

KNOWLEDGE AND SKILLS LEARNED IN AUDITING COURSES AND THEIR RELEVANCE IN THE ACCOUNTING INTERNSHIP

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ABSTRACT

The University of St. Louis-Tuguegarao has long been implementing internship in the Accountancy program particularly sending student interns in auditing firms, but the auditing profession has continually grown and evolved in the past years. However, the knowledge and skills acquired in Auditing courses and the relevance of these as manifested in the accounting internship were not being constantly studied. Accounting educators were pressured by the industries and profession to generate graduates with knowledge and skills that meet the changing needs of the working environment. Therefore, this study aimed to report the findings of thorough study to determine the knowledge and skills acquired in auditing courses and if these were relevant in the accounting internship, and the gap in between. A total of 18 respondents who had undergone internship in auditing firms were involved in this study. It was found out that the exposure to the latest technology was the main gap in this study. Although some knowledge and skills also have different ranks but the discrepancies were tolerable. Hence, this study will help education institutions in preparing well-structured auditing courses that would be able to meet the evolving needs of the auditing firms.

Keywords: *knowledge and skills, auditing courses, accounting education, accounting internship, working environment, relevance*

INTRODUCTION

Accounting programs have faced the challenge of preparing the design of curriculum and course content that should meet the evolving needs of the auditing profession. This issue appeared convincing in light of assertions that, despite decades of dialogue, a gap has emerged between accounting education and accounting practice (Domrowski, 2013). Accounting program providers were challenge for making graduates in parallel with the expectations of industry and professional accreditation bodies. However, the competency focus was departing from these expectations. Therefore, to best prepare students for the workforce, accounting internship programs were required for undergraduates to expose them with the actual work (Heliar, 2009).

Internship was a period of work experience offered by organizations to provide students exposure of the working environment within a specific industry that was related with their field of study. During this period, students demonstrated the

ability to apply or used the knowledge and skills they have acquired. It was believed that what was learned in the curriculum were being put into practice while having the internship program (Albu,2016).

The program of tertiary institution, colleges, or universities was designed to produce graduates who will fill into the labor market as accounting lecturers, accountants, auditors, financial controllers, tax consultants and related services. What the students learned in the curriculum was the solid bedrock of how they will deal with the working environment. All the knowledge and skills of auditors needed in the real practice were believed to be taught profoundly in the curriculum (Yu, 2013). However, the auditing profession and practice were continually evolving, that is why there was a need to frequently evaluate the knowledge and skills needed by the auditing profession and the design of the course content of the universities. It was where internship programs were necessary to give students firsthand skill development and knowledge which they cannot get within the confines of the classroom. The classroom environment alone can and will never be able to provide students with the complexities and problem analysis involved in the real world. Over the years, auditing had challenged and transformed the present-day role of auditors, making it timely and important to re-examine the skills and knowledge required for auditors in today's time (Siriwardane, 2014). Thus, the objective of the internship was to ensure that accounting students were exposed to the real world of work and in the process providing feedback to institutions on the relevance of their learning in connection with their actual work during the internship (Warinda, 2013).

Most of the professional accountants constantly argued that the auditing course syllabus was outdated, and this made it challenging for the Accounting program to produce graduates with the necessary knowledge and skills needed by the profession. Again, this was evidenced in today's advertisements for jobs where graduates who were fresh from tertiary institutions were required to have technical skills particularly in computer knowledge. Following the fact that the fresh graduates do not find it easy into the labor market, it means that there was a gap between theory and practice (Ayebafo, 2012). Accounting programs had not kept pace with the changes in technology and practical accounting. They further reiterated that accounting educators have failed to restructure their syllabus to reflect changes in the job market for accountants and auditors (Jansen, 2018).

Given the background presented that auditing courses of educational institutions should be in line with the ones needed in the industry, this study aimed to determine the knowledge and skills acquired in auditing courses and the corresponding necessary knowledge and skills that were relevant during accounting internship while working in an auditing firm.

Research Objectives

The study aimed to determine the knowledge and skills learned in Auditing Courses and their relevance in the actual work during Accounting Internship.

Specifically, it sought to achieve the following objectives:

1. To identify the rankings of the knowledge and skills as to what is learned from school and as to its relevance in the Accounting Internship; and
2. To identify the gaps between the knowledge and skills learned in Auditing Courses and the knowledge and skills needed in the actual work during the Accounting Internship.

