

Teaching guide

IDENTIFICATION DETAILS

Degree:	Business Administration and Management
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Field of Knowledge:	Social and Legal Science
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Faculty/School:	Legal and Business Science
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Course:	AUDITING I
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Type:	Optional
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ECTS credits:	3
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Year:	3
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Code:	7149
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Teaching period:	Sixth semester
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Area:	Accountancy
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Module:	Functional administration of business areas
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Teaching type:	Classroom-based
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Language:	English
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Total number of student study hours:	75
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Teaching staff	E-mail
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SUBJECT DESCRIPTION

The course begins with the question Why to study audit? What is its role? Subsequently analyze what is audit, who can be auditor, what steps to follow to obtain administrative approval; what are the applicable legislation and the technique to perform audits.

Finally, in the second part of the course are introduced the actual techniques for each area of the balance sheet and profit and loss account to obtain the substantive tests that allow auditor to form an opinion on the financial statements reviewed

GOAL

In the end of the course, students will have learnt what financial statement audit consists of, legal framework, supervision in Spain, legal context and relationship with International Accounting Standards.

It is intended that students being able to run a full audit process, analyzing all accounting areas under their technical opinion.

Students will be able to plan and execute a financial statement audit being able to analyse the results. For this analysis it will be required to know the legal framework to stick to.

Students will learn and understand social impact of the audit activity and furthermore its legal and ethical responsibility.

Students will handle supervisory techniques and review procedures as well as transactions and balances confirmation used in the audit plan.

The specific aims of the subject are:

Students will know and understand the audit legal framework, supervision and relation with International Accounting Standards.

Students will fully understand and handle the sources of law and audit law's regulation.

Students will be aware of social responsibility ethical and moral requirements that auditor's profession implies.

Students will be able to run an audit risk analysis and to assess the quality of evidences.

Student will clearly determine the audit's aim and the methods available to conduct the required audit trails.

Calculation of statistical parameters to assess the quality of evidences collected.

Student will handle verification and revision methods for the Financial Statements items and when needed, be capable to design alternative procedures.

PRIOR KNOWLEDGE

It is needed to have previous knowledge of financial accounting that allows to fully understand the financial statements, balance accounts and transactions recorded on them..

It is also important that student knows the Accounting Principles and Valuation Standards as per the General Accounting Plan.

COURSE SYLLABUS

TOPIC 1. CONCEPT, SUPERVISION AND RESPONSABILITIES.

1.AUDIT CONCEPT.

2.INTERNATIONAL STANDARDS ON AUDITING.

3.LEGAL SOURCES OF AUDITING IN SPAIN.

4.ICAC 15 OCTOBER 2013. NIA ADAPTATION OF INTERNATIONAL STANDARDS ON AUDITING (ISA's).

5.ENTITIES SUBJECT TO AUDIT.

TOPIC 2. REQUIREMENTS FOR THE AUDIT EXERCISE.

1.TECHNICAL AND PROFESSIONAL CAPACITY.

2.ETHICAL REQUIREMENT.

3.INSTITUTE OF ACCOUNTING AND AUDIT OF ACCOUNTS (ICAC).

4.PUBLIC AUDIT SUPERVISION.

5.AUDITOR'S RESPONSIBILITY.

6.DISCIPLINARY AND PENALTY PROCEDURE.

7.QUALITY CONTROL.

TOPIC 3. INTERNAL ORGANIZATION AND WORK OF AUDITOR.

1.INTERNAL CONTROL PROCEDURE.

2.STUDY AND EVALUATION OF INTERNAL CONTROL SYSTEM PLANNING.

3.WEAKNESSES OR MATERIAL ERRORS FOUND AND RISK.

4.WEAKNESSES COMMUNICATION.

TOPIC 4. EVIDENCE, RELATIVE IMPORTANCE

- 1.AUDIT EVIDENCE.
- 2.RELATIVE IMPORTANCE ON TECHNICAL NORMS.
- 3.RELATIVE IMPORTANCE ON PLANNING.
- 4.RELATIVE IMPORTANCE ON EXECUTION.
- 5.RELATIVE IMPORTANCE ON AUDIT REPORT.
- 6.RELATIVE IMPORTANCE DETERMINATION.
- 7.AUDIT RISK.

TOPIC 5. AUDIT PROCEDURES (I)

- 1.BASIC CONCEPTS.
- 2.AUDIT SAMPLING.
- 3.AUDIT OBJECTIVE AND REPORT CONSIDERATIONS:
 - 3.1.NET EQUITY AUDIT.
 - 3.2.FINANCIAL LIABILITY AUDIT.
 - 3.3.TANGIBLE AND INTANGIBLE ASSETS AUDIT.
 - 3.4.STOCK AUDIT.
 - 3.5.1.PROFIT AND LOSS AUDIT.
 - 3.5.2 PURCHASES AND EXPENDITURES.
 - 3.5.3.SALES AND INCOME.
 - 3.5.4.PERSONNEL EXPENSES.

