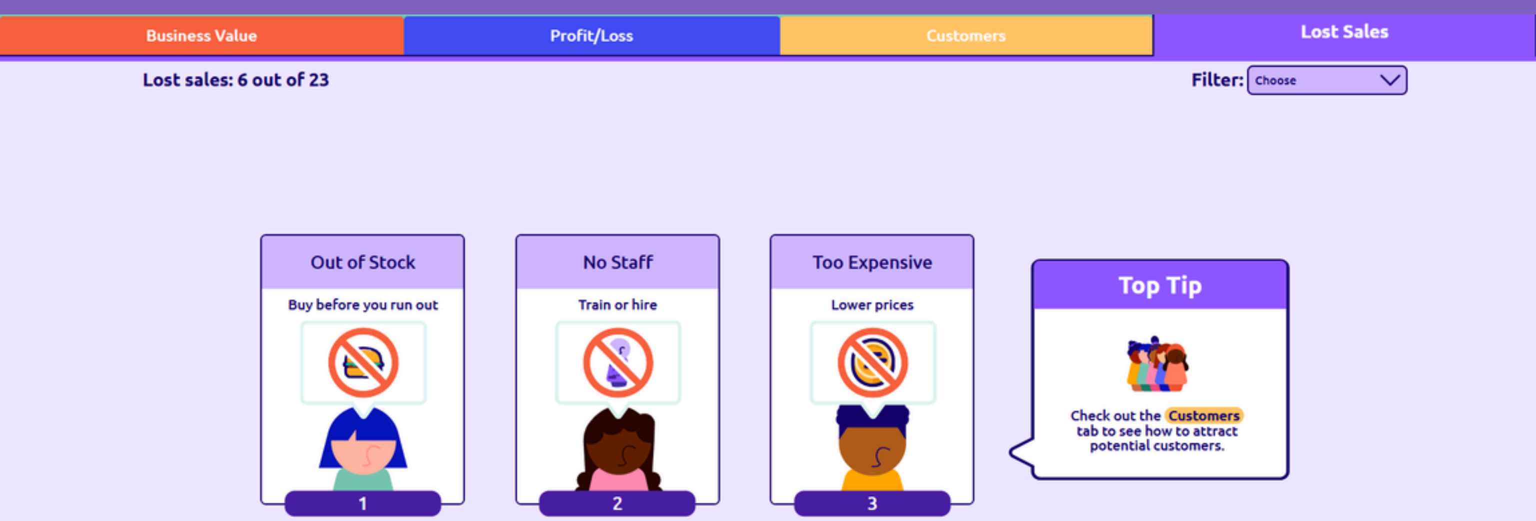
AGEC Grade 12 Accounting Learner Worksheet

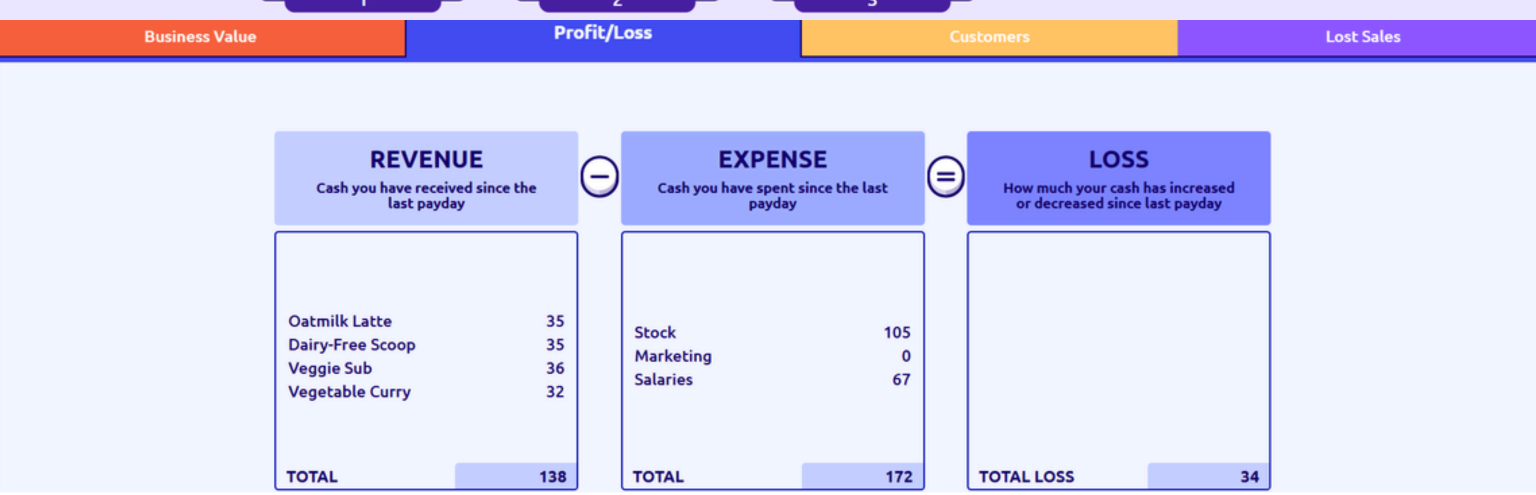
Why does the business need auditors?

