



CAF-8 Audit and Assurance Essentials

ICAP Syllabus Grid

Syllabus Ref.	GRID	Teaching hours	Weightage
A	Audit Framework, Regulations and Professional Ethics	25-30	15-25
B	Planning and Risk Assessment	20-25	15-20
C	Audit Evidence and Internal Controls	35-40	30-40
D	Finalization and Reporting	30-35	25-30
	Total	110-130	100

Grid-wise Topics and Marks

Syllabus Ref.	Grid	Topics	Marks
A	Audit Framework, Regulations and Professional Ethics	<ul style="list-style-type: none"> • Basic Concepts • Concept of Assurance and Non-Assurance Engagements • Agreeing the Terms of Audit Engagements • Quality Control Procedures • Appointment, Removal and Qualification of Auditors • Code of Ethics 	15-25
B	Planning and Risk Assessment	<ul style="list-style-type: none"> • Planning an Audit • Audit Documentation • Risk Identification and Assessment • Materiality in Planning and Performing an Audit • Fraud and Error 	15-20
C	Audit Evidence and Internal Controls	<ul style="list-style-type: none"> • Audit Evidence • External Confirmation • Analytical Procedures • Audit Sampling • Substantive Procedures • Internal Control and Test of Controls • Computer Assisted Audit Techniques and General & Applicable IT Controls • Using the Work of Others • Related Party 	30-40
D	Finalization and Reporting	<ul style="list-style-type: none"> • Subsequent Events • Written Representation • Going Concern • Evaluation of Misstatements • External Audit Report • Engagement to Review Financial Statements • Sustainability Reporting and Disclosures in Assurance 	25-30





CAF Online Test Session

0331 4435703

- ✓ Tests can be attempted in any sequence and on any time
- ✓ Detailed marking of your tests..
- ✓ Feedback and solution for each test..
- ✓ Separate group for each subject..
- ✓ Timely answering your queries..
- ✓ Guidelines relating to the exams..
- ✓ Discussion of Problems (Faced by students in Tests)

Key Examinable Technical Competencies

Syllabus Ref.	No.	Learning Outcomes	Proficiency Level	Testing Level
A	Audit Framework, Regulations and Professional Ethics			
	a	Basic Concepts		
	1	Describe briefly the history, vision, mission, objectives and functions of the international auditing and assurance standards board (IAASB)	P1	T1
	2	Discuss the types, scope and inherent limitations of an External Audit.	P1	T1
	3	Discuss the concepts of true and fair view, professional skepticism, professional judgement, accountability and stewardship.	P1	T1
	4	Discuss the responsibility of management, those charged with governance and external auditors in relation to financial statements.	P1	T1
	b	Concept of Assurance and Non-Assurance Engagements		
	1	Discuss the objectives, elements, phases, types and levels of the assurance engagement.	P1	T1
	2	Discuss briefly the non-assurance engagements related to Preparing Accounting Records and Financial Statements, Valuation Services and Recruitment Services.	P1	T1
	3	Explain brief introduction, elements and objectives of Sustainability Assurance Engagements.	P1	T1
	4	Explain the concept of material misstatement and its effect on an assurance engagement.	P1	T1
	5	Apply appropriate assurance procedures and automated tools and techniques.	P1	T1
	6	Identify relevant and reliable evidence to form judgments, make informed decisions, and reach well-reasoned conclusions.	P1	T1
	7	Explain how contradictory assurance evidence may affect judgments, decisions, and conclusions.	P1	T1
	8	Explain how connected information affects assurance engagements.	P1	T1
	9	Explain whether sufficient appropriate evidence for assurance procedures has been obtained and documented.	P1	T1
	c	Agreeing the terms of Audit Engagements		
	1	Discuss the concept, importance and the contents of Engagement Letter.	P1	T1
	2	Discuss factors to be considered in the case of recurring audits.	P1	T1
	3	Discuss Preconditions for an audit and Course of action in the case when preconditions are not present.	P1	T1
	d	Quality Control Procedures		
	1	Explain the overall objectives and importance of quality control procedures in conducting an audit.	P1	T1

