

AUDITING AND FINANCIAL REPORTING

Degree in Taxation

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Code: 12815

Main Scientific Area: Auditing

Lecturer: Sara Alexandra Eira Serra

Language of Instruction: Portuguese

Regime: S1

Contact Hours: 60h Total Workload: 108h

ECTS: 6,0

Objectives

With this curricular unit, it is intended to stress the importance and the mandatory nature of financial reporting, as required by several laws: the Accounting Standardization System; the Companies' Code; the Commercial Registration Code; the Securities' Code; the Corporate Income Tax Code.

Within this curricular unit, in view of the need to assure the reliability of financial reporting, the subject of auditing is also addressed, emphasizing the aspects concerning the audit process: the planning; the audit procedures; the audit report issuance.

Learning Outcomes

Considering the goals of the curricular unit, it is intended, with the proposed syllabus, that the students achieve the following results:

- a) understanding of the importance of financial reporting to the economic market.
- b) proper preparation and proper interpretation of financial statements and other accounting documents.
- c) knowledge of the legal requirements concerning financial reporting imposed by the Accounting Standardization System, the Companies' Code, the Commercial Registration Code, the Securities' Code and the Corporate Income Tax Code.
- d) knowledge of the nature and knowledge of the objectives of financial auditing.
- e) knowledge of the legal framework of financial auditing.
- f) understanding of the importance of internal control.
- g) knowledge of the auditing methods and knowledge of the auditing techniques.
- h) understanding of the process of obtaining evidences, the issuance of the auditor's opinion and the preparation of audit reports.

i) proper interpretation of the results of an audit.

Course Contents

With the intent of fulfilling the above mentioned goals, the following syllabus' contents are defined:

- I. Financial reporting and the commercial's and securities' law.
- II. Financial reporting and accounting standardization in Portugal.
- III. Financial reporting and the Corporate Income Tax Code.
- IV. Events occurring after the balance sheet date.
- V. Audit background.
- VI. Audit process.
- VII. Financial statements audit
- VIII. Audit report issuance.

Recommended Bibliography

ALMEIDA, Bruno. (2022), Manual de Auditoria Financeira, Escolar Editora, 4ª Edição.

BAPTISTA DA COSTA, Carlos (2023). Auditoria Financeira - Teoria e Prática. 13.ª Edição. Editora Reis dos Livros, Lda.: Lisboa.

BAPTISTA DA COSTA, Carlos e CORREIA ALVES, Gabriel (2019). Casos Práticos de Auditoria Financeira. 12.ª Edição. Editora Rei dos Livros, Lda.: Lisboa.

CAIADO, António, MADEIRA, Paulo e VIANA, Luís (2011). Relato Fiscal e Financeiro no Encerramento de Contas. 1.ª Edição. Áreas Editora, S.A.: Lisboa.

CAIADO, António C. Pires e GIL, Primavera M. Daniel (2014). A Demonstração dos Fluxos de Caixa. 2.ª Edição. Áreas Editora, S.A.: Lisboa.

Código das Sociedades Comerciais.

Código do Imposto sobre o Rendimento das Pessoas Coletivas.

Código dos Valores Mobiliários.

CUNHA, Carlos Alberto da Silva e RODRIGUES, Lúcia Maria Portela de Lima (2014). A Problemática do Reconhecimento e Contabilização dos Impostos Diferidos - Sua Pertinência e Aceitação. 2.ª Edição. Áreas Editora, S.A.: Lisboa.

INTERNATIONAL AUDITING AND ASSURANCE STANDARDS BOARD (2018). Manual das Normas Internacionais

de Controlo de Qualidade, Auditoria, Revisão, Outros Trabalhos de Garantia de Fiabilidade e Serviços Relacionados - Parte 1. Tradução da Ordem dos Revisores Oficiais de Contas: Lisboa.

INTERNATIONAL AUDITING AND ASSURANCE STANDARDS BOARD (2018). Manual das Normas Internacionais de Controlo de Qualidade, Auditoria, Revisão, Outros Trabalhos de Garantia de Fiabilidade e Serviços Relacionados - Parte 2. Tradução da Ordem dos Revisores Oficiais de Contas: Lisboa.