Instructions

1. Work with a partner. Complete the task in class.
2. Please be aware of the time allocations. It's crucial to manage time effectively and meet deadlines, as no additional time will be provided for this task.
3. Hand in your worksheet at the end of the 60 minutes.

20min	**Part A:** Participate in a class discussion about why some companies require an external audit, the roles of internal and external auditors, audit evidence and the different audit opinions.
35min	**Part B:** Work with a partner to play the AGEC High School Game and hold discussions as you go along. Complete the worksheet.
5min	**Part C:** Class discussion and Reflection.





Why does the business need auditors?

Work with a partner.

Name: Entrepreneur 1	
Name: Entrepreneur 2	
Class: Grade 12	

Part A: Set the Scene **Whole Class** **20 minutes**

Make notes below on:

- The purpose of auditing
- The difference between internal and external auditors
- Examples of audit evidence
- The different audit opinions

Why does the business need auditors?

Part B: Play the AGEC High School Game and Answer Worksheet **With a partner** **35 minutes**

Use what you learned in Part A and your observations from the AGEC High School Game to complete the worksheet. Play through **six paydays** and discuss your answers with your partner.

1. What does an internal auditor do for the business?

2. Explain the role of the external auditor of a public company.

3. State three differences between internal and external auditors.

4. Explain how transparency and accountability improve the quality of financial reporting.

5. Explain the difference between:

a. An unmodified and a qualified audit opinion:

b. An adverse opinion and a disclaimer of opinion:

Remember: The AGEC High School Game represents a small business that may not require an external audit. However, accurate records and effective internal controls remain important in every business.

Why does the business need auditors?

6. Give two reasons why the financial statements of a listed company must be audited by an external auditor.

7. Why must an external auditor remain independent? Give two possible consequences if an auditor knowingly issues a misleading audit report.

8. What kind of audit evidence does the independent external auditor examine to verify the fixed assets of a company? Provide two examples.

What was your Business Value after six paydays? R______________________

Remember: you can get valuable information from the **'Business Value'** tab

9. How could inaccurate records or weak internal controls affect the decisions you made and the Business Value shown in the AGEC High School Game?

Part C: Participate in Class Discussion and Share Insights | **Whole Class** | **5 minutes**

Why does the business need auditors?

Internal auditor	Evaluates internal controls and identifies errors, weaknesses or possible fraud within a business.
External auditor	An independent registered auditor who examines financial statements and expresses an audit opinion.
Internal control	A procedure used to protect assets, ensure reliable records and reduce errors or fraud.
Audit evidence	Information examined by an auditor to support the audit opinion.
Audit opinion	The external auditor's conclusion about whether the financial statements are fairly presented.
Unmodified opinion	The financial statements are fairly presented, in all material respects.
Qualified opinion	A material problem affects a specific part of the financial statements, or the auditor could not obtain enough evidence about it, but the problem does not affect the financial statements as a whole.
Adverse opinion	The financial statements contain material and widespread misstatements and are not fairly presented.
Disclaimer of opinion	The auditor could not obtain enough appropriate evidence and is therefore unable to express an audit opinion.
IFRS	International Financial Reporting Standards.
IRBA	Independent Regulatory Board for Auditors.