



Kot Bhalwal, Jammu



Model Institute of Engineering
& Technology (Autonomous)
Dr. Arun K. Gupta Teaching-Learning Centre

Department of Commerce

Details of Lesson Plan

S.No.	Particulars	Details
1.	Course Name	Aiditing-I
2.	Course Code	BCMMJ – 404
3.	Academic Year	2024-25
4.	Semester	4th
5.	Number of Lesson plans	45
6.	Faculty Assigned	Dr. Priyanka Sharma

Priyanka Sharma

Priyanka Sharma
Faculty Signature



Lesson Plan No. 1.0	Course Name: Auditing I Topic: Introduction –Auditing I	Course No.: BCMMJ-404
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Objectives	At the end of the lesson the student shall be able to: <ol style="list-style-type: none"> define auditing and its objectives. understand the scope of auditing and its various types. appreciate the importance of ethical conduct in auditing.
Teaching Aids (if any)	<ol style="list-style-type: none"> PPT White board Video "What is Auditing?": (Explaining the core concepts in a clear and engaging way)
Teaching Development	<ol style="list-style-type: none"> Introduction (5 minutes) Why This Subject? (Wow Factor) <ul style="list-style-type: none"> - "Become a Financial Detective: Uncover the Truth Behind the Numbers!": This tagline emphasizes the investigative and critical thinking aspects of auditing. - "Safeguard Trust and Integrity: Be the Guardian of Financial Transparency.": This highlights the ethical and societal importance of auditing. - "Navigate the World of Business: Master the Art of Financial Assurance.": This connects auditing to real-world applications and career opportunities. Development (30 minutes) <p>Detailed Syllabus & Unit-wise Lesson Plans (Unit I: Introduction - 09 Hrs)</p> <ol style="list-style-type: none"> Lesson 1 (2 Hrs): Auditing - Meaning, Objectives, and Scope <i>Activities</i>: Brainstorming session on the purpose of audits; Case study discussion on the importance of auditing. Lesson 2 (2 Hrs): Process of Auditing; Audit Planning and Materiality <i>Activities</i>: Group discussion on audit planning; Practical examples of materiality calculations. Lesson 3 (2 Hrs): Internal Control - Meaning, Scope, and Objectives <i>Activities</i>: Analyze real-world internal control examples; Create an internal control checklist. Lesson 4 (3 Hrs): Types of Audit with Case Studies - Internal, Social, and Fraud; Meaning, Features, and Types of Audit Sampling. <i>Activities</i>: Case study analysis of different audit types; Practical exercise on audit sampling techniques. <p>(Unit II: Risk Assessment - 09 Hrs)</p> <ol style="list-style-type: none"> Lesson 1 (3 Hrs): Meaning and Types of Audit Risk; Identification and Assessment of Risk of Material Misstatement <i>Activities</i>: Risk assessment scenarios; Discussion on the components of audit risk. Lesson 2 (3 Hrs): Risk Assessment Procedure; Management and Detection of Risk <i>Activities</i>: Practical exercises on risk assessment procedures; Case study on risk management.



	<p>g. Lesson 3 (3 Hrs): Risk Assessment Case Study <i>Activities:</i> In depth case study analysis. Presentation of the case study findings. (Unit III: Audit Documentation and Evidence - 10 Hrs)</p> <p>h. Lesson 1 (3 Hrs): Meaning and Importance of Audit Evidence; Kinds of Vouchers, Vouching Guidelines <i>Activities:</i> Vouching practical exercises; Analysis of audit evidence examples.</p> <p>i. Lesson 2 (4 Hrs): Verification of Assets and Liabilities (Land, Building, Plant, Machinery, Investments, Stock) <i>Activities:</i> Verification procedures demonstrations; Case studies on asset verification.</p> <p>j. Lesson 3 (3 Hrs): Verification of Assets and Liabilities (Debtors, Cash, Creditors, Loans, Share Capital, Contingent Liabilities) <i>Activities:</i> Verification procedures demonstrations; Case studies on liability verification. (Section B - Unit IV & V to be structured similarly)</p> <p>k. (Unit IV - Errors, Frauds, and Responsibilities): Activity: Students analyze a case of corporate fraud and discuss the auditor's responsibilities in detecting and reporting it. (Unit V - Automated Financial Environment): Assignment: Students research and present on the impact of a specific IT-related risk on the auditing process</p> <p>Overall Course Assessment:</p> <ul style="list-style-type: none"> - Midterm exam (covering Section A and B) - Final exam (covering Both A & B sections comprehensive topics) - Case study analyses and presentations - Class participation and assignment <p>3. Exercise (5 minutes) –</p> <ul style="list-style-type: none"> - How does auditing contribute to the trust and stability of financial markets? - What are the ethical dilemmas auditors face in today's complex business environment? - How can technology enhance or challenge the auditing process? - What role does an auditor play in preventing or detecting corporate fraud? - How does the concept of materiality impact an auditor's judgment? <p>Use QA to collect responses and discuss the answers.</p>
Closure	<ol style="list-style-type: none"> 1. Summarize the Lesson Learning Outcomes and get affirmation from students on these. 2. Suggested Reading 3. Homework: <p>Spend 5 minutes to wrap up and consolidate the learnings</p>
Evaluation	<ol style="list-style-type: none"> 1. Reflective Questions (What, Why, Who?). Allow students to answer and discuss. 2. Quiz on Auditing.



	Spend 5 minutes to evaluate student assimilation of the lesson contents
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Lesson Plan No. 1.1	Course Name: Auditing I Topic: Introduction: Auditing- Meaning, Objectives and scope;	Course No.: BCMMJ-404
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Objectives	At the end of the lesson the student shall be able to: <ul style="list-style-type: none"> a. define auditing and understand its purpose. b. identify and explain the primary objectives of an audit. c. describe the scope of an audit and its limitations. d. differentiate between various types of audits in a basic way.
Teaching Aids (if any)	<ul style="list-style-type: none"> a. PPT b. White board
Teaching Development	<ol style="list-style-type: none"> 1. Introduction (5 minutes) <ul style="list-style-type: none"> - Begin with a short discussion: "Why do we need someone to check our work?" Relate this to the broader concept of verification and assurance. - Briefly introduce the concept of auditing as an independent examination of financial information. - State the objectives of the lesson. 2. Development (30 minutes) <ul style="list-style-type: none"> - Meaning and Purpose of Auditing: <ul style="list-style-type: none"> Definition: Define auditing as an independent examination of financial information of any entity, whether profit-oriented or not, irrespective of its size or legal form, when such an examination is conducted with a view to expressing an opinion thereon - Explain the importance of "independence" and "expression of opinion." - Discuss the role of auditing in ensuring accountability and transparency. - Use real-world examples to illustrate the need for auditing (e.g., investor confidence, regulatory compliance). - Objectives of an Audit: <ul style="list-style-type: none"> - Explain the primary objectives of an audit: <ul style="list-style-type: none"> o Expression of Opinion: To express an opinion on whether the financial statements present a true and fair view. o Detection and Prevention of Errors and Frauds: To identify and prevent material misstatements due to errors or fraud. o Compliance: To ensure compliance with applicable laws, regulations, and accounting standards. o Providing Reliability: To enhance the reliability and credibility of financial information. - Use examples to clarify each objective. (e.g., a company's financial statements being audited to attract investors). <ul style="list-style-type: none"> o Scope of an Audit: <ul style="list-style-type: none"> o Examination of financial statements and underlying records. o Evaluation of internal controls. o Assessment of accounting policies and procedures. o Gathering sufficient and appropriate audit evidence. - Discuss the limitations of an audit: <ul style="list-style-type: none"> o Sampling risk. o Inherent limitations of internal control.



	<ul style="list-style-type: none">○ Management override of controls.- Briefly touch on different types of audits (financial, compliance, operational) to introduce the breadth of the field. <p>3. Exercise (5 minutes) – Ask students to discuss the role of an auditor in such a situation. Use QA to collect responses and discuss the answers.</p>
Closure	<ol style="list-style-type: none">1. Summarize the Lesson Learning Outcomes and get affirmation from students on these.2. Suggested Reading: https://thebftonline.com/2023/05/29/the-public-and-audit-expectation-gap-what-are-the-implications/3. Homework: Ask students to research a recent audit failure and discuss the potential causes and consequences. Have them define the differences between external and internal audits. Assign readings on the basic principles of auditing. <p>Spend 5 minutes to wrap up and consolidate the learnings</p>
Evaluation	<ol style="list-style-type: none">1. Reflective Questions (What, Why, Who?). Allow students to answer and discuss.<ul style="list-style-type: none">- Why is independence considered a cornerstone of auditing?- How does an auditor's opinion contribute to the confidence of stakeholders?- What are the ethical considerations that auditors must take into account?- How do the limitations of an audit impact the auditor's responsibilities? <p>Spend 5 minutes to evaluate student assimilation of the lesson contents</p>



Lesson Plan No. 1.2	Course Name: Auditing I Topic: Process of Auditing	Course No.: BCMMJ-404
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Objectives	At the end of the lesson the student shall be able to: a. outline the key stages in the audit process. b. understand the purpose and importance of each stage. c. identify the key activities within each stage. d. discuss the importance of documentation throughout the audit process
Teaching Aids (if any)	a. PPT b. White board
Teaching Development	1. Introduction (5 minutes) - Begin by asking students: "Why is it important to have a structured process for conducting an audit?" - Briefly review the meaning and objectives of auditing. 2. Development (30 minutes) - Overview of the Audit Process Stages: Present the main stages of the audit process: - Planning: Understanding the entity and its environment. Assessing audit risk. Developing an audit strategy and plan. - Internal Control Evaluation: Understanding and evaluating the entity's internal control system. Testing the effectiveness of controls. - Evidence Gathering: Performing substantive procedures (e.g., vouching, verification). Gathering sufficient and appropriate audit evidence. - Reporting: Evaluating the audit evidence and forming an opinion. Preparing the audit report. Explain the purpose and importance of each stage. - Detailed Explanation of Key Activities: - Planning: Discuss the importance of understanding the client's business, industry, and risk factors. Explain the concept of materiality and its role in audit planning. Explain the importance of the audit plan. - Internal Control Evaluation: Explain the importance of evaluating internal controls to assess control risk. Discuss different methods of testing controls. - Evidence Gathering: Discuss the importance of gathering sufficient and appropriate audit evidence to support the auditor's opinion. Explain the different types of audit evidence and how they are gathered. Vouching and verification. - Reporting: Explain the different types of audit opinions.



	<p>Discuss the key components of an audit report.</p> <ul style="list-style-type: none">- Importance of Documentation: Emphasize the importance of documentation throughout the audit process. Discuss the benefits of good documentation: Supports the auditor's opinion. Provides evidence of the audit procedures performed. Facilitates review and supervision. Serves as a basis for future audits. Give some examples of audit documentation. <p>3. Exercise (5 minutes) – Ask students to discuss the role of an auditor in such a situation. Use QA to collect responses and discuss the answers.</p>
Closure	<ol style="list-style-type: none">1. Summarize the Lesson Learning Outcomes and get affirmation from students on these.2. Suggested Reading: https://thebftonline.com/2023/05/29/the-public-and-audit-expectation-gap-what-are-the-implications/3. Homework: Create a flowchart illustrating the stages of the audit process. Spend 5 minutes to wrap up and consolidate the learnings
Evaluation	<ol style="list-style-type: none">1. Reflective Questions (What, Why, Who?). Allow students to answer and discuss.<ul style="list-style-type: none">- Why is planning considered the most critical stage of the audit process?- How does the auditor's assessment of risk influence the scope of the audit?- What are some challenges auditors face when gathering sufficient and appropriate audit evidence?- Why is it important for auditors to maintain professional skepticism throughout the audit process? <p>Spend 5 minutes to evaluate student assimilation of the lesson contents</p>



Lesson Plan No. 1.3	Course Name: Auditing I Topic: Audit Planning and Materiality	Course No.: BCMMJ-404
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Objectives	At the end of the lesson the student shall be able to: a. understand the meaning and importance of audit planning. b. explain the key components of an audit plan. c. define materiality and its relevance in auditing. d. apply the concept of materiality in practical scenarios.
Teaching Aids (if any)	a. PPT b. White board
Teaching Development	<ol style="list-style-type: none">1. Introduction (5 minutes)<ul style="list-style-type: none">- Briefly review the overall audit process.- Ask: "Why do auditors need to plan their work before starting an audit?" (Elicit responses about efficiency, effectiveness, and risk management).2. Development (30 minutes)<ol style="list-style-type: none">a. Audit Planning:<ul style="list-style-type: none">• Define audit planning: The process of developing an overall audit strategy and a detailed audit plan.• Explain the importance of audit planning:<ul style="list-style-type: none">○ To ensure adequate attention is devoted to important areas.○ To identify and resolve potential problems on a timely basis.○ To properly organize and manage the audit engagement.○ To assist in the selection of engagement team members.• Discuss the key components of an audit plan:<ul style="list-style-type: none">○ Understanding the entity and its environment.○ Assessing the risks of material misstatement.○ Determining the nature, timing, and extent of audit procedures.○ Developing an overall audit strategy.b. Materiality:<ul style="list-style-type: none">• Define materiality: Information is material if its omission or misstatement could influence the economic decisions of users taken on the basis of the financial statements.• Explain the relevance of materiality in auditing:<ul style="list-style-type: none">○ It guides the auditor in determining the scope of audit procedures.○ It helps the auditor evaluate the significance of identified misstatements.○ It affects the auditor's opinion on the financial statements.• Discuss the factors to consider when determining materiality:<ul style="list-style-type: none">○ Quantitative factors (e.g., percentage of profit, revenue, or assets).○ Qualitative factors (e.g., nature of the item, potential impact on stakeholders).



	<ul style="list-style-type: none"> • Provide examples of how materiality is applied in practice. <p>3. Exercise (5 minutes) – Applying Materiality:</p> <ul style="list-style-type: none"> • Present a scenario: "A company's profit before tax is ₹1,000,000. The auditor is considering a misstatement of ₹40,000. Should the auditor consider this misstatement material?" • Guide students through the process of applying materiality: Calculate the percentage of the misstatement relative to profit before tax (4%). <ul style="list-style-type: none"> o Discuss whether this percentage is material based on common benchmarks (e.g., 5%). o Consider any qualitative factors that might make the misstatement material even if it is below the quantitative threshold. Present a second scenario with qualitative factors, for example, a small fraud by a senior manager. Discuss how this would impact materiality. <p>Use QA to collect responses and discuss the answers.</p>
Closure	<ol style="list-style-type: none"> 1. Summarize the Lesson Learning Outcomes and get affirmation from students on these. 2. Suggested Reading: https://www.legislation.gov.au/Latest/F2006L01375 3. Homework: Provide students with additional scenarios involving materiality and ask them to determine whether the misstatements are material. <p>Spend 5 minutes to wrap up and consolidate the learnings</p>
Evaluation	<ol style="list-style-type: none"> 1. Reflective Questions (What, Why, Who?). Allow students to answer and discuss. <ul style="list-style-type: none"> - How does audit planning help to ensure the efficiency and effectiveness of an audit? - Why is it important for auditors to consider both quantitative and qualitative factors when determining materiality? - How can materiality be used to prioritize audit procedures? <p>Spend 5 minutes to evaluate student assimilation of the lesson contents</p>



Lesson Plan No. 1.4	Course Name: Auditing I Topic: Internal Control - Meaning, Scope, and Objectives	Course No.: BCMMJ-404
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Objectives	At the end of the lesson the student shall be able to: <ol style="list-style-type: none"> define internal control. explain the scope of internal control. identify the objectives of internal control. analyze the importance of internal control in an organization.
Teaching Aids (if any)	<ol style="list-style-type: none"> PPT White board
Teaching Development	<ol style="list-style-type: none"> Introduction (5 minutes) <ul style="list-style-type: none"> Begin with a short discussion: "Imagine you own a small business. What are some things you would do to ensure your business runs smoothly and prevents problems?" Briefly introduce the concept of internal control as a way to achieve these goals. Development (30 minutes) <ol style="list-style-type: none"> Meaning and Scope of Internal Control: <ul style="list-style-type: none"> Definition: Define internal control as a process designed and implemented by management, those charged with governance, and other personnel to provide reasonable assurance about the achievement of an entity's objectives with regard to operations, reporting, and compliance. Scope: Explain that internal control encompasses: <ul style="list-style-type: none"> Operational Controls: Efficiency and effectiveness of operations. Financial Reporting Controls: Reliability of financial reporting. Compliance Controls: Adherence to applicable laws and regulations. Use real-world examples to illustrate the scope (e.g., segregation of duties in a retail store, password protection for financial systems, compliance with tax laws). Objectives of Internal Control: <ul style="list-style-type: none"> Discuss the key objectives of internal control: <ul style="list-style-type: none"> Safeguarding Assets: Protecting assets from unauthorized acquisition, use, or disposal. Reliability of Financial Reporting: Ensuring accurate and reliable financial information. Efficiency and Effectiveness of Operations: Promoting efficient resource utilization and effective achievement of goals. Compliance with Laws and Regulations: Adhering to



