

**S4 - AUDIT & ASSURANCE
(Strategic Level-2)
Practical Industry Knowledge (PIK) Stream**

INTRODUCTION

This course is divided into four main areas of audit. The syllabus starts with the nature, purpose and scope of assurance engagements both internal and external, including the statutory audit, its regulatory environment, and legal consideration relating to appointment and removal of auditors. It then leads into planning an audit. The syllabus then covers a range of areas relating to an audit of financial statements including the scope of internal control. These include evaluating internal controls, audit evidence, and a review of the financial statements. In addition to final review and reporting procedures, the last section concentrates on cost audit procedures.

OBJECTIVE

To provide the students an in-depth knowledge of financial audit and cost audit to enable them to:

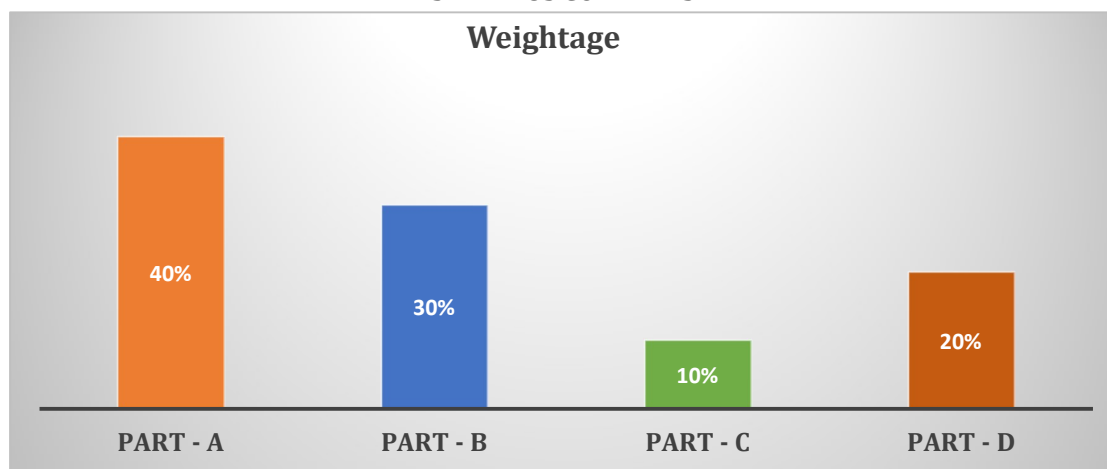
- Conduct audit effectively, and
- Identify and advise management to take appropriate remedial actions in those areas where major risks are involved.

LEARNING OUTCOMES

On completion of this course, students will be able to:

- Explain the concept of audit and assurance and the functions of audit,
- Determine legal and ethical considerations relating to the appointment and removal of auditor,
- Describe and evaluate internal controls, techniques and audit tests to identify and communicate control risks and their potential consequences, making appropriate recommendations,
- Identify and describe the work and evidence obtained by the auditor and others required to meet the objectives of audit engagements and the application of the International Standards on Auditing
- Explain how consideration of subsequent events and the going concern principle can inform the conclusions from audit work and are reflected in different types of audit report, written representations and the final review and report.
- Prepare an audit report, keeping in view types of qualifications,
- Plan and perform the Cost Audit;
- Comprehend nature, objectives, functions, scope, planning and procedures of cost audit and perform audit of material, labour and overhead costs
- Apply review procedures and provide other assurance and related services

SYLLABUS CONTENTS


PART – A
1. Audit framework and regulation

- Discuss the types and levels of assurance i.e., absolute, reasonable and limited assurance including elements of an assurance

engagement, assurances provided by audit and review engagement)

- Statutory audit and regulation
- Legal consideration relating to appointment and removal of auditor (Companies Act 2017)

- Section 246: Appointment, removal and fee of auditors
- Section 247: Qualification and disqualification of auditors
- Section 248: Auditors' right to information
- Section 249: Duties of auditor.
- Section 251: Signature of auditor's report

PART - B

2. Planning and risk assessment General

Principles and Responsibilities

- ISA 200, Overall objectives of the Independent Auditor and the conduct of an Audit in accordance with International Auditing Standards
- ISA 240, The Auditor's responsibilities relating to fraud in an audit of financial statements
- ISA250, Consideration of laws and regulations in an audit of financial statements
- ISA 265, Communicating deficiencies in internal control to those charged with governance and management

3. Risk Assessment and Response to Assessed Risk

- 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 response to assessed risks
- ISA 402, Audit considerations relating to an entity using a service organization
- ISA 450, Evaluation of misstatements identified during the audit.

4. Internal Control

- Internal control
- Testing the controls regarding
- Inventory
- Sales
- Purchases
- Cash and bank
- Revenue and capital expenditure
- Non-current tangible assets
- Payroll

5. Internal Audit

- Internal audit and code of corporate governance, 2019
- Nature and types of internal operation audits
- Relationship between internal and external auditors

6. Audit Evidence

- ISA 500, Audit Evidence

- ISA 501, Audit Evidence-specified consideration for selected items
- ISA 505, External confirmation
- ISA 520, Analytical procedures
- ISA 530, Audit Sampling
- ISA 550, Related parties
- ISA 560, Subsequent events
- ISA 570, Going concern
- ISA 580, Written representation

7. Collecting Audit Evidence

- Collecting Audit Evidence of:
 - Non-current assets
 - Inventory
 - Receivables
 - Cash and bank
- Liabilities, capital and directors' emoluments

PART – C

8. Using the Work of Others

- ISA 610, Using the work of internal auditors
- ISA 620, Using the work of auditor's expert

9. Audit Conclusions and Reporting

- ISA 700, Forming an opinion and reporting on financial statements
- ISA 805 (revised): Special Considerations-Audit of Single statements and specific elements, accounts or items of a financial statement

10. Other Assurance Engagement and Related Services

- ISRE 2400: Engagements to review historical financial statements
- ISRE 2410: Review of interim financial information performed by the independent auditor of the entity
- ISAE 3000: Assurance engagements other than audits or reviews of historical financial information
- ISAE 3400: The examination of prospective financial information
- ISAE 3402: Assurance reports on controls at a service organization
- ISAE 3420: Assurance engagements on Greenhouse Gas Statements
- Apply Ethical Principles

PART – D

11. Cost Audit

- Nature, Objectives, Functions, advantages and Scope of Cost Audit
- Companies Act 2017 (section 250. Audit of cost accounts)
- Planning the Cost Audit
- Sales, Royalty, Inter-Company Transactions
- Companies audit of cost accounts rule