



Australian Government

Department of Education, Employment and Workplace Relations

FNSACC602A Audit and report on financial systems and records

Revision Number: 1

FNSACC602A Audit and report on financial systems and records

Modification History

Not applicable.

Unit Descriptor

Unit descriptor	<p>This unit describes the performance outcomes, skills and knowledge required to supervise an audit of financial systems and prepare the appropriate reports, including assessing options, identifying information sources, determining audit strategies, monitoring progress, reviewing data, verifying financial statements and determining appropriate reporting formats.</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	This unit applies to all sectors of the financial services industry and job roles such as accountant and financial auditor.
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Licensing/Regulatory Information

Not applicable.

Pre-Requisites

Prerequisite units		
	FNSACC506A	Implement and maintain internal control procedures

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. 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. Financial 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 financial data sources are identified from evaluation of organisation's information systems</p> <p>2.2. Audit lines of enquiry are created to support audit objectives and reduce audit risk to an acceptable level</p>
3. Determine audit strategies	<p>3.1. Client financial business characteristics are established from analysis of the general economy, the industry and the client's provided information</p> <p>3.2. Client's inherent financial risk is assessed through value chain risk analysis</p> <p>3.3. Internal control procedures for financial transactions are identified through discussion with the client and established professional standards</p> <p>3.4. Audit methodologies use established sampling and selection techniques in a manner consistent with the internal control procedures and substantive testing</p>
4. Schedule resources and timelines and monitor progress	<p>4.1. Timeframes are established and personnel allocated to functions and tasks based on audit lines of inquiry</p> <p>4.2. Resource use is reviewed regularly and intermittent reports developed and monitored with resource allocation and timeframes adjusted through discussion and agreement with the client and in accordance with professional accounting standards</p>
5. Review data and verify statements	<p>5.1. Significant strengths and weaknesses are identified in the controls and ranked in accordance to audit objectives</p> <p>5.2. Evidence on financial systems and controls under review is obtained and evaluated using established testing procedures and in accordance with criteria</p>

ELEMENT	PERFORMANCE CRITERIA
	<p>identified in audit methodology</p> <p>5.3. Management assertions are tested to achieve audit objectives</p> <p>5.4. Sufficient appropriate audit evidence is gathered as a basis for an expert opinion</p> <p>5.5. Financial statements are verified as materially misstated or correct</p>
6. Determine reporting formats	<p>6.1. Financial operational functions, services and <i>systems</i> are identified and documented in accordance with standard formats</p> <p>6.2. Format is consistent with documentation requirements of the auditor and professional auditing standards</p> <p>6.3. Financial audit opinions, including recommendations, are formulated and provided to the client in an established and acceptable format</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 confirm corporate audit requirements and procedures using questioning and active listening as required
 - liaise with others, share information, listen and understand while maintaining confidences and ethical practices
 - 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, financial reports and for producing audit reports
- well-developed numeracy skills to accurately analyse, record and store data in accordance with professional and organisational requirements
- IT skills for accessing and using integrated financial systems, spreadsheets and databases and internet information
- learning skills to maintain knowledge of changes to auditing legislation and professional requirements
- problem solving skills to identify any issues that have the potential to impact on the financial status of the organisation and to develop options to resolve these issues when they arise
- organisational skills, including the ability to plan and sequence work

Required knowledge

- current financial legislation such as:
 - taxable transactions
 - reporting requirements
- current knowledge of relevant professional accounting standards
- duties and responsibilities of auditors
- ethical considerations for management and handling of files and records such as:
 - confidentiality
 - disclosure
- principles of auditing
- principles of internal control including statutory requirements
- testing procedures and methods of inquiry

Evidence Guide

EVIDENCE GUIDE	
<p>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.</p>	
Overview of assessment	
Critical aspects for assessment and evidence required to demonstrate competency in this unit	<p>Evidence of the ability to:</p> <ul style="list-style-type: none"> • interpret and analyse organisational financial policies and procedures • comply with relevant professional standards and internal control procedures • access options to determine financial audit strategies • schedule resources and timelines and monitor progress • review data, verify financial statements and determine reporting formats.
Context of and specific resources for assessment	<p>Assessment must ensure:</p> <ul style="list-style-type: none"> • 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	<p>A range of assessment methods should be used to assess practical skills and knowledge. The following examples, in combination, are appropriate for this unit:</p> <ul style="list-style-type: none"> • 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 and scenarios • evaluating samples of work • accessing and validating third party reports.
Guidance information for assessment	

Range Statement

RANGE STATEMENT	
<p>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.</p>	
<p><i>Statutory requirements</i> may include:</p>	<ul style="list-style-type: none"> • delegated authorities • internal control procedures • reporting periods • taxable transactions • taxation payment timings.
<p><i>Client objectives</i> may include:</p>	<ul style="list-style-type: none"> • administrative efficiency • asset development • compliance adherence • financial consolidation • reduction in tax liabilities.
<p><i>Financial audit methodologies</i> may include:</p>	<ul style="list-style-type: none"> • analysis of documentation • application of criteria from recognised authorities • assessment of commercial viability • compliance and substantive testing • examination of processes and procedures of internal control • gathering and evaluating data • interpretation of compliance with statutory requirements • valuation of assets.
<p><i>Data sources</i> may include:</p>	<ul style="list-style-type: none"> • Australian Bureau of Statistics (ABS) economic data • budgets and forecasts • cash flow • credit ratings • financial markets monitoring services • financial statements and reports • market valuations.
<p><i>Audit lines of enquiry</i> may include:</p>	<ul style="list-style-type: none"> • questioning accounting staff and company officers • assessment of objectives of internal control • evaluation of achievement of accounting system objectives • management structure and practices • operation and strategic plans

RANGE STATEMENT	
	<ul style="list-style-type: none"> • specialist and expert advice.
<i>Internal control procedures</i> may include:	<ul style="list-style-type: none"> • accuracy in valuations • decision making authorities • identification, measurement and recording of <ul style="list-style-type: none"> • income • assets • expenditure • liabilities • equity • risk management strategies • safeguarding and insurance of assets • transparency in financial reporting.
<i>Established professional 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 principles and professional practise • Superannuation Industry (Supervision) (SIS) Act.
<i>Testing procedures</i> may include:	<ul style="list-style-type: none"> • achievement of debt repayment schedules • inspection of documentation for evidence of control procedures • interviews with personnel concerning the performance of duties • observation of personnel • reconstruction of accounting routines • submission of statutory returns.
<i>Systems</i> may include:	<ul style="list-style-type: none"> • communication and distribution systems • databases • decision making authorities • financial information systems • personal information systems • recording and filing systems.

Unit Sector(s)

Unit sector	Accounting
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Competency field

Competency field	
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Co-requisite units

Co-requisite units		