

**COURSE DATA****Data Subject**

<b>Code</b>	35956
<b>Name</b>	Auditing
<b>Cycle</b>	Grade
<b>ECTS Credits</b>	6.0
<b>Academic year</b>	2021 - 2022

**Study (s)**

<b>Degree</b>	<b>Center</b>	<b>Acad. year</b>	<b>Period</b>
1315 - Degree in Finance and Accounting	Faculty of Economics	4	First term

**Subject-matter**

<b>Degree</b>	<b>Subject-matter</b>	<b>Character</b>
1315 - Degree in Finance and Accounting	22 - Audit	Obligatory

**Coordination**

<b>Name</b>	<b>Department</b>
CALABOR PRIETO, MARIA DEL SOL	44 - Accountancy
FUENTES BARBERA, CRISTINA DE	44 - Accountancy

**SUMMARY**

The first Audit Law, passed in July 1988, made mandatory for medium and large companies the verification of their annual accounts by statutory auditors. Statutory auditors are independent experts in accounting and auditing that have been authorised by the Spanish Institute of Accounting and Auditing (ICAC) to docuct legal audits.

Hence, knowledge of the audit process is essential for those involved in the arena of Finance and Accounting. Additionally, the audit profession is nowadays well-settled and provides good job opportunities in the business field.

To that end, the students taking the Degree in Finance and Accounting are required to develop the adequate skills and to acquire sound understanding of the auditing process.



The subject is placed in the first term of the last academic year of the Degree in Finance and Accounting. In particular, the module 5 labelled *Accounting*, consists of the following subjects (as temporary scheduled): *Financial accounting II*, *Management accounting*, both in the 2<sup>nd</sup> year, *Analysis of financial states*, *Accounting for business combinations*, *Accounting for public and non-profit organisations*, in the third year of the degree and, finally, *Auditing*, since it predominantly consists of the final review of the individual and consolidated financial statements.

This module *Accounting* meets its academic extension in the postgraduate Master degree entitled *Master in Accounting, Auditing and Management Control* of the University of Valencia.

*Auditing* includes, in summary form, the European regulatory framework, the legal audit regulation in Spain, the international standards of auditing, the ethical standards in the audit profession, the risk assessment process or the issuance of the audit report, among other issues.

## PREVIOUS KNOWLEDGE

### Relationship to other subjects of the same degree

There are no specified enrollment restrictions with other subjects of the curriculum.

### Other requirements

There are not compulsory requirements. Nevertheless, previous knowledge in Financial Accounting and Consolidated Accounting is highly recommended

## OUTCOMES

### 1315 - Degree in Finance and Accounting

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- Conocer y analizar otras fuentes de información interna y externa que interviene en los modelos de decisión.
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## LEARNING OUTCOMES

Upon completion of the course, students will be able to:

- Develop a global view of the audit service.
- Conduct a legal audit of private companies.
- Learn the ethical principles ruling the audit profession.
- Understand the audit process and its consequences for the audited company.

## DESCRIPTION OF CONTENTS

### 1. CONCEPT AND TYPES OF AUDIT

- 1.1. The audit of the annual accounts.
- 1.2 Types of audit.
- 1.3 Regulation of the audit service.
- 1.4 Regulation of the audit profession.
  - 1.4.1 Requirements to become a legal auditor.
  - 1.4.2 Independence, ethics and responsibility.
- 1.5. Audit as part of good corporate governance practices.

### 2. THE DEVELOPMENT OF AN AUDIT AND THE PREVIOUS PHASE

- 2.1. Global process of the legal audit of financial statements.
- 2.2. The NIA-ES application to the auditing process..
- 2.3. Preliminary activities
  - 2.3.1 Acceptance and continuity of auditees.
  - 2.3.2 Agreement on the engagement terms
- 2.4. Audit engagement

### 3. AUDIT PLANNING I: INITIAL RISK OF MATERIAL MISSTATEMENT.

- 3.1 Audit planning
- 3.2 Scope and other characteristics of the audit engagement.
- 3.3. Reports and documents.
- 3.4 Study and assessment of the risk of material misstatement.



