

**Makerere University Business School
Faculty of Commerce
Department of Auditing and Taxation**

Programme:	Bachelor of Business Administration
Course Name:	Internal Auditing
Course Code:	COM3140
Course Level:	3
Credit Units:	4
Contact Hours:	60

Course Description

This course comprehensively covers internal auditing principles, methodologies, and practices. The topics range from the internal audit process, planning and risk assessment, fieldwork, reporting, and follow-up to internal audit standards, governance, risk management, and internal controls. The curriculum also includes advanced topics such as the internal auditor's role in detecting and preventing fraud.

Through lectures, case studies, and practical exercises, students will develop the skills to conduct effective internal audits and add value to their organisations. The course also explores the evolving landscape of internal auditing, including emerging trends such as continuous auditing, cybersecurity, and sustainability audits.

Course objective

To enable the student to understand procedures involved in planning and executing internal audit assignments in compliance with Global Internal Audit Standards.

Learning outcomes

On successful completion of this course, students should be able to:

- Explain the purpose, authority and responsibility of internal auditing
- Discuss the need for and the scope of internal auditing
- Describe the legal, regulatory and ethical environment within which internal audits are performed
- Explain the principles and procedures of internal auditing
- Describe the management of the internal audit function
- Demonstrate how internal audits are carried out using the compliance tests and substantive tests
- Explain how internal audit work is documented to provide sufficient appropriate audit evidence
- Prepare the internal audit manual, plan and report
- Discuss quality assurance in the internal audit practice
- Discuss the nature of internal audit in the public sector
- Explain the reliance on the work of the internal auditors by the external auditors.

Course Content

No.	Topic	Details	Hours	Date / Facilitator
1	Introduction to Internal Auditing	<ul style="list-style-type: none"> • Nature and purpose of internal auditing • Assessing the need for an internal audit • Responsibility of internal auditors • Regulation of internal auditors • Functions of internal audit • Limitations of the internal audit function. • Types of internal audits • Internal vs. External Audits 	4	16 th & 17 th August, 2024. <i>Frank Kabuye</i>
2	Managing the internal audit function	<ul style="list-style-type: none"> • Organizational structure of internal audit • Job description models for internal auditors • Types of audit engagements – assurance and consultancy • Internal Audit Charter (Guidelines) • Training and professional development plan • The interaction of internal auditors with other units such as audit committees, external auditors, accountants, etc. • Outsourcing internal audit • Internal audit management challenges • Overcoming the challenges • Internal audit framework 	4	23 th & 24 th August, 2024 <i>Akello Jane Ritah</i>
3	Internal Audit Standards and Frameworks	<ul style="list-style-type: none"> • Global internal audit standards • Ethics and professionalism • COSO Framework – Testing and Evaluation of Internal Controls by Internal Auditors • ISO Standards Related to Internal Auditing • Governing the Internal Audit Function • Managing the Internal Audit Function 	6	30 th August to 6 th September 2024 <i>Robert Kakande</i>
4	Internal audit planning	<ul style="list-style-type: none"> • Definition and importance of internal audit planning • Engagement communication • Engagement risk assessment through Understanding the Business and Industry • Engagement objectives and scope • Evaluation criteria • Engagement resources • Work programme • Developing the Internal Audit Plan: Risk-Based Audit Planning 	4	7 th & 13 th September, 2024 <i>Robert Kakande</i>
5	Performing internal audit engagements	<ul style="list-style-type: none"> • Continuous risk based internal auditing approach • Gathering audit Evidence – Techniques: Interviews, Observations, Document Review, and Sampling Methods • Testing and Validation of Controls – 	10	14 th – 28 th September 2024 <i>Frank Kabuye</i>

