MAKERERE UNIVERSITY BUSINESS SCHOOL
Faculty of Commerce
Department of Auditing and Taxation

Programme:	Bachelor of Business Administration (Management Accounting Option)
Course Name:	Internal Auditing
Course Code:	COM3140
Course Level:	3
Credit Units:	4
Contact Hours:	56

Course Description

This competency-based course develops the learner's knowledge, practical internal audit skills, professional judgement, ethical awareness, and assurance capabilities required to perform internal auditing in modern organisations. It emphasizes internal audit as an independent, objective assurance and consulting function that improves governance, risk management, and control processes. The learner applies Global Internal Audit Standards, evaluates internal control systems, plans and conducts internal audit engagements, documents audit work, communicates engagement results, monitors action plans, and responds to emerging developments such as technology-enabled auditing, sustainability auditing, and the evolving strategic role of internal audit.

Course Competences

The course develops the learner's ability to:

- Explain the principles, standards, and governance frameworks underpinning internal auditing.
- Demonstrate professional ethics, judgement, and competence in internal audit practice.
- Apply internal audit methodologies to evaluate governance, risk management, and internal control processes.

Course Learning Outcomes

Upon completion of this course, the learner should be able to:

a. Explain the objectives, scope, mandate, standards, governance arrangements, and ethical requirements of internal auditing.
b. Evaluate governance, risk management, and internal control processes using a risk-based internal audit approach.
c. Prepare internal audit planning documents, including an audit charter, risk-based internal audit plan, engagement objectives, scope, work programme, and resource requirements.
d. Conduct internal audit fieldwork by gathering, analysing, evaluating, and documenting sufficient and appropriate audit evidence.
e. Communicate engagement findings, conclusions, recommendations, and action plans through professional internal audit reports.
f. Assess the role of internal audit in the public sector, financial institution, computerized, sustainability, and technology-enabled environments.

Detailed Course Content

Topic	Competency	Learning Outcomes	Activities	Methodology	Assessment
1. **Introduction to Internal Auditing** ***(Doreen Musimenta, 4 hours, 10th – 14th August, 2026)*** • Nature, purpose, objectives, and scope of internal auditing; • Internal audit as an assurance and consulting function; • Need for internal auditing in private, public, and not-for-profit organisations; • Responsibilities and limitations of internal auditors; • Types of internal audits; • Internal audit and other assurance or	The learner explains the mandate, role, scope and regulatory basis of internal auditing.	Distinguish internal audit roles, identify applicable standards and explain relationships with other assurance providers.	**In groups, learners** discuss internal audit case scenarios; **in pairs, learners** map assurance roles; **individually, learners** review internal audit policies and reports.	Guided lecture, document review, case discussion and group work.	**Observation:** Observe learners as they participate in policy and report review activities; **Conversation:** Probe learners with questions such as: What is the mandate of internal auditing? How does internal audit differ from external audit? What standards guide internal audit practice? **Product:** Assess internal audit role briefs and assurance mapping notes.

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control functions, including external audit, risk management, and compliance; • Regulation of internal auditing, including Global Internal Audit Standards, the Financial Institutions Act, the Public Finance Management Act, and the Local Government Act;					
2. Ethics and Professionalism in Internal Auditing ***(Doreen Musimenta, 4 hours, 17th –21st August, 2026)*** • 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	The learner applies professional standards and ethical principles to internal audit practice.	Explain ethical principles, identify threats to independence and objectivity, apply safeguards, and demonstrate confidentiality, professional competence, due care and scepticism.	**In groups, learners** analyse ethical dilemmas and independence scenarios; **in pairs, learners** assess safeguards for ethical threats; **individually, learners** review confidentiality and professional conduct cases.	Guided reading, seminar discussion, case analysis and document review.	**Observation:** Observe learners as they analyse ethical threats and safeguards; **Conversation:** Probe learners with questions such as: Which ethical principle applies? What threat affects independence or objectivity? What safeguard is appropriate? **Product:** Evaluate ethics case responses and safeguard assessment notes.

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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					
3. Managing the Internal Audit Function ***(Robert Kakande, 6 hours, 25th August – 1st September 2026)*** • Strategic planning for internal audit; • Understanding governance, risk management, and control processes; • Developing internal audit strategies, methodologies, and risk-based plans; • Coordination and reliance on other assurance providers; • Financial, human, and	The learner manages internal audit planning, resources, stakeholder relationships, quality assurance and engagement supervision.	Develop internal audit strategies, risk-based plans, resource schedules, stakeholder communication approaches and quality monitoring measures.	**In groups, learners** prepare risk-based internal audit plans and stakeholder engagement proposals; **in pairs, learners** allocate audit resources and design quality indicators; **individually, learners** prepare supervision and communication notes.	Planning workshop, group work, resource allocation exercise, seminar and symposium simulation.	**Observation:** Observe learners as they plan and manage internal audit resources and stakeholder activities; **Conversation:** Probe learners with questions such as: How should internal audit priorities be determined? What resources are required? How should quality and stakeholder communication be managed? **Product:** Evaluate risk-based plans, resource schedules and symposium outputs.