	<p>applicable laws and regulations.</p> <ul style="list-style-type: none">• Provide examples for each objective (e.g., locked storage for inventory, regular bank reconciliations, performance reviews, adherence to safety regulations). <p>3. Exercise (5 minutes) – "Identify the Control" Scenarios: Divide students into small groups. Provide each group with a scenario describing a business situation (e.g., a cash disbursement process, inventory management, customer credit approval). Ask each group to:</p> <ul style="list-style-type: none">- Identify potential risks in the scenario.- Describe at least two internal control procedures that could mitigate those risks.- Explain which objective of internal control each procedure addresses. <p>Example Scenarios: A small restaurant handling cash receipt. A software company granting access to sensitive data. A manufacturing company managing raw materials. Use QA to collect responses and discuss the answers.</p>
Closure	<ol style="list-style-type: none">1. Summarize the Lesson Learning Outcomes and get affirmation from students on these.2. Suggested Reading: https://elearning.nust.na/pluginfile.php/94122/mod_folder/content/0/lyaloo%20Amutenja%202019/4%20Systems%20%20controls.pptx?forcedownload=13. Homework: Ask students to research a real-world example of an internal control failure and discuss its consequences. <p>Spend 5 minutes to wrap up and consolidate the learnings</p>
Evaluation	<ol style="list-style-type: none">1. Reflective Questions (What, Why, Who?). Allow students to answer and discuss.<ul style="list-style-type: none">- Why is "reasonable assurance" rather than "absolute assurance" used when discussing internal control?- How can a strong internal control environment contribute to a company's reputation and success?- What are some of the limitations of internal control? <p>Spend 5 minutes to evaluate student assimilation of the lesson contents</p>



Lesson Plan No. 1.5	Course Name: Auditing I Topic: Internal Control - Meaning, Scope, and Objectives-II	Course No.: BCMMJ-404
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Objectives	At the end of the lesson the student shall be able to: <ol style="list-style-type: none"> define Internal Check and understand its importance. identify the principles of effective Internal Check. apply Internal Check principles to real-world scenarios. differentiate Internal Check from other components of Internal Control.
Teaching Aids (if any)	<ol style="list-style-type: none"> PPT White board
Teaching Development	<ol style="list-style-type: none"> Introduction (5 minutes) <ul style="list-style-type: none"> Briefly review the concept of Internal Control (overall). Ask: "Why is Internal Control important for a business?" (Elicit responses about fraud prevention, error detection, efficiency, etc.) Transition to the specific component of "Internal Check." Development (30 minutes) <ol style="list-style-type: none"> Definition and Principles of Internal Check: <ul style="list-style-type: none"> Define Internal Check: An arrangement of duties whereby the work of one person is automatically checked by another, ensuring no single person has complete control over a transaction. Explain the key principles: <ul style="list-style-type: none"> Division of Duties: Assigning different tasks to different individuals. Automatic Checking: Designing procedures so that errors are automatically detected by other employees. Rotation of Duties: Periodically rotating job responsibilities to prevent fraud and maintain vigilance. Independent Verification: Having a separate individual or department verify the accuracy of transactions. Use simple examples to illustrate each principle. Practical Examples and Scenarios: <ul style="list-style-type: none"> Scenario 1: Cash Handling: <ul style="list-style-type: none"> Present: A scenario where one employee handles cash receipts, records them, and deposits them. Ask: "What are the risks? How can Internal Check be implemented?" Discuss: Division of duties (separate cash receipt, recording, and deposit functions), independent reconciliation. Scenario 2: Inventory Management: <ul style="list-style-type: none"> Present: A scenario where one employee orders, receives, and issues inventory. Ask: "What are the risks? How can Internal Check be



	<p>implemented?"</p> <ul style="list-style-type: none">○ Discuss: Segregation of duties (separate ordering, receiving, and issuing), perpetual inventory records, physical inventory counts by independent personnel. <ul style="list-style-type: none">● Scenario 3: Sales Transactions:<ul style="list-style-type: none">○ Present: A scenario where one employee handles sales orders, credit approvals, and invoicing.○ Ask: "What are the risks? How can Internal Check be implemented?"○ Discuss: Separate credit approval, independent checking of invoices, reconciliation of sales records. <p>3. Exercise (5 minutes) – "Applying Internal Check:</p> <ul style="list-style-type: none">- Divide students into small groups. Provide each group with a scenario related to a specific business process (e.g., payroll, accounts payable).- Ask them to:<ul style="list-style-type: none">○ Identify potential risks in the scenario.○ Design an Internal Check system to mitigate those risks, focusing on division of duties and automatic checking mechanisms.○ Present their system to the class.- Facilitate a discussion on the effectiveness of the proposed systems. <p>Use QA to collect responses and discuss the answers.</p>
Closure	<ol style="list-style-type: none">1. Summarize the Lesson Learning Outcomes and get affirmation from students on these.2. Suggested Reading: https://elearning.nust.na/pluginfile.php/94122/mod_folder/content/0/lyaloo%20Amutenja%202019/4%20Systems%20%20controls.pptx?forcedownload=13. Homework: Ask students to research a real-world example of an internal control failure and discuss its consequences. <p>Spend 5 minutes to wrap up and consolidate the learnings</p>
Evaluation	<ol style="list-style-type: none">1. Reflective Questions (What, Why, Who?). Allow students to answer and discuss.<ul style="list-style-type: none">- What are the limitations of Internal Check? Can it prevent all types of fraud?- How does the size of a business affect the implementation of Internal Check?- How can technology be used to enhance Internal Check procedures? <p>Spend 5 minutes to evaluate student assimilation of the lesson contents</p>



Lesson Plan No. 1.6	Course Name: Auditing I Topic: Types of Audits	Course No.: BCMMJ-404
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Objectives	At the end of the lesson the student shall be able to: <ol style="list-style-type: none"> identify and differentiate between various types of audits. understand the purpose and scope of each audit type. apply their knowledge to classify audit scenarios.
Teaching Aids (if any)	<ol style="list-style-type: none"> PPT White board
Teaching Development	<ol style="list-style-type: none"> Introduction (5 minutes) <ul style="list-style-type: none"> Briefly review the concept of auditing and its importance. Ask: "Why do we need different types of audits?" (Elicit responses like different purposes, regulations, etc.) Development (30 minutes) Explanation of Audit Types: Introduce and explain the following audit types: <ul style="list-style-type: none"> Financial Statement Audit: (Purpose: Accuracy and fairness of financial statements) Compliance Audit: (Purpose: Adherence to laws, regulations, and policies) Operational Audit: (Purpose: Efficiency and effectiveness of operations) Internal Audit: (Purpose: Internal control, risk management, and governance) Information Technology (IT) Audit: (Purpose: Security and effectiveness of IT systems) Forensic Audit: (Purpose: Investigation of fraud and financial irregularities) Tax Audit: (Purpose: Compliance with tax laws) Social Audit: (Purpose: Social responsibility and impact) Briefly discuss the key characteristics and objectives of each type. Exercise (5 minutes) – "Audit Scenario Classification: Divide the class into small groups (3-4 students). Distribute handouts with short audit scenarios (e.g., "A company needs to ensure its payroll system complies with labor laws," "An organization wants to improve the efficiency of its supply chain," etc.). Each group will discuss and classify each scenario into the appropriate audit type. After that each group will present their classifications and justify their answers. Facilitate a class discussion to clarify any misunderstandings and reinforce the concepts. Use QA to collect responses and discuss the answers.



Closure	<ol style="list-style-type: none">1. Summarize the Lesson Learning Outcomes and get affirmation from students on these.2. Suggested Reading: "Auditing and Assurance Services" by Alvin A. Arens, Randal J. Elder, and Mark S. Beasley (Relevant chapters on audit types)3. Homework: Write a brief summary of each example, explaining why it falls under the specific audit type. <p>Spend 5 minutes to wrap up and consolidate the learnings</p>
Evaluation	<ol style="list-style-type: none">1. Reflective Questions (What, Why, Who?). Allow students to answer and discuss.<ul style="list-style-type: none">- What are the limitations of Internal Check? Can it prevent all types of fraud?- How does the size of a business affect the implementation of Internal Check?- How can technology be used to enhance Internal Check procedures? <p>Spend 5 minutes to evaluate student assimilation of the lesson contents</p>



Lesson Plan No. 1.7	Course Name: Auditing I Topic: Types of Audits-Internal, social and fraud	Course No.: BCMMJ-404
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Objectives	At the end of the lesson the student shall be able to: <ol style="list-style-type: none"> define and differentiate between internal, social, and fraud audits. understand the purpose and scope of each audit type. analyze real-world scenarios through case studies. identify key characteristics and objectives of each audit.
Teaching Aids (if any)	<ol style="list-style-type: none"> PPT White board
Teaching Development	<ol style="list-style-type: none"> Introduction (5 minutes) <ul style="list-style-type: none"> Briefly review the general concept of auditing and its purpose. Introduce the three specific audit types: internal, social, and fraud. Briefly explain why each audit type is important. Development (30 minutes) <ol style="list-style-type: none"> Internal Audit: Definition: Independent, objective assurance and consulting activity designed to add value and improve an organization's operations. Purpose: Evaluate and improve the effectiveness of risk management, control, and governance processes. Scope: Covers financial, operational, and compliance aspects within the organization. Social Audit: Definition: Evaluation of an organization's social performance and impact on stakeholders. Purpose: Assess the organization's adherence to social responsibility principles and ethical practices. Scope: Includes areas like labor rights, environmental impact, community engagement. Fraud Audit: Definition: Investigative process to detect and deter fraud or financial irregularities. Purpose: Gather evidence of suspected fraud and provide support for legal action. Scope: Focuses on financial records, transactions, and potential fraud schemes. <ul style="list-style-type: none"> Case Studies & Discussion: Divide the class into three groups. Assign each group one type of audit and provide a brief case study summary (or link to an online case). Internal Audit Example: A manufacturing company experiencing unexplained inventory losses. Social Audit Example: A clothing company facing allegations of labor exploitation in its supply chain. Fraud Audit Example: A financial services firm with suspected



	<p>embezzlement by a senior employee.</p> <p>Each group will: Read the case study summary. Discuss the purpose and scope of the relevant audit. Identify the key questions an auditor would ask. Determine the potential outcomes of the audit. Each group presents their findings to the class. Facilitate a class discussion comparing and contrasting the different audit types.</p> <p>3. Exercise (5 minutes) – During the case study discussion, have each group create a brief list of key questions an auditor would ask during their assigned audit type. This will encourage active participation and critical thinking. Use QA to collect responses and discuss the answers.</p>
Closure	<ol style="list-style-type: none">1. Summarize the Lesson Learning Outcomes and get affirmation from students on these.2. Suggested Reading: https://www.theiia.org/en/about-us/about-internal-audit/#:~:text=Internal%20auditing%20is%20an%20independent,and%20improve%20an%20organization's%20operations.&text=It%20helps%20an%20organization%20accomplish,the%20effectiveness%20of%20governance%2C%20risk3. Homework: Find a real-world example of one of the audit types discussed in class (internal, social, or fraud). Write a short summary of the case and explain the audit's purpose and outcomes. <p>Spend 5 minutes to wrap up and consolidate the learnings</p>
Evaluation	<ol style="list-style-type: none">1. Reflective Questions (What, Why, Who?). Allow students to answer and discuss.<ul style="list-style-type: none">- What are the limitations of Internal Check? Can it prevent all types of fraud?- How does the size of a business affect the implementation of Internal Check?- How can technology be used to enhance Internal Check procedures? <p>Spend 5 minutes to evaluate student assimilation of the lesson contents</p>



Lesson Plan No. 1.8	Course Name: Auditing I Topic: Meaning and Features of Audit Sampling	Course No.: BCMMJ-404
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Objectives	At the end of the lesson the student shall be able to: <ol style="list-style-type: none"> define audit sampling and explain its purpose. identify and describe the key features of audit sampling. understand the importance of a representative sample in audit sampling. differentiate between statistical and non-statistical sampling (briefly introduced).
Teaching Aids (if any)	<ol style="list-style-type: none"> PPT White board
Teaching Development	<ol style="list-style-type: none"> Introduction (5 minutes) <ul style="list-style-type: none"> Start with a brief discussion: "Why don't auditors check every single transaction?" (Elicit responses about time, cost, and practicality). Introduce the concept of audit sampling as a solution to this challenge. Development (30 minutes) <ol style="list-style-type: none"> Meaning and Purpose of Audit Sampling: <ul style="list-style-type: none"> Define audit sampling: The application of audit procedures to less than 100% of the items within a population of audit relevance such that all sampling units have a chance of selection. Explain the purpose of audit sampling: To provide a reasonable basis for the auditor to draw conclusions about the entire population. Emphasize the concept of "reasonable assurance" and its importance in auditing. Features of Audit Sampling: <p>Discuss the key features of audit sampling:</p> <ul style="list-style-type: none"> Representative Sample: The sample should accurately reflect the characteristics of the population. Equal Chance of Selection: Each item in the population should have a known chance of selection. Appropriate Sample Size: The sample size must be sufficient to provide adequate evidence. Objective Selection: The selection method should be unbiased. Evaluation and Extrapolation: The auditor evaluates the sample results and extrapolates them to the population. Use examples to illustrate each feature. (e.g., flipping a coin to represent random selection, dividing a population into strata for stratified sampling). Exercise (5 minutes) – Identifying Sampling Features: <p>Present a short scenario: "An auditor is examining a company's accounts</p>



	<p>receivable. They select 50 invoices from a total of 1000 invoices and find that 5 invoices contain errors. They then conclude that 10% of all invoices contain errors."</p> <p>Ask students to identify which features of audit sampling are present in this scenario and which might be missing.</p> <p>Discuss the potential limitations of the auditor's conclusion based on the scenario.</p> <p>Use QA to collect responses and discuss the answers.</p>
Closure	<ol style="list-style-type: none">1. Summarize the Lesson Learning Outcomes and get affirmation from students on these.2. Suggested Reading: https://www.theiia.org/en/about-us/about-internal-audit/#:~:text=Internal%20auditing%20is%20an%20independent,and%20improve%20an%20organization's%20operations.&text=It%20helps%20an%20organization%20accomplish,the%20effectiveness%20of%20governance%2C%20risk3. Homework: Research and find a real-world example of an audit where sampling was used. Describe the population, the sample, and the auditor's conclusions. <p>Spend 5 minutes to wrap up and consolidate the learnings</p>
Evaluation	<ol style="list-style-type: none">1. Reflective Questions (What, Why, Who?). Allow students to answer and discuss.<ul style="list-style-type: none">- Why is a representative sample crucial in audit sampling? What are the potential consequences of a non-representative sample?- How does the concept of materiality relate to the determination of sample size in audit sampling? <p>Spend 5 minutes to evaluate student assimilation of the lesson contents</p>



Lesson Plan No. 1.9	Course Name: Auditing I Topic: Types of Audit Sampling	Course No.: BCMMJ-404
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Objectives	At the end of the lesson the student shall be able to: <ol style="list-style-type: none"> Describe and provide examples of different types of statistical sampling (simple random, stratified, systematic, cluster). Describe and provide examples of different types of non-statistical sampling (haphazard, block). Discuss the advantages and disadvantages of each sampling method. Apply appropriate sampling methods to given audit scenarios.
Teaching Aids (if any)	<ol style="list-style-type: none"> PPT White board
Teaching Development	<ol style="list-style-type: none"> Introduction (5 minutes) <ul style="list-style-type: none"> Begin by asking students what they understand by "sampling" in general terms. Relate the concept to auditing: "Why do auditors need to use sampling?" Define audit sampling Explain the purpose of audit sampling: to draw conclusions about a population based on a sample Development (30 minutes) <ol style="list-style-type: none"> Statistical vs. Non-Statistical Sampling (15 minutes) <ul style="list-style-type: none"> Explain the difference between statistical and non-statistical sampling. <ul style="list-style-type: none"> Statistical sampling: Uses mathematical techniques to calculate sample size and evaluate results. Allows for quantifying sampling risk. Non-statistical sampling: Relies on the auditor's professional judgment to determine sample size and evaluate results. Discuss the advantages and disadvantages of each approach. <ul style="list-style-type: none"> Statistical: Objective, quantifiable, defensible. Non-statistical: Flexible, can be used when statistical methods are not feasible. Provide examples of situations where each approach might be used. Statistical Sampling Methods (25 minutes) <ul style="list-style-type: none"> Introduce the different types of statistical sampling methods: <ul style="list-style-type: none"> Simple Random Sampling: Each item in the population has an equal chance of being selected. <ul style="list-style-type: none"> Explain how to use random number generators. Discuss its suitability for homogeneous populations. Stratified Sampling: The population is divided into subgroups (strata), and samples are selected from each stratum. <ul style="list-style-type: none"> Explain how to determine strata and allocate sample size. Discuss its suitability for heterogeneous populations.