EDUCATION ACTIVITIES

The methodology applied is based on a strong theoretical knowledge of the fundamentals of subject and its regulation in Spain before moving on to a special implementation of the knowledge acquired, giving a deductive approach to the learning of the subject. For this, besides the initial classroom sessions, group work is encouraged, similar to the image of the dynamics of real work in the world of the audit, participation in case discussion is required, valuing individual efforts within the result of the group.

It has been established a teaching methodology based on actual experience in auditing, incorporating the educational technologies more appropriated to the course objectives.

Students must attend classes actively. To do this, the theoretical basis and rationale are explained in order to develop case studies. So it will be proposed practical exercises that students will be solving personally or participating with the teacher in the classroom. Additionally students will present various practical exercises for both the teacher and the students themselves, so they can check gradually the degree of assimilation of the subject.

The development of the subject will take into account the following activities:

CLASSROOM ACTIVITIES

Lectures: explanation of theoretical vision of the issues affecting those key concepts for the understanding of them. The student will be previously involved in the preparation of some theoretical issues. It shall also be indicated to the student those resources more suitable for further preparation of the subject in depth.

Resolution of exercises: The student has to work on practical cases and the teacher is responsible for guiding the teacher at all times. Once the work is completed, the cases will be corrected and analyzed by the student in class.

Discussion of cases: Students, with the assistance of the teacher, have to analyze, discuss and make decisions in situations which are taken from real cases.

Teamwork: Oral exposition of case studies will be made by the team to the class, to provide students with more a more in-depth understanding of the principles.

Problem-based learning: Students must present the problem, identify knowledge gaps, seek the necessary information and, finally, back to the problem to look for a solution.

Personalized tutoring: Consists of individual attention to students in order to review and discuss the issues presented in class and clarify any doubts that have arisen. It also guides the student on all elements of the learning process.

Face-to-face tutoring: Consisting of individual attention to students in order to review and discuss the issues presented in class and clarify any doubts that have arisen.

Students will have the option of asking for tutoring classes sending an e-mail to the teacher who will schedule a room and a time-slot for it.

NON-CLASS ACTIVITIES

Theoretical Study: Study of the theoretical content of the program, so that the student activity focuses on research and location.

Case Study: Solving practical cases, so that the student activity focuses on the analysis, processing and return of information. These practical cases will be randomly picked by the teacher. The solution will be posted in the virtual classroom for verification by the student.

Preparation of cases for class discussion: Students will analyze the situations in actual cases applying the knowledge gained and focusing them to decision-making.

Teamwork: Students will meet with members of their teams for the design and development of the work to be presented in class.

Virtual Networking: Virtual space designed by the teacher where students can work together with colleagues,

participate in forums organized by the teacher and maintain virtual tutorials.
 The virtual networking tool used as basic is the VIRTUAL CLASSROOM (<http://moodleufv.ufv.es/moodle/login/index.php>). The tools that will be activated in the website of this course are: Calendar: The student will be informed of the content of the classes that will be taught, in order to prepare the exercises in advance and remember the deadlines for the works and exercises. It is updated constantly.
 Email: direct communication between teacher and student and among students.
 Teaching guide of the subject so that they can consult the topics explained and the evaluation criteria among others.
 Activities: set of exercises that students must develop in the course.
 Material: set of useful content for students in class preparation, work and cases. For example, the summary of the presentations of the teacher in class, content of the work done during the course and everything that promotes the connection between program content and the business reality of the moment: press clippings, advertisements and business cases.

DISTRIBUTION OF WORK TIME

CLASSROOM-BASED ACTIVITY	INDEPENDENT STUDY/OUT-OF-CLASSROOM ACTIVITY
30 hours	45 hours
Exposure of theoretical vision of the issues 16h Teamwork 4h Case study discussion 4h Tutoring 2h Intermediate exam 2h Final exam 2h	Theoretical and practical Study 25h Preparation of cases for class discussion 12h Team working 6h Virtual Networking 2h

SKILLS

Basic Skills

Students must have demonstrated knowledge and understanding in an area of study that is founded on general secondary education. Moreover, the area of study is typically at a level that includes certain aspects implying knowledge at the forefront of its field of study, albeit supported by advanced textbooks

Students must be able to apply their knowledge to their work or vocation in a professional manner and possess skills that can typically be demonstrated by coming up with and sustaining arguments and solving problems within their field of study

Students must have the ability to gather and interpret relevant data (usually within their field of study) in order to make judgments that include reflections on pertinent social, scientific or ethical issues

Students must be able to convey information, ideas, problems and solutions to both an expert and non-expert audience

Students must have developed the learning skills needed to undertake further study with a high degree of independence

General Skills

Ability to carry out synthetic and analytical thought.

Ability to carry out synthetic and analytical thought.

To have developed the necessary skills to ensure problems are solved and goals are reached.

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To be able to work and make decisions in all manner of situations.

To be able to work and make decisions in all manner of situations.

To possess a strong work ethic.

To possess a strong work ethic.

To enjoy a creative and entrepreneurial spirit.

