

Assurance

Unit level 5

Unit code D/618/6207

GLH 60

Credit value 15

Unit grading structure

Pass-Merit-Distinction

Unit aims

The aim of this unit is to give learners an understanding of the concept of assurance. Students will consider the responsibilities of different stakeholders when completing assurance engagements. While completing the unit, students will gain an understanding of internal controls and their importance in assurance engagements and gain a practical understanding of how to gather the required evidence for all assurance activities.

Learning outcomes The learner will:

Assessment criteria The learner can:

Merit

Distinction

1. Understand the concept of assurance.

- Pass**
1. Define the term assurance.
 2. Describe the concept of reasonable assurance.
 3. Explain the assurance process.
 4. Compare and contrast the responsibilities of the different stakeholders involved in an assurance engagement.

1. Analyse the possible purposes and outcomes obtained from different assurance engagements.

1. Assess the need to plan assurance activities with professional scepticism and professional judgement.

2. Understand the nature and importance of internal controls.

1. Identify the need for organisations of having effective systems of control.
2. Discuss the need for the main areas of a business that need effective control systems.
3. Describe the components of internal control in both manual and computerised environments.
4. Explain how internal controls are evaluated and conclusions drawn.

1. Analyse how internal controls mitigate risk.

3. Understand how to gather evidence when completing an assurance engagement.

1. Discuss the reasons for preparing documentation relating to assurance engagements.
2. Describe the difference stages required to gather evidence when completing an assurance engagement.
3. Review different methods of obtaining evidence for assurance engagements.
4. Discuss issues arising from the gathering of assurance evidence that needs referral to senior colleagues

1. Analyse the need for written confirmation of representations from management as a form of assurance evidence.

1. Compare and contrast the reliability of different types of assurance evidence.

Learning outcomes The learner will:

Assessment criteria The learner can:

Pass

Merit

Distinction

4. Understand the need for professional ethics when completing assurance engagements.

1. Explain the role of professional ethics.
2. Analyse how the principles of professional behaviour protect the public and fellow professionals.
3. Explain the threats to fundamental ethical principles.

Indicative content

1. Understand the concept of assurance

- Definition of the concept of assurance
- Users of assurance reports both internal and external
- Assurance principles – scope, limitations, nature and purpose
- Assurance techniques – assurance strategy and assignments

- Assurance processes – including:
 - Engagement acquisition
 - Risk assessment
 - Acceptance of assurance engagement
 - Scope and planning of assurance engagement
 - Completion of the assurance engagement
 - Evidence sourcing
 - Evaluation of assurance work outcomes
 - Conclusions and reporting
 - Record keeping

2. Understand the nature and importance of internal controls

- Components of internal control for both computerised and manual systems with consideration for the control environment, preventative and defective controls and internal audit
- Assurance risk: components of the risk model (inherent risk, control risk, detection risk)
- Legal responsibilities and liability
- Methods of minimising risk
- Audit engagement
- Exercising professional judgement

3. Understand how to gather evidence when completing an assurance engagement

- Assurance processes and techniques: assurance planning; assurance evidence; assurance procedures; sampling and testing; computer assisted assurance techniques
- Assurance processes for not-for-profit organisations
- Different stages of requirements, including planning and collecting appropriate evidence for the completion of an assurance engagement
- Review and reporting
- Qualification of reports
- Impact of legal requirements: responsibilities and liability of internal and external assurers in relation to key engagements

4. Understand the need for professional ethics when completing assurance engagements

- Role of ethical codes in relation to assurance activities
- Rules-based and principle-based ethical codes
- Threats to fundamental ethical principles – self-interest, self-review, management, advocacy, familiarity and intimidation

Unit assessment

The assessment for each unit is based on the achievement of the learning outcomes at the standards set by the assessment criteria for that unit. The learner can achieve a Pass, Merit, Distinction or Fail for each unit based on the quality of the work submitted and the assessor's judgements made against the criteria provided.

The assessment is completed through the submission of internally assessed learner work which is subject to external moderation or verification.