	<ul style="list-style-type: none"> ○ Systematic Sampling: Selecting items at regular intervals from a population. <ul style="list-style-type: none"> ▪ Explain how to calculate the sampling interval. ▪ Discuss its suitability for populations with no hidden patterns. ○ Cluster Sampling: Dividing the population into clusters and selecting a random sample of clusters. <ul style="list-style-type: none"> ▪ Explain how to define clusters. ▪ Discuss its suitability for geographically dispersed populations. • Provide examples and visual aids for each method. <p>c. Non-Statistical Sampling Methods (15 minutes)</p> <ul style="list-style-type: none"> • Introduce the different types of non-statistical sampling methods: <ul style="list-style-type: none"> ○ Haphazard Sampling: Selecting items without any conscious bias, but without using a structured technique. <ul style="list-style-type: none"> ▪ Explain the potential for bias. ▪ Discuss its suitability for low-risk situations. ○ Block Sampling: Selecting a block of contiguous items from the population. <ul style="list-style-type: none"> ▪ Explain the limitations of this method. ▪ Discuss its suitability for specific control testing. • Provide examples and discuss the limitations of these methods. <p>3. Exercise (5 minutes) – Present students with audit scenarios and ask them to choose an appropriate sampling method and justify their choice Use QA to collect responses and discuss the answers.</p>
Closure	<ol style="list-style-type: none"> 1. Summarize the Lesson Learning Outcomes and get affirmation from students on these. 2. Suggested Reading: https://www.dgecho-partners-helpdesk.eu/download/referencedocumentfile/88 3. Homework: Assign students to research and present real-world examples of audit sampling. <p>Spend 5 minutes to wrap up and consolidate the learnings</p>
Evaluation	<ol style="list-style-type: none"> 1. Reflective Questions (What, Why, Who?). Allow students to answer and discuss. <ul style="list-style-type: none"> - Why is a representative sample crucial in audit sampling? What are the potential consequences of a non-representative sample? <p>Spend 5 minutes to evaluate student assimilation of the lesson contents</p>



Lesson Plan No. 2.1	Course Name: Auditing I Topic: Audit risk- concept	Course No.: BCMMJ-404
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Objectives	At the end of the lesson the student shall be able to: <ol style="list-style-type: none"> Begin with a brief discussion about the purpose of an audit. Ask students: "What do you think is the biggest challenge an auditor faces?" Introduce the concept of audit risk as the risk that an auditor expresses an inappropriate audit opinion when the financial statements are materially misstated. Explain the importance of understanding and assessing audit risk in the audit process.
Teaching Aids (if any)	<ol style="list-style-type: none"> PPT White board
Teaching Development	<ol style="list-style-type: none"> Introduction (5 minutes) <ul style="list-style-type: none"> Begin by asking students what they understand by "sampling" in general terms. Relate the concept to auditing: "Why do auditors need to use sampling?" Define audit sampling Explain the purpose of audit sampling: to draw conclusions about a population based on a sample Development (30 minutes) <ol style="list-style-type: none"> Components of Audit Risk: Introduce the three components of audit risk: <ul style="list-style-type: none"> Inherent Risk: Define inherent risk as the susceptibility of an assertion to a misstatement that could be material, assuming that there are no related controls. Provide examples of factors that can increase inherent risk (e.g., complex transactions, industry volatility, new technology). Control Risk: Define control risk as the risk that a material misstatement will not be prevented or detected on a timely basis by the entity's internal controls. Provide examples of factors that can increase control risk (e.g., weak internal controls, lack of segregation of duties, management override). Detection Risk: Define detection risk as the risk that the auditor's procedures will not detect a material misstatement that exists. Explain how auditors control detection risk by performing audit procedures. Use diagrams and examples to illustrate the relationships between the three components. Explain the audit risk model: $\text{Audit Risk} = \text{Inherent Risk} \times \text{Control Risk} \times \text{Detection Risk}$.



	<p>b. Relationship Between Risk Components:</p> <ul style="list-style-type: none">- Explain the inverse relationship between detection risk and the combined risk of inherent and control risk.- Use scenarios to illustrate how changes in inherent risk and control risk affect the level of detection risk.- For example:- If inherent risk and control risk are high, detection risk must be set low.- If inherent risk and control risk are low, detection risk can be set higher. <p>c. Importance of Audit Risk Assessment</p> <ul style="list-style-type: none">- Discuss how auditors assess audit risk during the planning phase of an audit.- Explain how the assessment of audit risk influences the nature, timing, and extent of audit procedures.- Emphasize that effective audit risk assessment is essential for conducting an efficient and effective audit. <p>3. Exercise (5 minutes) – Why do you think it is important for the auditor to reduce audit risk to an acceptably low level and not to zero? Use QA to collect responses and discuss the answers.</p>
Closure	<ol style="list-style-type: none">1. Summarize the Lesson Learning Outcomes and get affirmation from students on these.2. Suggested Reading: https://www.dgecho-partners-helpdesk.eu/download/referencedocumentfile/883. Homework: Assign students to research and present real-world examples of audit sampling. <p>Spend 5 minutes to wrap up and consolidate the learnings</p>
Evaluation	<ol style="list-style-type: none">1. Reflective Questions (What, Why, Who?). Allow students to answer and discuss. <ul style="list-style-type: none">- How does understanding audit risk help an auditor plan an effective audit?- Why is it important for auditors to understand the different components of audit risk?- How can auditors use their professional skepticism to assess and manage audit risk? <p>Spend 5 minutes to evaluate student assimilation of the lesson contents</p>



Lesson Plan No. 2.2	Course Name: Auditing I Topic: Audit risk- types	Course No.: BCMMJ-404
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Objectives	At the end of the lesson the student shall be able to: a. identify factors that contribute to each type of risk. b. explain the relationship between the components of audit risk. c. apply their understanding of audit risk to real-world scenarios.
Teaching Aids (if any)	a. PPT b. White board
Teaching Development	<ol style="list-style-type: none">Introduction (5 minutes)<ul style="list-style-type: none">- Begin by asking students what they understand by the term "audit risk."- Introduce the concept of audit risk as the risk that the auditor expresses an inappropriate audit opinion when the financial statements are materially misstated.- Explain that audit risk is composed of three components.Development (30 minutes)<ol style="list-style-type: none">Explanation of Audit Risk Components Inherent Risk:<ul style="list-style-type: none">- Define inherent risk as the susceptibility of an assertion to a misstatement that could be material, assuming that there are no related controls.- Discuss factors that contribute to inherent risk, such as the nature of the business, the complexity of transactions, and the integrity of management.- Provide examples of high and low inherent risk scenarios. Control Risk:<ul style="list-style-type: none">- Define control risk as the risk that a misstatement that could occur in an assertion and that could be material will not be prevented or detected on a timely basis by the entity's internal control.- Discuss factors that contribute to control risk, such as the design and effectiveness of internal controls.- Provide examples of strong and weak internal control environments. Detection Risk:<ul style="list-style-type: none">- Define detection risk as the risk that the procedures performed by the auditor to reduce audit risk to an acceptably low level will not detect a misstatement that exists and that could be material.- Discuss factors that contribute to detection risk, such as the nature, timing, and extent of audit procedures.- Explain how auditors can control detection risk.



	<p>b. Relationship between Components:</p> <ul style="list-style-type: none">- Explain the inverse relationship between detection risk and the combined level of inherent and control risk.- Use a diagram or visual aid to illustrate the relationship. <p>3. Exercise (5 minutes) – Divide students into small groups. Provide each group with a short case study or scenario. Ask each group to: Identify the potential risks of material misstatement. Assess the level of inherent risk, control risk, and detection risk. Suggest audit procedures to address the identified risks. Have each group present their findings to the class. Use QA to collect responses and discuss the answers.</p>
Closure	<ol style="list-style-type: none">1. Summarize the Lesson Learning Outcomes and get affirmation from students on these.2. Suggested Reading: Articles on audit risk and risk assessment from professional accounting journals.3. Homework: Ask students to write a short report explaining the factors that contributed to the misstatement and how the auditor could have reduced the risk of it occurring. <p>Spend 5 minutes to wrap up and consolidate the learnings</p>
Evaluation	<ol style="list-style-type: none">1. Reflective Questions (What, Why, Who?). Allow students to answer and discuss.<ul style="list-style-type: none">- What are the key differences between inherent risk, control risk, and detection risk?- How do auditors assess the level of each type of risk?- Why is it important for auditors to understand the relationship between the components of audit risk? <p>Spend 5 minutes to evaluate student assimilation of the lesson contents</p>



Lesson Plan No. 2.3	Course Name: Auditing I Topic: Identification of the Risk of Material Misstatement	Course No.: BCMMJ-404
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Objectives	At the end of the lesson the student shall be able to: <ol style="list-style-type: none"> define risk of material misstatement (RMM). identify factors that contribute to RMM. apply risk assessment procedures to identify RMM. document their risk assessment
Teaching Aids (if any)	<ol style="list-style-type: none"> PPT White board
Teaching Development	<ol style="list-style-type: none"> Introduction (5 minutes) <ul style="list-style-type: none"> Begin with a brief discussion about the importance of risk assessment in auditing. Introduce the concept of risk of material misstatement (RMM). Explain the components of RMM (inherent risk and control risk) Development (30 minutes) <ol style="list-style-type: none"> Explanation of RMM Factors <ul style="list-style-type: none"> Present a checklist of factors that contribute to RMM (e.g., industry conditions, complexity of transactions, management integrity, internal control weaknesses). Discuss each factor in detail, providing examples. Use real-world cases or news articles to illustrate the impact of these factors. 3, Exercise (5 minutes) – Scenario: "Tech Solutions Inc." is a rapidly growing technology company that recently entered a new market. The company's financial statements show a significant increase in revenue and assets. However, the company has experienced several changes in its management team, and its internal control system has not been updated to reflect the company's growth. <ul style="list-style-type: none"> Divide the class into small groups. Provide each group with a risk assessment scenario (e.g., a company with rapid growth, a company with complex financial instruments, a company with weak internal controls). Instruct each group to: <ul style="list-style-type: none"> Identify the factors contributing to RMM in the scenario. Apply risk assessment procedures to identify specific risks. Document their risk assessment findings. Have each group present their findings to the class. Facilitate a class discussion about the different scenarios and risk assessments. <p>Use QA to collect responses and discuss the answers.</p>
Closure	1. Summarize the Lesson Learning Outcomes and get affirmation from



	<p>students on these.</p> <ol style="list-style-type: none">2. Suggested Reading: Articles on audit risk and risk assessment from professional accounting journals.3. Homework: Research "Tata Consultancy Services (TCS)" and identify potential RMM factors based on its industry and financial statements. Write a brief report summarizing your findings. <p>Spend 5 minutes to wrap up and consolidate the learnings</p>
Evaluation	<ol style="list-style-type: none">1. Reflective Questions (What, Why, Who?). Allow students to answer and discuss.<ul style="list-style-type: none">- What are the key differences between inherent risk and control risk?- How does professional skepticism impact the risk assessment process?- What are the challenges of identifying RMM in complex business environments? <p>Spend 5 minutes to evaluate student assimilation of the lesson contents</p>



Lesson Plan No. 2.4	Course Name: Auditing I Topic: Measurement of the Risk of Material Misstatement	Course No.: BCMMJ-404
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Objectives	At the end of the lesson the student shall be able to: <ol style="list-style-type: none"> define and explain the components of the risk of material misstatement (RMM). identify and assess inherent risk and control risk. apply risk assessment procedures to a given scenario. understand the relationship between RMM and detection risk
Teaching Aids (if any)	<ol style="list-style-type: none"> PPT White board
Teaching Development	<ol style="list-style-type: none"> Introduction (5 minutes) <ul style="list-style-type: none"> - B Review: Briefly recap the concept of materiality and its importance in auditing. - Introduce RMM: Explain that the risk of material misstatement (RMM) is the risk that the financial statements are materially misstated prior to the audit. - Explain Components: Introduce the two components of RMM: - Inherent Risk (IR): The susceptibility of an assertion to a misstatement that could be material, assuming there are no related controls. - Control Risk (CR): The risk that a misstatement that could occur in an assertion and that could be material will not be prevented, or detected and corrected, on a timely basis by the entity's internal control. Development (30 minutes) <ol style="list-style-type: none"> Inherent Risk <ul style="list-style-type: none"> - Definition and Factors: Discuss factors that can influence inherent risk (e.g., nature of the business, industry, complexity of transactions, management integrity). - Examples: Provide real-world examples of how these factors can lead to increased inherent risk. - Class Discussion: Ask students to identify potential inherent risks in different business scenarios. Control Risk <ul style="list-style-type: none"> - Definition and Factors: Discuss factors that can influence control risk (e.g., design and implementation of internal controls, management's ability to override controls). - Examples: Provide examples of strong and weak internal controls. - Class Discussion: Discuss how strong internal controls can mitigate control risk. Risk Assessment Procedures and Scenario



	<ul style="list-style-type: none"> - Explain Procedures: Briefly explain risk assessment procedures (e.g., inquiries of management, analytical procedures, observation, inspection). - Handout Distribution: Distribute the Risk Assessment Scenario handout. - Group Activity: Divide students into small groups and ask them to: <ul style="list-style-type: none"> - Identify potential inherent risks and control risks in the scenario. - Suggest appropriate risk assessment procedures. - Discuss the potential impact on the audit plan. - Group Presentations: Have each group present their findings and discuss their recommendations. <p>d. V. RMM and Detection Risk</p> <ul style="list-style-type: none"> - Explain Relationship: Explain the inverse relationship between RMM and detection risk (DR). - If RMM is high, DR needs to be low (more substantive procedures). - If RMM is low, DR can be higher (fewer substantive procedures). - Examples: Provide examples of how auditors adjust DR based on their assessment of RMM. <p>3. Exercise (5 minutes) –</p> <ul style="list-style-type: none"> - Scenario: "Sunshine Electronics" is a medium-sized company that manufactures and sells electronic components. The company has experienced rapid growth in recent years. The industry is highly competitive and subject to rapid technological changes. The company's inventory consists of complex electronic components that are subject to obsolescence. The company's accounting system is relatively new and has not been fully tested. Management has recently implemented a new bonus plan that is tied to sales revenue. - Identify the factors contributing to RMM in the scenario. - Apply risk assessment procedures to identify specific risks. - Document their risk assessment findings. - Facilitate a class discussion about the different scenarios and risk assessments. <p>Use QA to collect responses and discuss the answers.</p>
Closure	<ol style="list-style-type: none"> 1. Summarize the Lesson Learning Outcomes and get affirmation from students on these. 2. Suggested Reading: Articles on audit risk and risk assessment from professional accounting journals. 3. Homework: Students are to find a real-world example of a company with a high risk of material misstatement (e.g., a company with complex accounting practices, a company in a highly regulated industry, a company with a history of fraud). <p>Spend 5 minutes to wrap up and consolidate the learnings</p>
Evaluation	<ol style="list-style-type: none"> 1. Reflective Questions (What, Why, Who?). Allow students to answer and discuss. <ul style="list-style-type: none"> - What factors would you consider when assessing the inherent risk for Sunshine Electronics?



	<ul style="list-style-type: none">- What internal controls would you expect Sunshine Electronics to have in place to mitigate control risk?- How would you assess the effectiveness of the company's internal controls?- What risk assessment procedures would you perform to assess the overall risk of material misstatement? <p>Spend 5 minutes to evaluate student assimilation of the lesson contents</p>
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Lesson Plan No. 2.5	Course Name: Auditing I Topic: Risk assessment procedure	Course No.: BCMMJ-404
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Objectives	At the end of the lesson the student shall be able to: a. define and explain the importance of risk assessment procedures. b. identify and describe the different types of risk assessment procedures. c. apply risk assessment procedures in a practical scenario
Teaching Aids (if any)	a. PPT b. White board
Teaching Development	<ol style="list-style-type: none">1. Introduction (5 minutes)<ul style="list-style-type: none">- Begin with a brief overview of the importance of risk assessment in auditing.- Explain that risk assessment is the foundation of an audit and helps auditors focus their efforts on areas with the highest risk of material misstatement.- Discuss the concept of material misstatement and its relevance to risk assessment.2. Development (30 minutes)<ol style="list-style-type: none">a. Defining Risk Assessment Procedures<ul style="list-style-type: none">- Define risk assessment procedures as the audit procedures performed to obtain an understanding of the entity and its environment, including its internal control, to identify and assess the risks of material misstatement, whether due to fraud or error.- Discuss the objectives of risk assessment procedures.- Hand out the definition and examples of risk assessment procedures.b. Types of Risk Assessment Procedures<ul style="list-style-type: none">- Explain the three main types of risk assessment procedures:- Inquiries of management and others within the entity- Analytical procedures- Observation and inspection- Discuss each type of procedure in detail, providing examples of how they are used in practice.- Discuss the importance of understanding the entity's industry, regulatory environment, and internal control.2. Exercise (5 minutes) – Case Study/Scenario<p>Present a case study/scenario involving a fictional company and its financial statements. Divide the class into small groups and ask each group to: Identify potential risks of material misstatement. Determine which risk assessment procedures would be most effective in assessing those risks. Document their findings and recommendations. Have each group present their findings to the class.</p>



	Use QA to collect responses and discuss the answers.
Closure	<ol style="list-style-type: none">1. Summarize the Lesson Learning Outcomes and get affirmation from students on these.2. Suggested Reading: Articles on audit risk and risk assessment from professional accounting journals.3. Homework: Students are to find a real-world example of a company with a high risk of material misstatement (e.g., a company with complex accounting practices, a company in a highly regulated industry, a company with a history of fraud). <p>Spend 5 minutes to wrap up and consolidate the learnings</p>
Evaluation	<ol style="list-style-type: none">1. Reflective Questions (What, Why, Who?). Allow students to answer and discuss.<ul style="list-style-type: none">- What factors would you consider when assessing the inherent risk for Sunshine Electronics?- What internal controls would you expect Sunshine Electronics to have in place to mitigate control risk?- How would you assess the effectiveness of the company's internal controls?- What risk assessment procedures would you perform to assess the overall risk of material misstatement? <p>Spend 5 minutes to evaluate student assimilation of the lesson contents</p>