Significance of the Study

The results obtained from this study will be of great importance to the accounting students for they are the ones who will be benefited with the results of this study because it is the design of the course content that will provide them with the necessary knowledge and skills that they will be needing in the actual work. It will also be beneficial to the Accountancy program faculty for they have a responsibility to teach and to build the skills and implement curriculum requirements that support a learning environment where auditing subjects were supported by alignment of action and programs with the ones needed in the auditing profession. Moreover, the researchers will be able to bridge the gap between the acquired knowledge and skills in the auditing course and the relevant knowledge and skills needed in the actual working environment during their internship. Finally, this research work will be served as a guide and reference to other researchers conducting similar research work on the same or related topic.

Literature Review

Conceptual Framework

A study conducted by Bonnie Dean: Internship Program Stakeholder Model (IPSM)

IPSM emphasized in supporting the needs of its three stakeholders; the students, the university and the industry. Tertiary education, students, and organizational stakeholders were dynamically allied by the connection to learning and graduate outcomes. It was the combination of these three, through the design and structure of course content manifested through their knowledge and skills acquired in their accounting program and the opportunity to apply these knowledge and skills through internship that better prepare accounting students for their future

Accountancy, Business and Hospitality Research Bulletin careers. Therefore, to best prepare students for the workforce, universities found it important to collaborate with auditing firms in order for their aspiring accountants and auditors to learn and develop the necessary knowledge and skills needed in that particular profession (Dean, 2010).

Auditing Courses

The society has expected higher education institutions to shoulder the responsibility for developing the skills of the future auditors which was important for the auditing profession. Evidence from current course syllabus manifested that auditing education was being ascertained to be more slowly and less comprehensive than the demands of both auditing firms and recent events affecting the profession (Peytcheva, 2013). University courses need to be made substantial and well-founded to enable the accounting students as potential auditors to gain the necessary knowledge and skills (Popova, 2012).

Auditing firms could administer training programs to develop the capabilities of auditors in areas where there were significant gaps between their performances and where accounting students can take steps to acquire and improve their SKAs (Skills, Knowledge and Attitudes) that they had not learned in school. When both Accounting programs and organizational host make efforts to improve teaching and learning related to auditors' SKAs, students would be prepared on what they have to expect in the actual work (O'leary, 2012). The ability of higher education institutions to deliver what the profession expects depends on the academic understanding of the students. This assumption depends on the curriculum, course content and instructional methods being used by the institutions where the students were in (Barac, 2016).

The most important skills, attitudes, and knowledge that should be taught and be developed during the formal education of students in auditing courses were problem solving skills, substantive testing of asset, liabilities and equity, substantive testing of income and expenses, substantive test of transactions and balances, and reports on audited financial statement (Siriwardane, 2014).

Accounting Internships

It was true that university education developed the necessary knowledge and skills of the students that were necessary to prepare a future auditor in his professional career (Gerken, 2010). However, within audit education, learning through experience and reflecting on acquired knowledge may result in a deeper learning experience, where the relevance of the auditing course becomes evident and it created an interest for the accounting students to learn more through gaining

knowledge and applying it to actual practice. For students in an attempt to improve their understanding by using concrete knowledge and by attempting to situate learning within the world real view, internship was training prevalent in today's education (Zakaria, 2013).

The collaborative responsibility for student education was demonstrated with the delivery of many responsibilities shared by the industry and academicians. This collaborative approach with auditing firms was an important instrument in molding the professionals of the auditing world. Beyond the walls of formal education, students must engage in the real labor industry as active learners, they have to determine what is to be learned, how it is to be learned and how to judge whether they have learned it or not. Therefore, to best prepare students for the workforce, universities found it really important to collaborate with auditing firms in order for their aspiring accountants and auditors to learn and develop the necessary knowledge and skills needed in a particular profession (Dean, 2010). The development of partnerships with different business environment and the involvement in making opportunities to facilitate the students' integration into the workplace was one of the responses of the schools to bridge the gap between learning the courses and its actual application. Furthermore, it strived to increase the relevance of education in order to give graduates with the appropriate competencies in the actual workplace, to provide opportunities for the development of these competencies, and to strengthen the relationships between the business environment, education and research (Albu, 2016).