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technological resource management; • Stakeholder communication and relationship management; • Quality assurance, performance measurement, and engagement supervision.					
4. Governing the Internal Audit Function ***(Derrick Muluga, 6 hours, 3rd – 10th September 2026)*** • Board authorization and support for internal auditing; • Internal audit mandate and internal audit charter; • Organisational independence and qualifications of the chief audit executive; • Board oversight, communication, resources, quality, and external quality assessment; • Internal audit manuals, policies, and procedures	The learner explains governance requirements for the internal audit function and prepares key governance documents.	Explain the role of the board, describe the audit mandate and charter, assess organisational independence, and prepare internal audit charter and manual extracts.	**In groups, learners** analyse board oversight and internal audit governance scenarios; **in pairs, learners** draft charter sections and manual outlines; **individually, learners** review examples of internal audit policies and procedures.	Guided lecture, document review, case analysis and practical drafting workshop.	**Observation:** Observe learners as they draft governance documents; **Conversation:** Probe learners with questions such as: What should an internal audit charter contain? How does the board support independence? Why are manuals and procedures important? **Product:** Assess internal audit charter extracts and manual outlines.
5. Internal Audit Engagement Planning, and Control Testing	The learner plans and performs internal audit engagements,	Plan internal audit engagements, prepare work programmes, apply	**In groups, learners** plan simulated engagements and	Audit simulation, engagement planning	**Observation:** Observe learners as they plan engagements, document

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(Mohammed Ssebaale, 12hours, 15th September –2nd October, 2026) • Planning internal audit engagements; • Engagement communication, risk assessment, objectives, scope, criteria, resources, and work programmes; • Internal audit approaches, including compliance-based, risk-based, systems-based, control-based, substantive, thematic, and continuous auditing approaches; • Gathering, analysing, and evaluating audit evidence; • Developing engagement findings, recommendations, action plans, conclusions, and documentation; • Internal control components, limitations, and documentation methods, including narratives, flowcharts, internal control questionnaires, and	evaluates internal controls, applies audit approaches, gathers evidence, documents findings, and tests controls in manual and computerized environments.	appropriate audit approaches, evaluate evidence, document internal controls, test general and application controls, and develop supported findings, recommendations and action plans.	select audit approaches; **in pairs, learners** document internal controls using narratives, flowcharts and questionnaires; **individually, learners** evaluate evidence, prepare working papers, test selected controls and draft finding summaries.	workshop, internal control documentation practice, computerized controls exercise and peer review.	controls, evaluate evidence and test controls; **Conversation:** Probe learners with questions such as: Which audit approach is appropriate? How should the control be documented? What evidence supports the finding? Which general or application control should be tested? **Product:** Assess work programmes, control documentation, working papers, test schedules and finding summaries.

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evaluation questionnaires; • Internal controls in computerized environments, including general controls and application controls; • Tests of controls for sales, purchases, payroll, inventory, bank and cash, and non-current assets systems.					
6. Audit of Financial Statement ***(Frank Kabuye, 8 hours, 6th – 16th October 2026)*** • Audit procedures for receivables, prepayments, revenue, and related assertions; inventory and cost of sales; bank, cash, and cash equivalents; current liabilities, accruals, and payables; tangible fixed assets and long-term liabilities. • Audit sampling	The learner applies internal audit procedures to key financial statement areas and supports conclusions with appropriate evidence.	Design substantive and sampling procedures for receivables, prepayments, revenue, inventory, cost of sales, bank, cash, payables, accruals, current liabilities, tangible fixed assets, long-term liabilities and related assertions.	**In groups, learners** analyse financial statement area audit cases; **in pairs, learners** design audit procedures and sampling approaches; **individually, learners** complete working papers for selected account balances.	Practical workshop, case analysis, guided exercises and audit documentation practice.	**Observation:** Observe learners as they design and apply audit procedures for financial statement areas; **Conversation:** Probe learners with questions such as: Which assertion is being tested? What evidence is appropriate? How should sampling support the audit objective? **Product:** Evaluate audit procedure schedules and working papers.
7. Communicating Engagement Results and Monitoring Action Plans ***(Frank Kabuye, 4 hours,***	The learner communicates internal audit results professionally and monitors	Prepare internal audit reports, communicate findings and recommendations, evaluate management	**In groups, learners** conduct exit meeting role plays; **in pairs, learners** draft findings and report extracts;	Report-writing workshop, role play, group discussion, follow-up exercise and	**Observation:** Observe learners as they communicate findings and monitor action plans; **Conversation:** Probe

