THOMAS ADEWUMI UNIVERSITY

FACULTY: MANAGEMENT AND SOCIAL SCIENCES

DEPARTMENT: ACCOUNTING AND FINANCE

PROGRAMME: BSC (HONS) ACCOUNTING

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COURSE TITLE: AUDITING AND INVESTIGATION

COURSE UNITS: 3

LECTURER-IN-CHARGE: DR OLAMIDE OLAYEMI

THE MEANING OF AUDIT

An audit is an official examination of the accounts (or accounting systems) of an entity (by an auditor). Auditing is defined by the American Accounting Association (AAA) as a systematic process of objectively obtaining and evaluating evidence regarding assertions about economic actions and events to ascertain the degree of correspondence between those assertions and established criteria and communicating the result to intended users.

PURPOSE OF AUDIT

An audit of a company's accounts is needed because in companies, the owners of the business are often not the same persons as the individuals who manage and control that business.

The shareholders own the company. The company is managed and controlled by its directors. It is a general principle of company law that the directors are required to prepare annual financial statements, which are presented to the shareholders for their approval.

Audits are long-established formalized processes, closely regulated by law and professional practice. Audits were developed because of the separation between the ownership of companies (by the shareholders) and stewardship (by the directors).

In order to protect the shareholders from incorrect or misleading information by the directors, an audit is designed to provide a high level of assurance to the users of the financial statements.

WHO IS AN AUDITOR?

An auditor is a person who is responsible for carrying out an audit in accordance with international auditing standards.

The auditor is someone who is responsible for reporting on whether the financial statements are fairly presented.

He is concerned with fraud and error that has a material effect on the true and fair view of the financial statements.

THE AUDIT REPORT

The auditor's report is to give a true and fair view of the financial status of an organization.

The key features of the audit report are as follows:

- The auditors producing the report are independent from the directors producing the financial statements (faithful representation, relevance, comparability, understanding, verifiability, timeliness)
- The report gives an opinion on whether the financial statements "give a true and fair view", or "present fairly" the position and results of the entity.
- The report considers whether the financial statements give a true and fair view in all material respects. The concept of materiality is applied in reaching an audit opinion.

REGULATION OF AUDIT SERVICES

Why Audit Services are Regulated?

Audit services are regulated primarily for the Public interest. Investors take economic decisions on the basis of the credibility auditors lend to financial statements whenever they audit and certify the financial statements true and fair.

Thus, it can be said that auditors give an impartial, professional view on issues that matter to users of financial and other information. It is important therefore that this view can be trusted.

Auditors therefore need to operate within ethical boundaries and in compliance with standards, laws and regulations.

Sources of Regulation

Regulation of audit services is effected through:

Legal Regulation – Most countries, including Nigeria, have legal requirements associated with some assurance providers, particularly auditors. Examples of these legal requirements are found in CAMA (Companies and Allied Matters Act), 2004, ICAN Act 1965, Banks and other Financial Institutions Act 1991, Insurance Act 2003, Securities and Exchange Commission (SEC) Act 2007, EFCC Act, the Audit Act, Financial Reporting Council of Nigeria (FRCN) Act 2011 etc.

Ethical Regulation – Auditors are given ethical guidance by the professional Bodies e.g. ICAN, law and IFAC (International Federation of Accountants).

Professional Regulation – Auditors are required to carry out audits according to professional standards (International Standards on Auditing –ISAs and Nigerian Standards on Auditing- NSAs).

INTERNATIONAL STANDARDS ON AUDITING (ISAs)

International Standards on Auditing (ISA) are a set of guidelines and principles established by the International Auditing and Assurance Standards Board (IAASB), a global standard-setting body for auditing and assurance services.

ISAs are written in the context of an audit of financial statements by an independent auditor. They are to be adapted as necessary when applied to audits of other historical financial statements.

Each ISA contains:

i. An introduction
ii. objectives
iii. definitions (if necessary)
iv. requirements which are shown by the word "shall" and are to be applied as relevant to the audit
v. application and other explanatory material which is for guidance only
vi. ISAs issued by the IAASB.

