

The last date for assessment is 31 October 2014

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**PRESCRIPTION: 605 INTERNAL AUDITING**

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This prescription replaces *205 Internal Auditing*.

**ELECTIVE PRESCRIPTION**

<b>LEVEL</b>	6
<b>CREDIT</b>	20
<b>VERSION</b>	1
<b>INTRODUCED</b>	2006
<b>AIM</b>	Students will understand the role of internal auditing in the corporate governance framework.
<b>PREREQUISITES</b>	Recommended <i>400 Accounting Principles</i> and <i>530 Organisation and Management</i> or equivalent knowledge and skills.

**ASSESSMENT WEIGHTINGS**

Learning outcomes	Assessment weighting %
1. Students will understand the purpose of internal auditing and its relationship to corporate governance.	15
2. Students will understand and evaluate the concept of organisational risk and risk management.	20
3. Students will understand internal controls and apply relevant standards and frameworks to evaluate and report findings.	58
4. Students will explore the dynamics of corporate governance, risk management and internal auditing.	7
<b>TOTAL</b>	<b>100</b>

All learning outcomes must be evidenced; a 10% aggregate variance is allowed.

**ASSESSMENT NOTES**

1. Assessment materials should reflect relevant and current legislation, standards, regulations and acknowledged good industry/business practices.

## LEARNING OUTCOME ONE

Students will understand the purpose of internal auditing and its relationship to corporate governance.

### *Key elements*

- a) Background of internal auditing.
- b) Current scope of internal auditing.
- c) The role of Institute of Internal Auditors.
  - *Code of Ethics and International Standards for the Professional Practice of Internal Auditing.*
- d) Corporate governance:
  - rules versus principles
  - audit committee
  - internal audit charter
  - role of the Board.

## LEARNING OUTCOME TWO

Students will understand and evaluate the concept of organisational risk and risk management.

### *Key elements*

- a) Types of risk.
- b) Risk management standards:
  - Australian/New Zealand standard
  - COSO Risk Management Framework.
- c) Fraud:
  - definition
  - types:
    - identity fraud
    - financial fraud.
- d) Analyse a risk situation and make recommendations.
- e) Current developments.

### **LEARNING OUTCOME THREE**

Students will understand internal controls and apply relevant standards and frameworks to evaluate and report findings.

#### *Key elements*

- a) Internal control:
  - Types
  - COSO internal control integrated framework
  - Sarbanes-Oxley
  - Turnbull model.
  
- b) Non-financial risks:
  - reputation
  - public outrage
  - internal or external culture
  - legislation
    - Health and Safety in Employment Act 1992
    - Resource Management Act 1991
    - Fair Trading Act
    - Commerce Act.
  
- c) Financial transaction cycle risks:
  - revenue
  - payroll
  - purchases.
  
- d) Flowcharting for financial transaction cycle.
  
- e) Analytical procedures and reporting:
  - preparation
  - findings
  - interpretation
  - recommendation.

### **LEARNING OUTCOME FOUR**

Students will explore the dynamics of corporate governance, risk management and internal auditing.

#### *Key elements*

- a) Current issues:
  - research
  - evaluate.