

**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 introduces students to the principles, standards, and practices of internal auditing within modern organizations. It covers the role of internal audit as an independent, objective assurance and consulting function that adds value and improves organizational operations. Students will learn to evaluate the effectiveness of internal controls, risk management, and governance processes in line with the Global Internal Audit Standards (GIAS) issued by the Institute of Internal Auditors (IIA). Emphasis is placed on audit planning, evidence gathering, analytical techniques, reporting, and ethical considerations. The course integrates theory with practical applications through case studies, simulations, and real-world examples relevant to both the public and private sectors.

Course objective

To prepare students to conduct internal audits that improve governance, risk management, and control processes in line with Global Internal Audit Standards.

Learning outcomes

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

- Explain the objectives, scope, and standards of internal auditing.
- Apply risk-based auditing approaches to evaluate internal control systems.
- Describe the management and governance of the internal audit function
- Conduct audit fieldwork and prepare professional audit reports.
- Demonstrate ethical behavior and professional skepticism in the audit process.
- Use audit findings to recommend improvements in governance, risk, and control processes.

Course Content

No.	Topic	Sub-topics	Hours	Date / Facilitator
1	Introduction to Internal Auditing	<ul style="list-style-type: none"> • Nature and purpose of internal auditing and the internal audit function • Assessing the need for an internal audit • Responsibility of internal auditors • Regulation of internal auditors (Global Internal Audit Standards, Financial Institutions Act, Public Finance Management Act, Local Government Act etc) • Functions of internal audit function in different sectors e.g., financial institutions, public sector etc • Limitations of the internal audit function. • Types of internal audits. • Internal audit and other control functions (External Audit, risk management, compliance function). • Practical: Visit an organisation; obtain and review its internal audit policies and reports. 	4	August 11 –15, 2025 Frank Kabuye
2	Ethics and Professionalism in internal auditing	<ul style="list-style-type: none"> • Demonstrating Integrity – honesty and professional courage, honesty and professional courage, organization's ethical expectations, legal and ethical behaviour. • Maintaining Objectivity – Individual Objectivity, Safeguarding Objectivity, and Disclosing Impairments to Objectivity. • Demonstrating Competency – Competency and Continuing Professional Development. • Exercise Due Professional Care – Conformance with the Global Internal Audit Standards, Due Professional Care; and Professional Skepticism. • Maintaining Confidentiality – Use of Information, and Protection of Information • Practical: Visit an organisation and examine the Internal audit ethical threats and safeguards. 	6	August 18 –27, 2025 Akello Jane Ritah
3	Governing the Internal Audit Function	<ul style="list-style-type: none"> • Authorization by the Board; Internal Audit Mandate, Internal Audit Charter, and Board and Senior Management Support. • Independence; Organizational Independence, and Chief Audit Executive Qualifications • Oversight by the Board; Board Interaction, Resources, Quality, and External Quality Assessment • Practical: Identify an organisation and prepare for it an Internal Audit Manual, and Internal Audit Charter for an organisation. 	4	August 28 – September 03, 2025 Robert Kakande
4	Managing the Internal Audit Function	<ul style="list-style-type: none"> • Planning Strategically; Understanding Governance, Risk Management, and Control Processes, Internal Audit Strategy, Methodologies, Internal Audit Plan, Coordination and Reliance • Managing resources; Financial Resource Management, Human Resources Management, and Technological Resources • Communicating effectively; Building Relationships and Communicating with Stakeholders, Effective Communication, Communicating Results, Errors and Omissions, and Communicating the 	8	September 04 – 17, 2025 Robert Kakande

No.	Topic	Sub-topics	Hours	Date / Facilitator
		Acceptance of Risks • Enhancing Quality; Internal Quality Assessment, Performance Measurement, and Oversee and Improve Engagement Performance • Practical: Organise an annual MUBS Internal Audit Symposium. This should be attended by stakeholder from the Institute of Internal auditors in Uganda, office of the auditor general etc.		
Coursework One				
5	Performing Internal Audit Services	• Planning Internal Audit Engagements; Engagement Communication, Engagement Risk Assessment, Engagement Objectives and Scope, Evaluation Criteria, Engagement Resources, and Work Program. • Conducting Internal audit Engagement Work; Gathering Information for Analyses and Evaluation, Analyses and Potential Engagement Findings, Evaluation of Findings, Recommendations and Action Plans, Engagement Conclusions, and Engagement Documentation.	6	September 18 – 26, 2025. <i>Derrick Muluga</i>
		• Internal audit approaches – Traditional / Compliance-Based Approach, Risk-Based Approach, Systems-Based Approach, Control-Based Approach, Substantive/Transaction-Based Approach, Thematic / Issue-Based Approach, and Continuous Auditing / Continuous Monitoring. • Internal control and tests of controls <ul style="list-style-type: none"> ➤ Systems of internal control – components (control environment, risk assessment process, monitoring, information system & communication, control activities), internal controls in smaller entities, limitations, ➤ Recording accounting and internal control systems using narrative notes, flowcharts, internal control questionnaires and evaluation questionnaires, advantages and disadvantages of each method. ➤ Internal controls in a computerized environment – general controls and information processing application controls. ➤ Communication of deficiencies in internal control in a management letter, significant deficiency factors. ➤ Sales system – risks, control objectives, key controls, tests of controls in placing an order, despatch of goods, invoicing and recording goods and receiving payment. ➤ Purchases system – risks, control objectives, key controls, tests of controls in placing orders, receiving goods, invoicing and recording goods, and making payment. 	8	September 29 – October 10, 2025 <i>Doreen Musimenta</i>

No.	Topic	Sub-topics	Hours	Date / Facilitator
		<ul style="list-style-type: none"> ➤ Payroll system – risks, control objectives, key controls, tests of controls in recording work done, recognition of the payroll liability and making payment. ➤ Inventory system – risks, control objectives, key controls, tests of controls in purchasing, receiving, recording, valuation and storing securely inventory. ➤ Bank and cash system – risks, control objectives, key controls, tests of controls in recording and banking money, and authorizing payments. ➤ Non-current assets system – risks, control objectives, key controls, tests of controls in classifying and recording capital items. 	8	October 13 – 24, 2025 <i>Derrick Muluga</i>
Coursework Two				
6	Internal audit function in the public sector	<ul style="list-style-type: none"> • Applying the Global Internal Audit Standards in the Public Sector • The functions, and duties of the internal auditor general government • The internal audit function in central government • The internal audit function in the local governments • Annual reporting of the internal audit activity 	4	October 27 – 31, 2025 <i>Derrick Muluga</i>
7	Communicating Engagement Results and Monitoring Action Plans	<ul style="list-style-type: none"> • Final Engagement Communication and Confirming the Implementation of Recommendations or Action Plans. 	4	November 03 – 07, 2025 <i>Frank Kabuye</i>
8	Emerging Trends and the 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	November 10 – 14, 2025 <i>Akello Jane Ritah</i>
			56	

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.