There were significant benefits for students in understanding the role of accounting within an organization and its integration into professional network when it comes to internships. The internship program was also an important factor for students' overall educational development (Barnwell, 2016). Internship was the main factor that contributes positively towards enhancing and developing more the knowledge base and the level of motivation of students in his future career. This experience could be meaningful and useful in developing student professionally before entering into the real labor world (Bukaliya, 2012). On the other hand, there's a little evidence that all academic competency was being put into practice during internship (Gerken, 2010).

Relevant Knowledge and Skills for Present Day Auditors

Given that new millennium had raised doubts about the trustworthiness and competency of auditors, resulted in increased demands on auditors' responsibility and accountability, and led to more auditing standards and regulations. Instead of relying to the general knowledge and skills used in prior auditing competencies, these were the specific knowledge and skills that should be taken into consideration: assessment of inherent, control, and detection risk, evaluating

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internal control, reporting on audited financial statements and verifying account balance and financial assertions (Siriwardane, 2014).

Auditing courses should not only focus on technical aspects within the financial concerns because auditors nowadays should also have nontechnical knowledge such as better client interaction, communication skills, and presentation skills (Hassink, 2010). However, firms rely more on technical matters particularly with the use of technology in processing accounting information. The modern accounting software had helped in the easy preparation of financial reports. However, Accounting education had not kept pace with the changes in technology and most of the institutions curricula had reflected the changes in the real working environment. These issues continue to create a gap between accounting theory and practice (Armitage, 2010). Since most companies were using computerized accounting systems to manage their accounts, it was found to be significant that accounting education program should incorporate computerized accounting training constantly so that students may practice from time to time the skills with regard to latest technology (Ayebofo, 2012).

Research Paradigm

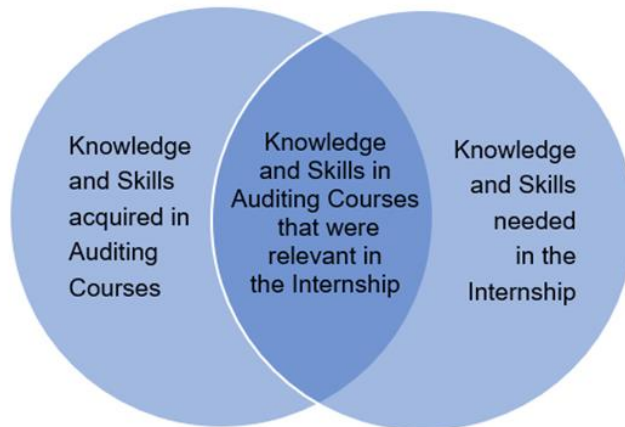


Figure 1: Knowledge and Skills Learned in Auditing Courses and Knowledge and Skills Relevant in the Accounting Internship

METHODS

The researchers employed the quantitative method in gathering and analyzing data from the respondents. The study was conducted in University of Saint Louis, Tuguegarao. The respondents of the study were the 5th year Accountancy Students of University of St. Louis Tuguegarao City, Cagayan, who

underwent or completed internship in auditing firms in the academic year 2018-2019. Because of the minimal number of students who underwent internship in auditing firms, total enumeration was used.

Table 1: Profile of Respondents

Sex	Frequency	Percentage
Male	10	55.6
Female	8	44.4
Area of Assignment	Frequency	Percentage
Auditing	14	77.8
Accounting	9	50.0
Taxation	8	44.4
Management Advisory	7	38.9
Others	5	27.8

For the gathering of data, the researchers used questionnaires. The content of the questionnaires regarding the skills was based on the related review literatures and course learning outcomes of the auditing courses. Part I of the survey questionnaire was the profile of the respondents together with the area they were assigned in the auditing firms. Part II was the list of the different knowledge and skills provided by the researchers based on the review literatures and the course learning outcome of the auditing courses offered by the school. The respondents would put a mark on the two separate appropriate columns if they had acquired the listed knowledge and skills and if these were relevant during their internship. An additional question was asked from them about their recommendations regarding the improvement of the internship program and the course/ curriculum if there was any. The first step in this research was to send a letter to the Dean of School of Accountancy, Business, and Hospitality for the approval in conducting the data gathering. Upon approval, the researchers began administering the questionnaires. The researchers floated the questionnaires and clarified therein that all data and results would remain in utmost confidentiality. The researchers used their free time to avoid disruption of classes. The students' responses were given enough time to answer the questionnaire. The profile of the respondents and the data regarding the acquired knowledge and skills were determined by means of frequency, percentage and rank.

