

AUDIT AND INTERNAL CONTROL

Credit points	4 CP		
Duration of the course	6 sem.		
Study course annotation	<p>In the process of mastering the discipline, students will gain knowledge on the following topics:</p> <ul style="list-style-type: none"> - nature and purpose of the audit; - laws and regulations and international standards of audit activity; - methods of planning, auditing and preparing an opinion; - auditor's code of ethics; - audit quality; - internal control system, COSO model 		
Aim of the study course	Development of theoretical knowledge about auditing in Latvia and abroad, about the internal control system and its practical implementation, as well as gaining the practical skills in organising, planning and performing independent audits of financial statements of various types of ownership organisations.		
	Knowledge	Skills	Competences
Study course results	<ul style="list-style-type: none"> • Know the theoretical and methodological bases of audit activity; • Basic concepts and approaches of audit definition, classification of types of audit services; • Principles of audit professional ethics; • Requirements for auditing standards and other regulatory documents; • Methods for planning audit procedures, developing a program and performing audit procedures; • Methodological methods of drawing up the auditor's opinion and rules for drawing up audit results. • Know modern approaches to the organisation of internal control, evaluate the efficiency of its functioning and provide recommendations for the development of improvement. 	<ul style="list-style-type: none"> • Be able to use the gained theoretical knowledge in audit organisation and planning; • Understand the audit process and the nature of audit data; • Summarise audit results and compile an audit opinion • Independent practical work with normative documents that regulate audit activity; • Know the basic principles, concepts and methods of auditing; • Gain skills to analyse problem situations, define a problem and find solutions. • Know the methods and methodology, modern innovations in planning and implementation of internal control, their efficiency in assessment and drawing up recommendations for improvement 	<ul style="list-style-type: none"> • Know how to independently use theoretical knowledge in practice; • Collect, analyse and process data to solve professional problems, select tools for data processing, analyse results and substantiate conclusions; • Able to take responsibility, work in a team and show initiative, effectively plan and organise their work; • Able to use the basics of legal knowledge in various fields; • Apply the methodology of organising and improving internal control, evaluate its effectiveness and develop recommendations for improvement; • Able to use the COSO internal control model
	Topics		

Study course content	1	Essence and types of audit	
	2	Legal bases and professional regulation of audit activity	
	3	Auditor's professional ethics and legal responsibility	
	4	Audit standardization	
	5	Audit preparation and planning	
	6	Materiality and audit risk	
	7	Basics of audit methodology (audit evidence, acquisition and documentation methods)	
	8	Auditor's opinion, types of auditor's opinions	
	9	Audit quality control	
	10	Conceptual basis for the establishment of an internal control system. COSO internal control system. Assessment of the internal control system	
Organization and tasks of students' independent work	In the study course, a control test is written in the classroom: test - to test theoretical knowledge and situation analysis, to assess revenues/expenses, to make decisions. Successful completion of the test is a prerequisite for a student to take the exam. During the exam, the student must answer theoretical questions (in the form of a test) and analyse the practical situation.		
Form of assessment:	Exam		
Evaluation criteria	The final mark is formed	100%	
	Practical works	30	
	Activity and participation in seminars	20	
	Works in lectures	10	
	Final Exam (Tesr and independent work)	40	
Obligatory literature:	<ol style="list-style-type: none"> 1. Auditing/Alan Millichamp, John Taylor. – Andover UK:Gengage Learning, 2018. 2. Coderre,D. Internal Audit. Efficiency through automation / David Coderre. - Wiley,2019. - 274 p. 		
Additional reading:	<ol style="list-style-type: none"> 1. Directive 2006/43/EC of the European Parliament and of the Council of 17 May 2006 on statutory audits of annual accounts and consolidated accounts. https://eur-lex.europa.eu 2. Regulation 537/2014 of the European Parliament and of the Council of 16 April 2014 on specific requirements regarding statutory audit of public-interest entities. https://eur-lex.europa.eu 3. Law of the Republic of Latvia “Law on Audit Services”. Entry into force: 01.01.2002 4. Law of the Republic of Latvia “Law on Internal Audit”. Entry into force: 11.01.2013 5. Arens, Alvin A. Auditing and Assurance Services. An Integrated Approach – 11th. Ed. – Pearson Education Inc. 2006 -799 lpp. 6. Financial Accounting and Reporting: A Global Perspective, 5th Ed. – Andover UK:Gengage Learning, 2019. – 660 p. 7. Phillips, A.W. Tools, techniques, and step-by-step guidelines for successful internal audits. Fourth edition / Ann W.Phillips. - Quality Press, 2015. - 168 p. 		
Periodicals and other sources of information:	<ol style="list-style-type: none"> 1. Bilance - magazine 2. Grāmatvedība un ekonomika (e-versija) 3. iFinances (e-versija) www.ifinances.lv 4. ACCA Global: Home www.accaglobal.com 5. BIA library databases: EBSCO, SCOPUS 		
During the study process, changes and additions to the programme and bibliography are possible			