#### **4. AUDIT PLANNING II: RESPONSES TO THE INITIAL RISKS OF MATERIAL MISSTATEMENT.**

- 4.1 Audit strategy.
- 4.2. Audit plan.
- 4.3. Materiality in the planning process.

#### **5. DESIGN AND AUDIT OF THE INTERNAL CONTROL SYSTEM**

- 5.1 Concept of internal control.
- 5.2 Internal control elements.
- 5.3 Internal control objectives.
- 5.4 Internal control techniques.
- 5.5 Audit of the internal control system.

#### **6. AUDIT EXECUTION**

- 6.1. Evidence.
- 6.2. Audit procedures and sampling.
- 6.3. Risk assessment: Misstatement assessment and materiality.
- 6.4. Responses to the risk assessment.

#### **7. 7. CLOSING PHASE**

- 7.1 Reports to those involved in the audit process (management, audit committee, or oversight and supervisory bodies)
- 7.2 The audit report. Concept, types and legal requirements.
  - 7.2.1 Basic elements of the report
  - 7.2.2. Materiality
  - 7.2.3. Types of opinion
- 7.3 Treatment of subsequent events
- 7.4 Audit documents. Working papers, files and references.

#### **8. AUDIT OF CASH**

- 8.1 Concept and accounting principles.
- 8.2. Objectives and evidence.
- 8.3. Control procedures.
- 8.4. Substantive procedures.
- 8.5. Practical cases.



## **9. AUDIT OF INVENTORIES**

- 9.1 Concept and accounting principles.
- 9.2. Objectives and evidence.
- 9.3. Control procedures.
- 9.4. Substantive procedures.
- 9.5. Practical cases.

## **10. AUDIT OF COMMERCIAL FINANCIAL ASSETS AND LIABILITIES**

- 10.1 Concept and accounting principles.
- 10.2. Objectives and evidence.
- 10.3. Control procedures.
- 10.4. Substantive procedures.
- 10.5. Practical cases.

## **11. AUDIT OF NON-CURRENT ASSETS**

- 11.1 Concept and accounting principles.
- 11.2. Objectives and evidence.
- 11.3. Control procedures.
- 11.4. Substantive procedures.
- 11.5. Practical cases.

## **12. AUDIT OF OTHER FINANCIAL ASSETS AND LIABILITIES**

- 12.1 Concept and accounting principles.
- 12.2. Objectives and evidence.
- 12.3. Control procedures.
- 12.4. Substantive procedures.
- 12.5. Practical cases.

## **13. AUDIT OF EQUITY**

- 13.1 Concept and accounting principles.
- 13.2. Objectives and evidence.
- 13.3. Control procedures.
- 13.4. Substantive procedures.
- 13.5. Practical cases.

**14. AUDIT OF THE PROFIT AND LOSSES ACCOUNT**

- 14.1 Concept and accounting principles.
- 14.2. Objectives and evidence.
- 14.3. Control procedures.
- 14.4. Substantive procedures.
- 14.5. Practical cases.

**WORKLOAD**

ACTIVITY	Hours	% To be attended
Theory classes	30,00	100
Classroom practices	30,00	100
Development of individual work	35,00	0
Preparation of evaluation activities	55,00	0
<b>TOTAL</b>	<b>150,00</b>	

**TEACHING METHODOLOGY**

The development of the course consists of a combination of theoretical (2 hours per week) and practical classes (2 hours per week). For this purpose, all available resources (blackboard, slides or computer assistance) that are deemed appropriate for the correct achievement of the proposed objectives will be used in each case and according to the student's needs.

In general, theoretical lessons combine the methodology of a master class with the discussion of relevant topics. Students are also encouraged to read the audit rules so they can properly answer a set of questionnaires.

Regarding the practical lessons, they are designed to address the main audit tests and to review the accounting principles. To that end, students must solve a set of problems.

In addition to these face-to-face activities, students must carry out other activities oriented to autonomous learning, such as individual study, the preparation of assessment activities, or individual or group work.