PAIS, Cláudio (2000). Impostos sobre os Lucros - A Contabilização dos Impostos Diferidos. 1.^a Edição. Áreas Editora, S.A.: Lisboa.

RODRIGUES, Ana Maria, AZEVEDO, Graça Maria do Carmo, CRAVO, Domingos e CARVALHO, Carla (2015). SNC - Contabilidade Financeira: Sua Aplicação. Reimpressão da 2.^a Edição de 2011. Edições Almedina, S.A.: Coimbra.

RODRIGUES, João (2021). SNC - Sistema de Normalização Contabilística Explicado. 8.^a Edição. Porto Editora, S.A.: Porto.

SILVA, F. V. Gonçalves, PEREIRA, J. M. Esteves e RODRIGUES, Lúcia Lima (2006), Contabilidade das Sociedades. 12.^a Edição. Plátano Editora, S.A.: Lisboa.

Learning and Teaching Methods

The syllabus is defined in accordance with the intended goals of this curricular unit and in accordance with the skills to be acquired by the students: examples of the consistency between these two parameters are provided below.

One of the core goals of this curricular unit is to demonstrate the importance of financial reporting regarding the preparation and presentation of financial statements, in accordance with the established rules and in accordance with the reporting standards, thus the syllabus contemplates an overview of financial reporting and its connection with various laws.

Complementarily, it is intended to demonstrate the interest and value of financial auditing as a mean of validation of the financial statements and their preparation, in compliance with the reporting standards and audited in accordance with the auditing standards.

On the practical side, it is intended to enable the students to prepare the statement of financial position, the statement of profit or loss, the statement of changes in equity, the cash flows' statement, the notes and the management report, in accordance with the Companies' Code, namely.

Additionally, the syllabus integrates financial auditing as a complement and an improvement of the students' knowledge, aiming to signal the evolution of auditing over time and to emphasize the social role it has undertaken, ensuring public interest, through the increase of transparency and credibility of financial information and, consequently, through the increase of confidence of the users of financial information and optimization of the decision-making process, particularly.

Despite the numerous benefits of financial auditing, there are also some limitations, imposed by the time frame in which it is performed, mainly, focusing on the financial statements, corroborated through sampling techniques, leaving out some aspects that might suggest mismanagement or, even, fraudulent practices.

In this context, it is supremely important to implement an internal control system, so as to warrant operational efficiency and enable the improvement of the business processes and their results, as well as the reliability and integrity of financial information.

So, it is also intended to identify the most important internal control procedures, as well as their components, limitations and ways of assessment.

Beyond the cited goals, it is intended to enable the students with the necessary knowledge to prepare the financial statements and, at the same time, to demonstrate how to perform a financial audit.

With that intent, are introduced the legal frameworks on this matter, both national and international, which will allow the understanding of the procedures applied during an audit and the kind of opinion to be issued.

Consequently, all the aspects concerning the planning, the performing and the completion stages of the audit are enunciated, with particular emphasis on the relation between audit risk, materiality and audit evidence, which is essential to define the certainty level of the auditor's opinion.

Assessment Methods

Continuous evaluation - comprising one element of evaluation:

- a) individual written resolution of the first partial test, weighing 50,00% of the final classification;
- b) individual written resolution of the second partial test, weighing 50,00% of the final classification.

If students miss or withdraw from the first partial test, they are automatically excluded from continuous assessment.

Approval in the curricular unit is conditional on obtaining a minimum grade of no less than 9.50 values on a scale between 0.00 and 20.00, considering the weights corresponding to the first and second partial tests. Approval in the curricular unit is also conditioned on obtaining a minimum classification, not less than 8.00 values, on a scale between 0.00 and 20.00 in the first and second partial tests.

Remaining evaluation and grade improvement periods:

Assessment by final exam, with weighting corresponding to 100.00% of the final classification, as long as the students achieve a grade of not less than 9.50 values on a scale between 0.00 and 20.00.

Observation: The students are not allowed to use graphic calculators and other equipment considered not eligible by the teachers.