



**LANDMARK UNIVERSITY, OMU-ARAN**

## **COURSE COMPACT TEMPLATE**

**COLLEGE: COLLEGE OF BUSINESS & SOCIAL SCIENCES**

**DEPARTMENT: ACCOUNTING & FINANCE**

**PROGRAMME: BANKING & FINANCE**

**COURSE COMPACT for: BFN 417**

### **Course**

Course code: **BFN 417**

Course title: **BANK AUDIT AND INSPECTION**

Credit unit: **2**

Course status: **ELECTIVE**

### **Course Duration**

*Two hours per week for 15 weeks (30hours)*

### **LECTURER DATA**

**NAME OF THE LECTURER:** Dr Falaye J.A.

**QUALIFICATIONS OBTAINED:** , B.Sc, M.Sc, PhD

**DEPARTMENT:** Accounting & Finance

**COLLEGE:** College of Business & Social Sciences

**E-MAIL:** falaye.adebayo@[lmu.edu.ng](mailto:falaye.adebayo@lmu.edu.ng)

**OFFICE LOCATION:** Room A 120 New College Building 1<sup>st</sup> Floor A wing.

**CONSULTATION HOURS:** -----

### **LECTURER DATA**

**Name of the lecturer:** Mr Obadiaru.D.E.

**Qualifications obtained:** B.Sc, M.Sc,

**Department:** Accounting & Finance

**College:** College of Business & Social Sciences

**E-mail:** obadiaru.eseosa@[lmu.edu.ng](mailto:obadiaru.eseosa@lmu.edu.ng)

**Office Location:** Room A112 New College Building 1<sup>st</sup> Floor Wing A.

**Consultation Hours:** Wednesday 2-3 PM and Friday 2-3 PM

**COURSE DESCRIPTION:** Bank Audit and inspection is an introductory course to auditing, inspection and investigation for students of Banking and finance. The course takes an overview of the historical background of auditing as an act and throws light on functions of an auditor and further on particular arrears of concern in the auditing and inspection of Bank.

**COURSE JUSTIFICATION:** Considering the intricate nature of Banks and other financial institutions, frequency of occurrence of fraud and errors, the level of corruption in the Nigerian economy and the fallibleness of man, it becomes necessary for students of Banking and Finance to be armed with the requisite knowledge needed in auditing and investigation in the banking sector. The course arms its students with knowledge on the auditing and investigation function which on the micro level impacts on the viability and integrity of the banking system

particularly, other organizations and on the larger scale the economy.

### **COURSE OBJECTIVES**

At the end of this course, students are expected to understand:

- The definition and Nature of audit and the audit function
- The roles and the function of the Auditor
- Risk associated with computer operation and how to minimize such risks
- The importance of branch inspection, types of bank inspection and special areas in branch inspection.
- Specific stipulations of the prudential guidelines and money laundering.

### **COURSE CONTENT:**

Overview of bank audit; Definition and Nature of Audit, Audit Function, Attributes and Ethical Principles of the Auditor; Risks Associated with Computer Operation and how to minimize Such Risk. The legal framework of Audit and Inspection: Constraint and Problems, the Role and Responsibilities of External Auditors; The Role and Responsibilities of Internal Auditor. Comprehensive Inspection Procedure of Special Items: Inspection: The Place of Inspection in the Organizational Framework of Banks; Philosophy of Branch Inspection, Advantages of Branch Inspection, and Types of Inspection. Core inspection; Special Area in Banks' inspection: Prudential Guidelines and Money Laundering. Investigation: Frauds and Nature of Frauds, Techniques used in Branch Inspection, the Inspector in a Mechanized Environment.

### **Method of Grading**

<b>S/N</b>	<b>Grading</b>	<b>Score (%)</b>
1	CA 1	7
2	MID SEMESTER TEST(CA2)	15
3	CA 3	8
4	Final Examination	70
	<b>Total</b>	<b>100</b>

### **LECTURE CONTENT**

## COURSE OUTLINE

**Week 1&2:** Definition, History and Nature of Audit.

➤ **Objectives:** Student should be able to define auditing and know it's history.

