



Australian Government

Department of Education, Employment and Workplace Relations

FNSACCT602B Audit and report on financial systems and records

Release: 1

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Modification History

Not applicable.

Unit Descriptor

This unit covers the competency to supervise an audit of financial systems and prepare the appropriate reports.

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Application of the Unit

This unit requires the application of skills and knowledge requires to audit and report of financial systems and records. The unit encompasses assessing options, identifying information sources, determining audit strategies, scheduling resources and timelines and monitoring progress, reviewing data, verifying statements and determining reporting formats. The auditing and reporting of financial systems and records can be applied to all sections of the financial services industry.

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Licensing/Regulatory Information

Not applicable.

Pre-Requisites

Not applicable.

Employability Skills Information

The required outcomes described in this unit of competency contain applicable facets of employability skills. The Employability Skills Summary for the qualification in which this unit of competency is packaged, will assist in identifying employability skills requirements. The required outcomes described in this unit of competency contain applicable facets of employability skills. The Employability Skills Summary for the qualification in which this unit of competency is packaged, will assist in identifying employability skills requirements.

Elements and Performance Criteria Pre-Content

Elements define the essential outcomes of a unit of competency.

Performance Criteria describe the required performance needed to demonstrate achievement of the Element. **Bold, italicised** terms are elaborated in the Range Statement. Assessment of performance is to be consistent with the Evidence Guide.

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Elements and Performance Criteria

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Element	Performance Criteria
1 Assess options	<p>1.1 Statutory requirements are identified from assessment of terms of reference and client objectives and obligations</p> <p>1.2 Client activities and procedures are reviewed and analysed to establish familiarity with systems and guide the selection of appropriate audit methodologies</p> <p>1.3 Audit methodologies are developed to identify significant features of the audit and establish criteria for conducting the audit in accordance with professional auditing standards</p>
2 Identify information sources	<p>2.1 Audit data sources are identified from evaluation of organisation's information systems</p> <p>2.2 Audit lines of inquiry are created to support audit objectives and reduce audit risk to an acceptable level</p>
3 Determine audit strategies	<p>3.1 Knowledge of the client is established from the economy, the industry and the client's business</p> <p>3.2 Client's inherent risk is assessed through value chain risk analysis</p> <p>3.3 Internal control procedures are identified through discussion with the client and established professional standards</p>

- 3.4 Audit methodologies use established sampling and selection techniques in a manner consistent with the internal control procedures and substantive testing
- 4 Schedule resources and timelines and monitor progress
 - 4.1 Timeframes are established and personnel allocated to functions and tasks based on audit lines of inquiry
 - 4.2 Resource use is reviewed regularly and intermittent reports developed and monitored
 - 4.3 Resource allocations and timeframes are adjusted through discussion and agreement with the client and in accordance with professional accounting standards
 - 4.4 Resourcing needs and the allocation of personnel, time and equipment are assessed and identified within the scope of the audit methodology
- 5 Review data
 - 5.1 Significant strengths and weaknesses are identified in the controls and ranked in accordance to audit objectives
 - 5.2 Evidence on systems and controls under review is obtained and evaluated using established **testing procedures** and in accordance with criteria identified in audit methodology
 - 5.3 Management assertions are tested to achieve audit objectives
- 6 Verify statements
 - 6.1 Sufficient appropriate audit evidence has been gathered as a basis for an opinion
 - 6.2 Financial statements are verified as materially misstated or not
- 7 Determine reporting formats
 - 7.1 Operational functions, services and **systems** are identified and documented in accordance with standard formats
 - 7.2 Format is consistent with documentation requirements of the auditor and professional auditing standards
 - 7.3 Audit opinions, including recommendations, are formulated and provided to the client in an

established and acceptable format

Required Skills and Knowledge

REQUIRED KNOWLEDGE&SKILLS

Knowledge requirements include:

testing procedures and methods of inquiry

principles of internal control (including statutory requirements)

current financial legislation (eg taxable transactions, reporting requirements)

duties and responsibilities of auditors

principles of auditing

current knowledge of relevant professional accounting standards

ethical considerations for management and handling of files and records (eg confidentiality, disclosure)