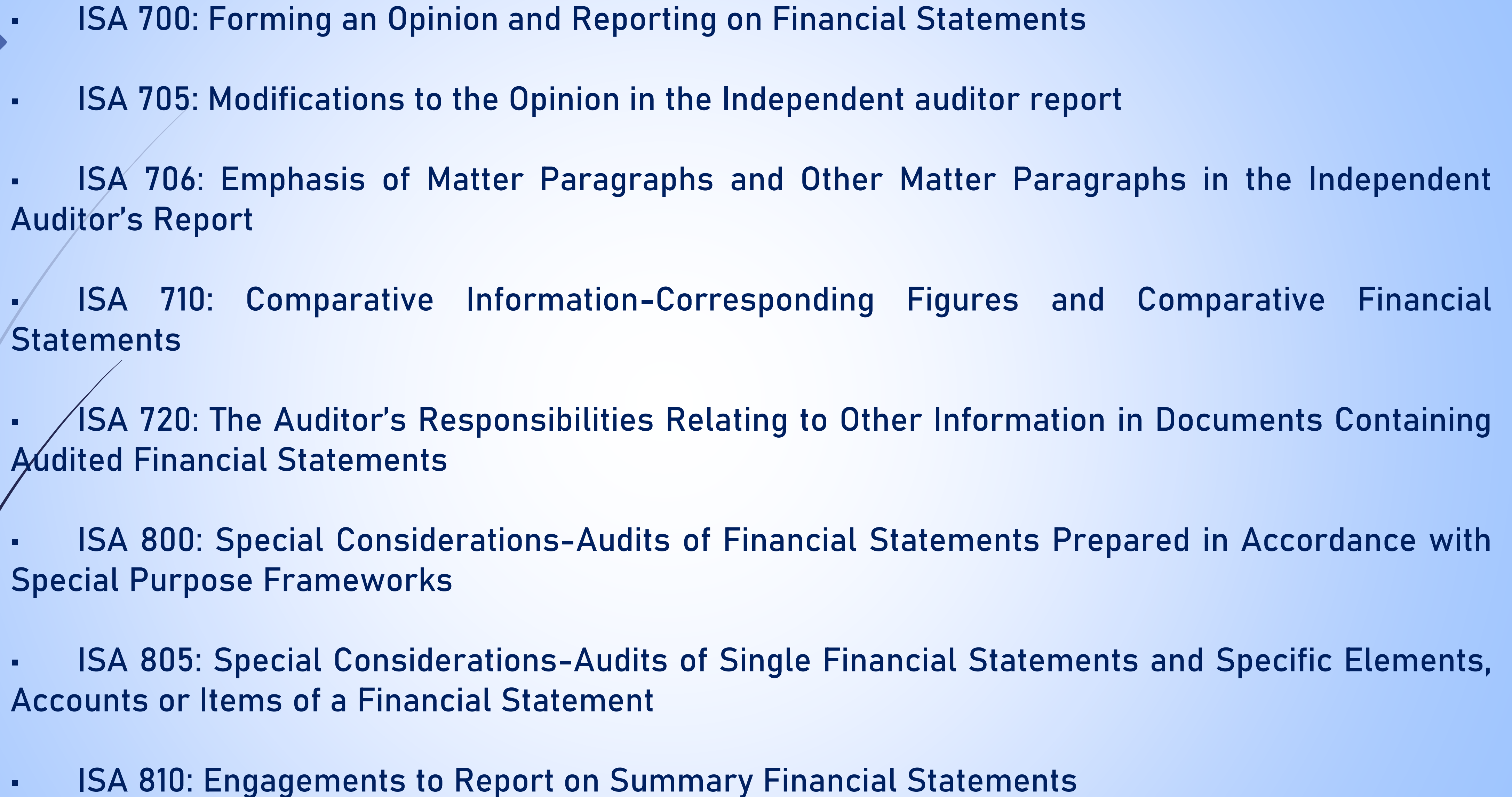
International Standards on Auditing (known as ISAs) apply primarily to the external audit process. However, their provisions can also often be seen as good practice for relevant areas of the work of the internal auditor.