		<p>Compliance Testing and Substantive Testing</p> <ul style="list-style-type: none"> Working Papers –Documentation Standards and Best Practices 		
6	Communicating results of internal audit engagement	<ul style="list-style-type: none"> Users of the internal audit report Characteristics of a good internal audit report. Preparing the Audit Report – Structure of an Audit Report & Writing Effective Findings and Recommendations Communicating Audit Results - Stakeholder Engagement & Presenting findings to management and the Board Follow-up Procedures – Ensuring Implementation of Audit Recommendations & Monitoring Corrective Actions Continuous Auditing – Tools and Techniques for Continuous Auditing 	4	4 th & 5 th October, 2024 <i>Mohammed Ssebaale</i>
7	Internal auditing in the public sector	<ul style="list-style-type: none"> Requirements for appointment of internal auditors in the public sector Rights and obligations of the Chief Audit Executive and internal auditors Planning (strategic, annual plan) Audit process planning, fieldwork, reporting and follow-up Nature and functions of the internal auditor general Internal audit function in local governments Annual reporting of the internal audit activity Difference between compliance department and internal audit in the public sector 	4	11 th & 12 th October 2024 <i>Mohammed Ssebaale</i>
8	Reliance on the work of the internal auditor by the external auditor	<ul style="list-style-type: none"> Assessing internal audit by the external auditor Evaluating specific work of internal auditors Guidance on determining if it is appropriate for internal auditors to provide direct assistance to external auditors Responsibilities of the external auditor using internal auditors to provide direct assistance 	2	18 th October 2024 <i>Mohammed Ssebaale</i>
9	Quality assurance of the internal audit activity	<ul style="list-style-type: none"> Quality assurance and improvement program Internal assessment of internal audit quality (Current and periodical internal assessment) External assessment of internal audit quality 	4	19 th – 25 th October, 2024. <i>Akello Jane Ritah</i>

10	Emerging Trends and Future of Internal Auditing	<ul style="list-style-type: none"> • The Evolving Role of Internal Audit - From Assurance Provider to Strategic Advisor • Technological Advancements - AI, Blockchain, and Robotics in Internal Auditing • Sustainability and Environmental Audits • Course Recap and Final Assessment 	4	26th October to 1st November 2024 <i>Frank Kabuye</i>
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Mode of delivery

- Straight lectures
- Group Discussion
- Tutorials

Mode of Assessment

- Coursework - 30%
- Examination - 70%

Reading list

- Audit and Assurance (International), ACCA Paper F 8 Study Text, Revision Kit, 2024, BPP Learning Media Ltd.
- International standards for the professional practice of internal auditing (standards) – 2023. The Institute of Internal Auditors.
- Kabuye, F., Nkundabanyanga, S.K., Opiso., J & Nakabuye, Z. (2017), "Internal audit organisational status, competencies, activities and fraud management in the financial services sector", *Managerial Auditing Journal*, Vol. 32 Issue: 9, pp.924-944, <https://doi.org/10.1108/MAJ-09-2016-1452>
- Auditing and Assurance Services, An Integrated Approach, Arens A. Alvin, Elder J. Randal & Beasley S. Mark, 15th Edition, Global Edition, Pearson Educational.
- Nzechukwu, P. O. (2016). *Internal audit practice from A to Z*. Auerbach Publications.
- Moeller, R. R. (2005). *Brink's modern internal auditing*. John Wiley & Sons. Incorporated.
- Fountain, L. (2016). Leading the internal audit function. *Edpacs*, 53(2), 14-17.
- Ridley, J. (2008). *Cutting-edge internal auditing*. John Wiley & Sons.
- Pickett, K. S. (2010). *The internal auditing handbook*. John Wiley & Sons, Inc..
- Houghton, K. A., Jubb, C., Kent, M., & Ng, J. (2009). INTERNAL AUDIT. In *The Future of Audit: Keeping Capital Markets Efficient* (pp. 595–610). ANU Press. <http://www.jstor.org/stable/j.ctt24hb19.22>
- Complete Global Internal Audit Standards 2024
- The IIA's Internal Audit Competency Framework 2024
- The IIA's Code of Ethics 2024
- Kabuye, F., Bugambiro, N., Akugizibwe, I., Nuwasiima, S., & Naigaga, S. (2019). The influence of tone at the top management level and internal audit quality on the effectiveness of risk management practices in the financial services sector. *Cogent Business & Management*, 6(1), 1704609.