



Australian Government

Department of Education, Employment and Workplace Relations

FNSACCT606B Conduct internal audit

Release: 1

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Modification History

Not applicable.

Unit Descriptor

This unit covers the evaluation of information systems and assessment of an organisations risks as part of an internal audit process.

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Application of the Unit

This unit requires the application of skills and knowledge required to conduct an internal audit. The unit encompasses evaluating information systems, developing implementation plans, reviewing resources and monitoring plans.

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

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.

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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 Evaluate information systems	1.1 System specifications are evaluated against user requirements and feedback to identify redundancies and constraints, and capacities of information technology 1.2 Hardware and software needs are identified from assessment of available products and services 1.3 Possible uses and handling of accounting data are evaluated in consultation with users to determine security requirements 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 1.5 Enquiries regarding use of systems are monitored and recorded to ensure ongoing evaluation
2 Develop implementation plans	2.1 Principles, procedures and processes arising from internal control systems are examined to determine implementation issues relevant to organisational processes 2.2 Strengths and weaknesses of organisational processes, including present and future capacities, are analysed and incorporated in the implementation plan 2.3 Implementation is designed to cover outcomes, resource use, costs and the achievement and

maintenance of **professional accounting standards**

- 2.4 Schedules are realistic and feasible in the context of the organisation's **short and long term objectives**
- 3 Review resource use
 - 3.1 **Sources of data input** are monitored to identify influences and variations in returns and costs
 - 3.2 Estimates of stock levels are monitored and reviewed to ensure appropriate stocking and ordering of materials and inventory items
 - 3.3 Records of resource use are compared with unit cost estimates to evaluate projected costs
 - 3.4 Factors influencing resource use in the future are analysed to assess impact on operations and objectives
- 4 Monitor plans
 - 4.1 Implementation is adjusted to take account of emerging external influences and the establishment of alternative targets
 - 4.2 Costs of plans are monitored and controlled by evaluating net benefits to operations from the allocation of resources
 - 4.3 Internal control systems are adjusted to ensure the maintenance and achievement of accounting standards

Required Skills and Knowledge

REQUIRED KNOWLEDGE&SKILLS

Knowledge requirements include:

principles of internal control (including statutory requirements)

wide knowledge of recording and information management systems and software applicable to financial recording

financial legislation (eg taxable transactions, reporting requirements)

ethical considerations for records and file management (eg confidentiality)

Skills requirements include:

research skills for tracing use of financial data

planning skills for evaluating routines for handling data

capacity to troubleshoot information technology systems

timetabling skills for overseeing the introduction of new systems and processes

capacity to identify repeating errors and diagnose problems in financial recording

writing skills for reporting and documenting procedures

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 internal control systems

knowledge of organisational policies and procedures

knowledge of professional accounting standards

ability to identify strengths and weakness within organisational policies and procedures

ability to evaluate information systems

ability to develop implementation plans

ability to review resources

ability to monitor plans

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.

System specifications may include:

- logical data models (eg data base design)
- software (upgrades and legacies)
- changing needs
- client compatibilities
- financial analysis functions
- processing capacities (eg system size, speed)
- networking capacities

Security requirements may include:

- limited personnel access
- passwords
- encrypted data
- read only files requirements
- virus scanning
- data storage requirements

Risk management strategies may include:

- quantification of risks
- periodic reporting
- decision making authorities
- policy statements
- forecasting
- comparative analysis

Internal control systems and 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
- compliance testing

Strengths and weakness of organisational processes may include:

- computer literacy (eg skills profiles)
- compliance with internal procedures
- documented procedures
- recording systems
- work practices
- attitudes to change
- decision making authorities

Implementation may include:

testing
feedback
consultation
staged introduction
evaluation
documentation and guidelines
budgeting

Professional accounting 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

Short and long term objectives may include:

budgetary targets (eg quarterly, half yearly, annual)
sales and revenues targets
monthly cash flows
investment realisations
client development
profit growth

Sources of input data and documentation may include:

invoices
purchase orders
requisitions
receipts
system reports

Unit Sector(s)

Not applicable.

Relationship to other units

This unit replaces FNSACCT606A.

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