



Australian Government

Department of Education, Employment and Workplace Relations

FNSACC606A Conduct internal audit

Revision Number: 1

FNSACC606A Conduct internal audit

Modification History

Not applicable.

Unit Descriptor

Unit descriptor	<p>This unit describes the performance outcomes, skills and knowledge required to evaluate information systems and assess an organisation's risks as part of an internal audit process.</p> <p>This unit has application to a variety of financial services sectors and is applicable to individuals working within enterprises and job roles subject to licensing, legislative, regulatory or certification requirements so the varying Commonwealth, State or Territory requirements should be confirmed with the relevant body.</p>
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Application of the Unit

Application of the unit	The unit can be applied across a variety of financial services sectors and has application to those job functions that have responsibility to conduct internal audits such as accountants and quality assurance managers.
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Licensing/Regulatory Information

Not applicable.

Pre-Requisites

Prerequisite units		
	FNSACC506A	Implement and maintain internal control procedures

Prerequisite units		

Employability Skills Information

Employability skills	This unit contains employability skills.
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Elements and Performance Criteria Pre-Content

Elements describe the essential outcomes of a unit of competency.	Performance criteria describe the performance needed to demonstrate achievement of the element. Where bold italicised text is used, further information is detailed in the required skills and knowledge section and the range statement. Assessment of performance is to be consistent with the evidence guide.
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Elements and Performance Criteria

ELEMENT	PERFORMANCE CRITERIA
1. Evaluate information systems	<p>1.1. System specifications are evaluated against user requirements and feedback to identify redundancies and constraints, and capacities of information technology</p> <p>1.2. Hardware and software needs are identified from assessment of available products and services</p> <p>1.3. Possible uses and handling of accounting data are evaluated in consultation with users to determine security requirements</p> <p>1.4. Organisational procedures and policies are analysed to evaluate scope of strategies for risk management, internal control of expenditure and compliance with statutory requirements</p> <p>1.5. Enquiries regarding use of systems are monitored and recorded to ensure ongoing evaluation</p>
2. Develop implementation plans	<p>2.1. Principles, procedures and processes arising from internal control systems are examined to determine implementation issues relevant to organisational processes</p> <p>2.2. Strengths and weaknesses of organisational processes, including present and future capacities, are analysed and incorporated in the implementation plan</p> <p>2.3. Implementation is designed to cover outcomes, resource use, costs and the achievement and maintenance of professional accounting standards</p> <p>2.4. Schedules are established that are realistic and feasible in the context of the organisation's short-term and long-term objectives</p>
3. Review resource use	<p>3.1. Sources of data input are monitored to identify influences and variations in returns and costs</p> <p>3.2. Estimates of stock levels are monitored and reviewed to ensure appropriate stocking and ordering of materials and inventory items</p> <p>3.3. Records of resource use are compared with unit cost estimates to evaluate projected costs</p> <p>3.4. Factors influencing resource use in the future are analysed to assess impact on operations and objectives</p>
4. Monitor plans	<p>4.1. Implementation is adjusted to take account of emerging external influences and the establishment</p>

ELEMENT	PERFORMANCE CRITERIA
	<p>of alternative targets</p> <p>4.2. Costs of plans are monitored and controlled by evaluating net benefits to operations from the allocation of resources</p> <p>4.3. Internal control systems are adjusted to ensure the maintenance and achievement of accounting standards</p>

Required Skills and Knowledge

REQUIRED SKILLS AND KNOWLEDGE

This section describes the skills and knowledge required for this unit.

Required skills

- high level communication skills to:
 - determine and evaluate financial systems by consulting with staff on internal control procedures and using questioning and active listening as required
 - liaise with others, share information, listen and understand
 - use language and concepts appropriate to cultural differences
- well-developed research and analysis skills for accessing and managing complex information
- well-developed literacy skills for interpreting and analysing complex documentation including relevant legislation and producing audit reports
- highly developed numeracy skills to accurately analyse, record and store data in accordance with organisational requirements and identify repeating errors and diagnose problems in financial recording
- well-developed IT skills for accessing and using integrated financial systems, spreadsheets and databases and internet information
- learning skills to maintain knowledge of changes to compliance legislation and requirements
- problem solving skills to identify any issues that have the potential to impact on the organisation and to develop options to resolve these issues when they arise
- organisational skills, including the ability to plan and sequence and timetable the introduction of new systems and processes

Required knowledge

- ethical considerations for records and file management such as confidentiality
- relevant financial legislation such as:
 - taxable transactions
 - reporting requirements
- principles of internal control including statutory requirements
- wide knowledge of recording and information management systems and software applicable to financial recording

Evidence Guide

EVIDENCE GUIDE

The Evidence Guide provides advice on assessment and must be read in conjunction with the performance criteria, required skills and knowledge, range statement and the Assessment Guidelines for the Training Package.