To enjoy a creative and entrepreneurial spirit.

Specific skills

To be able to design and manage projects.

To be able to design and manage projects.

To develop criteria for problem-solving and decision-making both professionally and personally.

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To be able to prepare and understand financial statements as a tool for subsequent decision-making, whilst having the ability to verify their veracity.

To be able to prepare and understand financial statements as a tool for subsequent decision-making, whilst having the ability to verify their veracity.

To nurture an attitude of intellectual curiosity and a quest for the truth in all areas of life.

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To be able to put knowledge into practice.

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LEARNING RESULTS

Students will have learnt about legal regulation, audit technique, General Accounting Plan and been able to apply previous knowledge on accounting, financial and economic disciplines.

Students will learn about both social as well as ethical responsibility. There will be strong emphasis on the importance of honesty and ethical behavior in the field as well as its value in society.

Students will be able to provide coherent answers and solutions to complex problems that will arise from their auditing activity.

Students will be able to define the concept of auditing and create an overall audit plan clearly defining task distribution in the field.

Students will have to be aware of the current legal framework, public institutions and corporations impacting on the auditing activity.

They will be able to handle different review and verification audit procedures being able to design alternative verification methods.

They will fully know sources of law and public institutions that might impact on the auditor's work development.

LEARNING APPRAISAL SYSTEM

There is a distinction between students enrolled in Audit I by the first time and students repeating the subject.

Students enrolled in Audit I by the first time:

A) CONTINUOUS EVALUATION SYSTEM:

The ongoing evaluation system will apply to students who attend at least 80% of classes. Thus 20% remains free availability of assistance for students, so will not be considered any justification for any absence or any test repeated if the student does not attend the day appointed for the purpose.

This continuous evaluation will take into account the following parameters: active and intelligent participation in class and discussion of cases, resolution of case studies, team work and final exam. The subject is evaluated from 0 to 10 points, which are accumulated throughout the course.

For a student to pass the subject the marks accumulated in each of the different parameters will be evaluated at least 5 points.

Continuous assessment will also apply for the extraordinary session according to the academic calendar.

The percentage weighting of the various parameters in the final grade will be applied as follows:

PERCENTAGE OF FINAL MARK:

- ATTENDANCE AND ACTIVE AND INTELLIGENT PARTICIPATION IN THE DISCUSSION IN CLASS 10%
- TEAMWORK 15%
- INTERMEDIATE EXAMS 20%
- FINAL EXAM 55%

B) STUDENTS WITH LESS THAN 80% ATTENDANCE:

The mark of students who are under 80% attendance will be solely based on the final exam according to the official announcements and dates published by the University. In this case, the final exam is worth 55% of the final mark.

This evaluation system is maintained for the official extraordinary announcement.

C) STUDENTS WHO ARE EXEMPTED FROM ATTENDING LECTURES (*) BUT THAT PERFORM THE TASK REQUIRED:

(*) A student can be exempted from attending one or more classes due to work, incompatibility of schedules, illness or other reasons considered by the Degree Director after requesting it to the Degree Coordination department and providing the documentation required to that effect. For students who are exempted from attending class the weight of the final evaluation is as follows:

PERCENTAGE OF FINAL MARK:

- CASE STUDY AND TEAMWORK 15%
- FINAL EXAM 85% (To calculate the average, the score on this final exam must be at least 5 out of 10).

STUDENTS WHO ARE REPEATING THE SUBJECT

Students who are repeating the subject will be entitled to choose either evaluation system A or C, prior notification to the teacher at the beginning of the semester. In this case, it is not necessary to ask to be exempted from attending class.

STUDENTS ON EXCHANGE PROGRAM.

Students who are in an exchange program will be subject to evaluation system ("students who are exempted from attending lectures" and "students who are repeating the subject"). It is their responsibility to know how the system works.

BIBLIOGRAPHY AND OTHER RESOURCES

Basic

AUDITING AND ASSURANCE SERVICES (14th Ed) Alvin A. Arens, Randal J. Elder, Mark S. Beasley.

Pearson Understanding Financial Statements (9th Ed) Ly M. Fraser and Aileen Ormiston. Pearson Edition

AUDITORÍA DE CUENTAS ANUALES (1) Y (2). Larriba Díaz-Zorita, Alejandro. (2.0154ª Edición. Ediciones CEF.

Institute of Accounting and Audit of Accounts in Spain (Instituto de Contabilidad y Auditoría de Cuentas (ICAC). Norms and consults. Website: www.icac.meh.es/ BOLETIN OFICIAL DEL ESTADO.

Spanish law website: <https://www.boe.es/legislacion/>

IFRS. Global Standards for the world economy. www.ifrs.org

Additional

IFAC 2013 Handbook of International Quality Control, Auditing, Review, Other Assurance, and Related Services Pronouncements.

Sánchez Fernandez de Valderrama, J. Luís y Alvarado Riquelme, María. (2.016). "TEORÍA Y PRÁCTICA DE LA AUDITORÍA I y II". Editorial PIRÁMIDE.