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# **ENGLISH FOR THE FINANCIAL SECTOR**

**Courses for Master's Degrees in Accounting and Auditing**

**Third Semester 2021/2022**

## **INTRODUCTION**

English for the financial sector is reading, speaking, and writing courses for undergraduate students in finance and accounting who need to understand and express the key concepts of finance and accounting and even other related areas of business and economics.

These courses aim to:

- \* present you with the language and concepts found in books, newspapers, magazine articles, and websites on finance and accounting.
- \* develop your comprehension of finance and accounting texts.
- \* provide you with opportunities to express finance and accounting concepts by reformulating them in your own words while summarizing and discussing ideas.

## **UNIT 7 Auditing**

### **A- Internal auditing**

After bookkeepers complete their accounts, and accountants prepare their financial statements, these are checked by internal auditors. An internal audit is an examination of a company's accounts by its own internal auditors or controllers. They evaluate the accuracy or correctness of the accounts, and check for errors. They make sure that the accounts comply with, or follow, established policies, procedures, standards, laws, and regulations. The internal auditors also check the company's systems of control, related to recording transactions, valuing assets, and so on. they check to see that these are adequate or sufficient and, if necessary, recommend changes to existing policies and procedures.

### **B- External auditing**

Public companies have to submit their financial statements to external auditors — independent auditors who do not work for the company. The auditors have to give an opinion about whether the financial statements represent a true and fair view of the company's financial situation and results.

During the audit, the external auditors examine the company's systems of internal control, to see whether transactions have been recorded correctly. 'They check whether the assets mentioned on the balance sheet actually exist and whether their valuation is correct. For example, they usually check that some of the debtors recorded on the balance sheet are genuine. They also check the annual stock take — the count of all the goods held ready for sale. They always look for any unusual items in the company's account books or statements.

Until recently, the big auditing firms also offered consulting services to the companies whose accounts they audited, giving them advice about business planning, strategy, and restructuring. But after a number of big financial scandals, most accounting firms separated their auditing and consulting divisions, because an auditor who is also getting paid to advise a client is no longer totally independent.

BrE: stock take;
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AmE: count of the inventory
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### **C- Irregularities**

An audit is meant to evaluate sector organizations, including their (financial) system, processes, projects, and services. It is a control mechanism that can help to unveil illicit practices (such as false certification, cost misallocations, duplicate invoicing, etc.), corruption, or weaknesses in the system. Nevertheless, the audit itself can be vulnerable to corruption.

Individuals who are engaged in corrupt practices or who simply performed below expectations may seek to influence the results of the audit to their benefit. This can result in collusion between supervisors, accountants, or the board of directors' members with the auditor. Or it can lead to the selection of an auditor who is known to turn a blind eye to certain issues when being offered a 'favor'. Other means of influencing audit results may be to withhold information or to limit the auditor's mandate.

Also, certain illicit practices (e.g. ghost workers or procurement corruption) can only be detected in a targeted forensic audit.

**EXERCISE:**

Match the job titles (1-4) with the descriptions (a-d). Look at A and B opposite to help you.

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|----------------------|--|
| 1- bookkeeper        | a- company employees who check the financial statements  |
| 2- accountants       | b- expert accountants working for independent firms<br>who review companies' financial statements and accounting records |
| 3- internal auditors | c- people who prepare financial statements   |
| 4- external auditors | d- people who prepare a company's day-to-day accounts  |