For the successful completion of these activities, tutoring, done either individually or in groups, is a particularly important teaching resource since it allows the teacher to know the level of progress of the group, and allows the student a personalised orientation in his/her training program. Consequently, throughout the formative period of the subject the use of this teaching resource is recommended and encouraged.

The available teaching material can be accessed from the virtual classroom: <http://aulavirtual.uv.es>.



## EVALUATION

In general, the process for assessing the competences of the subjects is similar to the rest of the subjects of the module and, specifically, they will follow the following guidelines:

- (i) A written exam, which may consist of theoretical questions as well as problems and real cases (60% of the final grade). The grade of 4 out of 10 must be exceeded in this written test so that the rest of the grade can be added.
- (ii) The continuous assessment, which involves the evaluation of the practical activities developed by students individually or in groups, from the preparation of papers / reports / tests and / or oral presentations, with defence of the positions developed by students. It also involves class attendance and other face-to-face training activities and participation and involvement in the teaching-learning process. All tasks must be completed on due date. The continuous assessment is NOT recoverable.

It represents 40% of the final grade of the subject.

To pass the subject it will be necessary to obtain a minimum total score of 5 out of 10.

## REFERENCES

### Basic

- AGUILAR, I.; DE FUENTES, C. Y LABATUT, G. (2017). Normas Internacionales de Auditoría adaptadas para su aplicación en España por el ICAC. Ediciones Francis Lefebvre. Madrid.
- SÁNCHEZ FERNÁNDEZ DE VALDERRAMA, J.L.(2008)."Teoría y Práctica de la Auditoría (4ª Ed.)". Ediciones Pirámide. Madrid.
- TRIGUEROS PINA, J.A. Y OTROS(2012)."Manual de Auditoría". Ediciones Francis Lefebvre. Madrid.

### Additional

- Directiva 2006/43/CE del Parlamento Europeo y del Consejo de 17 de mayo de 2006, relative a la auditoría legal de las cuentas anuales y de las cuentas consolidadas.
- Directiva 2014/56/UE del Parlamento Europeo y del Consejo de 16 de abril de 2014, por la que se modifica la Directiva 2006/43/CE, relative a la auditoria legal de las cuentas anuales y de las cuentas consolidadas.
- Ley 22/2015, de 20 de Julio, de Auditoría de Cuentas.  
Resolución de 15 de octubre de 2013, del Insituto de Contabilidad y Auditoría de Cuentas, por la que se aprueban las nuevas Normas Técnicas de Auditoría, resultado de la adaptación de las Normas Internacionales de Auditoría para su aplicación en España (NIA-ES)
- Real Decreto 2/2021, de 12 de enero, por el que se aprueba el Reglamento de desarrollo de la Ley 22/2015, de 20 de julio, de Auditoría de Cuentas.



## ADDENDUM COVID-19

**This addendum will only be activated if the health situation requires so and with the prior agreement of the Governing Council**

### 1. Contents

The original contents in the teaching guide are maintained.

### 2. Workload and planning

Teaching guide workload and planning is maintained. However, given the greater weight of continuous assessment, additional tasks will be required, which may consist of the delivery of theoretical-practical exercises, and/or online questionnaires.

### 3. Teaching methodology

Following the indications for the development of the teaching of the course 2021-22, approved by the Consell de Govern of the University of Valencia, the teaching of the first semester could be:

*No Face-to-face:* The theoretical and the practical classes will be taught, preferably, by synchronous videoconference, at the sametimetable as the face-to-face traditional class. Students will connect the camera to participate in the development of the classes. These sessions could be replaced by asynchronous sessions. If the conditions of the group and the classroom allow it, the sessions could be changed by face-to-face classes.

*Hybrid:* The theoretical classes will be taught, preferably, by synchronous videoconference. The practical classes will be face-to-face in the classroom and timetable planned. If due to COVID, we must return to non-face-to-face teaching, they will be carried out with the same procedure as the theoretical classes.

*Face-to-face:* the original teaching guide will be followed

*Tutoring will be online.* Forums and other tools available online could be used.

### 4. Evaluation

The original teaching guide will be followed.

### 5. References

The teaching guide is maintained.