Lesson Plan No. 2.6	Course Name: Auditing I Topic: Risk assessment procedure- case study	Course No.: BCMMJ-404
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Objectives	At the end of the lesson the student shall be able to: <ol style="list-style-type: none"> identify and describe the different types of risk assessment procedures. apply risk assessment procedures in a practical scenario
Teaching Aids (if any)	<ol style="list-style-type: none"> ICT White board
Teaching Development	<ol style="list-style-type: none"> Introduction (5 minutes) <ul style="list-style-type: none"> Begin with a brief overview of the importance of risk assessment in auditing. Explain that risk assessment is the foundation of an audit and helps auditors focus their efforts on areas with the highest risk of material misstatement. Discuss the concept of material misstatement and its relevance to risk assessment. Development (30 minutes) <ol style="list-style-type: none"> Defining Risk Assessment Procedures <ul style="list-style-type: none"> Define risk assessment procedures as the audit procedures performed to obtain an understanding of the entity and its environment, including its internal control, to identify and assess the risks of material misstatement, whether due to fraud or error. Discuss the objectives of risk assessment procedures. Hand out the definition and examples of risk assessment procedures. Case Study <p>Present a case study/scenario involving a fictional company and its financial statements.</p> <p>Divide the class into small groups and ask each group to:</p> <p>Identify potential risks of material misstatement.</p> <p>Determine which risk assessment procedures would be most effective in assessing those risks.</p> <p>Document their findings and recommendations.</p> <p>Have each group present their findings to the class.</p> Exercise (5 minutes) – Use QA to collect responses and discuss the answers.
Closure	<ol style="list-style-type: none"> Summarize the Lesson Learning Outcomes and get affirmation from students on these. Suggested Reading: Articles on audit risk and risk assessment from professional accounting journals. Homework: Students are to find a real-world example of a company with a high risk of material misstatement (e.g., a company with



	<p>complex accounting practices, a company in a highly regulated industry, a company with a history of fraud). Spend 5 minutes to wrap up and consolidate the learnings</p>
Evaluation	<p>1. Reflective Questions (What, Why, Who?). Allow students to answer and discuss.</p> <ul style="list-style-type: none">- What factors would you consider when assessing the inherent risk for Sunshine Electronics?- What internal controls would you expect Sunshine Electronics to have in place to mitigate control risk?- How would you assess the effectiveness of the company's internal controls?- What risk assessment procedures would you perform to assess the overall risk of material misstatement? <p>Spend 5 minutes to evaluate student assimilation of the lesson contents</p>



Lesson Plan No. 2.7	Course Name: Auditing I Topic: Management and detection of risk	Course No.: BCMMJ-404
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Objectives	At the end of the lesson the student shall be able to: <ol style="list-style-type: none"> explain the importance of risk management and detection. describe management's responsibility for risk management, including internal controls and risk assessment. describe the auditor's responsibility for risk assessment and detection, including audit risk and its components.
Teaching Aids (if any)	<ol style="list-style-type: none"> ICT White board
Teaching Development	<ol style="list-style-type: none"> Introduction (5 minutes) <ul style="list-style-type: none"> Begin by discussing the concept of risk and its relevance to businesses and organizations. Emphasize the importance of managing and detecting risk to ensure the accuracy and reliability of financial statements and to prevent fraud. Development (30 minutes) <ol style="list-style-type: none"> Management's Responsibility for Risk Management <ul style="list-style-type: none"> Explain management's responsibility for establishing and maintaining a system of internal controls to prevent and detect errors and fraud. Discuss the importance of management's risk assessment processes to identify and evaluate potential risks. Auditor's Responsibility for Risk Assessment and Detection <ul style="list-style-type: none"> Define audit risk and its components: inherent risk, control risk, and detection risk. Explain the auditor's role in assessing the risk of material misstatement and designing audit procedures to detect such misstatements. Introduce the audit risk model ($AR = IR \times CR \times DR$) and how it is used to determine the acceptable level of detection risk. Auditor's Risk Assessment Process and Audit Procedures <ul style="list-style-type: none"> Outline the steps involved in the auditor's risk assessment process: understanding the entity and its environment, identifying risks, assessing the risks, and responding to assessed risks. Describe the various audit procedures used to detect misstatements, including inspection of documents,



	<p>observation, inquiry, recalculation, reperformance, analytical procedures, and confirmation.</p> <p>3. Exercise (5 minutes) –</p> <ul style="list-style-type: none">- How can companies improve their risk management practices?- Use QA to collect responses and discuss the answers.
Closure	<ol style="list-style-type: none">1. Summarize the Lesson Learning Outcomes and get affirmation from students on these.2. Suggested Reading: Articles on audit risk and risk assessment from professional accounting journals.3. Homework: What are the ethical responsibilities of auditors in detecting and reporting fraud? <p>Spend 5 minutes to wrap up and consolidate the learnings</p>
Evaluation	<ol style="list-style-type: none">1. Reflective Questions (What, Why, Who?). Allow students to answer and discuss.<ul style="list-style-type: none">- What factors would you consider when assessing the inherent risk for Sunshine Electronics?- What internal controls would you expect Sunshine Electronics to have in place to mitigate control risk?- How would you assess the effectiveness of the company's internal controls?- What risk assessment procedures would you perform to assess the overall risk of material misstatement? <p>Spend 5 minutes to evaluate student assimilation of the lesson contents</p>



Lesson Plan No. 2.7	Course Name: Auditing I Topic: Management and detection of risk- Case study	Course No.: BCMMJ-404
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Objectives	At the end of the lesson the student shall be able to: <ul style="list-style-type: none"> a. identify audit procedures for detecting misstatements. b. analyze a real-world case study of fraud (Enron) and its implications for risk management and detection.
Teaching Aids (if any)	<ul style="list-style-type: none"> a. ICT b. White board
Teaching Development	<ul style="list-style-type: none"> - Introduction (5 minutes) - Begin by discussing the concept of risk and its relevance to businesses and organizations. - Emphasize the importance of managing and detecting risk to ensure the accuracy and reliability of financial statements and to prevent fraud. - Development (30 minutes) <ul style="list-style-type: none"> a. Case Study: Enron Scandal - Discuss the Enron scandal as a real-world example of the consequences of failures in risk management and detection. - Analyze the case, focusing on: <ul style="list-style-type: none"> a. Management's failure in risk management, including the use of off-balance-sheet entities, aggressive accounting practices, and weak internal controls. b. Auditor's failure in risk detection, including conflicts of interest, inadequate risk assessment, and overreliance on management representations. - Exercise (5 minutes) – - Summarize the key takeaways from the lesson, emphasizing the importance of strong corporate governance, ethical leadership, and auditor independence in preventing fraud and ensuring the accuracy of financial statements. - Facilitate a class discussion using the following questions: <ul style="list-style-type: none"> - What are the key lessons that can be learned from the Enron scandal? - How can companies improve their risk management practices? - What are the ethical responsibilities of auditors in detecting and reporting fraud? - - Use QA to collect responses and discuss the answers.
Closure	<ol style="list-style-type: none"> 1. Summarize the Lesson Learning Outcomes and get affirmation from students on these. 2. Suggested Reading: Articles on audit risk and risk assessment from professional accounting journals. 3. Homework: What are the ethical responsibilities of auditors in detecting and reporting fraud? <p>Spend 5 minutes to wrap up and consolidate the learnings</p>



Evaluation	<ol style="list-style-type: none">1. Reflective Questions (What, Why, Who?). Allow students to answer and discuss.<ul style="list-style-type: none">- What risk assessment procedures would you perform to assess the overall risk of material misstatement? <p>Spend 5 minutes to evaluate student assimilation of the lesson contents</p>
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Lesson Plan No. 3.1	Course Name: Auditing I Topic: Meaning and importance of audit evidence	Course No.: BCMMJ-404
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Objectives	At the end of the lesson the student shall be able to: <ol style="list-style-type: none"> Define audit evidence and explain its role in the audit process. Identify the different types of audit evidence. Explain the importance of audit evidence in forming an auditor's opinion. Discuss the characteristics of reliable audit evidence.
Teaching Aids (if any)	<ol style="list-style-type: none"> ICT White board
Teaching Development	<ol style="list-style-type: none"> Introduction (5 minutes) <ul style="list-style-type: none"> Ask students: "What do you think auditors rely on to form their opinions on financial statements?" Briefly introduce the concept of audit evidence as the foundation of an auditor's conclusions. Development (30 minutes) <ol style="list-style-type: none"> Definition and Meaning of Audit Evidence Definition: Audit evidence refers to information used by auditors to determine whether financial statements are free from material misstatements. It includes documents, records, observations, and confirmations supporting financial transactions. Sources: Internal (company records, invoices, ledgers) External (bank statements, third-party confirmations) Types of Audit Evidence. Discuss different types with examples: Physical Examination (e.g., inspecting inventory) Documentary Evidence (e.g., invoices, contracts) Analytical Procedures (e.g., ratio analysis, trend comparisons) Oral Evidence (e.g., inquiries from management) Electronic Evidence (e.g., digital transaction logs) External Confirmations (e.g., bank letters, customer confirmations) Importance of Audit Evidence Basis for Auditor's Opinion: Without sufficient evidence, auditors cannot issue a reliable report. Supports Compliance: Ensures adherence to auditing standards (e.g., ISA 500). Detects Fraud/Errors: Helps uncover discrepancies in financial records. Legal Protection: Provides documentation in case of disputes or lawsuits. Characteristics of Reliable Audit Evidence Discuss key qualities: Relevance (directly related to assertions being tested). Reliability (source matters—external > internal).



	<p>Sufficiency (adequate quantity). Timeliness (up-to-date information).</p> <p>3. Exercise (5 minutes) – Group Discussion Present a scenario: "An auditor finds discrepancies in inventory records but lacks physical verification. Is the evidence sufficient?" Students discuss and justify their answers</p>
Closure	<ol style="list-style-type: none">1. Summarize the Lesson Learning Outcomes and get affirmation from students on these.2. Suggested Reading: Articles on audit risk and risk assessment from professional accounting journals.3. Homework: What are the ethical responsibilities of auditors in detecting and reporting fraud? <p>Spend 5 minutes to wrap up and consolidate the learnings</p>
Evaluation	<ol style="list-style-type: none">1. Reflective Questions (What, Why, Who?). Allow students to answer and discuss.<ul style="list-style-type: none">- Define audit evidence.- List three types of audit evidence.- Why is external confirmation considered reliable? <p>Spend 5 minutes to evaluate student assimilation of the lesson contents</p>



Lesson Plan No. 3.2	Course Name: Auditing I Topic: Kinds of Vouchers	Course No.: BCMMJ-404
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Objectives	At the end of the lesson the student shall be able to: a. Define a voucher and explain its role in accounting. b. Identify and describe different types of vouchers. c. Understand the importance of vouchers in auditing and financial recording. d. Differentiate between source vouchers and accounting vouchers.
Teaching Aids (if any)	a. ICT b. White board
Teaching Development	<p>1. Introduction (5 minutes)</p> <ul style="list-style-type: none">- How do businesses keep track of their financial transactions?"- Explain that vouchers serve as documentary evidence for transactions.- Show real examples (e.g., receipts, bills, cash memos). <p>2. Development (30 minutes)</p> <p>a. Definition of a Voucher</p> <ul style="list-style-type: none">- A voucher is a written document that supports a transaction (e.g., payment, receipt, journal entry).- Used for recording, authorization, and audit purposes. <p>b. Types of Vouchers</p> <p>Discuss major classifications with examples:</p> <p>A. Primary (Source) Vouchers</p> <ul style="list-style-type: none">- Original documents that first record a transaction.- Examples: Cash memos, invoices, receipts, bills. <p>B. Secondary (Accounting) Vouchers</p> <ul style="list-style-type: none">- Prepared by accountants for recording in books. <p>Examples:</p> <ul style="list-style-type: none">o Cash Vouchers (Cash receipts/payments)o Credit Vouchers (Credit sales/purchases)o Journal Vouchers (Adjustment entries, depreciation)o Transfer Vouchers (Internal fund transfers) <p>C. Supporting Vouchers</p> <p>Additional documents that validate primary vouchers.</p> <p>Examples: Contracts, delivery challans, approval notes.</p> <p>c. Importance of Vouchers</p> <ul style="list-style-type: none">- Audit Trail: Helps auditors verify transactions.- Fraud Prevention: Reduces chances of manipulation.- Legal Compliance: Required for tax filings and disputes- Financial Accuracy: Ensures proper bookkeeping. <p>3. Exercise (5 minutes) –</p> <p>Group Task: Provide sample transactions (e.g., "Paid rent ₹10,000"). Students identify the type of voucher needed and justify their choice. Students discuss and justify their answers</p>
Closure	1. Summarize the Lesson Learning Outcomes and get affirmation from students on these.



	<ol style="list-style-type: none">2. Suggested Reading: Read ISA 500 (Audit Evidence) guidelines.3. Homework: Collect 3 different types of vouchers (e.g., electricity bill, credit note) and classify them. <p>Spend 5 minutes to wrap up and consolidate the learnings</p>
Evaluation	<ol style="list-style-type: none">1. Reflective Questions (What, Why, Who?). Allow students to answer and discuss.<ul style="list-style-type: none">- What is a voucher?- Give two examples of primary vouchers.- Why are vouchers important for audits? <p>Spend 5 minutes to evaluate student assimilation of the lesson contents</p>



Lesson Plan No. 3.2	Course Name: Auditing I Topic: Vouching Guidelines	Course No.: BCMMJ-404
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Objectives	At the end of the lesson the student shall be able to: a. Define vouching and explain its significance in auditing b. Understand the objectives and principles of vouching c. Apply key vouching techniques for different types of transactions d. Identify common errors and frauds through vouching
Teaching Aids (if any)	a. ICT b. White board
Teaching Development	<ol style="list-style-type: none">Introduction (5 minutes)<ul style="list-style-type: none">- Icebreaker: Show a sample invoice and receipt - "How would you verify if this transaction is genuine?"- Definition: Vouching = The act of examining documentary evidence to substantiate transactions- Purpose: Establish authenticity, accuracy, and proper authorization of transactionsDevelopment (30 minutes)<ol style="list-style-type: none">Objectives of Vouching<ul style="list-style-type: none">- To verify recorded transactions- To detect errors and frauds- To ensure compliance with accounting standards- To confirm proper authorization- To validate completeness of recordsVouching Guidelines<ol style="list-style-type: none">General Principles<ul style="list-style-type: none">- Verify original documents only- Check dates fall within accounting period- Confirm proper approvals and authorizations- Ensure consistency with other records- Note any alterations or missing informationTransaction-Specific Vouching<ul style="list-style-type: none">- Cash Transactions:<ul style="list-style-type: none">- Match receipts with bank statements- Verify cash vouchers with supporting bills- Check sequential numbering of receiptsCredit Sales:<ul style="list-style-type: none">Cross-check invoices with:<ul style="list-style-type: none">- Delivery challans- Customer orders- Shipping documentsPurchases:<ul style="list-style-type: none">- Verify purchase invoices with:<ul style="list-style-type: none">- GRN (Goods Received Notes)- Purchase orders- Quality inspection reportsPayroll:<ul style="list-style-type: none">Confirm with:<ul style="list-style-type: none">- Attendance records



	<ul style="list-style-type: none">- Salary approval letters- Bank transfer records <p>e.C. Red Flags in Vouching</p> <ul style="list-style-type: none">- Missing documents- Sequential gaps in numbering- Unusual transactions- Excessive cancellations/alterations- Transactions just below approval limits <p>f. Best Practices (5 minutes)</p> <ul style="list-style-type: none">- Maintain professional skepticism- Use sampling techniques- Document all findings- Follow audit trail thoroughly- Consider digital verification method <p>3. Exercise (5 minutes) – Case Study: XYZ Company shows high travel expenses. As an auditor, how would you vouch these transactions? Students work in groups to list documents to examine Discussion on potential fraud indicators</p> <ul style="list-style-type: none">- What is the primary purpose of vouching?- Name three documents to verify credit sales- Why is checking authorization important?
Closure	<ol style="list-style-type: none">1. Summarize the Lesson Learning Outcomes and get affirmation from students on these.2. Suggested Reading: Read ISA 500 (Audit Evidence) guidelines.<ul style="list-style-type: none">- Homework: Research how AI is changing vouching processes <p>Spend 5 minutes to wrap up and consolidate the learnings</p>
Evaluation	<ol style="list-style-type: none">1. Reflective Questions (What, Why, Who?). Allow students to answer and discuss.<ul style="list-style-type: none">- Find a real-world audit failure related to poor vouching- Prepare a checklist for vouching office expenses <p>Spend 5 minutes to evaluate student assimilation of the lesson contents</p>



Lesson Plan No. 3.2	Course Name: Auditing I Topic: Vouching Guidelines	Course No.: BCMMJ-404
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Objectives	At the end of the lesson the student shall be able to: <ol style="list-style-type: none"> Define vouching and explain its significance in auditing Understand the objectives and principles of vouching Apply key vouching techniques for different types of transactions Identify common errors and frauds through vouching
Teaching Aids (if any)	<ol style="list-style-type: none"> ICT White board
Teaching Development	<ol style="list-style-type: none"> Introduction (5 minutes) <ul style="list-style-type: none"> Icebreaker: Show a sample invoice and receipt - "How would you verify if this transaction is genuine?" Definition: Vouching = The act of examining documentary evidence to substantiate transactions Purpose: Establish authenticity, accuracy, and proper authorization of transactions Development (30 minutes) <ol style="list-style-type: none"> Objectives of Vouching <ul style="list-style-type: none"> To verify recorded transactions To detect errors and frauds To ensure compliance with accounting standards To confirm proper authorization To validate completeness of records Vouching Guidelines <ol style="list-style-type: none"> General Principles <ul style="list-style-type: none"> Verify original documents only Check dates fall within accounting period Confirm proper approvals and authorizations Ensure consistency with other records Note any alterations or missing information Transaction-Specific Vouching <ul style="list-style-type: none"> Cash Transactions: <ul style="list-style-type: none"> Match receipts with bank statements Verify cash vouchers with supporting bills Check sequential numbering of receipts Credit Sales: <ul style="list-style-type: none"> Cross-check invoices with: <ul style="list-style-type: none"> Delivery challans Customer orders Shipping documents Purchases: <ul style="list-style-type: none"> Verify purchase invoices with: <ul style="list-style-type: none"> GRN (Goods Received Notes) Purchase orders Quality inspection reports Payroll: <ul style="list-style-type: none"> Confirm with: <ul style="list-style-type: none"> Attendance records