Skills requirements include:

interpersonal skills and communication skills (eg liaising, listening, consulting)

report writing and preparation

capacity to maintain confidences and operate with discretion

diagnostic skills for identifying problems and solutions

interpretation of legislation

recording, gathering and consolidating financial information

use computers, organisational accounting software systems, spreadsheet software systems and telecommunication devices

Evidence Guide

EVIDENCE GUIDE

Assessment of performance requirements in the unit should be undertaken in an industry context. The Evidence Guide identifies the critical aspects, knowledge and skills to be demonstrated to confirm competency for the unit. Competency is demonstrated by performance of all stated criteria including the Range Statement applicable to the workplace.

Overview of assessment requirements

To achieve competency in this unit, a person must be able to demonstrate:

knowledge of organisational policies and procedures

knowledge of relevant professional standards

knowledge of internal control procedures

ability to access options

ability to identify information sources

ability to determine audit strategies

ability to schedule resources and timelines and monitor progress

ability to review data

ability to verify statements

ability to determine reporting formats

Critical aspects of evidence

Evidence required for demonstration of consistent performance:

Competence in this unit must be assessed over a period of time in order to ensure consistency of performance over the Range Statement and contexts applicable to the work environment.

Delivery/assessment relationship to other units:

Prerequisite units:
FNSACCT506B Implement and maintain internal control procedures.

Assessment requirements

Method of assessment:

For valid and reliable assessment of this unit, evidence should be gathered through a range of methods to indicate consistent performance.

Assessment of this unit of competence will usually include observation of processes and

procedures, oral and/or written questioning on underpinning knowledge and skills and other methods as required.

Context of assessment:

Assessment of performance requirements in this unit should be undertaken within the financial services industry context and should cover aspects of personal/financial responsibility and accountability.

Aspects of competency, including the attainment of relevant knowledge and skills, may be assessed in a relevant workplace, a closely simulated work environment, or other appropriate means that clearly meet industry competency requirements.

Resources required for assessment:

Assessment of this unit of competence requires access to suitable resources to demonstrate competence.

Assessment instruments, including personal planner and assessment record book.

Access to registered provider of assessment services.

Range Statement

The Range Statement relates to the unit of competency as a whole. It allows for different work environments and situations that will affect performance.

The following variables 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. If **bold italicised** text is shown in Performance Criteria, details of the text are provided in the Range Statement.

Statutory requirements may include:	reporting periods taxation payment timings delegated authorities internal control procedures taxable transactions
Client objectives may include:	reduction in tax liabilities financial consolidation compliance adherence asset development administrative efficiency
Audit methodologies may include:	gathering and evaluating data compliance and substantive testing interpretation of compliance with statutory requirements application of criteria from recognised authorities examination of processes and procedures of internal control analysis of documentation assessment of commercial viability valuation of assets
Data sources may include:	budgets and forecasts financial statements and reports market valuations Australian Bureau of Statistics (ABS) economic data

	financial markets monitoring services (eg Reuters)
	credit ratings
	cash flow
Audit lines of inquiry may include:	evaluation of achievement of accounting system objectives
	assessment of objectives of internal control
	accounting staff
	management
	specialist and expert advice
	company officers
	operation and strategic plans
Internal control procedures may include:	identification, measurement and recording of income, assets, expenditure, liabilities and equity
	safeguarding and insurance of assets
	decision making authorities
	accuracy in valuations
	transparency in financial reporting
	risk management strategies
Established professional standards may include:	Australian Accounting Standards Board (AASB)
	Australian Accounting Standards
	Australian Auditing Standards
	Auditing Guidance Statements
	ethical requirements
	Superannuation Industry (Supervision) (SIS) Act 1993
Testing procedures may include:	interviews with personnel concerning the performance of duties
	observation of personnel
	inspection of documentation for evidence of control procedures
	reconstruction of accounting routines
	achievement of debt repayment schedules

Systems may include:

submission of statutory returns
financial information systems
personal information systems
recording and filing systems
communication and distribution systems
data bases
decision making authorities

Unit Sector(s)

Not applicable.

Relationship to other units

This unit replaces FNSACCT602A.

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