The list of international standards on auditing is:

- ISA 200: Overall Objectives of the independent-auditor and the Conduct of an Audit in Accordance with International Standards on Auditing
- ISA 210: Agreeing to the Terms of Audit Engagements
- ISA 220: Quality Control for an Audit of Financial Statements
- ISA 230: Audit Documentation
- ISA 240: The Auditor's Responsibilities Relating to Fraud in an Audit of Financial Statements
- ISA 250: Consideration of Laws and Regulations in an Audit of Financial Statements
- ISA 260: Communication with Those Charged with Governance
- ISA 265: Communicating Deficiencies in Internal Control to Those Charged with Governance and Management

- ISA 300: Planning an Audit of Financial Statements
- ISA 315: Identifying and Assessing the Risks of Material Misstatement through Understanding the Entity and Its Environment
- ISA 320: Materiality in Planning and Performing an Audit
- ISA 330: The Auditor’s Responses to Assessed Risks
- ISA 402: Audit Considerations Relating to an Entity Using a Service Organization
- ISA 450: Evaluation of Misstatements Identified during the Audit
- ISA 500: Audit Evidence

- ISA 501: Audit Evidence-Specific Considerations for Selected Items
- ISA 505: External Confirmations
- ISA 510: Initial Audit Engagements-Opening Balances
- ISA 520: Analytical procedures
- ISA 530: Audit sampling
- ISA 540: Auditing accounting estimates, Including Fair Value Accounting Estimates and Related Disclosures
- ISA 550: Related Parties
- ISA 560: Subsequent event
- ISA 570: Going Concern
- ISA 580: Written Representations
- ISA 600: Special Considerations-Audits of Group Financial Statements (Including the Work of Component Auditors)
- ISA 610: Using the Work of Internal Auditors
- ISA 620: Using the Work of an Auditor's Expert



- ISA 700: Forming an Opinion and Reporting on Financial Statements
- ISA 705: Modifications to the Opinion in the Independent auditor report
- ISA 706: Emphasis of Matter Paragraphs and Other Matter Paragraphs in the Independent Auditor’s Report
- ISA 710: Comparative Information-Corresponding Figures and Comparative Financial Statements
- ISA 720: The Auditor’s Responsibilities Relating to Other Information in Documents Containing Audited Financial Statements
- ISA 800: Special Considerations-Audits of Financial Statements Prepared in Accordance with Special Purpose Frameworks
- ISA 805: Special Considerations-Audits of Single Financial Statements and Specific Elements, Accounts or Items of a Financial Statement
- ISA 810: Engagements to Report on Summary Financial Statements

Internal Audit

Internal Audit: these are audits carried out by employees of an organization (called internal auditors) to ensure adherence and compliance to policies and controls established by the management.

It is an independent appraisal function established by the management for the purpose of evaluating the organization's operations and improving the effectiveness of management controls and governance processes.

Internal audits evaluate a company's internal controls, including its corporate governance and accounting processes. These types of audits ensure compliance with laws and regulations and help to maintain accurate and timely financial reporting and data collection. Internal auditors are hired by companies who work on behalf of their management teams.

Objectives of Internal Audit

1. Assurance: Provide assurance that the organization's risk management, governance, and internal control processes are operating effectively.
2. Risk Management: Identify and assess risks that could impede the achievement of the organization's objectives. Recommend measures to mitigate these risks.
3. Control Evaluation: Evaluate the design and operational effectiveness of internal controls. Ensure that controls are adequate to mitigate identified risks.
4. Compliance: Ensure compliance with relevant laws, regulations, policies, and procedures. Identify areas of non-compliance and recommend corrective actions.
5. Operational Efficiency: Assess the efficiency and effectiveness of operations. Recommend improvements to enhance operational performance and resource utilization.
6. Fraud Prevention and Detection: Identify potential areas of fraud risk. Investigate suspected fraud and recommend measures to prevent future occurrences.

Types of Internal Audits

1. **Operational Audits:**
- Evaluate the efficiency and effectiveness of operational processes.
- Identify opportunities for improving operational performance.
2. **Compliance Audits:**
- Ensure adherence to laws, regulations, policies, and procedures.
- Identify areas of non-compliance and recommend corrective actions.
3. **Financial Audits:**
- Assess the accuracy and reliability of financial reporting.
- Evaluate the effectiveness of financial controls and procedures.
4. **Information Technology (IT) Audits:**
- Assess the effectiveness of IT controls and systems.
- Ensure the security, integrity, and availability of information systems.
5. **Integrated Audits:**
- Combine elements of operational, compliance, financial, and IT audits.
- Provide a comprehensive assessment of interconnected processes and controls.

External Audit

This is an audit carried out by an independent party (non-employee of the organization). It examines the operations and financial statements prepared by management and reports to owners of the organization. Examples are the statutory and private audits.

