# Auditing and Accounting Control

## Prof. Riccardo Bauer

***COURSE AIMS AND INTENDED LEARNING OUTCOMES***

***The course aims to*** explore the key auditing tools and techniques, and the regulatory framework at the basis of statutory audit in Italy, with a focus on *financial audits.*

The traditional lectures will be constantly supported by the analysis of the financial statements of listed companies, in order to help students learn how to face risks and procedures.

***Intended learning outcomes***

***At the end of the course, students*** will be able to:

1. know and understand the most relevant regulations at the basis of statutory audit in Italy
2. recognise the effects of audit risk assessment, and the audit procedures that could reduce them
3. interpret the audit reports on the financial statements and the consolidated financial statements produced by Public Interest Entities (PIE) and other actors
4. use an appropriate terminology to communicate their newly acquired knowledge in a clear and efficient way

***COURSE CONTENT***

The course will be structured in four main areas

FIRST AREA - *The state of the art of statutory audit today in Italy*

It will introduce the current national and international regulations, the function and the aim of statutory audit, the qualified entities, the independence and the civil and criminal liability of auditors. In addition, it will focus on the different types of tasks, auditing standards, provided and excluded services, and the audit assignment procedure.

SECOND AREA - *The typical aspects of an audit*

It will analyse different probative elements; the key aspects of audit planning; the need to understand business activities; the risk assessment and the effects on controls; the Enterprise Risk Management (ERM) and the most important auditing procedures. Practical examples are provided on the illustrated topics.

THIRD AREA - *The audit of some business cycles:*

It will explore the main audit assertions and procedures of some fundamental business cycles (e.g. revenues and customers; purchases and suppliers; intangible, tangible, and financial fixed assets, including holdings, etc.), and error detection analysis with a case study of an Italian Public Interest Entity (PIE) which summarises the effects of errors detected during a statutory audit.

FOURTH AREA – *Audit reports*

It will analyse a selection of audit reports on single entity and consolidated financial statements of listed companies, the declarations of consistency, and the additional report under art. 11 Reg 537.

Furthermore, the course will focus on other important topics, like the lack of business continuity and its effects on legal control, and auditing in case of fraud and legal wrongs.

***READING LIST***

Textbooks of reference

R Bauer, *La revisione legale oggi in Italia,* Maggioli editore, 2022 – *10th edition*.

Primary legislation

R. Bauer, *Codice Civile,* Novecento Media, 2023 (in particular, from the art. 2397 to the art. 2435 bis, and the whole section on the statutory audit of accounts and professions).

*The accounting standards ISA ITALIA available on the website of the Ministry of Economy and Finance and linkable to Blackboard*

Since the discipline is subject to continuous change, students are invited to regularly check legislative amendments on the course platform online.

*Transparencies for each lesson.*

***TEACHING METHOD***

The course will be taught with frontal lectures, in-person presentations by representatives of accounting firms and top managers of listed companies, and seminars. The aforementioned activities will be carried out on the Blackboard Ultra platform, as per the Faculty’s provisions. There will be frequent demonstration sessions consisting in the analysis of case studies and of audit reports of national listed compenies.

A 16-hour seminar on the fraud audits and wrongful acts will be provided.

Furthermore, the course will also include the analysis of the financial statement of a listed company. Since the discipline is subject to continuous change, and due to its operational approach, class attendance is highly recommended.

***ASSESSMENT METHOD AND CRITERIA***

Students are assessed with a written exam marked out of thirty.

The exam is the same for attending and non-attending students.

The written exam lasts 60 mins. and is in-person. The exam consists in 21 multiple choice questions (one for each chapter of the reference text) and one mark is awarded for each correct answer, and in three questions which are worth three marks each, two of which are on applied auditing cases and one is an open question. Only correct answers count towards the final mark.

The written test aims to:

* assess students’ achievement of learning goals in terms of knowledge and comprehension skills
* check students’ applicative knowledge in terms of review (for example how to proceed in a certain situation in case of data and information review)
* assess students’ knowledge of technical language necessary to conduct an auditing action
* articulating the discussion of statutory audit of the financial statements on the basis of a complete, correct and articulated description of questions posed.

The lecturer may grant honours if applicable.

Due to the nature of the subject, there will be no interim tests.

For differentiated ECTS students must contact the lecturer to discuss further integrations.

***NOTES AND PREREQUISITES***

In order to attend the course, students must have previously acquired adequate knowledge of accounting aspects and of national and international accounting principles.

In case the current Covid-19 health emergency does not allow frontal teaching, remote teaching will be carried out following procedures that will be promptly notified to students.

Further information can be found on the lecturer's webpage at http://docenti.unicatt.it/web/searchByName.do?language=ENG or on the Faculty notice board.