	<ul style="list-style-type: none">- Salary approval letters- Bank transfer records <p>e.C. Red Flags in Vouching</p> <ul style="list-style-type: none">- Missing documents- Sequential gaps in numbering- Unusual transactions- Excessive cancellations/alterations- Transactions just below approval limits <p>f. Best Practices (5 minutes)</p> <ul style="list-style-type: none">- Maintain professional skepticism- Use sampling techniques- Document all findings- Follow audit trail thoroughly- Consider digital verification method <p>3. Exercise (5 minutes) – Case Study: XYZ Company shows high travel expenses. As an auditor, how would you vouch these transactions? Students work in groups to list documents to examine Discussion on potential fraud indicators</p> <ul style="list-style-type: none">- What is the primary purpose of vouching?- Name three documents to verify credit sales- Why is checking authorization important?
Closure	<ol style="list-style-type: none">1. Summarize the Lesson Learning Outcomes and get affirmation from students on these.2. Suggested Reading: Connect to audit standards (SA 315, SA 540)3. Homework: Research how AI is changing vouching processes <p>Spend 5 minutes to wrap up and consolidate the learnings</p>
Evaluation	<ol style="list-style-type: none">1. Reflective Questions (What, Why, Who?). Allow students to answer and discuss.4. Find a real-world audit failure related to poor vouching5. Prepare a checklist for vouching office expenses <p>Spend 5 minutes to evaluate student assimilation of the lesson contents</p>



Lesson Plan No. 3.5	Course Name: Auditing I Topic: Verification of Assets	Course No.: BCMMJ-404
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Objectives	At the end of the lesson the student shall be able to: a. Define asset verification and explain its importance in auditing. b. Identify the key procedures for verifying different types of assets. c. Apply verification techniques to practical auditing scenarios
Teaching Aids (if any)	a. ICT b. White board
Teaching Development	<p>1. Introduction (5 minutes)</p> <ul style="list-style-type: none">- Ask students: "Why do auditors need to verify assets?"- Briefly explain that asset verification ensures the accuracy and existence of assets recorded in financial statements.- Definition: Asset verification is the process of confirming the existence, ownership, valuation, and condition of assets recorded in financial statements.- Importance:<ul style="list-style-type: none">- Ensures financial statements are free from material misstatements.- Detects fraud, errors, or obsolescence.- Compliance with accounting standards (e.g., IFRS, GAAP) <p>2. Development (30 minutes)</p> <p>A. Methods of Verification</p> <ul style="list-style-type: none">- Physical Inspection (e.g., fixed assets, inventory).- Documentation Review (titles, invoices, agreements).- Third-Party Confirmations (bank statements, legal confirmations).- Reconciliation (comparing records with physical counts). <p>B. Verification of Key Assets</p> <ul style="list-style-type: none">a. Asset Type: Verification Procedureb. Cash Bank: reconciliation, confirmation letters.c. Inventory: Physical count, valuation testing.d. PP&E: Inspection, depreciation review, title deeds.e. Receivables: Confirmations, aging analysis.f. Investments: Broker statements, market value verification.g. Payroll: Confirm with:<ul style="list-style-type: none">- Attendance records- Salary approval letters- Bank transfer records <p>C. Red Flags in Vouching</p> <ul style="list-style-type: none">- Missing documents- Sequential gaps in numbering- Unusual transactions- Excessive cancellations/alterations- Transactions just below approval limits <p>Case Example: A company reports machinery worth \$500,000. How would you verify? Check purchase invoices. Inspect physical condition. Confirm ownership documents.</p>



	<p>3. Exercise (5 minutes) – Scenario: ABC Ltd.'s inventory records show 1,000 units, but the auditor finds only 950 during inspection. Tasks for Groups (discussion +presentation): Identify possible causes (theft, recording errors, damage). Suggest audit procedures to resolve the discrepancy.</p>
Closure	<p>1. Summarize the Lesson Learning Outcomes and get affirmation from students on these. 2. Suggested Reading: "Auditing and Assurance Services" by Alvin Arens (Ch. 12: Auditing Long-Lived Assets) 3. Homework: Draft an audit program for verifying a company's land and buildings Spend 5 minutes to wrap up and consolidate the learnings</p>
Evaluation	<p>1. Reflective Questions (What, Why, Who?). Allow students to answer and discuss. - What challenges might auditors face during asset verification? - How does technology (e.g., drones for inventory) impact traditional verification? Spend 5 minutes to evaluate student assimilation of the lesson contents</p>



Lesson Plan No. 3.6	Course Name: Auditing I Topic Verification of Assets (Land and Building)	Course No.: BCMMJ-404
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Objectives	At the end of the lesson the student shall be able to: <ol style="list-style-type: none"> Understand the importance of verifying land and buildings in an audit. Identify key procedures for verifying ownership, valuation, and existence of land and buildings. Apply verification techniques through a case study exercise
Teaching Aids (if any)	<ol style="list-style-type: none"> ICT White board
Teaching Development	<ol style="list-style-type: none"> Introduction (5 minutes) <ul style="list-style-type: none"> - Objective: Engage students and introduce the topic. - Activities: - Icebreaker Question: "Why do you think verifying land and building is crucial in an audit?" (Brief discussion) - Explanation: - Define verification of assets (ensuring assets exist, are owned by the entity, and are properly valued). - Explain why land and buildings are high-risk assets (fraud, valuation issues, legal disputes). - Real-world Example: Mention a case where incorrect asset verification led to financial misstatements (e.g., Enron's property overvaluation) Development (30 minutes) <p>Key Points:</p> <p>A. Ownership Verification Check title deeds, registration documents, and purchase agreements.</p> <p>Confirm no encumbrances (mortgages/liens) by reviewing bank documents.</p> <p>B. Physical Verification Inspection (site visits for existence and condition).</p> <p>Compare with fixed asset register.</p> <p>C. Valuation Verification Assess whether land/buildings are recorded at historical cost or fair value.</p> <p>Review independent valuation reports (if revalued).</p> <p>Check depreciation policies (for buildings).</p> <p>D. Legal & Compliance Checks Ensure compliance with local laws (zoning, environmental regulations).</p>



	<p>Verify property tax receipts and pending litigation.</p> <p>3. Exercise (5 minutes) – Objective: Apply verification concepts in a practical scenario. Case Study: ABC Ltd. reports land worth \$5 million in its books. The auditor finds: Title deed shows joint ownership with another party. No recent valuation report. Property tax receipts are missing for two years. Task: In groups, discuss audit risks and procedures to verify the land. Present findings (5 minutes per group). Debrief: Highlight correct verification steps</p>
Closure	<ol style="list-style-type: none">1. Summarize the Lesson Learning Outcomes and get affirmation from students on these.2. Suggested Reading: "Auditing and Assurance Services" by Alvin Arens (Ch. 12: Auditing Long-Lived Assets)3. Homework: Draft an audit program for verifying a company's land and buildings Spend 5 minutes to wrap up and consolidate the learnings
Evaluation	<ol style="list-style-type: none">1. Reflective Questions (What, Why, Who?). Allow students to answer and discuss.<ul style="list-style-type: none">- Why is physical inspection necessary even if documents appear correct?- How does technology (e.g., GIS mapping) help in land verification?- What would you do if a client refuses access to title deeds?Spend 5 minutes to evaluate student assimilation of the lesson contents



Lesson Plan No. 3.7	Course Name: Auditing I Topic Verification of Assets (Plant and Machinery, Investments)	Course No.: BCMMJ-404
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Objectives	At the end of the lesson the student shall be able to: a. Understand the concept and importance of asset verification in auditing. b. Explain the specific procedures for verifying Plant & Machinery and Investments. c. Apply verification techniques through a case study exercise. d. Reflect on the challenges and best practices in asset verification.
Teaching Aids (if any)	a. ICT b. White board
Teaching Development	<p>1. Introduction (5 minutes)</p> <ul style="list-style-type: none">- Introduce the concept of asset verification and its significance in auditing.- Discussion Starter: - "Why is it important for auditors to verify assets like Plant & Machinery and Investments?"- Brief explanation of verification vs. valuation.- Key Points: - Definition of Verification: Confirming existence, ownership, and proper valuation of assets.- Why it matters: Prevents misstatements, fraud, and ensures compliance with accounting standards.- Key assets to verify: Tangible (Plant & Machinery) vs. Intangible/Financial (Investments). <p>2. Development (30 minutes)</p> <p>Objective: Explain verification procedures for Plant & Machinery and Investments.</p> <p>A. Verification of Plant & Machinery Key Procedures:</p> <ul style="list-style-type: none">Physical inspection (existence).Review of title deeds/ownership documents.Checking depreciation methods and calculations.Examining purchase agreements and loan documents (if financed).Looking for impairments or disposals. <p>Common Risks: Overstatement due to incorrect depreciation. Unrecorded disposals or damages.</p> <p>B. Verification of Investments Key Procedures:</p>



	<p>Confirming holdings with brokers or custodians (external confirmation). Checking investment certificates and contracts. Verifying classification (current vs. non-current). Assessing fair value vs. historical cost (as per accounting standards). Checking dividend/interest income recognition. Common Risks: Misclassification (e.g., trading vs. long-term investments). Unrecorded investments or fraudulent schemes.</p> <p>Teaching Method: Interactive lecture with real-world examples (e.g., Enron's asset misreporting).</p> <p>3. Exercise (5 minutes) – Objective: Apply verification concepts in a practical scenario.</p> <p>Case Study: A company reports ₹50 lakhs in Plant & Machinery and ₹20 lakhs in Investments. Tasks for Students (Group Discussion): List audit procedures to verify Plant & Machinery. How would you confirm the existence and ownership of investments? Identify potential red flags (e.g., missing depreciation records, unapproved stock trades). Debrief: Instructor summarizes key takeaways</p>
Closure	<ol style="list-style-type: none">1. Summarize the Lesson Learning Outcomes and get affirmation from students on these.2. Suggested Reading: "Auditing and Assurance Services" by Alvin Arens (Ch. 12: Auditing Long-Lived Assets)3. Homework: Draft an audit program for verifying a company's land and buildings <p>Spend 5 minutes to wrap up and consolidate the learnings</p>
Evaluation	<ol style="list-style-type: none">1. Reflective Questions (What, Why, Who?). Allow students to answer and discuss.<ul style="list-style-type: none">- Why is physical inspection necessary even if documents appear correct?- How does technology (e.g., GIS mapping) help in land verification?- What would you do if a client refuses access to title deeds? <p>Spend 5 minutes to evaluate student assimilation of the lesson contents</p>



Lesson Plan No. 3.8	Course Name: Auditing I Topic Verification of Assets (Stock in trade, Trade Debtors, Cash in Hand, Cash in bank)	Course No.: BCMMJ-404
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Objectives	At the end of the lesson the student shall be able to: a. Define and explain the concept of verification of assets in auditing. b. Understand the procedures for verifying Stock-in-Trade, Trade Debtors, Cash in Hand, and Cash at Bank. c. Apply verification techniques through practical exercises. d. Recognize the importance of asset verification in ensuring financial statement reliability
Teaching Aids (if any)	a. ICT b. White board
Teaching Development	<ol style="list-style-type: none">Introduction (5 minutes)<ul style="list-style-type: none">- Ask students: "Why is it important for auditors to verify assets like stock, debtors, and cash?"- Discuss real-world fraud cases (e.g., overstated inventory, fictitious debtors).- Key Points:<ul style="list-style-type: none">- Verification vs. Vouching: Verification confirms existence, ownership, valuation, and disclosure, while vouching checks transaction authenticity.- Purpose: Ensure assets are real, properly valued, and correctly recordedDevelopment (30 minutes)<ol style="list-style-type: none">Verification of Stock-in-Trade Methods: Physical verification, cut-off procedures, test checks. Auditor's Role: Observe stock counting, check valuation (lower of cost or NRV). Challenges: Obsolete stock, valuation discrepancies.Verification of Trade Debtors Confirmation Letters (Positive/Negative): Direct communication with debtors. Aging Analysis: Check recoverability and provision for bad debts.Verification of Cash in Hand Physical Count: Surprise cash counting, checking petty cash records. Reconciliation: Match cash book with physical cash.Verification of Cash at Bank Bank Reconciliation: Compare bank statements with ledger balances. Bank Confirmation: Direct confirmation from the bank.



	<p>Visual Aid: Show a sample Bank Reconciliation Statement and Debtors Confirmation Letter.</p> <p>3. Exercise (5 minutes) – Case Study:</p> <p>A company reports ₹5,00,000 in stock, but the auditor finds no physical verification records. Trade debtors include ₹50,000 from a bankrupt customer. Cash in hand is ₹10,000, but the count reveals only ₹8,500.</p> <p>Questions: What audit procedures should be applied? How should discrepancies be reported?</p>
Closure	<ol style="list-style-type: none">1. Summarize the Lesson Learning Outcomes and get affirmation from students on these.2. Suggested Reading: " "Auditing and Assurance Services" by Alvin Arens (Ch. on Asset Verification). ISA 501 (Audit Evidence – Specific Considerations for Inventory & Segment Information)3. Homework: Draft an audit program for verifying stock and debtors for a retail business. Spend 5 minutes to wrap up and consolidate the learnings
Evaluation	<ol style="list-style-type: none">1. Reflective Questions (What, Why, Who?). Allow students to answer and discuss.<ul style="list-style-type: none">- What challenges might an auditor face while verifying stock in a manufacturing firm?- Why is external confirmation crucial for trade debtors?- How does improper bank reconciliation affect financial statements?Spend 5 minutes to evaluate student assimilation of the lesson contents



Lesson Plan No. 3.9	Course Name: Auditing I Topic: Verification of Liabilities (Sundry Creditors & Loans)	Course No.: BCMMJ-404
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Objectives	At the end of the lesson the student shall be able to: a. Understand the importance of verifying liabilities in an audit. b. Explain the key audit procedures for verifying Sundry Creditors and Loans. c. Apply verification techniques through a practical exercise
Teaching Aids (if any)	a. ICT b. White board
Teaching Development	<p>1. Introduction (5 minutes)</p> <ul style="list-style-type: none">- Begin with a question: "Why is verifying liabilities as important as verifying assets in an audit?"- Discuss real-world consequences of misstated liabilities (e.g., over/understatement affecting financial health).- Briefly define:<ul style="list-style-type: none">- Sundry Creditors (trade payables, unpaid expenses)- Loans (bank loans, debentures, other borrowings)- Explain the audit assertion focus: Existence, Completeness, Valuation, Rights & Obligations, Presentation & Disclosure <p>2. Development (30 minutes)</p> <p>A. Verification of Sundry Creditors Audit Procedures:</p> <p>Obtain a schedule of creditors and reconcile with ledger balances. Confirm balances directly with suppliers (external confirmation). Check subsequent payments to ensure liabilities were genuine. Review purchase invoices, GRNs (Goods Received Notes), and contracts. Verify cut-off procedures to ensure transactions are recorded in the correct period.</p> <p>B. Verification of Loans Audit Procedures:</p> <p>Inspect loan agreements for terms, interest rates, and repayment schedules. Confirm balances with lenders (banks/financial institutions). Verify interest calculations and accrued interest liabilities. Check compliance with loan covenants. Ensure proper disclosure in financial statements (secured/unsecured, maturity dates).</p> <p>Teaching Method: Use a sample ledger extract and loan agreement for demonstration.</p>



	<p>Highlight common errors (e.g., unrecorded liabilities, misclassified loans).</p> <p>3. Exercise (5 minutes) – Case Study:</p> <p>Provide a scenario where a company has: Unrecorded invoices from suppliers A bank loan with undisclosed covenants.</p> <p>Task: Identify the audit risks. Recommend verification procedures to address them. Group Discussion: Students present their findings</p>
Closure	<ol style="list-style-type: none">1. Summarize the Lesson Learning Outcomes and get affirmation from students on these.2. Suggested Reading: " "Auditing and Assurance Services" by Alvin Arens (Ch. on Asset Verification). ISA 505: External Confirmations (for creditor/lender confirmations). IAS 1 Presentation of Financial Statements (disclosure requirements)3. Homework: Select a real company's annual report and review its notes on liabilities. Identify how Sundry Creditors and Loans are disclosed. Comment on any potential red flags. Spend 5 minutes to wrap up and consolidate the learnings
Evaluation	<ol style="list-style-type: none">1. Reflective Questions (What, Why, Who?). Allow students to answer and discuss.<ul style="list-style-type: none">- How would you handle a situation where a creditor refuses to confirm a balance?- Why is cut-off testing crucial for liability verification?- What could be the implications of a company understating its loan liabilities?Spend 5 minutes to evaluate student assimilation of the lesson contents