External audits are independent examinations of an organization's financial statements and related disclosures, conducted by an external auditor. The primary objective of an external audit is to provide an opinion on whether the financial statements present a true and fair view of the financial position, performance, and cash flows of the organization, in accordance with the applicable accounting standards (such as IFRS or GAAP). External audits enhance the credibility of financial statements, helping stakeholders such as investors, creditors, and regulators make informed decisions.

Objectives of External Audits

1. **Expressing an Opinion:**

- Provide an independent opinion on the fairness and accuracy of the financial statements.
- Determine whether the financial statements are free from material misstatement, whether due to fraud or error.

2. **Ensuring Compliance:**

- Assess compliance with relevant accounting standards, laws, and regulations.
- Verify that the financial statements adhere to the applicable reporting framework.

3. **Enhancing Credibility:**

- Increase the reliability and credibility of financial information provided to stakeholders.
- Build trust in the financial reporting process of the organization.

4. **Detecting and Preventing Fraud:**

- Identify potential fraud risks and assess the effectiveness of controls in preventing and detecting fraud.
- Report any significant findings related to fraud to management and, if necessary, regulatory authorities.

Statutory Requirements for Auditor {CAMA 2020}

Appointment of an Auditor – S.401

Every company shall at each Annual General meeting (AGM) appoint an auditor or auditors to audit its financial statements. The auditor's tenure shall run from the conclusion of the AGM where he was appointed till the next AGM. The directors may appoint an auditor in the following circumstances:

a. Where at an AGM, no auditors are appointed or re-appointed;

b. The appointment of the first auditors of the company before the company is entitled to commence business;

c. To fill any casual vacancy in the office of the auditor, but while any such vacancy continues, the surviving or continuing auditor (s) may act.

d. A retiring auditor however appointed, shall be re-appointed without any resolution being passed.

Qualification of the Auditor – s. 358(CAMA)

A person shall not be qualified for appointment as an auditor of a company, unless he is a member of a body of Accountants in Nigeria.

The following persons however are disqualified from serving as an auditor of a company:

a. An officer or servants of the company;

b. A person who is a partner of or in the employment of an officer or servant of the company;

c. A person or firm who or which offer to the company professional advice in a consultancy capacity in respect of secretarial, taxation or financial management.

Reports of the Auditor – S. 359(CAMA)

The auditors of a company are required to make a report to the members of the company on the accounts examined by them, and on every Balance Sheet (Statement of financial position) and statement of Profit or loss, and all group financial statements, copies of which are laid before the company in a general meeting during the auditors' tenure of office.

In the case of a public company, the auditor also makes a report to the audit committee which shall be established by the company. By the provisions of this section (s.359), the committee shall consist of an equal number of directors and representatives of the shareholders of the company (subject to a maximum of number of six members).

The committee examines the independent auditor's report (including the management letter or letter of weakness) and makes recommendations thereon to the annual general meeting as it thinks fit.

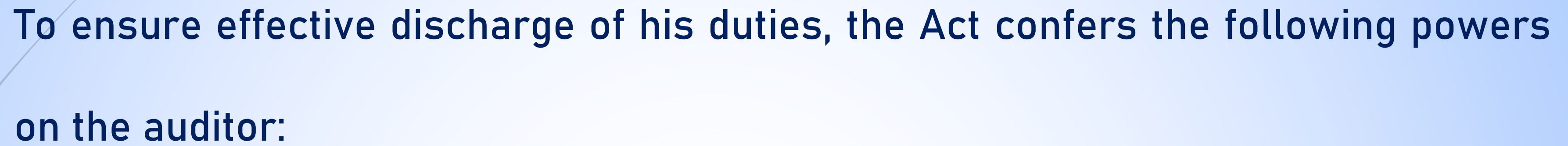
Duties and Powers of the Auditor – S. 4004 and 407 (CAMA)

The auditor, in preparing his report has as his duty, to carry out such investigations as may enable him form an opinion as to whether:

a. Proper accounting records have been kept by the company and proper returns adequate for his audit have been received from branches not visited by him;

b. The company's Balance sheet and (if not consolidated) its profit or loss account are in agreement with the accounting records and returns.

