

Assurance

Unit level 5

Unit code: J/650/9650

GLH 60

Credit value 15

Unit grading structure Pass-
Merit-Distinction

Unit aims

The aim of this unit is to give learners an understanding of the concept of assurance. Students will consider the responsibilities of different stakeholders when completing assurance engagements and will gain an understanding of internal controls and their importance in assurance engagements as well as gain a practical understanding of how to gather the required evidence for all assurance activities.

Learning outcomes The learner will:

Assessment criteria The learner can:

Merit

Distinction

1. Understand the concept of assurance.

- Pass**
1. Explain the concept of reasonable assurance in a business organisation.
 2. Explain the assurance process.
 3. Compare and contrast the responsibilities of the different stakeholders involved in an assurance engagement.
 4. Analyse the possible purposes and outcomes obtained from different assurance engagements
 5. Analyse best practices, guidelines and benchmarks including international standards relating to assurance practices

1. Assess the need to plan assurance activities with professional scepticism and professional judgement.

1. Evaluate the impact of risk misstatement in assurance and audit environments.

2. Understand the nature and importance of internal controls.

1. Discuss the need for the main areas of a business that need effective control systems.
2. Describe the components of internal control in both manual and digital environments.
3. Explain how internal controls are evaluated and conclusions drawn.

1. Analyse how internal controls mitigate risk.

3. Understand how to gather evidence when completing an assurance engagement.

1. Explain the different stages required to gather evidence when completing an assurance engagement.

1. Analyse how internal controls are evaluated and conclusions drawn.

1. Compare and contrast the reliability of different types of assurance evidence.

2. Review different methods of obtaining evidence for assurance engagements.

3. Discuss the different levels of management in the organizational hierarchy in relation to the assurance process

4. Understand the need for professional ethics when completing assurance engagements.

1. Explain the role of professional ethics in an assurance environment.

2. Analyse how the principles of professional behaviour protect the public and fellow professionals.

4. Explain the threats to fundamental ethical principles.



Indicative content

1. Understand the concept of assurance

- Definition of the concept of assurance
- Users of assurance reports both internal and external
- Assurance principles – scope, limitations, nature and purpose
- Assurance techniques – assurance strategy and assignments.

- Assurance processes – including:
 - Engagement acquisition
 - Risk assessment
 - Acceptance of assurance engagement
 - Scope and planning of assurance engagement
 - Completion of the assurance engagement
 - Evidence sourcing
 - Evaluation of assurance work outcomes
 - Conclusions and reporting
 - Record keeping
- Best practices such as COSO framework, benchmarking principles, guidelines for internal control, important features of international benchmarks and international standards.
- Risk of material misstatement due to error or fraud that may not be detected or prevented by controls and not picked up in assurance; impact and implications that this may have on financial statements and financial control of the organisation.
- Audit opinions – true and fair view, adverse opinion, disclaimers (lack of sufficient evidence).

2. Understand the nature and importance of internal controls

- Need for internal control; areas of business requiring controls.
- Components of internal control for both computerised and manual systems with consideration for the control environment, preventative and defective controls and internal audit: components – control environment, risk assessment, control activities, information and communication monitoring.
- Assurance risk: components of the risk model (inherent risk, control risk, detection risk)
- Legal responsibilities and liability
- Best practice and standards
- Methods of minimising risk
- Audit engagement
- Exercising professional judgement

3. Understand how to gather evidence when completing an assurance engagement

- Assurance processes and techniques: assurance planning and procedures;
- Gathering evidence when completing an assurance engagement sampling, statistical testing, computer-assisted assurance techniques, interviews with key post holders and operatives (to assess knowledge, understanding and compliance with organizational systems and procedures).
- Assurance processes for not-for-profit organisations
- Different stages of requirements, including planning and collecting appropriate evidence for the completion of an assurance engagement
- Review and reporting
- Qualification of reports
- Impact of legal requirements: responsibilities and liability of internal and external assurers in relation to key engagements.

4. Understand the need for professional ethics when completing assurance engagements

- Role of ethical codes in relation to assurance activities
- Rules-based and principle-based ethical codes
- Threats to fundamental ethical principles – self-interest, self-review, management, advocacy, familiarity and intimidation.

Suggested resources

Textbooks

Blackwell, N. et al. (2023), *ACCA - Advanced Audit and Assurance (UK) Study Text - 2023-24*, Littlewick Green, Emile Woolf International

Kaplan, (2022) *Advanced Audit and Assurance – Study Text*, London, Kaplan

Websites

ACCA Global <https://www.accaglobal.com/gb/en/student/exam-support-resources/professional-exams-study-resources/>

Tutorials Point, Auditing <https://www.tutorialspoint.com/auditing/index.htm>

Videos

<https://youtube.com>

Auditing 101: A series of videos covering the many of the most important features of the audit process (Maxwell CPA Review)

What is an Audit, Edsira

9 Types of Audit Procedures and Evidence, Edsira

Why Auditing is Important, Edsira

Going concern opinion, Edsira

What is an Audit, IFAC

What is an Audit? KPMG US Careers


Unit assessment

The assessment for each unit is based on the achievement of the learning outcomes at the standards set by the assessment criteria for that unit. The learner can achieve a Pass, Merit, Distinction or Fail for each unit based on the quality of the work submitted and the assessor's judgements made against the criteria provided.

The assessment is completed through the submission of internally assessed learner work which is subject to external moderation or verification.

Institute of Financial Accountants

CS111, Clerkenwell Workshops,
27-31 Clerkenwell Close, Farringdon,
London EC1R 0AT

 @INSTITUTEFA

 INSTITUTE OF FINANCIAL ACCOUNTANTS

 INSTITUTEOFFINANCIALACCOUNTANTS



INSTITUTE OF
FINANCIAL
ACCOUNTANTS®
A MEMBER OF THE IPA GROUP