Lesson Plan No. 3.10	Course Name: Auditing I Topic: Verification of Liabilities (Share Capital & contingent Liabilities)	Course No.: BCMMJ-404
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Objectives	At the end of the lesson the student shall be able to: <ol style="list-style-type: none"> Understand the key procedures for verifying share capital and contingent liabilities in an audit. Identify relevant audit evidence and documentation required for verification. Apply audit principles to practical scenarios involving liabilities.
Teaching Aids (if any)	<ol style="list-style-type: none"> ICT White board
Teaching Development	<ol style="list-style-type: none"> Introduction (5 minutes) <ul style="list-style-type: none"> - Hook: Begin with a real-world case (e.g., a company misreporting share capital or undisclosed contingent liabilities leading to financial fraud). - Discussion Questions: <ul style="list-style-type: none"> - Why is verifying liabilities crucial in an audit? - What risks arise if auditors fail to properly examine share capital and contingent liabilities? - Key Definitions: <ul style="list-style-type: none"> - Share Capital: Funds raised by issuing shares (authorized, issued, subscribed, paid-up). - Contingent Liabilities: Potential obligations dependent on future events (e.g., lawsuits, guarantees) Development (30 minutes) <p>A. Verification of Share Capital Audit Procedures: Review Legal Documents: Memorandum & Articles of Association, prospectus. Confirm Share Issuance: Cross-check with registers (shareholders, transfers). Bank Reconciliation: Verify receipt of application/allotment money. Dividend Compliance: Ensure proper declaration and payment.</p> <p>Common Red Flags: Unauthorized share issuances. Discrepancies between issued and paid-up capital.</p> <p>B. Verification of Contingent Liabilities Audit Procedures: Management Inquiry: Obtain written representations. Legal Letters: Confirm pending lawsuits/claims with company lawyers.</p>



	<p>Review Minutes: Board meetings, loan agreements for guarantees. Disclosure Check: Ensure proper notes in financial statements.</p> <p>Examples: Pending litigation. Bank guarantees provided to third parties.</p> <p>3. Exercise (5 minutes) – Scenario-Based Problem: A company shows ₹50 lakhs as share capital but lacks proper bank evidence for ₹10 lakhs. Also, it has an ongoing lawsuit not disclosed in notes. How should the auditor proceed?</p> <p>Group Task: Discuss and list audit steps to address these issues. Present findings in 2–3 minutes</p>
Closure	<ol style="list-style-type: none">1. Summarize the Lesson Learning Outcomes and get affirmation from students on these.2. Suggested Reading: "Auditing and Assurance Services" by Alvin Arens (Ch. on Asset Verification). ISA 505: External Confirmations (for creditor/lender confirmations). IAS 1 Presentation of Financial Statements (disclosure requirements)3. Homework: Provide a short case where contingent liabilities were misreported (e.g., Enron's off-balance-sheet items). Students write a 1-page audit plan. <p>Spend 5 minutes to wrap up and consolidate the learnings</p>
Evaluation	<ol style="list-style-type: none">1. Reflective Questions (What, Why, Who?). Allow students to answer and discuss.<ul style="list-style-type: none">- How does verifying share capital differ from other liability audits?- What challenges might auditors face in detecting undisclosed contingent liabilities?- If a company refuses to disclose a potential liability, what steps should an auditor take? <p>Spend 5 minutes to evaluate student assimilation of the lesson contents</p>



Lesson Plan No. 4.1	Course Name: Auditing I Topic: Introduction to Errors and Classification of Errors	Course No.: BCMMJ-404
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Objectives	At the end of the lesson the student shall be able to: <ol style="list-style-type: none"> Define accounting errors and understand their impact on financial statements. Classify errors into different types (e.g., clerical, errors of principle, compensating errors). Identify how errors affect the trial balance and financial reporting.
Teaching Aids (if any)	<ol style="list-style-type: none"> ICT White board
Teaching Development	<ol style="list-style-type: none"> Introduction (5 minutes) <ul style="list-style-type: none"> - Hook: Present a real-world example (e.g., a company restating financials due to an accounting error). Discussion Questions: <ul style="list-style-type: none"> - What could happen if errors go undetected in financial statements? - How do errors differ from fraud? - Key Definitions: <ul style="list-style-type: none"> - Accounting Error: Unintentional mistakes in recording transactions. - Fraud: Deliberate misrepresentation (not covered here). Development (30 minutes) <p>A. Types of Errors (Categorization)</p> <p>Clerical Errors</p> <ul style="list-style-type: none"> - Error of Omission: Transaction completely left out. - Error of Commission: Wrong amount or account recorded. - Compensating Errors: Two errors cancel each other out. <p>Errors of Principle</p> <ul style="list-style-type: none"> - Incorrect application of accounting standards (e.g., recording revenue as a liability). <p>Errors Disclosed by Trial Balance</p> <ul style="list-style-type: none"> - Unequal debits and credits (e.g., transposition errors). - Errors Not Disclosed by Trial Balance <ul style="list-style-type: none"> - Wrong account but correct amount (e.g., debiting "Rent" instead of "Salaries").



	<p>B. Impact of Errors on Financial Statements</p> <ul style="list-style-type: none">- Over/understatement of assets, liabilities, income, or expenses.- Effect on decision-making (e.g., investors relying on incorrect data). <p>3. Exercise (5 minutes) – Scenario-Based Problem: A bookkeeper recorded a \$5,000 purchase of equipment as an expense. The trial balance still matches. What type of error is this? How should it be corrected?</p> <p>Group Task: Identify the error type and discuss correction methods. Present solutions in 2–3 minutes.</p>
Closure	<ol style="list-style-type: none">1. Summarize the Lesson Learning Outcomes and get affirmation from students on these.2. Suggested Reading: "Financial Accounting" by Walter T. Harrison – Chapter on Error Corrections.3. Homework: "How can businesses prevent recurring accounting errors?" Spend 5 minutes to wrap up and consolidate the learnings
Evaluation	<ol style="list-style-type: none">1. Reflective Questions (What, Why, Who?). Allow students to answer and discuss.<ul style="list-style-type: none">- Why might some errors not affect the trial balance?- How do errors of principle differ from clerical errors in terms of risk?- What internal controls can help detect errors before financial statements are published?Spend 5 minutes to evaluate student assimilation of the lesson contents



Lesson Plan No. 4.2	Course Name: Auditing I Topic: Types of errors	Course No.: BCMMJ-404
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Objectives	At the end of the lesson the student shall be able to: <ol style="list-style-type: none"> Define and differentiate between types of errors in financial statements. Understand the impact of errors on audit risk and financial reporting. Apply detection techniques to identify and correct errors in practical scenarios
Teaching Aids (if any)	<ol style="list-style-type: none"> ICT White board
Teaching Development	<ol style="list-style-type: none"> Introduction (5 minutes) <ul style="list-style-type: none"> Hook: Present a real-world example (e.g., a company restating earnings due to accounting errors). Discussion Questions: <ul style="list-style-type: none"> What are common mistakes in financial reporting? How can errors affect stakeholders' decisions? Key Definitions: <ul style="list-style-type: none"> Error: Unintentional misstatements or omissions in financial records. Fraud: Intentional misrepresentation (covered separately; contrast with errors). Development (30 minutes) <ol style="list-style-type: none"> Types of Errors (10 minutes) <ul style="list-style-type: none"> Clerical Errors: <ul style="list-style-type: none"> Transposition Errors (e.g., ₹5,300 recorded as ₹3,500). Omission Errors (e.g., failing to record an expense). Errors of Principle: <ul style="list-style-type: none"> Incorrect application of accounting standards (e.g., capitalizing revenue expenses). Compensating Errors: <ul style="list-style-type: none"> Multiple errors that offset each other (e.g., overstating revenue and expenses by the same amount). Errors of Duplication: <ul style="list-style-type: none"> Recording the same transaction twice. Detection and Prevention <ul style="list-style-type: none"> Audit Procedures: <ul style="list-style-type: none"> Vouching & Verification: Cross-check transactions with source documents. Reconciliation: Compare ledgers with bank statements. Analytical Procedures: Identify unusual fluctuations. Case Example: <ul style="list-style-type: none"> A company's trial balance matches, but depreciation was calculated incorrectly (Error of Principle). Exercise (5 minutes) –



	<p>Scenario-Based Problem: A trial balance shows a discrepancy of ₹10,000. Students must identify potential error types (e.g., transposition, omission) and suggest corrective steps.</p> <p>Group Task: Discuss possible causes and present solutions in 2–3 minutes.</p>
Closure	<ol style="list-style-type: none">1. Summarize the Lesson Learning Outcomes and get affirmation from students on these.2. Suggested Reading: "Financial Accounting" by Walter T. Harrison – Chapter on Error Corrections. IAS 8: Accounting Policies, Changes in Estimates, and Errors.3. Homework: "How can compensating errors mislead auditors?" Spend 5 minutes to wrap up and consolidate the learnings
Evaluation	<ol style="list-style-type: none">1. Reflective Questions (What, Why, Who?). Allow students to answer and discuss.<ul style="list-style-type: none">- Which type of error is hardest to detect? Why?- How might automation reduce clerical errors?- If an error is found after financial statements are issued, what actions should be taken?Spend 5 minutes to evaluate student assimilation of the lesson contents



Lesson Plan No. 4.3	Course Name: Auditing I Topic: Detection of errors	Course No.: BCMMJ-404
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Objectives	At the end of the lesson the student shall be able to: a. Define different types of errors in accounting and auditing. b. Explain techniques for detecting errors during an audit. c. Apply error-detection methods to practical scenarios
Teaching Aids (if any)	a. ICT b. White board
Teaching Development	<p>1. Introduction (5 minutes)</p> <ul style="list-style-type: none">- Hook: Begin with a real-world example (e.g., a company that collapsed due to undetected accounting errors). Discussion Questions:<ul style="list-style-type: none">- What are common types of errors in financial statements?- Why is error detection crucial for auditors?- Key Definitions:<ul style="list-style-type: none">- Errors: Unintentional mistakes in financial records (e.g., data entry errors, misclassifications).- Fraud vs. Errors: Fraud is intentional; errors are accidental but still harmful.- Types of Errors:<ul style="list-style-type: none">- Errors of Omission (transactions not recorded).- Errors of Commission (incorrect recording).- Compensating Errors (multiple mistakes canceling out).- Errors of Principle (wrong accounting treatment). <p>2. Development (30 minutes)</p> <p>A. Techniques for Detecting Errors</p> <ul style="list-style-type: none">- Vouching & Verification:<ul style="list-style-type: none">Match entries with source documents (invoices, receipts).- Reconciliation:<ul style="list-style-type: none">Bank statements vs. cash book.- Analytical Procedures:<ul style="list-style-type: none">Compare trends (e.g., sudden drop in expenses).- Cut-off Testing:<ul style="list-style-type: none">Ensure transactions are recorded in the correct period.- Sampling & Testing:<ul style="list-style-type: none">Random checks on high-risk transactions. <p>B. Common Errors & Red Flags</p> <ul style="list-style-type: none">- Payroll Errors: Duplicate payments, ghost employees.- Inventory Misstatements: Over/under-valuation.- Revenue Recognition Errors: Recording sales before delivery. <p>Case Example: A company overstated profits due to double-counting sales—how should the auditor detect this?</p>



	<p>3. Exercise (5 minutes) – Scenario-Based Problem: An auditor finds that a company's trial balance does not match the ledger. Suspicion of transposition errors (e.g., ₹5,400 recorded as ₹4,500). How should they investigate?</p> <p>Group Task: Discuss and list steps to identify and correct the error. Present findings in 2–3 minutes.</p>
Closure	<ol style="list-style-type: none">1. Summarize the Lesson Learning Outcomes and get affirmation from students on these.2. Suggested Reading: "Financial Accounting" by Walter T. Harrison – Chapter on Error Corrections. IAS 8: Accounting Policies, Changes in Estimates, and Errors.3. Homework: How can compensating errors mislead auditors?" Spend 5 minutes to wrap up and consolidate the learnings
Evaluation	<ol style="list-style-type: none">1. Reflective Questions (What, Why, Who?). Allow students to answer and discuss.<ul style="list-style-type: none">- What is the most challenging type of error to detect, and why?- How can technology (e.g., data analytics) improve error detection?- If an error is found after the audit report is issued, what should the auditor do?Spend 5 minutes to evaluate student assimilation of the lesson contents



Lesson Plan No. 4.4	Course Name: Auditing I Topic: Responsibility of Auditor regarding errors	Course No.: BCMMJ-404
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Objectives	At the end of the lesson the student shall be able to: <ol style="list-style-type: none"> Define errors in auditing and distinguish them from fraud. Explain the auditor’s responsibilities in detecting, reporting, and responding to errors. Apply auditing standards (e.g., ISA 240, SA 240) to real-world scenarios involving errors.
Teaching Aids (if any)	<ol style="list-style-type: none"> ICT White board
Teaching Development	<ol style="list-style-type: none"> Introduction (5 minutes) <ul style="list-style-type: none"> - Hook: Begin with a case study (e.g., a company with material misstatements due to unintentional errors in inventory valuation). Discussion Questions: <ul style="list-style-type: none"> - What is the difference between an error and fraud? - Why is an auditor not responsible for preventing errors but must still detect material ones? - Key Definitions: <ul style="list-style-type: none"> - Error: Unintentional misstatements in financial statements (e.g., clerical mistakes, incorrect application of accounting policies). - Fraud: Intentional misrepresentation (e.g., management override, falsified records). - Materiality: Errors that could influence economic decisions of users Development (30 minutes) <ol style="list-style-type: none"> Auditor’s Responsibilities Regarding Errors (10 minutes) <ul style="list-style-type: none"> - Detection Responsibility: <ul style="list-style-type: none"> Perform risk assessment procedures. Test controls and substantive procedures. Use sampling techniques to identify material misstatements. - Reporting Responsibility: <ul style="list-style-type: none"> Communicate significant errors to management and those charged with governance. Modify the audit report if errors remain uncorrected (qualified/adverse opinion). - Documentation Requirement: <ul style="list-style-type: none"> Maintain audit working papers detailing findings. - Standards Reference: <ul style="list-style-type: none"> ISA 240 (SA 240) – Auditor’s responsibility relating to fraud and error. ISA 700 (SA 700) – Reporting implications. Common Types of Errors in Auditing (10 minutes) <ul style="list-style-type: none"> - Clerical Errors:



	<p>Data entry mistakes (e.g., transposition errors).</p> <ul style="list-style-type: none">- Accounting Policy Misapplication: Incorrect depreciation method used.- Omissions & Misclassifications: Expenses recorded as assets.- Estimation Errors: Overstated bad debt provisions. <p>Case Example: A company overstated revenue due to double-counting sales invoices. How should the auditor respond?</p> <p>3. Exercise (5 minutes) – Scenario-Based Problem: An auditor discovers that a client has understated expenses by ₹5 lakhs due to an accounting system error. The materiality threshold is ₹10 lakhs. Discuss the auditor's next steps. Group Task: Discuss in pairs: Should the auditor insist on correction? What if management refuses to adjust? Present key points in 2 minutes.</p>
Closure	<ol style="list-style-type: none">1. Summarize the Lesson Learning Outcomes and get affirmation from students on these.2. Suggested Reading: "Financial Accounting" by Walter T. Harrison – Chapter on Error Corrections. IAS 8: Accounting Policies, Changes in Estimates, and Errors.3. Homework: "How does materiality affect an auditor's response to errors?" <p>Spend 5 minutes to wrap up and consolidate the learnings</p>
Evaluation	<ol style="list-style-type: none">1. Reflective Questions (What, Why, Who?). Allow students to answer and discuss.<ul style="list-style-type: none">- Should auditors be held legally liable for undetected immaterial errors? Why or why not?- How can auditors balance professional skepticism without assuming management is dishonest?- What additional steps can auditors take if a client repeatedly makes the same errors? <p>Spend 5 minutes to evaluate student assimilation of the lesson contents</p>



Lesson Plan No. 4.5	Course Name: Auditing I Topic: concept of Fraud	Course No.: BCMMJ-404
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Objectives	At the end of the lesson the student shall be able to: <ol style="list-style-type: none"> Define fraud in accounting Identify common types of accounting fraud (e.g., financial statement fraud, asset misappropriation). Understand the role of auditors in detecting and preventing fraud. Analyze real-world fraud cases and their consequences
Teaching Aids (if any)	<ol style="list-style-type: none"> ICT White board
Teaching Development	<ol style="list-style-type: none"> Introduction (5 minutes) <ul style="list-style-type: none"> - Hook: Show a short video clip or news headline about a major accounting scandal (e.g., Enron, WorldCom, or Satyam). - Discussion Questions: <ul style="list-style-type: none"> - What is fraud? How is it different from an honest accounting error? - Why do companies commit fraud? (Pressure, opportunity, rationalization – the Fraud Triangle.) - Key Definitions: <ul style="list-style-type: none"> - Fraud: Intentional deception for personal or financial gain. - Fraud vs. Error: Fraud involves intent; errors are unintentional mistakes. - Fraud Triangle (Cressey’s Model): <ul style="list-style-type: none"> - Pressure (e.g., financial distress) - Opportunity (weak internal controls) - Rationalization (justifying unethical actions) Development (30 minutes) <ul style="list-style-type: none"> A types of Accounting Fraud (10 minutes) <ul style="list-style-type: none"> Financial Statement Fraud <ul style="list-style-type: none"> - Overstating revenues (e.g., premature revenue recognition). - Understating expenses (e.g., hiding liabilities). - Manipulating reserves (e.g., cookie jar accounting). Asset Misappropriation <ul style="list-style-type: none"> - Employee theft (e.g., fake invoices, payroll fraud). - Cash skimming (unrecorded sales). - Corruption - Bribery, kickbacks, conflicts of interest. Real-World Examples: <ul style="list-style-type: none"> - Enron: Off-balance-sheet entities to hide debt. - Satyam: Falsified cash balances and revenues. B. Auditor’s Role in Fraud Detection <ul style="list-style-type: none"> - Responsibilities Under Auditing Standards (ISA 240/SA 240) - Professional skepticism. - Risk assessment procedures.