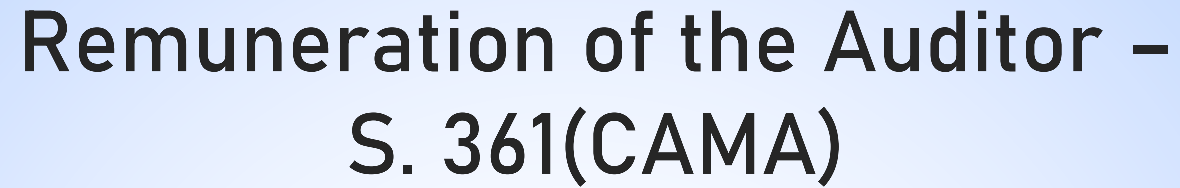
c. If the auditor is of the opinion that proper accounting records have not been kept or that adequate returns have not been received from branches not visited by him or that the balance sheet and the profit or loss account are not in agreement with the accounting records and returns, the auditor shall state that fact in his report.



To ensure effective discharge of his duties, the Act confers the following powers on the auditor:

a. Every auditor of a company shall have unrestricted access at all times to the company's books, accounts and vouchers;

b. Every auditor of a company shall be entitled to require from the company's office such information and explanations as he thinks necessary.



Remuneration of the Auditor – S. 361(CAMA)

In the case of auditors appointed by the directors, their remuneration may be fixed by the directors; or the remuneration may be fixed by the company in a general meeting or in such manner as the company in general meeting may determine.

Removal of the Auditor – S.409(CAMA)

A company may, by ordinary resolution, remove an auditor before the expiration of his term of office, notwithstanding anything in the agreement between the company and the auditor. A special notice of 28 days is required for this purpose. Within 14 days of passing the resolution removing an auditor, the company shall give notice of that fact the Corporate Affairs Commission (CAC).

Rights of the Auditor – S.407 (CAMA)

A company's auditor shall be entitled to attend any general meeting of the company and to receive all notices of, and other communications relating to any general meeting which a member of the company is entitled to receive.

He is also to be heard on any part of the meeting which concerns him as auditor. In addition, an auditor who has been removed from office has the right to attend:

1. The general meeting at which the term of his office would otherwise has expired;

2. Any general meeting at which it is proposed to fill the vacancy caused by his removal.

Special Notice – S.364 (CAMA)

Special notices are required for a resolution at an annual general meeting of a company to transact the following business relating to the auditor:

1. Appointing as auditor a person other than a retiring auditor;

2. Filling a casual vacancy in the office of auditor;

3. Re-appointing as auditor a retiring auditor who was appointed by the directors to fill a casual vacancy; or

4. Removing an auditor before the expiration of his term of office

Resignation of the Auditor S413 (CAMA)

An auditor of a company may resign his office by depositing a notice in writing to that effect at the company's registered office.

Such notice of resignation by the auditor shall not be effective unless it contains either –

1. A statement to the effect that there are no circumstances connected with his resignation which he considers should be brought to the notice of thee members or creditors of the company; or

2. A statement of any such circumstances as mentioned above. Where a notice of resignation is deposited at the company's registered office, the company shall within 14 days, send a copy of the notice to CAC.

Internal Control Systems

Internal control systems are processes and procedures implemented by an organization to ensure the reliability of financial reporting, compliance with laws and regulations, efficient and effective operations, and safeguarding of assets. These systems are essential for maintaining the integrity of an organization's financial and operational activities.

Internal control systems are designed to provide reasonable assurance regarding the achievement of organizational objectives, including effectiveness and efficiency of operations, reliability of financial reporting, and compliance with laws and regulations. However, they have inherent limitations.

Limitations of Internal Control Systems

Limitations of the internal control system:

- ➢ Human error,
- ➢ cost vs benefit,
- ➢ complexity of operations,
- ➢ limited scope of coverage,
- ➢ management override,
- ➢ technological limitations and
- ➢ external factors.

Importance of Internal Control Systems

Fraud Prevention: Mitigating the risk of fraud by implementing checks and balances.

Accuracy of Financial Reporting: Ensuring financial reports are reliable and accurate.

Operational Efficiency: Enhancing the efficiency and effectiveness of operations.

Regulatory Compliance: Ensuring compliance with applicable laws and regulations.

Risk Management: Identifying, assessing, and mitigating risks to the organization.

Accountability: Promoting accountability at all levels of the organization.

