Course Title

Cost & Management Audit (CAT)

Knowledge Pillar	Level	Course Title	Course Code	Total Marks
Audit & Assurance [AA]	Advanced Level II	Cost & Management Audit (CAT)	AA252	100

Syllabus Structure

The syllabus comprises the following main topics with the relative study weightings:

Segment	Segment Title	Weight
A	Cost Audit	50%
B	Management Audit	30%
C	Performance Audit	20%

Course Description

This course is divided into three major segments which cover cost audit, management audit, internal audit, internal control, operational audit and other related issues along with performance audit. It starts with explaining the cost and management audit concepts & scope, shading light on the relevant theoretical, regulatory and management requirements. Focus is then given to explain how auditing works to be planned, evaluated, performed and finally reported to the concerned authority. Ultimately, the learners of the course will understand the process and concerns in the legal position of cost auditor, cost audit, operational audit, performance appraisal, reporting system, internal audit, internal control and other related issues. This course also introduces the concept of ethics and different measures used in the audit process. Learners of this course will be exposed to various practical exercises for mastery of the basic cost and management accounting knowledge & skills and thus, the emphasis is given on the applications of cost accounting and auditing standards.

Course Objectives

This course focuses on the knowledge of Cost and Management auditing to provide educational facilities for budding professionals for excelling in the field of cost and management auditing. It also promotes the decision-making skills and administrative competence relevant to cost & management auditing and corporate management in general.

Course Learning Outcomes

On successful completion of this course, the aspiring professional accountants will be able to:

1. describe the conceptual and regulatory framework of cost audit in Bangladesh;
2. outline and explain the cost audit process following the QCR framework;
3. evaluate an entity's organization in conducting the audit for performance optimization;
4. sketch, evaluate and comment on the requirements of effective internal control systems;
5. apply the code of professional ethics in preparing and interpreting cost, management and operational audit reports;
6. illustrate the implications of information technology on auditing; and
7. evaluate the performance of an organization from multiple perspectives.

DETAILED CONTENTS

Parts	Topics	Level of study required	Subtopics	Learning outcomes of topics (TLOs)	Probable weight
A. Cost Audit (50 Marks)	A1. Cost Audit Concept & Legal issues	R, U	• Meaning, nature and scope of cost audit; • Objectives and purpose of cost audit; • Advantages and limitation of cost audit; • Financial audit vs. Cost audit; • The genesis of cost audit in Bangladesh; • Companies Act, 1994; • Cost Audit (Report) Rules, 1997; • Government Gazette Notification relating to Cost Audit; • CMA Ordinance, 1977 (Ordinance No. LIII of 1977); • CMA Regulations, 1980; • Financial Reporting Council (FRC).	Upon successful completion, students shall be able to: 1. describe the fundamental difference between financial and cost audit; 2. outline the basic conceptual and regulatory framework of cost audit.	15%
	A2. Cost Accounting Standards	R, U, AP	• Generally Accepted Cost Accounting Principles (GACAP); • Code of conduct and Ethics; • Bangladesh Cost Accounting Standards (BCAS); • Guidance notes on Cost Accounting Standards; • Cost Record and Audit Rules.	3. describe the need for an ethical code of conduct; 4. explain the guiding principles for a cost auditor; 5. describe the need for cost records and audit rules.	10%
	A3. Cost Auditing Standards and Quality control	R, U, AP, AN, E	• Planning the Audit of Cost Statements; • Cost Audit Documentation; • Overall Objectives of the Independent Cost Auditor and the Conduct of an Audit in Accordance with Cost Auditing Standards; • Knowledge of Business, its Processes and the Business Environment; • Commencement of Cost Audit and Audit Procedures; • Guidelines of Cost Audit in Bangladesh;	6. outline and explain the steps in cost audit procedures; 7. build argument favoring cost audit; 8. ensure the QCR in Audit.	35%

Parts	Topics	Level of study required	Subtopics	Learning outcomes of topics	Probable weight
			• Framework of Quality Control Review (QCR) Program.		
	A4. Legal Position of Cost Auditor	R, U, AP	• Appointment of cost auditor; • Qualification and disqualification of Cost Auditor; • Rights and Powers of cost auditors; • Responsibilities and Duties of cost auditors; • Qualities of a cost auditor; • Resignation and Removal of cost auditors.	9. outline the legal position of cost auditor; 10. describe expectations from a cost auditor.	10%
	A5. Reporting under Cost Audit	U, AP, AN, E, C, D	• Audit Risk Assessment; • Preparation Cost audit report in compliance with statutory obligations and professional standards; • Key points of a Cost Audit Report; • Placement of the report to the Management; • Finalization.	11. draft cost audit report; 12. interpret cost audit reports.	20%
	A6. Cost Audit in Information Technology (IT)	U, AP, AN, E, C, D	• Cost Auditing in computer-based Environment (CBE); • Computer-aided auditing technique (CAAT); • IT Control and risk assessment.	13. identify requirements of audit in a CBE; 14. assess and control risks associated with CBE	10%
B Management Audit (30 Marks)	B1. Internal Control & Internal Audit	U, AP, AN, E	• Internal Control – Concept; • Scope and Limitation of Internal Control; • Structure of Internal Control; • Evaluation of Internal Control; • Internal Control and Internal Auditor; • Internal Check and Internal Audit; • Internal Audit and its Scope; • Statutory Auditors and Internal Auditors; • Assessment of Adequacy of Internal Audit Function; • Compliance Audit	15. evaluate the internal control and internal audit practice of a client; 16. contrast internal control and internal check, statutory audit and internal audit.	40%