RESULTS**Table 2: Technical Knowledge and Skills Learned in the Auditing Courses and Relevance in the Accounting Internship**

Knowledge and skills	Learned in School		Relevant in Internship	
	Frequency	Rank	Frequency	Rank
Knowledge in Internal Auditing	9	7 th	10	6 th
Knowledge in External Auditing	15	1 st	13	3 rd
Preparation of Audit Plan	11	5 th	9	7 th
Assessing Audit Evidence	12	4 th	12	4 th
Understanding Client's Business	13	3 rd	15	1 st
Knowledge in Double Entry Accounting	14	2 nd	13	3 rd
Knowledge on Auditing Standards	14	2 nd	13	3 rd
Knowledge in Risk Assessment	12	4 th	12	4 th
Knowledge of the Different Types of Assurance	13	3 rd	11	5 th
Substantive Testing: Income and Expenses	14	2 nd	12	4 th
Substantive Testing: Asset, Liability, and Equity	13	3 rd	14	2 nd
Assessment of Inherent, Control, and Detection Risk	12	4 th	9	7 th
Review and Test Inherent Controls	9	7 th	10	6 th
Reporting on Audited Financial Statements	13	3 rd	12	4 th
Evaluating Internal Control	11	5 th	11	5 th
Verifying Account Balance and Financial Assertions	15	1 st	13	3 rd
Interpretation and evaluation of Financial Statements	14	2 nd	12	4 th

Exposure to latest technology adopted in the workplace (e.g. Information system/ Auditing in CIS environment)	10	6 th	15	1st
Project Management Skills	4	8 th	10	6 th

Table 2 shows the rankings of the different knowledge and skills learned in Auditing Courses as to their relevance in the Accounting Internship. Top 2 among these knowledge and skills that were learned in the Auditing Courses are Knowledge in External Auditing, Verifying Account Balance and Financial Assertions, Knowledge in Double Entry Accounting, Knowledge in Auditing Standards, Substantive Testing of Income and Expenses and the Interpretation and Evaluation of Financial Statements. Moreover, Understanding Client's Business, Exposure to latest technology adopted in the workplace and the Substantive Testing: Asset, Liability and Equity were the top 2 knowledge and skills needed in the Accounting Internship. In addition, a discrepancy was found between the knowledge and skills learned in the Accounting Internship when compared to the Auditing Courses. This was the Exposure to latest technology adopted in the workplace.

Table 3: Technical Knowledge and Skills Relevant in the Different Area of Assignment

Technical Knowledge and Skills	Auditing (n=14)		Accounting (n=9)		Taxation (n=8)		Management Advisory (n=7)		Business Process Solutions (n=5)	
	F	%	F	%	F	%	F	%	F	%
Knowledge in Internal Auditing	9	64	4	44	5	63	4	57	3	60
Knowledge in External Auditing	12	86	6	67	7	88	5	71	4	80
Preparation Of Audit Plan	9	64	4	44	6	75	4	57	3	60
Assessing Audit Evidence	12	86	5	56	7	88	5	71	4	80
Understanding Client's Business	13	93	7	78	7	88	6	86	5	100
Knowledge in Double Entry Accounting	10	71	7	78	7	88	6	86	4	80
Knowledge on Auditing Standards	13	93	6	67	8	100	5	71	4	80
Knowledge in Risk Assessment	11	79	5	56	7	88	6	86	4	80
Knowledge of the Different Types of Assurance	10	71	5	56	6	75	6	86	4	80
Substantive Testing: Income and Expenses	11	79	5	56	7	88	5	71	5	100
Substantive Testing: Asset, Liability, and Equity	12	86	6	67	7	88	6	86	5	100
Assessment of Inherent, Control, and Detection Risk	9	64	5	56	7	88	5	71	4	80
Review and Test Inherent Controls	9	64	6	67	7	88	6	86	4	80
Reporting on Audited Financial Statements	10	71	7	78	7	88	6	86	4	80
Evaluating Internal Control	9	64	6	67	7	88	7	100	4	80
Verifying Account Balance and Financial Assertions	10	71	7	78	7	88	6	86	5	100
Interpretation and evaluation of Financial Statements	9	64	6	67	7	88	6	86	4	80
Exposure to latest technology adopted in the workplace (e.g. Information system/ Auditing in CIS environment)	13	93	7	78	8	100	7	100	5	100
Project Management Skills	7	50	5	56	5	63	6	86	4	80

