materials for this module are –

- Internal Auditing: Assurance & Advisory Services, Fourth Edition – Urton L. Anderson, Michael J. Head, Sridhar Ramamoorti, Cris Riddle, Mark Salamasick, and Paul J. Sobel

- International Professional Practices Framework (IIPF) 2017 Edition – The Institute of Internal Auditors

- Journals from the Institutes of Internal Auditors

- External Links
  - Institute of Internal Auditors www.theiia.org
  - Control Framework www.coso.org

Where needed, additional readings will be assigned for each topic and they will be available in the library or webs, or be uploaded on the IVLE work bin, if necessary. Unless there are very good reasons not to, students are expected to sign on as student members of the Institute of Internal Auditor to access materials on the websites.

Module Instructors	**Office Location**	**Email**
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Week	Date	Topic *(indicative and may subject to change)*	Instructor
1		INTRODUCTION TO INTERNAL AUDITING – ▪ What is Internal Auditing? ▪ About the Internal Audit Profession - Overview of Internal Auditor's Roles and Responsibilities - Types of Internal Audit Engagement o Assurance o Consulting - Types of Internal Audit o Operational o Financial o Compliance ▪ Distinguish between Internal Auditing and External Auditing	
2		PROFESSIONAL STANDARDS GOVERNING THE PRACTICE OF INTERNAL AUDITING – ▪ IIA's International Professional Practice Framework (IPPF) - Definition of Internal Auditing - Code of Ethics - Standards (overall Concepts and Principles) CURRENT STATUTORY AND REGULATORY REQUIREMENTS IN SINGAPORE ON INTERNAL AUDIT – e.g. ▪ Companies Act (Chapter 50) Section 201(B); ▪ The Code of Corporate Governance (revised, issued on 6 August 2018) – MAS and SGX - Risk Management and Internal Controls (Principle 9) - Internal Audit (Principle 10)	

3		IMPACT ON INTERNAL AUDTING: GOVERNANCE, RISK MANAGEMENT AND INTERNAL CONTROLS <u>GOVERNANCE</u> ▪ Organizational Governance Perspective – How it ties in Risk Management and Internal Control - Corporate Governance Principles - Overview of Three Lines of Defense ▪ Overview of the Relationships of Internal Auditors - Audit Committee - Board of Directors - Senior Management ▪ The Role of Audit Committee and Internal Auditing ▪ Stakeholders Management - Policeman or Business Partner - Managing Expectations and Challenges - The Value of Internal Auditing ▪ Case Studies and Discussion	
4		IMPACT ON INTERNAL AUDTING: GOVERNANCE, RISK MANAGEMENT AND INTERNAL CONTROLS <u>RISK MANAGEMENT</u> ▪ What's Risk? ▪ The Elements of Risk Management ▪ The Importance of an Effective Risk Assessment - Addressing Organizational Top Risks ▪ Overview of Generally Accepted Frameworks – - ISO 31000: 2018 Principles, Framework and Risk Management Process - COSO 2017 Enterprise Risk Management - Integrating with Strategy and Performance ▪ A discussion of the Internal Auditor's role in Enterprise Risk Management (ERM)	

5		IMPACT ON INTERNAL AUDTING: GOVERNANCE, RISK MANAGEMENT AND INTERNAL CONTROLS <u>INTERNAL CONTROLS</u> ▪ What's Internal Control? ▪ Overview of COSO Internal Control – Integrated Framework ▪ Characteristics of an Effective System of Internal Controls ▪ A discussion of the Internal Auditor's role in Internal Controls	
6		STARTING AN INTERNAL AUDIT FUNCTION ▪ Organization Structure and Reporting of Internal Audit Function ▪ Internal Audit Charter ▪ Staffing of Internal Auditors ▪ Resourcing the Internal Audit Function ▪ Case Studies and Discussion	
		RECESS WEEK	
7		MID-TERM TEST THE METHODOLOGY AND PROCESS OF INTERNAL AUDITING ▪ Confirming Audit Engagement ▪ Planning and Scoping - Determine the Areas under Audit (considerations, objectives, risk-based approach) ▪ Engagement Resource Allocation ▪ Developing/Tailoring the Audit Programs	

8		▪ Execute the Actual Internal Audit Work (i.e. conducting audit field work and testing) - Opening Conference - Fact-findings Techniques - Audit Programs - Testing of Systems and Controls - Audit Working Papers ▪ Communicating the Results - Exit Conference - Drafting of Findings and Report - Recipients of Internal Audit Reports ▪ Developing an Effective Mechanism for Issue and Corrective Actions Tracking - Follow-up Review	
9		INTERNAL AUDIT TECHNIQUES AND TOOLS – e.g. ▪ Compliance and Substantive Testing ▪ Leveraging Data Analytics ▪ Computer Assisted Audit Technique (CAATs) ▪ Thematic and Targeted Audits INTERNAL AUDITING HOTSPOTS & AREAS OF FOCUS – e.g. ▪ Cyber Security ▪ Technology Transformation and Digitalization ▪ Governance, Conduct Risk and Culture ▪ Financial Crimes Compliance – AML, Sanctions & ABC ▪ Etc.	
10 – 11		FRAUD RISKS AND INTERNAL CONTROLS ▪ What's Fraud? ▪ The Fraud Triangle ▪ Red Flags and Internal Controls ▪ General understanding of Fraud Investigation Process ▪ Role of Internal Auditors – Fraud Prevention, Detection and Investigation. ▪ Case Studies and Discussion	

12		GUEST SPEAKERS – ▪ OVERVIEW OF VARIOUS ORGANIZATIONS' INTERNAL AUDIT STRUCTURE AND FUNCTION ▪ INTERNAL AUDITING CAREER PATHWAYS - Career Progression of an Internal Auditor - Pathways from being an Internal Auditor - Attributes of an Internal Auditor AND PANEL DISCUSSION & DIALOGUE – "UNDERSTANDING SELF AND OWNING YOUR CAREER PATH"	
13		GROUP PROJECT PRESENTATIONS	
		FINAL TEST	