Parts	Topics	Level of study required	Subtopics	Learning outcomes of topics	Probable weight
	B2 Operational Audit	U, AP, AN, E, D	• Operational Audit – Technique and Procedure; • Budgetary Control System; • Capacity Utilization; • Inventory Control; • Management Information System (MIS); • Business Risk Assessment and Mitigation; • Nature and Scope of Management Audit; • Audit of Management Process and Functions;	17. outline steps for operational audit; 18. formulate recommendations for performance optimization.	30%
	B3 Management Audit in Different function	R, U, AP, AN, E, D	• Corporate Culture and Objectives; • Corporate Services Audit; • Corporate Development Audit; • Evaluation of Personnel Development; • Value For Money (VFM) Audit; • Audit of Corporate Social Responsibility (CSR) of Management; • Audit Checks of Different Functions; • Corporate Divisions/Departments/Functions; • Corporate Governance and Audit Committee; • Business Investigations.	19. explain the basic requirements in the audit of a specific; functional unit 20. describe the role of corporate governance and audit committee.	30%
C. Performance Audit (20 Marks)	C1. Performance Audit Process	U, AN, E, D	• Performance Analysis; • Suggested Mechanism for Performance Analysis; • Steps Approach Suggested for Report on Performance Appraisal; • Indicative Contents of the Report on Performance Appraisal; • Capacity Utilization Analysis; • Productivity and Efficiency Analysis; • Utilities and Energy Efficiency Analysis; • Key Costs and Contribution Analysis; • Product/Service Profitability Analysis; • Market / Customer Profitability	21. evaluate the performance of an organization from multiple perspectives; 22. report on Performance appraisal using management accounting tools.	100%

Parts	Topics	Level of study required	Subtopics	Learning outcomes of topics	Probable weight
			analysis; • Working Capital and Inventory Management Analysis; • Manpower Analysis; • Impact of IFRS on the Cost Structure, Cash Flows, and Profitability; • Management Accounting tools.		

Here, R = Remembering; U = Understanding; AP = Applying; AN = Analyzing; E = Evaluating; C = Creating; D = Decision making; are the seven levels of learning developed based on the Bloom's Taxonomy.

Recommended Books and Learning Materials

Primary Textbook
1. ICMAB. (2021). ICMAB Learning Manual for Cost & Management Audit.

Recommended Textbook (Latest Edition)
1. Saeed, K. A. (2013). *Advanced auditing*. Asianet-Pakistan.
2. Chowdhury, D. D. (2010). *Cost audit & management audit.* (4th ed.). New Central Book Agency.

Reference Books/Other Learning Materials (Latest Edition)
1. The Institute of Cost and Management Accountants of Bangladesh. (2019). *Bangladesh cost accounting standards.*
2. International Federation of Accountants. (2020). *Handbook of the international code of ethics for professional accountants*.
3. *The Companies Act (Bangladesh), 1994.* Ministry of Commerce: Government of the People's Republic of Bangladesh.
4. *Cost Auditing Standards*.
5. *Companies (Cost Record and Audit) Amendment Rules, 2019*. (Bangladesh).
6. *Cost Audit (Report) Rules, 1997*. (Bangladesh).
7. *Government Gazette Notification relating to Cost Audit*. (Bangladesh).

CAT Course Mapping

PrOs	POs
PrO1	1, 3
PrO2	2, 4
PrO3	5
PrO4	6
PrO5	4
PrO6	1, 7
PrO7	3, 7

POs	CLOs
PO1	3, 7
PO2	1
PO3	4
PO4	5
PO5	2
PO6	6
PO7	2

CLOs	TLOs
CLO1	1, 2, 3, 4, 5, 7, 9, 10, 20
CLO2	4, 5, 6, 8
CLO3	7, 15, 18, 19
CLO4	15, 16, 18
CLO5	3, 9, 10, 11, 12, 17, 18
CLO6	13, 14
CLO7	18, 21, 22

Here, PrOs = Program Objectives; POs = Pillar Objectives; CLOs = Course Learning Outcomes; TLOs = Topic Learning Outcomes.