Auditing and Internal Auditing
(offered by the Department of Auditing)
Telephone number 012 429 4388

1 Introduction

Auditing is mainly for students who wish to qualify as a Chartered Accountant (CA(SA))/Registered Accountant and Auditor.

Auditing studies the principles underlying the practice of the independent audit function. These are applied to obtain audit evidence by way of logically organised procedures, and lead to the objective evaluation of the audit evidence collected, in order to express an opinion about the degree to which assertions in financial reports in connection with economic activities correspond with actual events.

The subject Internal Auditing, is aimed mainly at persons who intend pursuing a career as internal auditors in the private or public sector. The subject is also of value to persons who want to increase their expertise in the fields of accounting, management and information systems.

Internal Auditing studies the theory and practice of an organisation’s internal audit function. The internal audit function operates within the ethical code and standards established by the Institute of Internal Auditors and has as its purpose to assist an organisation’s management in the effective discharge of their responsibilities by performing systematic and objective evaluations of the different activities and control measures within an organisation and to report to management thereon.

2 General Information

- Accounting and Auditing may be taken for the BCom General degree.
- For modules AUE304, AUE324 and AUI304 students must have access to an IBM or IBM-compatible microcomputer with at least 640k memory and a hard disk. This includes the XT, AT, 386- and 486-models. A printer that can print at least eighty characters per line must be available.

AUDITING

- Students who major in Auditing for a BCom degree will be required to take an additional third-level module in a subject selected from Group A provided the Prerequisites for such module are met.
- Auditing is a two-year major subject.
- Auditing on second and third level is compulsory for BCompt students.
- Credit for a degree is granted for either AUE301 – 304 or AUE321 – 324.

INTERNAL AUDITING

- Internal Auditing is a two-year major subject.
- Internal Auditing is not recognised for the BCompt degree and does not satisfy the admission requirement of the Honours BCompt degree.
- Credit for a degree is granted for either AUI202 or AUI310. Exemption from one of these modules may be granted to students who passed Auditing 202 (AUD202 or AUE202) during the last five years.

3 Transitional Arrangements

Students who wish to transfer from Unisa - degree programmes to Unisa - TSA programmes receive credit for the following courses:

NB
Credits will only be considered in respect of completed levels.

<table>
<thead>
<tr>
<th>Unisa – Degree modules</th>
<th>Description</th>
<th>Unisa – TSA modules to be credited</th>
</tr>
</thead>
<tbody>
<tr>
<td>AUE201L and AUE202M</td>
<td>Auditing 200</td>
<td>AUD3M1S and AUD3M2S</td>
</tr>
<tr>
<td>AU12016 and AU12028</td>
<td>Internal Auditing 200</td>
<td>IOU3M1V and IOU3M2V</td>
</tr>
<tr>
<td>AUE301P or AUE321T; AUE302Q or AUE322U; AUE303R or AUE323V and AUE304S or AUE324W</td>
<td>Auditing 300</td>
<td>Not applicable – no equivalent</td>
</tr>
<tr>
<td>AUI301A; AUI302B; AUI303C; AUI304D and AUI305E</td>
<td>Internal Auditing 300</td>
<td>IOU411A and IOU421</td>
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</tbody>
</table>
SECOND-LEVEL MODULES

Prerequisite: ACN101, 102

**AUE201L**  Introduction to auditing theory and audit practice (S1 and S2)*

*Purpose:* to demonstrate an understanding of the nature of the auditing function with regard to the following: knowledge, skills, and qualities of a competent professional auditor; introduction to basic auditing concepts and principles, and introduction to the process of auditing.

**AUE202M**  Introduction to the performing of the audit process (S1 and S2)*

*Purpose:* to gain insight into important aspects of performing the audit process such as a general overview of an audit of financial statements; the role of internal control in the audit process; the audit of the transaction cycles: revenue/receipts, purchases/payments; inventory, finance – source of funds, application of funds, and the review of financial statements and audit working papers.

THIRD-LEVEL MODULES

On third level, certain modules are common to different qualifications and therefore have different module codes. The course material and content are identical in all respects. For example:

- the series AUE32 is offered for the BCompt degree and the degree BCom (with specialisation in Management Accounting)
- the series AUE30 is offered for all other BCom degrees

Prerequisite: AUE201, 202, ACN201

**AUE301P/AUE321T**  Aspects of internal control of importance to an auditor (S1 and S2)*

*Purpose:* to enable students to gain insight into the principles of internal control; Internal control structures – EDP general controls: organisational controls, systems development controls, hardware controls, software controls, security controls; internal control structures – EDP application controls: input controls, processing controls, output controls; the auditor’s approach to internal control systems: obtaining an understanding of systems, designing of systems, evaluation of systems.