➤ **Description**

First Hour: Definition of Audit/Auditing, History of Audit

Second Hour: Nature of Audit

➤ **Study Question:**

➤ **Week One Study Question(s)**

➤ =Define auditing and throw light on its history

➤ **Week Two Study Question(s)**

➤ -Give a diagrammatic description of the nature of audit.

➤ **Reading List -**

Fundamentals and Principles of Auditing ( ICAN STUDY PACK).

Tandon Sudharsanam and Sundharabahu(2008 ) A handbook of Practical Auditing. S Chand.

**Week3:** Attributes and Ethical Principles of the Auditor;

**Objectives:** Student should be able to list ethical principles of Auditors.

**Description:**

First Hour: Personal attributes of an Auditor

Second Hour: Ethical Principles of Auditor

➤ **Study Question:**

➤ **Week Three Study Question(s)**

➤ -List five ethical principles of auditing

➤ **Reading List –**

Fundamentals and Principles of Auditing ( ICAN STUDY PACK).

**Week 4:** Risks Associated with Computer Operation and how to Minimize Such Risk

**Objectives:** To acquaint students with the peculiarity with working in a computerize environment and the risk involved.

**Description:**

First Hour: Impact of Information Technology on the Audit Function

Second Hour: Risk associated with computer operations.

➤ **Study Question:**

➤ **Week Four Study Question(s)**

- -What are the risks associated with auditing in a computerized environment

➤ **Reading List -**

Fundamentals and Principles of Auditing ( ICAN STUDY PACK).

**Week5:** The legal framework of Audit and Inspection: Constraint and Problems.

**Objectives:** To acquaint students with relevant laws that creates a legal framework for auditing and guides its operations.

➤ **Description**

First Hour: CAMA

Second Hour: BOFIA

➤ **Study Question:**

➤ **Week Five Study Question(s)**

- -What are the laws and relevant section/subsections that backs up auditing

➤ **Reading List -**

Fundamentals and Principles of Auditing (ICAN STUDY PACK).

**Week 6:** The Role and Responsibilities of External Auditors; The Role and Responsibilities of Internal Auditor.

**Objectives:** To know the similarities between the role and responsibilities of the internal and external auditor.

➤ **Description**

First Hour: The Role and Responsibilities of External Auditors

Second Hour: ; The Role and Responsibilities of Internal Auditor.

➤ **Study Question:**

➤ **Week Six Study Question(s)**

- -Distinguish between the role of internal and external auditors

➤ **Reading List –**

Fundamentals and Principles of Auditing ( ICAN STUDY PACK).

**Week 7** Comprehensive Inspection Procedure of Special Items: Inspection and the Place of Inspection in the Organizational Framework of Banks.

**Objectives:** To enlighten students on the meaning of inspection, its place in banks and procedures for inspecting special items.

➤ **Description:**

- First Hour: Comprehensive Inspection Procedure of Special Items
- Second Hour: Inspection: The Place of Inspection in the Organizational Framework of Banks

➤ **Study Question:**

- **Week Seven Study Question(s)**
- -Distinguish between Inspection and auditing

➤ **Reading List -**

Fundamentals and Principles of Auditing (ICAN STUDY PACK).

Tandon Sudharsanam and Sundharabahu (2008 ) A handbook of Practical Auditing. S Chand.

**Week 8** Philosophy of Branch Inspection, Advantages of Branch Inspection, and Types of Inspection.

➤ **Description:**

First Hour: Philosophy of Branch Inspection

Second Hour: Advantages of Branch Inspection, and Types of Inspection.

➤ **Study Question:**

- **Week Eight Study Question(s)**
- -List the types of inspection

➤ **Reading List –**

I CAI (2014). Guidance Note on Audit of Banks.

**Week 9** MID SEMESTER TEST

**Week10** Core inspection; Special Area in Banks' inspection

**Objectives:** To educate the students on specific important areas of bank inspection.

## Description

First Hour: Core inspection

Second Hour: Special area in bank inspection

➤ **Study Question:**

➤ **Week Ten Study Question(s)**

➤ -What are the special areas of bank inspection?

