# OUTLINE – INTERNSHIP REPORT – PHASE II

MAJOR: AUDITING

**TOPIC: AUDIT OF THE INVENTORY AND WAREHOUSING CYCLE**

**IN FINANCIAL AUDITS CONDUCTED BY XYZ AUDIT FIRM**

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**INTRODUCTION**

* Rationale for the research
* Report’s structure

**CHAPTER 1:**

**CHARACTERISTICS OF AUDIT OF THE INVENTORY AND WAREHOUSING CYCLE IN FINANCIAL AUDITS CONDUCTED BY XYZ AUDIT FIRM (2.0 marks)**

**1.1. Characteristics of the inventory and warehousing cycle of clients affecting financial audits**

1.1.1. Nature and business functions of the inventory and warehousing cycle

1.1.2. Accounting for the inventory and warehousing cycle

 *Briefly describe the accounting for the inventory and warehousing cycle, including: vouchers, accounts, accounting books related to the inventory and warehousing cycle*

1.1.3. Common misstatements in the inventory and warehousing cycle

 *Describe some common misstatements in the inventory and warehousing cycle*

1.1.4. Internal controls over the inventory and warehousing cycle

 *Describe control activities designed to prevent, detect and correct possible misstatements in the inventory and warehousing cycle*

**1.2. Audit objectives of the inventory and warehousing cycle in financial audits conducted by XYZ Audit Firm**

 *Describe general audit objectives and specific audit objectives developed by the Audit Firm when auditing the inventory and warehousing cycle*

**1.3. Audit of the inventory and warehousing cycle in financial audits process conducted by XYZ Audit Firm**

 *Describe the steps to be performed in financial audits process for the inventory and warehousing cycle conducted by XYZ Audit Firm in following phases:*

1.3.1. Planning the audit

1.3.2. Implementing the audit

1.3.3. Completing the audit

**Note**: *The content of Chapter 1 describes only general guidelines of the Audit Firm rather than specific clients.*

**CHAPTER 2:**

**PRACTICE OF AUDIT OF THE INVENTORY AND WAREHOUSING CYCLE**

**IN FINANCIAL AUDITS CONDUCTED BY XYZ AUDIT FIRM –**

**AT SPECIFIC CLIENT(S) (5.0 marks)**

 *From Section 2.1. to 2.3: Students should illustrate and describe the audit of the inventory and warehousing cycle in financial audits process at one or two specific clients with different characteristics, such as: new client or existing client; clients in different business sectors.*

**2.1. Planning the audit**

 *Describe in detail the steps in this phase conducted by the Audit Firm at the specific client(s) (accompanied by working papers to illustrate). Importantly, it is necessary to introduce "Audit Program(s)" for items in the inventory and warehousing cycle.*

**2.2. Implementing the audit**

 *Describe the audit procedures performed by auditors for items in the cycle (accompanied by working papers to illustrate).*

2.2.1. Performing tests of controls

2.2.2. Performing analytical procedures

2.2.3. Performing tests of details

**2.3. Completing the audit**

 *Students should describe the results of auditing the inventory and warehousing cycle and the influence of these results on the final audit opinion.*

**Note:** *If students choose two clients to illustrate the audit of inventory and warehousing in financial audits process, students need to compare the audit process of these two clients, thereby pointing out the differences in the characteristics of clients affecting the content of audit process.*

**CHAPTER 3:**

**ASSESSMENTS AND RECOMMENDATIONS FOR IMPROVING THE AUDIT**

**OF THE INVENTORY AND WAREHOUSING CYCLE IN FINANCIAL AUDITS CONDUCTED BY XYZ AUDIT FIRM (2.0 marks)**

**3.1. Assessments of the audit of the inventory and warehousing cycle in financial audits process conducted by XYZ Audit Firm**

 3.1.1. Strengths

 3.1.2. Weaknesses and causes

**3.2. Recommendations for improving the audit of the inventory and warehousing cycle in financial audits process conducted by XYZ Audit Firm**

*Propose recommendations associated with identified weaknesses and causes*

CONCLUSION

REFERENCES

APPENDIX (If available)

Confirmation of the Audit Firm

**Assessment and grading policy**:

- The form of the report: 1 mark

- The content of the report: 9 marks

- The report must include three chapters with a minimum of 50 pages