	<ul style="list-style-type: none">- Evaluating internal controls. <p>Red Flags of Fraud</p> <ul style="list-style-type: none">- Unusual journal entries (e.g., manual adjustments at year-end).- Missing documents or altered records.- Management overriding controls. <p>Forensic Accounting Techniques</p> <ul style="list-style-type: none">- Data analytics (e.g., Benford's Law).- Interviews and whistleblower tips. <p>3. Exercise (5 minutes) – Case Study Discussion:</p> <p>Scenario: A company's CFO pressures accountants to record next year's sales in the current year to meet targets.</p> <p>Questions: Is this fraud or an error? What red flags should auditors look for? How could this fraud be prevented?</p> <p>Group Activity: Students discuss in pairs and present their answers.</p>
Closure	<ol style="list-style-type: none">1. Summarize the Lesson Learning Outcomes and get affirmation from students on these.2. Suggested Reading: "Financial Accounting" by Walter T. Harrison – Chapter on Error Corrections. IAS 8: Accounting Policies, Changes in Estimates, and Errors.3. Homework: "How does materiality affect an auditor's response to errors?" <p>Spend 5 minutes to wrap up and consolidate the learnings</p>
Evaluation	<ol style="list-style-type: none">1. Reflective Questions (What, Why, Who?). Allow students to answer and discuss.<ul style="list-style-type: none">- Can strong internal controls completely eliminate fraud? Why or why not?- Should auditors be held legally responsible if they fail to detect fraud?- How can ethical corporate culture reduce fraud risks? <p>Spend 5 minutes to evaluate student assimilation of the lesson contents</p>



Lesson Plan No. 4.6	Course Name: Auditing I Topic: Difference between errors and frauds	Course No.: BCMMJ-404
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Objectives	At the end of the lesson the student shall be able to: <ol style="list-style-type: none"> Differentiate between errors and frauds in financial reporting. Understand the auditor’s responsibility in detecting errors and frauds. Identify common red flags and techniques for uncovering misstatements. 																				
Teaching Aids (if any)	<ol style="list-style-type: none"> ICT White board 																				
Teaching Development	<ol style="list-style-type: none"> Introduction (5 minutes) <ul style="list-style-type: none"> - Hook: Begin with a real-world example (e.g., Enron’s fraud vs. an unintentional accounting error). - Discussion Questions: <ul style="list-style-type: none"> - What is the difference between a mistake and intentional deception in accounting? - Why is it important for auditors to distinguish between errors and frauds? - Key Definitions: <ul style="list-style-type: none"> - Error: Unintentional misstatement in financial records (e.g., calculation mistake, oversight). - Fraud: Intentional deception for personal gain (e.g., embezzlement, falsified transactions). Development (30 minutes) <p>A. Characteristics of Errors vs. Frauds</p> <table border="0"> <tr> <td>Feature</td> <td></td> <td></td> <td></td> </tr> <tr> <td>Intent</td> <td>Unintentional</td> <td>Intentional</td> <td></td> </tr> <tr> <td>Detection</td> <td>Easier to spot</td> <td>Concealed</td> <td>deliberately</td> </tr> <tr> <td>Impact</td> <td>Usually isolated</td> <td>Often</td> <td>systemic</td> </tr> <tr> <td>Responsibility</td> <td>Corrected by management</td> <td></td> <td>May involve legal consequences</td> </tr> </table> <p>Examples: Error: Incorrect inventory valuation due to a formula mistake. Fraud: Fake invoices created to inflate revenue.</p> <p>B. Auditor’s Role in Detection (10 minutes)</p> <ul style="list-style-type: none"> - Procedures for Errors: <ul style="list-style-type: none"> - Analytical review (e.g., unexpected fluctuations). - Recalculation and reconciliation checks. - Procedures for Fraud: <ul style="list-style-type: none"> - Risk Assessment: Identify areas prone to manipulation (e.g., cash, related-party transactions). - Forensic Techniques: Data analytics, surprise audits, whistleblower reports. - Professional Skepticism: Question unusual transactions. <p>Red Flags of Fraud:</p> 	Feature				Intent	Unintentional	Intentional		Detection	Easier to spot	Concealed	deliberately	Impact	Usually isolated	Often	systemic	Responsibility	Corrected by management		May involve legal consequences
Feature																					
Intent	Unintentional	Intentional																			
Detection	Easier to spot	Concealed	deliberately																		
Impact	Usually isolated	Often	systemic																		
Responsibility	Corrected by management		May involve legal consequences																		



	<ul style="list-style-type: none">- Missing documents.- Override of internal controls.- Unusual adjustments at year-end. <p>3. Exercise (5 minutes) – Scenario-Based Discussion: A company's sales increased by 200% in the last quarter, but warehouse records show no matching inventory movement. Is this an error or fraud? How would you investigate?</p> <p>Group Task: Discuss possible causes (error vs. fraud). Suggest audit procedures to verify the discrepancy.</p>
Closure	<ol style="list-style-type: none">1. Summarize the Lesson Learning Outcomes and get affirmation from students on these.2. Suggested Reading: "Financial Accounting" by Walter T. Harrison – Chapter on Error Corrections. IAS 8: Accounting Policies, Changes in Estimates, and Errors.3. Homework: "How does materiality affect an auditor's response to errors?" <p>Spend 5 minutes to wrap up and consolidate the learnings</p>
Evaluation	<ol style="list-style-type: none">1. Reflective Questions (What, Why, Who?). Allow students to answer and discuss.<ul style="list-style-type: none">- Can strong internal controls eliminate fraud? Why or why not?- Should auditors be held legally responsible if they fail to detect fraud?- How can ethical corporate culture reduce fraud risks? <p>Spend 5 minutes to evaluate student assimilation of the lesson contents</p>



Lesson Plan No. 4.7	Course Name: Auditing I Topic: Auditor's responsibility towards undetected errors and frauds	Course No.: BCMMJ-404
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Objectives	At the end of the lesson the student shall be able to: <ol style="list-style-type: none"> Explain the auditor's responsibility concerning undetected errors and frauds. Differentiate between an auditor's responsibility and management's responsibility for fraud prevention. Discuss the limitations of an audit in detecting errors and frauds. Apply auditing standards (ISA/AS) related to fraud and error detection
Teaching Aids (if any)	<ol style="list-style-type: none"> ICT White board
Teaching Development	<ol style="list-style-type: none"> Introduction (5 minutes) <ul style="list-style-type: none"> Ask students: "If a company's financial statements contain errors or fraud, who is responsible—management or the auditor?" Discuss common misconceptions about auditors' roles (e.g., "Auditors guarantee 100% detection of fraud"). Key Points: <ul style="list-style-type: none"> Errors – Unintentional mistakes in financial statements. Frauds – Intentional misstatements (e.g., asset misappropriation, fraudulent reporting). Auditor's Primary Responsibility: To obtain reasonable assurance that financial statements are free from material misstatements (whether due to error or fraud). Development (30 minutes) <ol style="list-style-type: none"> Auditor's Responsibility (ISA 240 / AS 240) <ul style="list-style-type: none"> Reasonable Assurance: Auditors design procedures to detect material misstatements but do not guarantee all fraud will be found. Professional Skepticism: Auditors must remain alert to possible fraud indicators. Risk Assessment: Identify and assess risks of material misstatement due to fraud. Management's Responsibility <ul style="list-style-type: none"> Primary responsibility for preventing and detecting fraud lies with management and governance. Auditors evaluate internal controls but do not design them. Limitations of an Audit <ul style="list-style-type: none"> Fraud may involve concealment (e.g., forged documents, collusion). Sampling risk means not all transactions are examined. Procedures When Fraud is Suspected <ul style="list-style-type: none"> Document findings. Communicate to management/the audit committee.



	<p>- Consider impact on audit opinion (modified report if material).</p> <p>3. Exercise (5 minutes) – Scenario: A company reports high revenue growth, but auditors find discrepancies in sales invoices. Some invoices lack proper approval. Questions:</p> <p>Is this indicative of an error or fraud? What audit procedures should be performed? If fraud is confirmed, what are the auditor's next steps?</p> <p>Group Activity: Divide students into groups to discuss and present their answers.</p>
Closure	<ol style="list-style-type: none">1. Summarize the Lesson Learning Outcomes and get affirmation from students on these.2. Suggested Reading: ISA 240 (or AS 240): The Auditor's Responsibilities Relating to Fraud in an Audit of Financial Statement IAS 8: Accounting Policies, Changes in Estimates, and Errors.3. Homework: Research a real-world audit failure (e.g., Enron, Satyam) and write a 1-page summary on: What went wrong? Could auditors have detected the fraud earlier? What changes in auditing standards resulted from the scandal? Spend 5 minutes to wrap up and consolidate the learnings
Evaluation	<ol style="list-style-type: none">1. Reflective Questions (What, Why, Who?). Allow students to answer and discuss.<ul style="list-style-type: none">- Why can't auditors detect all frauds, even with proper procedures?- How does professional skepticism improve audit quality?- Should auditors be legally liable for undetected fraud? Why or why not?- How can companies strengthen internal controls to reduce fraud risks?Spend 5 minutes to evaluate student assimilation of the lesson contents



Lesson Plan No. 4.8	Course Name: Auditing I Topic: Satyam Case	Course No.: BCMMJ-404
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Objectives	At the end of the lesson the student shall be able to: a. Understand the key events and fraud in the Satyam scandal. b. Analyze the auditing failures that allowed the fraud to occur. c. Discuss the ethical and professional responsibilities of auditors. d. Evaluate regulatory reforms post-Satyam to prevent similar frauds
Teaching Aids (if any)	a. ICT b. White board
Teaching Development	<p>1. Introduction (5 minutes)</p> <ul style="list-style-type: none">- Hook: Begin with a question – "Can a company fake billions in revenue and fool auditors for years?"- Brief overview of Satyam Computers (India's Enron).- Timeline of the fraud (2009 confession by Ramalinga Raju).- Impact on stakeholders (investors, employees, auditors, regulators).- Key question: How did the auditors fail to detect the fraud? <p>2. Development (30 minutes)</p> <p>1. The Satyam Fraud – What Happened? Falsified revenues, inflated cash balances, fake invoices. Role of insider manipulation and weak governance.</p> <p>2. Auditing Failures PwC's lapses: Overreliance on management representations, lack of third-party confirmations. Red flags ignored: Unrealistic growth, discrepancies in bank statements. Ethical breaches: Were auditors complicit or negligent?</p> <p>3. Regulatory & Reforms Aftermath Changes in Indian auditing standards (Companies Act 2013, stricter SEBI norms). Global impact: Emphasis on auditor independence, skepticism, and forensic audits.</p> <p>3. Exercise (5 minutes) – Scenario Analysis: Divide students into groups and provide a simplified case study of a company showing red flags (e.g., inconsistent cash flows, sudden revenue spikes).</p> <p>Task: Identify audit procedures that could uncover fraud.</p> <p>Discussion: Groups present their findings; compare with Satyam's case.</p>
Closure	1. Summarize the Lesson Learning Outcomes and get affirmation from students on these. 2. Suggested Reading: "The Satyam Scandal: A Case Study of India's



	<p>Enron" – Harvard Business Review</p> <p>3. Homework: Write a 500-word critique on how auditors can balance trust and professional skepticism.</p> <p>Spend 5 minutes to wrap up and consolidate the learnings</p>
Evaluation	<p>1. Reflective Questions (What, Why, Who?). Allow students to answer and discuss.</p> <ul style="list-style-type: none">- Could stricter rotation of audit firms have prevented Satyam's fraud?- How can technology (e.g., AI, blockchain) improve audit reliability today?- As an auditor, what steps would you take if a CEO pressures you to overlook discrepancies? <p>Spend 5 minutes to evaluate student assimilation of the lesson contents</p>



Lesson Plan No. 4.9	Course Name: Auditing I Topic: ENRON Case	Course No.: BCMMJ-404
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Objectives	At the end of the lesson the student shall be able to: <ol style="list-style-type: none"> Understand the key events of the Enron scandal and its impact on auditing practices. Identify the auditing failures that contributed to the collapse of Enron. Explain the role of Arthur Andersen in the scandal and the consequences for the auditing profession. Discuss the regulatory reforms (e.g., Sarbanes-Oxley Act) that followed the Enron scandal. Reflect on ethical responsibilities in auditing and corporate governance
Teaching Aids (if any)	<ol style="list-style-type: none"> ICT White board
Teaching Development	<ol style="list-style-type: none"> Introduction (5 minutes) <ul style="list-style-type: none"> - Engaging the Class: - Begin with a question: "What happens when auditors fail to detect financial fraud?" - Show a short video clip or news headline about the Enron scandal to capture attention. - Briefly introduce Enron as a once-leading energy company that collapsed due to accounting fraud. - Key Points to Introduce: <ul style="list-style-type: none"> - Enron's rapid rise and fall (2001). - The role of mark-to-market accounting and off-balance-sheet entities (SPEs). - The failure of Arthur Andersen (Enron's auditor) to detect or report fraud. Development (30 minutes) <p>A. The Auditing Failures in Enron</p> <p>Conflict of Interest:</p> <p>Arthur Andersen earned significant non-audit fees from Enron, compromising independence.</p> <p>Weak Internal Controls:</p> <p>Auditors failed to question Enron's complex financial structures.</p> <p>Document Destruction:</p> <p>Andersen shredded Enron-related documents, leading to obstruction charges.</p> <p>B. Consequences of the Scandal</p>



	<p>Arthur Andersen's collapse (lost credibility, surrendered CPA license).</p> <p>Investor losses (employees lost pensions, shareholders lost billions).</p> <p>Regulatory response: Sarbanes-Oxley Act (SOX) of 2002:</p> <p>Stricter auditor independence rules.</p> <p>Creation of the PCAOB (Public Company Accounting Oversight Board).</p> <p>CEO/CFO certification of financial statements.</p> <p>3. Exercise (5 minutes) – Case Study Discussion: "What Would You Do?" Scenario: You are an auditor at a firm reviewing a company using aggressive accounting tactics (similar to Enron). Management pressures you to approve questionable transactions.</p> <p>Questions for Discussion: What ethical dilemmas does this situation present? How should an auditor handle pressure from management? What safeguards (post-Enron) help prevent such situations today? (Divide students into small groups for discussion, then share key takeaways.)</p>
Closure	<ol style="list-style-type: none">Summarize the Lesson Learning Outcomes and get affirmation from students on these.Suggested Reading: The Smartest Guys in the Room (Bethany McLean & Peter Elkind) – Book on Enron's downfall. SEC Report on Enron's Accounting Fraud (summary). Sarbanes-Oxley Act (Key Sections 302, 404).Homework: Write a 500-word reflection on: "How did the Enron scandal change auditing standards, and are these reforms sufficient today?" Spend 5 minutes to wrap up and consolidate the learnings
Evaluation	<ol style="list-style-type: none">Reflective Questions (What, Why, Who?). Allow students to answer and discuss.<ul style="list-style-type: none">- Could the Enron scandal happen again today? Why or why not?- Should auditors be held legally responsible for failing to detect fraud?- How can auditors balance professional skepticism with maintaining client relationships?- What lessons can future accountants take from the Enron case?Spend 5 minutes to evaluate student assimilation of the lesson contents



Lesson Plan No. 5.1	Course Name: Auditing I Topic: Meaning and features of automated environment	Course No.: BCMMJ-404
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Objectives	At the end of the lesson the student shall be able to: <ol style="list-style-type: none"> Define an automated environment in the context of auditing. Identify key features of an automated auditing environment. Explain the impact of automation on audit processes. Discuss the advantages and challenges of automated auditing
Teaching Aids (if any)	<ol style="list-style-type: none"> ICT White board
Teaching Development	<ol style="list-style-type: none"> Introduction (5 minutes) <ul style="list-style-type: none"> Engagement Activity: <ul style="list-style-type: none"> Ask students: "How do you think technology has changed traditional auditing processes?" Show a short video (2-3 mins) on AI and automation in auditing. Key Points: <ul style="list-style-type: none"> Definition: An automated environment in auditing refers to the use of software, AI, and data analytics to perform audit tasks with minimal human intervention. Evolution: Shift from manual checks to computer-assisted auditing techniques (CAATs) and AI-driven audits. Development (30 minutes) <ol style="list-style-type: none"> Key Features of an Automated Auditing Environment: <ul style="list-style-type: none"> Data Analytics & AI – Automated tools analyze large datasets for anomalies. Continuous Auditing – Real-time monitoring of transactions. Automated Workflows – Predefined audit steps executed by software. Blockchain for Transparency – Immutable records enhance audit reliability. Machine Learning for Risk Assessment – Predictive models identify high-risk areas. Automated Reporting – Instant generation of audit findings. Impact on Auditing: <ul style="list-style-type: none"> ✓ Efficiency – Faster audits with reduced errors. ✓ Accuracy – Minimizes human bias. ✓ Cost-Effectiveness – Reduces labor-intensive tasks. ✗ Challenges – Requires IT expertise, cybersecurity risks, and initial setup costs.



