

**ALLAMA IQBAL OPEN UNIVERSITY, ISLAMABAD
(Department of Business Administration)**

AUDITING (MBA-5545)

CHECKLIST

SEMESTER: AUTUMN 2013

This packet contains the following material:

1. Text Books
2. Course Outline
3. Assignment No. 1, 2
4. Assignment Forms (2 sets)
5. Schedule for Submitting the Assignments

In this packet, if you find anything missing out of the above mentioned material, please contact at the address given below:-

**Mailing Officer,
Services Block No. 28,
Allama Iqbal Open University,
H-8, Islamabad
Phone: 051-9057611-12**

(Sadar Ayub)
Course Coordinator

ALLAMA IQBAL OPEN UNIVERSITY ISLAMABAD
(Department of Business Administration)

WARNING

1. **PLAGIARISM OR HIRING OF GHOST WRITER(S) FOR SOLVING THE ASSIGNMENT(S) WILL DEBAR THE STUDENT FROM AWARD OF DEGREE/CERTIFICATE, IF FOUND AT ANY STAGE.**
2. **SUBMITTING ASSIGNMENTS BORROWED OR STOLEN FROM OTHER(S) AS ONE'S OWN WILL BE PENALIZED AS DEFINED IN "AIOU PLAGIARISM POLICY".**

Course: Auditing (5545)
Level: MBA (2 Years)

Semester: Autumn 2013
Total Marks: 100

ASSIGNMENT No. 1
(Units: 1-4)

- Q. 1 Explain and evaluate the term audit. Critically discuss the qualities of an auditor with examples. **(20)**
- Q. 2 Explain the term internal control system. Discuss the internal control system for remuneration of employees and investment in detail. **(20)**
- Q. 3 Explain the term sampling and its significance in audit profession. Critically discuss the evaluation of sample results in audit profession. **(20)**
- Q. 4 Explain the term vouching and discuss its importance. Critically discuss the vouching process of purchase returns in detail. **(20)**
- Q. 5 Explain routine checking and why it is conducted? Discuss the relationship and difference between routine checking and vouching. **(20)**

GUIDELINES FOR ASSIGNMENT No. 1

You should look upon the assignments as a test of knowledge, management skills, and communication skills. When you write an assignment answer, you are indicating your knowledge to the teacher:

- Your level of understanding of the subject;
- How clearly you think;
- How well you can reflect on your knowledge and experience;
- How well you can use your knowledge in solving problems, explaining situations, and describing organizations and management;
- How professional you are, and how much care and attention you give to what you do.

To answer a question effectively, address the question directly, bring important related issues into the discussion, refer to sources, and indicate how principles from the course

materials apply. You must also be able to identify important problems and implications arising from the answer.

For citing references, writing bibliographies, and formatting the assignment, APA format should be followed.

ASSIGNMENT No. 2

Total Marks: 100

This assignment is a research-oriented activity. You are required to obtain information from a business organization for topics 0-8. For topic No. 9, study non-business organization. Prepare a report of about 1000 words on the issue allotted to you to be submitted to your teacher for evaluation.

You are required to select one of the following issues according to the last digit of your roll number. For example, if your roll number is P-3427185 then you will select topic No.5 (the last digit): -

List of Topics:

0. Internal Control over stores
1. Ethics in audit profession
2. Internal check
3. Vouching of cash book
4. Verification of fixed assets
5. Appointment of company auditor
6. Management audit program
7. Auditor lien
8. Investigation against fraud
9. Audit for non-profit organization

The report should follow the following format:

1. Title page
2. Acknowledgements
3. An abstract (one page summary of the paper)
4. Table of contents
5. Introduction to the issue (brief history & significance of issue assigned)
6. Practical study of the organization (with respect to the issue)
7. Data collection methods
8. SWOT analysis (strengths, weaknesses, opportunities & threats) relevant to the issue assigned
9. Conclusion (one page brief covering important aspects of your report)
10. Recommendations (specific recommendations relevant to issue assigned)
11. References (as per APA format)
12. Annexes (if any)

GUIDELINES FOR ASSIGNMENT No. 2:

- 1.5 line spacing
- Use headers and subheads throughout all sections
- Organization of ideas
- Writing skills (spelling, grammar, punctuation)
- Professionalism (readability and general appearance)
- Do more than repeat the text
- Express a point of view and defend it.

WORKSHOPS:

The workshop presentations provide students opportunity to express your communication skills, knowledge and understanding of concepts learned during practical study assigned in Assignment No. 2.

You should use transparencies and any other material for effective presentation. The transparencies are not the presentation, but only a tool; the presentation is the combination of the transparencies and your speech. Workshop presentation transparencies should only be in typed format.