Table 3 presents the relevance of the technical knowledge and skills with respect to the different area of assignment during the accounting internship. In the area of Auditing, Understanding Client's Business, Knowledge in Auditing Standards and Exposure to the latest technology in the workplace got the highest percentage as seen on the table. In the area of Accounting, Understanding Client's Business, Knowledge in Double Entry Accounting, Verifying Account Balances and Financial Assertions and Exposure to latest technology adopted in the workplace got the highest percentage. In the area of Taxation, Knowledge in Auditing Standards, and Exposure to latest technology adopted in the workplace marked as the highest percentage. In the area of Management Advisory Services, Evaluating Internal Control, and Exposure to latest technology adopted in the workplace got the highest percentage. In the area of Business Process Solutions, Understanding Client's Business, Substantive Testing: Income and Expenses, Substantive Testing: Asset, Liability, and Equity, Verifying Account Balance and Financial Assertions and Exposure to latest technology adopted in the workplace got the highest percentage. Furthermore, the exposure to latest technology was found to be relevant in all areas.

DISCUSSION

Most of the knowledge and skills learned in the Accounting Internship were considered as relevant during the Accounting Internship. However, the only gap that was revealed was the exposure to the latest technology due to the large difference on its rank between what was learned in the Auditing courses and its relevance in the Accounting Internship. This was in accordance with the study of Armitage (2010), he stated that firms rely more on technical matters particularly with the use of technology in processing accounting information. Given the fact that as civilization progresses, the improvement of technology is inevitable through human innovation and inventions, yet most of the institutions don't reflect their curricula to the continuous change of technology. This was also pointed out in the study conducted by Ayebofo (2012) that accounting education had not kept pace with the changes in technology.

The rests of the technical skills and knowledge were found to be thoroughly learned in the curriculum and were applied in the accounting internship; thus, considering them as relevant in the workplace. This was also in accordance with Albu's findings in his study that what was learned in the curriculum was being put into practice while having the internship program (Albu, 2016).

Accounting programs face the challenge of providing an educational experience for students that meets the evolving needs of the auditing profession. The researchers found that the Auditing Internship Program of the University represented a good means of meeting the challenge of transitioning students from

the classroom to the workplace except for the knowledge and skills in terms of the latest technology and the social skills. This was only the major gap between the knowledge and skills developed in school and the actual workplace.

CONCLUSION

The researchers conclude that most of the knowledge and skills that the student interns learned in their Auditing courses were relevant in the actual work during the internship. In addition, some of the knowledge and skills learned in the auditing courses have the same rank as to the relevance in the Accounting Internship. However, some knowledge and skills also have different ranks, but the discrepancies were tolerable. The major gap that was revealed was the exposure to the latest technology due to the large difference on its rank between what was learned in the Auditing courses and its relevance in the Accounting Internship. Overall, the Accountancy program of the university particularly the Auditing courses have provided students the necessary knowledge and skills that they will be needing in the actual work. In other words, the accountancy students of the University of St. Louis- Tuguegarao were job-ready for their future careers except for the knowledge and skills in terms of technology.

RECOMMENDATION

The above results and discussion have to be considered in light of some of the limitations of the study. Foremost, the respondents were considerably smaller compared to other related studies. It was recommended that future studies should cater more respondents in order to have more accurate results. Secondly, in the review of related literature, some researchers stated that auditing courses should not only focus on the technical aspects, auditors and accountants should also have nontechnical skills such as communication skills, better client interaction, and presentation skills. Future researchers are encouraged to focus on this aspect as they are also determined to be important in the actual work. Lastly, universities must see to it that the accounting professors should be competent enough in the aspect of information technology and should satisfy the students with the necessary knowledge and skills that the modern firms need in terms of technology. Moreover, institutions should be flexible enough in embracing the emerging changes in technology. Lastly, stakeholders of accounting education should come together with organizations to make accounting education more useful in the real working environment. Accounting education program should collaborate with organizations when designing curriculum and course content.

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