	<p>Class Discussion: "Can automation fully replace human auditors? Why or why not?"</p> <p>3. Exercise (5 minutes) – Activity: Case Study Analysis</p> <p>Provide a case study where an audit firm implemented AI-driven auditing.</p> <p>Group Task: Identify the automated features used and their benefits.</p> <p>Debrief: Each group presents key takeaways.</p>
Closure	<ol style="list-style-type: none">1. Summarize the Lesson Learning Outcomes and get affirmation from students on these.2. Suggested Reading: "Continuous Auditing in the Digital Age" – ISACA Publications.3. Homework: Write a 500-word reflection on: "How automation can improve fraud detection in auditing." <p>Spend 5 minutes to wrap up and consolidate the learnings</p>
Evaluation	<ol style="list-style-type: none">1. Reflective Questions (What, Why, Who?). Allow students to answer and discuss.<ul style="list-style-type: none">- What are the most significant benefits of automation in auditing?- What skills should auditors develop to adapt to automated environments?- How can firms balance automation with human judgment in audits <p>Spend 5 minutes to evaluate student assimilation of the lesson contents</p>



Lesson Plan No. 5.2	Course Name: Auditing I Topic: Relevance of IT in Audit	Course No.: BCMMJ-404
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Objectives	At the end of the lesson the student shall be able to: <ol style="list-style-type: none"> Understand the role of IT in modern auditing. Identify key IT tools and techniques used in audits. Recognize the impact of IT on audit efficiency and risk assessment. Discuss challenges and ethical considerations in IT-based auditing
Teaching Aids (if any)	<ol style="list-style-type: none"> ICT White board
Teaching Development	<ol style="list-style-type: none"> Introduction (5 minutes) <ul style="list-style-type: none"> Understand the role of IT in modern auditing. Identify key IT tools and techniques used in audits. Recognize the impact of IT on audit efficiency and risk assessment. Discuss challenges and ethical considerations in IT-based auditing Development (30 minutes) <ol style="list-style-type: none"> IT Tools in Auditing <ul style="list-style-type: none"> Data Analytics: Use of software (e.g., ACL, IDEA, Tableau) to analyze large datasets. Continuous Auditing & Monitoring: Real-time fraud detection. Blockchain: Enhancing transparency in transactions. AI & Machine Learning: Predictive analysis for risk assessment. Benefits of IT in Auditing <ul style="list-style-type: none"> Faster and more accurate audits. Improved fraud detection. Better compliance with regulations (e.g., GDPR, SOX). Challenges & Risks <ul style="list-style-type: none"> Cybersecurity threats. Data privacy concerns. Need for IT-skilled auditors. Exercise (5 minutes) – Case Study Analysis: <p>Provide a short case where an auditor must use IT tools to detect irregularities in financial data.</p> <p>Group Task: Discuss which IT tools would be most effective and why.</p> <p>Debrief: Groups present their solutions; instructor provides feedback.</p>
Closure	<ol style="list-style-type: none"> Summarize the Lesson Learning Outcomes and get affirmation from students on these. Suggested Reading: Continuous Auditing in the Digital Age" –



	<p>ISACA Publications.</p> <p>3. Homework: Write a 500-word reflection on: "How automation can improve fraud detection in auditing."</p> <p>Spend 5 minutes to wrap up and consolidate the learnings</p>
Evaluation	<p>1. Reflective Questions (What, Why, Who?). Allow students to answer and discuss.</p> <ul style="list-style-type: none">- How would auditing be different today without IT?- What ethical concerns arise with AI-driven audits?- How can auditors stay updated with rapidly evolving IT trends? <p>Spend 5 minutes to evaluate student assimilation of the lesson contents</p>



Lesson Plan No. 5.3	Course Name: Auditing I Topic: Impact of IT related risk on substantive audit	Course No.: BCMMJ-404
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Objectives	At the end of the lesson the student shall be able to: <ol style="list-style-type: none"> Define IT-related risks and their relevance to substantive audit procedures. Identify common IT risks that affect financial reporting and audit evidence. Explain how IT risks influence the design and execution of substantive audit tests. Apply risk assessment techniques to modify audit approaches in IT-dependent environments
Teaching Aids (if any)	<ol style="list-style-type: none"> ICT White board
Teaching Development	<ol style="list-style-type: none"> Introduction (5 minutes) <ul style="list-style-type: none"> Engagement Activity: <ul style="list-style-type: none"> Ask students: "How has technology changed the way audits are conducted?" Show a short case study (e.g., a company with fraudulent transactions due to weak IT controls). Key Points: <ul style="list-style-type: none"> IT systems automate financial processes, but they introduce new risks (e.g., data breaches, system errors, unauthorized access). Auditors must adjust substantive procedures to address IT-related risks. Development (30 minutes) <ol style="list-style-type: none"> IT-Related Risks in Auditing <ul style="list-style-type: none"> Definition: Risks arising from IT systems that may lead to material misstatements. Examples: <ul style="list-style-type: none"> Cybersecurity threats (hacking, phishing) System failures or data corruption Inaccurate automated calculations Lack of audit trails due to poor system controls Impact on Substantive Audit Procedures <ul style="list-style-type: none"> Increased Reliance on Data Analytics: Auditors use CAATs (Computer-Assisted Audit Techniques) to test large datasets. Need for IT Control Testing: Weak IT controls may require more substantive testing. Risk of Fraud: IT systems can be manipulated, requiring enhanced scrutiny. Modifying Audit Approaches <ul style="list-style-type: none"> Higher Sample Sizes: If IT controls are weak, auditors may test more transactions. Alternative Procedures: If electronic evidence is unreliable,



	<p>auditors may use manual verification.</p> <ul style="list-style-type: none">- Focus on System-Generated Reports: Auditors must verify the integrity of system outputs. <p>3. Exercise (5 minutes) – Case Study Analysis: Provide a scenario where an e-commerce company has weak IT controls over sales transactions.</p> <p>Group Discussion:</p> <p>What IT risks exist? How should the auditor adjust substantive procedures? What audit evidence would be most reliable?</p> <p>Debrief: Compare group responses and discuss best practices.</p>
Closure	<ol style="list-style-type: none">1. Summarize the Lesson Learning Outcomes and get affirmation from students on these.2. Suggested Reading: "Auditing and Assurance Services" (Alvin Arens) – Chapter on IT Auditing.3. Homework: Find a real-world audit failure caused by IT risks (e.g., a company hacked before an audit). Explain how IT risks impacted the audit. Suggest ways auditors could have mitigated the risk <p>Spend 5 minutes to wrap up and consolidate the learnings</p>
Evaluation	<ol style="list-style-type: none">1. Reflective Questions (What, Why, Who?). Allow students to answer and discuss.<ul style="list-style-type: none">- How would you explain the relationship between IT risks and substantive audit procedures to a non-technical auditor?- If an auditor lacks IT expertise, what steps should they take to ensure a reliable audit?- Can over-reliance on automated audit tools create new risks? Discuss. <p>Spend 5 minutes to evaluate student assimilation of the lesson contents</p>



Lesson Plan No. 5.4	Course Name: Auditing I Topic: Impact of IT related risk on substantive audit	Course No.: BCMMJ-404
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Objectives	At the end of the lesson the student shall be able to: <ol style="list-style-type: none"> Define IT-related risks and their relevance to substantive audit procedures. Identify common IT risks that affect financial reporting and audit evidence. Explain how IT risks influence the design and execution of substantive audit tests. Apply risk assessment techniques to modify audit approaches in IT-dependent environments
Teaching Aids (if any)	<ol style="list-style-type: none"> ICT White board
Teaching Development	<ol style="list-style-type: none"> Introduction (5 minutes) <ul style="list-style-type: none"> - Definition of IT-related risks (e.g., cybersecurity threats, data integrity issues, system failures). - Importance of IT in modern auditing (automation, data analytics, reliance on IT systems). - Overview of how IT risks impact: <ul style="list-style-type: none"> - Substantive audit procedures (e.g., reliance on electronic evidence, data accuracy). - Internal controls (e.g., access controls, segregation of duties in IT systems). - Financial reporting (e.g., errors due to system flaws, fraud risks). - Discussion Starter: <ul style="list-style-type: none"> - "Can you think of a real-world example where an IT failure led to financial misreporting?" Development (30 minutes) <ol style="list-style-type: none"> IT Risks and Substantive Audit Procedures <ul style="list-style-type: none"> - How auditors gather electronic evidence (e.g., system logs, databases). - Risks of data manipulation and audit techniques to detect fraud (e.g., data analytics, sampling). - Impact of emerging technologies (AI, blockchain) on audit evidence. IT Risks and Internal Controls <ul style="list-style-type: none"> - Key IT controls (access controls, encryption, change management). - Common weaknesses (e.g., weak passwords, lack of system updates). - Auditor's role in evaluating IT controls (e.g., SOC reports, penetration testing). IT Risks and Financial Reporting <ul style="list-style-type: none"> - How system errors or cyberattacks distort financial statements.



	<ul style="list-style-type: none">- Case studies (e.g., WannaCry ransomware impact on businesses).- Auditor's reporting responsibilities (emphasis on IT risks in audit reports). <p>3. Exercise (5 minutes) – Case Study Analysis: Scenario: A company's financial data was hacked, leading to unauthorized changes in inventory records.</p> <p>Tasks:</p> <p>Identify the IT risks involved. Discuss how this impacts substantive audit testing. Recommend controls to prevent future breaches.</p> <p>Group Discussion: Each group presents their findings.</p>
Closure	<ol style="list-style-type: none">1. Summarize the Lesson Learning Outcomes and get affirmation from students on these.2. Suggested Reading: "Auditing and Assurance Services" (Alvin Arens) – Chapter on IT Auditing.3. Homework: Find a recent news article on an IT-related audit failure and write a 1-page analysis covering: The IT risk involved. How it impacted financial reporting. What controls could have prevented it. <p>Spend 5 minutes to wrap up and consolidate the learnings</p>
Evaluation	<ol style="list-style-type: none">1. Reflective Questions (What, Why, Who?). Allow students to answer and discuss.<ul style="list-style-type: none">- How would you explain the relationship between IT risks and substantive audit procedures to a non-technical auditor?- If an auditor lacks IT expertise, what steps should they take to ensure a reliable audit?- Can over-reliance on automated audit tools create new risks? Discuss. <p>Spend 5 minutes to evaluate student assimilation of the lesson contents</p>



Lesson Plan No. 5.5	Course Name: Auditing I Topic: Types of control- General IT	Course No.: BCMMJ-404
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Objectives	At the end of the lesson the student shall be able to: <ol style="list-style-type: none"> Define IT controls and explain their importance. Identify and differentiate between different types of IT controls (General, Application, and IT-dependent Manual Controls). Understand real-world applications of IT controls in business and cybersecurity. Analyze case studies to determine appropriate IT controls for given scenarios.
Teaching Aids (if any)	<ol style="list-style-type: none"> ICT White board
Teaching Development	<ol style="list-style-type: none"> Introduction (5 minutes) <ul style="list-style-type: none"> Engagement Activity: <ul style="list-style-type: none"> Begin with a discussion: "What would happen if a bank had no security checks on its online transactions?" Introduce IT controls as measures to ensure data integrity, security, and compliance. Briefly explain the three main categories: <ul style="list-style-type: none"> General IT Controls (GITCs) – Broad controls over IT infrastructure. Application Controls – Specific to software applications. IT-dependent Manual Controls – Hybrid controls requiring human intervention. Development (30 minutes) <ol style="list-style-type: none"> General IT Controls (GITCs) (10 mins) <ul style="list-style-type: none"> Definition: Controls over IT systems supporting business processes. Examples: <ul style="list-style-type: none"> Access controls (user authentication, role-based permissions). Change management (approval processes for system updates). Backup and disaster recovery procedures. Discussion: Why are GITCs crucial for organizations? Application Controls (10 mins) <ul style="list-style-type: none"> Definition: Controls within software to ensure accurate data processing. Examples: <ul style="list-style-type: none"> Input validation (e.g., preventing invalid dates in forms). Automated calculations (e.g., tax computations in accounting software). Error logs and alerts. Activity: Students suggest examples from apps they use (e.g., online banking). IT-dependent Manual Controls (5 mins) <ul style="list-style-type: none"> Definition: Controls requiring both IT systems and human



	<p>action.</p> <ul style="list-style-type: none">- Example: A manager reviewing an automated exception report before approving transactions. <p>3. Exercise (5 minutes) – Scenario-Based Group Work:</p> <p>Divide students into small groups.</p> <p>Provide each group with a scenario (e.g., "An e-commerce site faces frequent fraud attempts—what controls should they implement?").</p> <p>Groups identify and justify IT controls (General, Application, or IT-dependent Manual).</p> <p>Groups present their solutions for class discussion. Each group presents their findings.</p>
Closure	<ol style="list-style-type: none">1. Summarize the Lesson Learning Outcomes and get affirmation from students on these.2. Suggested Reading: "Auditing and Assurance Services" (Alvin Arens) – Chapter on IT Auditing.3. Homework: Find a recent news article on an IT-related audit failure and write a 1-page analysis covering: The IT risk involved. How it impacted financial reporting. What controls could have prevented it. <p>Spend 5 minutes to wrap up and consolidate the learnings</p>
Evaluation	<ol style="list-style-type: none">1. Reflective Questions (What, Why, Who?). Allow students to answer and discuss.<ul style="list-style-type: none">- How do IT controls contribute to business reliability and trust?- Can you think of a situation where an IT control might hinder efficiency? How would you balance security and usability?- Why might some organizations neglect proper IT controls, and what are the risks? <p>Spend 5 minutes to evaluate student assimilation of the lesson contents</p>



Lesson Plan No. 5.6	Course Name: Auditing I Topic: General IT, Application and IT dependent Controls	Course No.: BCMMJ-404
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Objectives	At the end of the lesson the student shall be able to: <ol style="list-style-type: none"> Define and differentiate between General IT Controls (GITCs), Application Controls, and IT-Dependent Controls. Explain the importance of these controls in ensuring data integrity, security, and compliance. Identify real-world examples of each control type. Assess control effectiveness in a given scenario
Teaching Aids (if any)	<ol style="list-style-type: none"> ICT White board
Teaching Development	<ol style="list-style-type: none"> Introduction (5 minutes) <ul style="list-style-type: none"> Engagement Activity: <ul style="list-style-type: none"> Ask learners: "What comes to mind when you hear 'IT Controls'?" Present a brief case study of a data breach caused by weak IT controls (e.g., unauthorized access due to poor access management). Explain that IT controls are safeguards to ensure data accuracy, security, and compliance. Key Definitions: <ul style="list-style-type: none"> General IT Controls (GITCs): Broad controls over IT infrastructure (e.g., access controls, change management, backup procedures). Application Controls: Controls within software applications (e.g., input validation, automated calculations). IT-Dependent Controls: Manual processes relying on IT outputs (e.g., a manager reviewing an automated exception report). Development (30 minutes) <ol style="list-style-type: none"> General IT Controls (GITCs) <ul style="list-style-type: none"> Examples: <ul style="list-style-type: none"> Access controls (password policies, role-based access). Change management (approval processes for system changes). Disaster recovery and backup procedures. Why they matter: Prevent unauthorized access and ensure system stability. Application Controls <ul style="list-style-type: none"> Examples: <ul style="list-style-type: none"> Input validation (preventing incorrect data entry). Processing controls (automated calculations). Output controls (ensuring reports are accurate). Why they matter: Ensure data accuracy within applications. IT-Dependent Controls <ul style="list-style-type: none"> Examples: <ul style="list-style-type: none"> A finance team reconciling system-generated reports.



	<ul style="list-style-type: none">- HR verifying automated payroll calculations.- Why they matter: Combine IT efficiency with human oversight.- Interactive Discussion:- "Can you think of an IT control failure in the news? Which type of control was missing?" <p>3. Exercise (5 minutes) – Scenario-Based Group Activity: Scenario: A company processes payroll using an automated system but has had errors in employee payments.</p> <p>Task: Identify possible General IT, Application, and IT-Dependent Controls that could prevent errors. Present your findings to the class.</p> <p>Example Answer: GITC: Restrict access to payroll systems. Application Control: Automated validation of employee hours. IT-Dependent Control: Manager reviews payroll report before approval.</p>
Closure	<ol style="list-style-type: none">1. Summarize the Lesson Learning Outcomes and get affirmation from students on these.2. Suggested Reading: "Auditing and Assurance Services" (Alvin Arens) – Chapter on IT Auditing.3. Homework: Find a recent news article on an IT-related audit failure and write a 1-page analysis covering: The IT risk involved. How it impacted financial reporting. What controls could have prevented it. <p>Spend 5 minutes to wrap up and consolidate the learnings</p>
Evaluation	<ol style="list-style-type: none">1. Reflective Questions (What, Why, Who?). Allow students to answer and discuss.<ul style="list-style-type: none">- How do IT controls contribute to business reliability and trust?- Can you think of a situation where an IT control might hinder efficiency? How would you balance security and usability?- Why might some organizations neglect proper IT controls, and what are the risks? <p>Spend 5 minutes to evaluate student assimilation of the lesson contents</p>