The transparencies should follow the following format:

- 1) Title page
- 2) An abstract (one page summary of the paper)
- 3) Introduction to the issue (brief history & significance of issue assigned)
- 4) Practical study of the organization (with respect to the issue)
- 5) Data collection methods
- 6) SWOT analysis (strengths, weaknesses, opportunities & threats) relevant to the issue assigned
- 7) Conclusion (one page brief covering important aspects of your report)
- 8) Recommendations (specific recommendations relevant to issue assigned)

GUIDELINES FOR WORKSHOP PRESENTATION:

- Make eye contact and react to the audience. Don't read from the transparencies or from report, and don't look too much at the transparencies (occasional glances are acceptable to help in recalling the topic to cover).
- A 15-minute presentation can be practiced several times in advance, so do that until you are confident enough. Some people also use a mirror when rehearsing as a substitute for an audience.

WEIGHTAGE OF THEORY & PRACTICAL ASPECTS IN ASSIGNMENT No. 2 AND WORKSHOP PRESENTATIONS:

Assignment No. 2 and workshop presentations are evaluated on the basis of theory and its applicability. The weightage of each aspect would be:

Theory:	60%
Applicability (practical study of the organization):	40%

COURSE OUTLINE

Course: **Auditing**
Level: **MBA (2 Years)**

Course Code: **5545**
Credit Hours: **03**

UNIT-1 INTRODUCTION TO AUDITING

- 1.1. Auditing: Concepts, History Objectives
- 1.2. Auditing Distinguished from Book Keeping and Accounting
- 1.3. Qualities of an Auditor
- 1.4. Professional Ethics
- 1.5. Types of Audit

UNIT-2 INTERNAL CONTROL

- 2.1. System of internal Control: Introduction and Significance
- 2.2. Evaluation of Internal Control
- 2.3. Types of Internal Control
- 2.4. Internal Check
- 2.5. Internal Audit
- 2.6. Practical Applications of Internal Control Systems

UNIT-3 AUDIT SAMPLING

- 3.1. Introduction to Sampling
- 3.2. Basis for Sample Selection
- 3.3. Sample Size
- 3.4. Methods of Sample Selection
- 3.5. Sample Evaluation
- 3.6. Sampling in Practice

UNIT-4 VOUCHING AND EXAMINATION OF GENERAL RECORDS

- 4.1 Vouching: Concepts and Significance
- 4.2 Distinction between Vouching and Routine Checking
- 4.3 Audit and Vouching
- 4.4 Vouching Technique
- 4.5 Vouching of Cash Book

UNIT-5 VERIFICATION OF ASSETS AND LIABILITIES

- 5.1 Verification: Concepts and Significance
- 5.2 Fixed Assets: Types and Valuation
- 5.3 Floating Assets: Types and Valuation
- 5.4 Wasting assets: Types and Valuation
- 5.5 Intangible Assets: Types and Valuation

UNIT-6 COMPANY'S AUDITOR

- 6.1 Auditor: Appointment and Qualifications
- 6.2 Remuneration of Auditor
- 6.3 Removal of Auditor
- 6.4 Rights, Powers and Duties of Auditor
- 6.5 Auditor's lien

UNIT-7 MANAGEMENT AND PERFORMANCE AUDIT

- 7.1 Management Audit: Concepts, Significance and Objectives
- 7.2 Distinction between Statutory Audit and Management Audit
- 7.3 Conduct Management Audit
- 7.4 Work and Duties of Management Auditor
- 7.5 Management Audit Report

UNIT-8 COMPUTER CONTROLS AND AUDIT TECHNIQUES

- 8.1 Nature of EDP system
- 8.2 Computer controls
- 8.3. Organization of an EDP Department
- 8.4 On-line, real time system (OLRT)
- 8.5 EDP and the audit process

UNIT-9 SPECIAL AUDIT AND INVESTIGATIONS

- 9.1. Introduction to Special Audit
- 9.2. Investigations
 - 9.2.1. Events necessitating an investigation
 - 9.2.2. Stages of an investigation
 - 9.2.3. Difference between investigation and auditing
 - 9.2.4. Business purchases
 - 9.2.5. Profit forecasts

Recommended Book:

Saeed, A., K. (2012), "*Auditing Principles and Procedures*" Lahore. Khawaja Publications

Additional Books

Carmichae, R., D. (2009). *Auditing Concepts and Methods: A Guide to Current Theory and Practice*. California: The University of California.

Meigs R. L. (2010). *Auditing Principles*. New York: McGraw Hill Publications