THE CONCEPT OF TRUE AND FAIR VIEW

True and Fair View: This concept implies that financial statements should provide a true and fair view of a company's financial position and performance. It requires that financial statements accurately represent the financial condition of a company and the results of its operations. Achieving a true and fair view involves adhering to accounting standards, disclosing all relevant information, and presenting financial information in a clear and understandable manner.

Key Elements of True and Fair View

1. Accuracy and Completeness
2. Neutrality and Objectivity
3. Consistency
4. Prudence
5. Compliance with Standards

INDEPENDENCE OF AUDITOR

Auditor independence refers to the impartiality and objectivity of auditors in performing their duties. It's crucial for maintaining the integrity and reliability of the aud process. Auditors must be independent both in fact and appearance, meaning they should be free from any influences or relationships that could compromise the judgment or impartiality. This independence ensures that auditors can provide unbiased opinions on the fairness of financial statements.

The independence of auditors is typically maintained through certain mechanisms:

- Legal Requirements: Laws and regulations often mandate independence requirements for auditors to ensure their objectivity. These requirements may incluc restrictions on providing certain non-audit services to audit clients, financial interests in audit clients, or employment relationships with audit clients.

- Professional Standards: Professional accounting and auditing bodies, such as the International Auditing and Assurance Standards Board (IAASB) and th American Institute of Certified Public Accountants (AICPA), establish standards and guidelines that govern auditor independence. These standards outline specif criteria and behaviors that auditors must adhere to in order to maintain independence.

- Ethical Guidelines: Ethical principles play a significant role in maintaining auditor independence. Auditors are expected to uphold ethical standards and avo conflicts of interest or situations that could impair their independence. Ethical guidelines may require auditors to disclose any relationships or interests that coul potentially compromise their independence.

RELATIONSHIP OF AUDITORS TO DIRECTORS, SHAREHOLDERS AND OTHER FINANCIAL STATEMENT USERS

1. Directors:

Reliance on Auditors: Directors rely on auditors to independently verify and validate the accuracy and fairness of the financial statements prepared by management. This assurance helps directors fulfill their fiduciary duty to oversee the financial reporting process and make informed decisions about the company's operations and financial health.

Communication: Auditors communicate their findings and observations to the board of directors, highlighting any significant issues or areas of concern identified during the audit process. This communication enables directors to address any potential risks or deficiencies in internal controls and make appropriate decisions to safeguard the interests of the company and its stakeholders.

2. Shareholders:

Confidence and Trust: Shareholders rely on auditors to provide assurance that the financial statements accurately reflect the financial position and performance of the company. Audited financial statements instill confidence and trust among shareholders, helping them make informed investment decisions.

Transparency: Auditors contribute to the transparency of financial reporting by independently examining the company's financial statements and disclosing any material misstatements or irregularities. Shareholders value this transparency as it enhances the integrity and reliability of the financial information provided by the company.

3. Other Financial Statement Users (such as lenders, creditors, regulators, and analysts):

Risk Assessment: Financial statement users, including lenders and creditors, rely on audited financial statements to assess the creditworthiness and financial stability of the company. Auditors' opinions provide valuable insights into the reliability of the financial information used for credit decisions.

Compliance and Regulatory Requirements: Regulators and government agencies may require audited financial statements to ensure compliance with legal and regulatory requirements. Auditors play a key role in providing assurance that the company's financial statements comply with applicable accounting standards and regulations.

Investment Decisions: Analysts and other financial professionals use audited financial statements to analyze the financial performance and prospects of the company. Auditors' opinions contribute to the credibility and reliability of the information used in investment analysis and decision-making.

AUDIT PLANNING: INTERNAL REVIEW OF ACCOUNTING SYSTEM

Internal reviews of accounting systems are essential processes conducted within organizations to assess the effectiveness, efficiency, and accuracy of their accounting processes and controls. These reviews help ensure that financial information is reliable, compliant with regulations, and conducive to informed decision-making.

The processes involved in internal review of an accounting system include;

1. Objective and scope
2. Documentation and understanding the accounting the system
3. Risk assessment
4. Control evaluation
5. Testing and analysis
6. Findings and recommendation
7. Reporting and follow-up

Evaluation of Internal Control System and Procedures

Evaluating an internal control system and its procedures involves a comprehensive assessment to ensure that controls are effective, efficient, and aligned with organizational objectives. Evaluating the internal control system and procedures is crucial for ensuring the effectiveness and efficiency of an organization's operations, the reliability of financial reporting, and compliance with applicable laws and regulations.