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20th – 23rd October 2026) • Preparation of internal audit reports; • Writing & Communicating findings, conclusions, recommendations, and agreed actions; • Confirming implementation of recommendations and action plans; Communicating acceptance of risk, errors, omissions, and unresolved issues.	implementation of agreed management action plans.	responses, and track implementation of action plans.	**individually, learners** prepare action plan and follow-up trackers.	peer review.	learners with questions such as: How should a finding be communicated? What action plan is realistic? How should unresolved issues or accepted risks be reported? **Product:** Evaluate report extracts and follow-up trackers.
8. Internal Audit in the Public Sector *(Derrick Muluga, 27th – 30th October 2026, 4 hours)* • Application of Global Internal Audit Standards in the public sector; • Functions and duties of the internal auditor general; • Internal audit in central government and local governments; • Public sector governance, accountability, and reporting requirements;	The learner applies internal audit standards and public sector requirements to government accountability and reporting contexts.	Explain public sector internal audit roles, apply Global Internal Audit Standards, describe internal audit in central and local governments, and assess governance, accountability and annual reporting requirements.	**In groups, learners** analyse public sector internal audit cases; **in pairs, learners** prepare public sector audit briefs; **individually, learners** review accountability and annual reporting requirements.	Case-based learning, seminar discussion, guided research and presentation.	**Observation:** Observe learners as they review public sector internal audit requirements; **Conversation:** Probe learners with questions such as: What are the duties of the internal auditor general? How do standards apply in public sector auditing? What reporting requirements support accountability? **Product:** Assess public sector audit briefs and reporting review notes.

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• Annual reporting of internal audit activity.					
9. Emerging Trends and the Future of Internal Auditing ***(Prof. Twaha K. Kaawaase, 4 hours, 3rd – 6th November 2026)*** • Evolving role of internal audit from assurance provider to strategic advisor; • Technology-enabled internal auditing, including artificial intelligence, blockchain, robotics, data analytics, and continuous monitoring; • Sustainability and environmental audits; • Future skills and competency requirements for internal auditors; • Course recap and integrated assessment.	The learner evaluates emerging trends and prepares professional responses to the future role of internal auditing.	Discuss technology-enabled auditing, sustainability audits, strategic advisory roles, future skills and integrated internal audit learning.	**In groups, learners** present emerging internal audit trend briefs; **in pairs, learners** analyse technology and sustainability audit cases; **individually, learners** prepare reflective notes on future skills and course integration.	Seminar, guided research, debate, case discussion, presentation and reflective learning.	**Observation:** Observe learners as they discuss emerging trends and future skills; **Conversation:** Probe learners with questions such as: How is technology changing internal audit? Why are sustainability audits important? What skills will future internal auditors require? **Product:** Assess trend briefs, case responses and reflective summaries.

Course Team Leader: Frank Kabuye [0706771832]

Modes / Strategies of Delivery

- Guided lectures
- Case-based learning
- Problem-solving exercises
- Internal audit simulations
- Group discussions and student presentations

- Practical audit documentation exercises
- Organisation-based field activities
- Practitioner engagement and professional seminars
- Self-directed learning
- Technology-enhanced demonstrations using audit software and digital tools

Modes / Strategies of Assessment

- Formative assessment carrying 30 marks, including continuous tests and quizzes, case study analysis, internal audit procedure assignments, group presentations, audit documentation tasks, field-based practical exercises, simulations, reflective learning tasks, and participation.
- Summative assessment carrying 70 marks, including an end-of-semester examination [case-based internal audit scenarios, applied problem-solving questions, and integrated internal audit reporting tasks].

Reading List / References

1. ACCA. *Audit and Assurance (International): Study Text and Revision Kit*. BPP Learning Media. Latest edition.
2. The Institute of Internal Auditors. (2024). *Global Internal Audit Standards*.
3. The Institute of Internal Auditors. *Internal Audit Competency Framework*. Latest edition.
4. The Institute of Internal Auditors. *Code of Ethics*. Latest edition.
5. Arens, A. A., Elder, R. J., & Beasley, M. S. *Auditing and Assurance Services: An Integrated Approach*. Pearson Education. Latest edition.
6. Nzechukwu, P. O. *Internal Audit Practice from A to Z*. Auerbach Publications. Latest edition.
7. Moeller, R. R. *Brink's Modern Internal Auditing*. John Wiley and Sons. Latest edition.
8. Pickett, K. S. *The Internal Auditing Handbook*. John Wiley and Sons. Latest edition.
9. Kabuye, F., Nkundabanyanga, K. S., Opiso, J., & Nakabuye, Z. (2017). Internal audit organisational status, competencies, activities and fraud management in the financial services sector. *Managerial Auditing Journal, 32*(9), 924–944.
10. 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.
11. Kabuye F, Nkundabanyanga SK, Kaawaase TK, Nalukenge I, Nakyeyune GK, Ngoboka P (2025;), "External performance auditing, ethical behaviour and fraud management in the Ugandan public sector". International Journal of Ethics and Systems, Vol. ahead-of-print No. ahead-of-print. https://doi.org/10.1108/IJOES-03-2025-0151

12. Kabuye F, Nkundabanyanga SK, Kaawaase TK, Nalukenge I, Nakyeyune GK, Ngoboka P (2026), "Exploring the effect of internal audit quality on fraud management: the mediating role of ethical behaviour in public sector institutions". IIM Ranchi Journal of Management Studies, Vol. 5 No. 2 pp. 242–264, doi: https://doi.org/10.1108/IRJMS-08-2025-010