Overview of assessment

Critical aspects for assessment and evidence required to demonstrate competency in this unit

Evidence of the ability to:

- use internal control systems and meet organisational policies and procedures
- apply professional accounting standards in identifying strengths and weakness within organisational policies and procedures
- evaluate information systems
- develop implementation plans
- review resources and monitor plans.

Context of and specific resources for assessment

Assessment of performance requirements in this unit should be Assessment must ensure:

- competency is demonstrated in the context of the financial services work environment and conditions specified in the range statement either in a relevant workplace or a closely simulated work environment
- access to and the use of a range of common office equipment, technology, software and consumables
- access to an integrated financial software system and data.

Method of assessment

A range of assessment methods should be used to assess practical skills and knowledge. The following examples, in combination, are appropriate for this unit:

- evaluating an integrated activity which combines the elements of competency for the unit or a cluster of related units of competency
- verbal or written questioning on underpinning knowledge and skills which may include formal examinations
- setting and reviewing workplace projects and business simulations or scenarios
- evaluating samples of work
- accessing and validating third party reports.

Guidance information for assessment

Range Statement

RANGE STATEMENT

The range statement relates to the unit of competency as a whole. It allows for different work environments and situations that may affect performance. Bold italicised wording, if used in the performance criteria, is detailed below. Essential operating conditions that may be present with training and assessment (depending on the work situation, needs of the candidate, accessibility of the item, and local industry and regional contexts) may also be included.

<i>System specifications</i> may include:	<ul style="list-style-type: none"> • changing needs • client compatibilities • financial analysis functions • logical data models such as database design • networking capacities • processing capacities: <ul style="list-style-type: none"> • system size • speed • software: <ul style="list-style-type: none"> • upgrades • legacies
<i>Security requirements</i> may include:	<ul style="list-style-type: none"> • data storage requirements • encrypted data • limited personnel access • passwords • read only files requirements • virus scanning.
<i>Risk management strategies</i> may include:	<ul style="list-style-type: none"> • comparative analysis • decision making authorities • forecasting • periodic reporting • policy statements • quantification of risks.
<i>Internal control</i> systems and procedures may include:	<ul style="list-style-type: none"> • accuracy in valuations • compliance testing • decision making authorities • identification, measurement and recording of: <ul style="list-style-type: none"> • income • assets • expenditure • liabilities

RANGE STATEMENT	
	<ul style="list-style-type: none"> • equity • risk management strategies • safeguarding and insurance of assets • transparency in financial reporting.
<i>Strengths and weakness of organisational processes</i> may include:	<ul style="list-style-type: none"> • attitudes to change • compliance with internal procedures • computer literacy using skills profiles • decision making authorities • documented procedures • recording systems • work practices.
<i>Implementation</i> may include:	<ul style="list-style-type: none"> • budgeting • consultation • documentation and guidelines • evaluation • feedback • staged introduction • testing.
<i>Professional accounting standards</i> may include:	<ul style="list-style-type: none"> • Auditing Guidance Statements • Australian Accounting Standards • Australian Accounting Standards Board (AASB) requirements • Australian Auditing Standards • ethical requirements • Superannuation Industry (Supervision) (SIS) Act requirements.
<i>Short-term and long-term objectives</i> may include:	<ul style="list-style-type: none"> • budgetary targets: <ul style="list-style-type: none"> • quarterly • half-yearly • annual • client development • investment realisations • monthly cash flows • profit growth • sales and revenues targets.
<i>Sources of input data</i> and documentation may include:	<ul style="list-style-type: none"> • invoices • purchase orders • receipts • requisitions

RANGE STATEMENT

	• system reports.
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Unit Sector(s)

Unit sector	Accounting
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Competency field

Competency field	
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Co-requisite units

Co-requisite units		