Approach to evaluating an internal control system:

- Understanding the Control Environment
- Risk Assessment
- Control Activities
- Information and Communication
- Monitoring Activities
- Evaluation of Techniques

Vouching of Accounts

Vouching is a key auditing procedure that involves the verification of entries in the books of accounts by cross-checking with relevant documentary evidence. The primary objective of vouching is to ensure the authenticity, accuracy, and validity of transactions recorded in the financial statements. It helps auditors detect errors, fraud, and irregularities, and provides assurance that the financial statements present a true and fair view of the organization's financial position and performance.

Steps in the Vouching Process

- Selection of Vouchers
- Examination of Documentary Evidence
- Verification of Authenticity
- Cross-Referencing and Matching
- Reconciliation
- Authorization and Approval

Types of Vouchers

1. Primary Vouchers: Original documents that provide direct evidence of transactions, such as invoices, receipts, and contracts.
2. Collateral Vouchers: Supporting documents that provide additional evidence, such as purchase orders, delivery notes, and correspondence.

Importance of Vouching

Detection of Errors and Fraud:

Vouching helps uncover errors, omissions, and fraudulent activities by verifying the authenticity of transactions.

Assurance of Accuracy:

Provides assurance that financial records are accurate and complete, enhancing the reliability of financial statements.

Verification of Compliance:

Ensures compliance with internal policies, procedures, and external regulations by verifying that transactions are properly authorized and documented.

Substantiation of Financial Statements:

Supports the validity of financial statement assertions such as existence, occurrence, completeness, and valuation of transactions.

Verification of Assets

Verification of assets is a critical process in financial management, auditing, and compliance. It ensures that the assets reported by an individual or an organization exist and are accurately represented in financial statements. This process is essential for maintaining transparency, trust, and integrity in financial reporting.

Steps Involved in Verifying Assets

1. Identification of Assets:

- Physical Assets: Machinery, buildings, vehicles, inventory, etc.
- Financial Assets: Cash, stocks, bonds, bank accounts, etc.
- Intangible Assets: Patents, trademarks, goodwill, etc.

2. Documentation Review:

- Purchase Records: Invoices, receipts, and contracts to confirm acquisition details.
- Title Deeds: Ownership documents for properties and vehicles.
- Bank Statements: Verification of balances and transactions for financial assets.
- Insurance Policies: Ensuring the assets are insured.

3. Physical Verification:

- Site Visits: Inspecting physical assets in their locations.
- Tagging: Using asset tags or barcodes for easy identification and tracking.
- Condition Assessment: Evaluating the condition and usability of the assets.

4. Valuation of Assets:

- Market Valuation: Comparing with market prices to determine current value.
- Depreciation Calculation: Assessing the reduction in value over time for tangible assets.
- Appraisals: Professional assessments for accurate valuation, especially for unique or high-value assets.

5. Reconciliation:

- Matching Records: Comparing physical verification results with accounting records.
- Discrepancy Resolution: Investigating and resolving differences between recorded and actual asset counts or values.

Types of Audit Report

Audit reports are crucial documents that provide an auditor's opinion on an entity's financial statements. There are several types of audit reports, each reflecting the auditor's findings and the degree of confidence in the financial statements. Here are the primary types of audit reports:

1. Unqualified Audit Report (Clean Report)

An unqualified audit report is issued when the auditor concludes that the financial statements present a true and fair view in accordance with the applicable financial reporting framework. This type of report indicates that there are no significant misstatements and that the financial statements are free from material errors.

2. Qualified Audit Report

A qualified audit report is issued when the auditor encounters one or more issues that, while not pervasive, are significant enough to warrant a qualification. This report indicates that, except for the specific issues noted, the financial statements present a true and fair view.

Common Reasons for a Qualified Audit Report:

- Misstatements: Specific areas of the financial statements are materially misstated.
- Scope Limitation: The auditor was unable to obtain sufficient appropriate audit evidence on certain aspects of the financial statements.

3. Adverse Audit Report

An adverse audit report is issued when the auditor concludes that the financial statements do not present a true and fair view and are materially misstated and misleading. This is a serious finding indicating significant problems with the financial statements.