➤ -Why is the Loans and Advances department of a bank so critical to the survival of the bank?

➤ **Reading List –**

I CAI (2014). Guidance Note on Audit of Banks.

Tandon Sudharsanam and Sundharabahu(2008 ) A handbook of Practical Auditing. S Chand.

**Week 11** Prudential Guidelines and Money Laundering

**Objectives:** To acquaint students with issue addressed in the prudential guidelines and the money laundry act.

## Description

First Hour: Introduction to prudential guidelines

Second Hour: CBN Prudential guidelines for Deposit Money Banks (2010)

➤ **Study Question:**

**Reading List -**

Ikpefan O.E.(2012) Issues in Banking and Finance. CIBN Press.

CBN Prudential guidelines for Deposit Money Banks (2010)

**Week 12** Investigation, Frauds and Nature of Frauds,

➤ **Objectives** Define investigation, define fraud, know the types and nature of fraud.

➤ **Description**

First Hour: Definition of Fraud. Differences between frauds and errors

➤ Second Hour: Types of frauds

➤ **Study Question: Week Twelve Study Question(s)**

➤ List five type of fraud

➤

➤ **Reading List -**

Ikpefan O.E. (2012) Issues in Banking and Finance. CIBN Press.  
Tandon Sudharsanam and Sundharabahu(2008 ) A handbook of Practical Auditing. S Chand.

**Week 13** Techniques use in Branch Inspection

- **Objectives:** Various techniques used in branch inspection will be discussed.
- **Description**

First Hour: Techniques in Branch inspection

- Second Hour: Techniques in Branch inspection(cntd)
- **Study Question:**
- **Week Thirteen Study Question(s)**
- Discuss the technique of branch inspection you know

**Reading List – ICAI** Guidance note on Audit of banks

**Week14:** The Inspector in a Mechanized Environment.

- **Objectives:** To help students understand the peculiarity involved in with carrying out inspection in a mechanized environment.
- **Description**

First hour: The Inspector in a Mechanized Environment.

Second hour: The Inspector in a Mechanized Environment (cntd).

- **Study Question:**
  - **Week Fourteen Study Question(s)**
  - What factors make the mechanized environment unique?

**Reading List -**

**Week 15:**Revision.

**Week 16**

**Topic:** Examination

**Objectives:**

To examine the students on all that has been taught during the semester.

**Reading List:**

1. Tandon Sudharsanam and Sundharabahu(2008 ) A handbook of Practical Auditing. S Chand.
2. Fundamentals and Principles of Auditing ( ICAN STUDY PACK).
3. Azubike, (2007). Today’s Auditing and Investigation. Rhyce Kerex Publishers Enugu Nigeria.
4. Ikpefan O.E.(2012) Issues in Banking and Finance. CIBN Press.
5. I CAI (2014). Guidance Note on Audit of Banks.
6. Ademola A.A. Dictionnary of Audit and Assurance
7. Adeniyi A.A. (2010) Auditing and Assurance Services. Value Analysis Consult, Lagos Nigeria.
8. Allan Millichamp & John Taylor (2012) Auditing Cenage Learning U.K.
9. Tom Lee (1882) Company Auditing (Second Edition), Gee & Co Publishers l.t.d. Scotland (For Institute of chartered Accountants Scotland).
10. Wole Adewunmi (1986) Frauds in Banks, Nigerian Institute of Bankers, Lagos, Nigeria.
11. Moyo & Associates (1989) Auditing & Investigations BPP Publishing Ltd, London.
12. Marlene Davies & John Aston (2011) Auditing Fundamentals Prentice Hall Essex, England.
13. The Audit of International Commercial Banks. (1990). International Auditing Practices Committee (IAPC) International. Federation of Accountants.

HOD’s COMMENTS: \_\_\_\_\_

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Name: \_\_\_\_\_ Signature \_\_\_\_\_ Date: \_\_\_\_\_