**AUE302Q/AUE322U**  Legal aspects concerning audit practice (S1 and S2)*

*Purpose:* to enable students to gain insight into the common law and other aspects of importance to the public accountant and auditor; the Public Accountants’ and Auditors’ Act; aspects of the Companies Act of importance to the public accountant and auditor, aspects of the Close Corporations Act of importance to the public accountant and auditor.

**AUE303R/AUE323V**  Advanced theory of Auditing and the performing of the audit process (S1 and S2)*

*Purpose:* to enable students to gain insight into advanced theory of Auditing; performing the audit process – planning; performing the audit process – fieldwork on business cycles; completing an audit and reporting.

**AUE304S/AUE324W**  Computer auditing and the use of the computer in performing the audit process (S1 and S2)*

*Co-requisite:* AUE301 or AUE321

*Purpose:* to enable students to gain insight into theoretical aspects of computer auditing: audit of computer programmes, audit of computer files and databases, audit of computer processing; the audit of specific computer applications; the use of the computer in the audit process: sampling, analytical review, other computer-assisted techniques.

SECOND-LEVEL MODULES

Prerequisite: ACN101, 102

**AUI2016**  Introduction to internal auditing (S1 and S2)

*Purpose:* to enable students to gain insight into the environment of the internal auditor: the nature, scope, objectives, history and development of internal auditing; the place, rule and function of the internal audit function in an organisation; the interrelationship between internal auditing, external auditing and accounting; control in and over the internal auditing profession; co-operation between the internal and external auditor. The competencies and skills of the internal auditor: the qualifications, qualities, powers, duties and liabilities of the internal auditor; management and control of the internal audit department. The basis of internal auditing; the primary aids or tools available for conducting an internal audit; audit evidence; types of internal audits; different internal audit approaches.

**AUI2028**  The internal auditing process (S1 and S2)*

*Purpose:* to enable students to gain insight into the theoretical basis of the internal audit process; overview of the importance of internal control in an undertaking; the audit at introductory level, of selected undertaking activities; the role of statutory, professional and other aspects in the internal audit process; the internal auditor and electronic data processing systems.

THIRD-LEVEL MODULES

**AUI301A**  Aspects of internal control of importance to an auditor (S1 and S2)*

*Prerequisite:* AUI201, 202 and (ACN201 or ALG201)

*Purpose:* to enable students to gain insight into principles of internal control; internal control structures – EDP general controls: organisational controls, system development controls, hardware controls, software controls, security controls; internal control structures – EDP application controls: input controls, processing controls, output controls; the auditor’s approach to internal control systems: obtaining an understanding of systems, designing of systems, evaluation of systems.
AUI302B  Practice of internal auditing (S1 and S2)*
Prerequisite: AUI201, 202 and (ACN201 or ALG201)
Purpose: to enable students to gain insight into the establishment of the internal audit function: foundation for the establishment of an internal audit function; professional guidelines for the practice of internal auditing; management of the internal audit function: administration and management of the internal audit department, control over the internal audit assignment, personnel component; legal aspects and the practice of internal auditing; nature and role of legislation on internal auditing, important legislation of interest to the internal auditor.

AUI303C  Advanced applications in the internal audit process (S1 and S2)*
Prerequisite: AUI201, 202 and (ACN201 or ALG201)
Purpose: to enable students to gain insight into the business management approach towards the performance of an internal audit: the principles and role of the business management approach in the internal audit process; advanced considerations and applications in the internal audit process: considerations and aids in the internal audit process, the audit of systems and records; reporting audit findings.

AUI304D  Computer auditing and the use of the computer in performing the audit process (S1 and S2)*
Prerequisite: AUI201, 202 and (ACN201 or ALG201)
Co-requisite: AUI301
Purpose: to enable students to gain insight into theoretical aspects of computer auditing: audit of computer programmes, audit of computer files and databases, audit of computer processing, computer assisted audit techniques; the audit of specific computer applications; the use of the computer in the audit process: sampling, analytical review, other computer assisted techniques.

AUI305E  Operational auditing (S1 and S2)*
Prerequisite: AUI201, 202 and (ACN201 or ALG201)
Purpose: to enable students to gain insight into operational auditing; theory of operational auditing, the operational audit process; fraud investigations: applications.

AUI310B  The internal audit process (S1 and S2)*
Prerequisite: ACN101 and ACN102
Advice: This module is available only for the BCom (with specialisation in Management Accounting).
Purpose: to enable students to gain insight into the theoretical basis of the internal audit process; overview of the importance of internal control in an undertaking; the audit at introductory level, of selected undertaking activities; the role of statutory, professional and other aspects in the internal audit process; the internal auditor and electronic data processing systems.