4. Disclaimer of Opinion

A disclaimer of opinion is issued when the auditor is unable to obtain sufficient appropriate audit evidence to form an opinion on the financial statements. This report indicates that the auditor does not express an opinion on the financial statements.

Common Reasons for a Disclaimer of Opinion:

- Severe Scope Limitation: The auditor could not perform necessary audit procedures.
- Uncertainty: There are uncertainties that are too significant for the auditor to form an opinion.

Professional Requirements

In Nigeria, the professional requirements for an auditor are established to ensure that auditors possess the necessary qualifications, skills, and ethical standards to perform their duties effectively.

The key professional requirements for an auditor in Nigeria include:

1. Educational and Professional Qualifications:

- Accounting Degree: A bachelor's degree in accounting or a related field from a recognized university is typically required.
- Professional Qualification: Completion of professional accounting qualifications from recognized bodies such as Institute of Chartered Accountants of Nigeria (ICAN), Association of Chartered Certified Accountants (ACCA) and Chartered Institute of Management Accountants (CIMA).

2. Practical Experience:

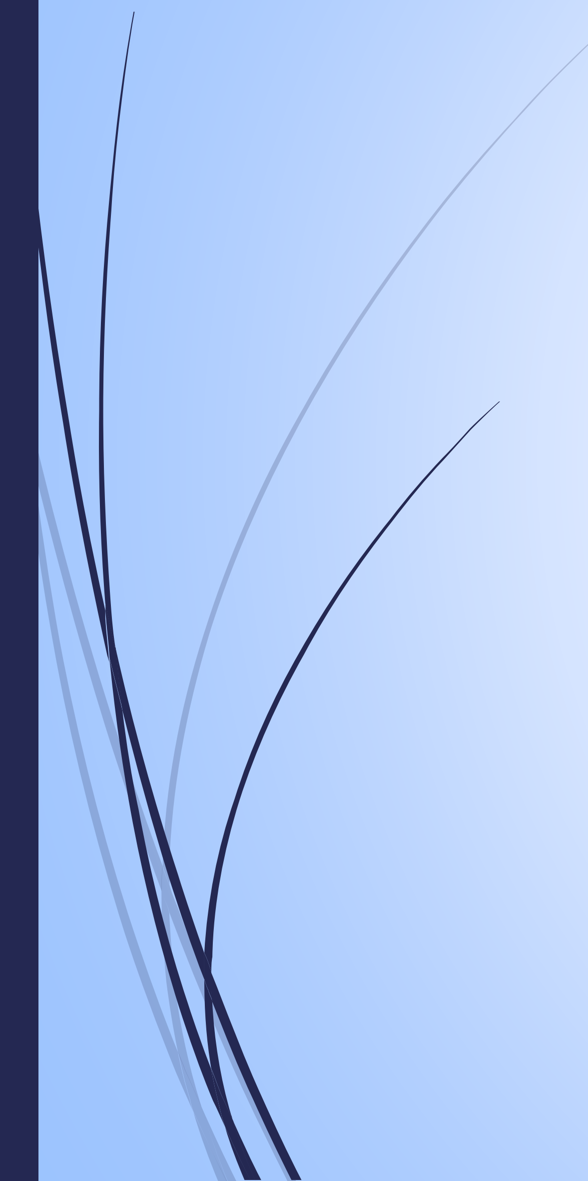
- Mandatory Practical Training: ICAN requires candidates to undergo a period of practical training (usually three years) under the supervision of a qualified accountant. This experience is crucial for developing the practical skills required for auditing.
- Continuous Professional Development (CPD): Auditors are required to engage in continuous professional development to keep their skills and knowledge up to date. ICAN mandates a certain number of CPD hours annually.

3. Registration and Licensing

- Practicing License: Auditors must obtain a practicing license from ICAN to legally offer audit services. This involves meeting specific educational and experience requirements and adhering to the ethical standards set by the institute.
- Registration with the Financial Reporting Council of Nigeria (FRCN): Auditors must also be registered with the FRCN, which regulates financial reporting and corporate governance standards in Nigeria.

4. Technical Competence:

- Knowledge of Auditing Standards: Familiarity with International Standards on Auditing (ISA) and any local auditing standards and guidelines is essential.
- Financial Reporting Standards: Proficiency in International Financial Reporting Standards (IFRS) and any local accounting standards is necessary for accurate financial reporting and auditing.



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