YouTube Channel <https://www.youtube.com/channel/UCWaV1XbNFaY-WqjsZzymEvv>

For more Visit <https://sce-learning.com/ca/>



0331 4435703



2	Explain briefly the quality control procedures for acceptance and continuance of client relationship and engagement, engagement performance and monitoring.	P1	T1
e	Appointment, Removal and Qualification of Auditors		
1	Discuss the requirements related to appointment, removal, fee, qualification and disqualification of auditors.	P2	T2
2	Discuss the objectives, rights and duties of external auditors in relation to the Financial Statement.	P1	T1
f	Code of Ethics		
1	Discuss fundamental principles and threats to Independence and Objectivity.	P2	T2
2	Discuss the circumstances that cause threats and explain the safeguards to offset threats to compliance with the fundamental principles and threats to independence and objectivity.	P2	T2
3	Explain the matters to be considered by an audit firm in the following circumstances: Client acceptance Engagement acceptance	P2	T2
B	Planning and Risk Assessment		
a	Planning an Audit		
1	Discuss the importance of planning an audit and the content of an audit strategy and detailed audit plan.	P1	T1
2	Discuss preliminary engagement activities.	P1	T1
3	Discuss additional considerations in initial audit engagements.	P1	T1
4	Discuss briefly the concept of interim and final audit and list the audit procedures that can be performed by the external auditor at the interim and final stage of an audit.	P1	T1
b	Audit Documentation		
1	Discuss the importance of audit documentation including custody, ownership, confidentiality and retention.	P1	T1
2	Discuss types of working papers (Permanent and current), including automated and standardized working papers.	P1	T1
3	Discuss factors to be considered in determining the form and content of audit documentation.	P1	T1
c	Risk Identification and Assessment		
1	Define audit risk and its components.	P2	T2
2	Explain audit risk from the given scenario and the auditor's response to the risk identified.	P2	T2
3	Explain why auditors obtain an understanding of the entity and its environment.		
4	Explain the matters about which the auditor will obtain an understanding of the entity and its environment.		
5	Explain how the auditor will obtain an understanding of the entity and its environment.		
6	Explain the purpose of risk assessment procedures at the planning stage of an audit.		
7	Discuss documentation.		
d	Materiality in Planning and Performing an Audit		
1	Explain the concepts of materiality, qualitative materiality, revision in materiality, performance materiality.	P2	T2
2	Explain how materiality is calculated.	P2	T2
3	Explain the application of materiality on audit.	P2	T2
4	Discuss documentation of materiality.	P2	T2
e	Fraud and Error		
1	Define fraud and error and discuss their differences.	P2	T2
2	Discuss types of Fraud.	P2	T2
3	Discuss the responsibility of Management, those charged with governance and external auditor with respect to fraud.	P2	T2
4	Discuss risk assessment procedures with respect to fraud by the External Auditor.	P2	T2





	5	Discuss response to the assessed risk of material misstatement due to fraud (at the financial statement level).	P2	T2
	6	Identify fraud risk factors and circumstances that indicate the possibility of fraud in simple scenarios.	P2	T2
C	Audit Evidence and Internal Controls			
	a	Audit Evidence		
	1	Define audit evidence and discuss methods to obtain audit evidence.	P1	T1
	2	Discuss the concept of Sufficient and appropriate audit evidence.	P1	T1
	3	Explain types of audit procedures.	P1	T1
	4	Define financial statement assertions.	P1	T1
	b	External Confirmation		
	1	Define external confirmation, types, methods and significance of external confirmation.	P2	T2
	2	Discuss planning and design of External Confirmation.	P2	T2
	3	Discuss the course of action in the case of reply from third parties (both in the case of positive and negative confirmations).	P2	T2
	4	Discuss the course of action if management refuses to allow the auditor to send confirmation.	P2	T2
	5	Discuss the concept of exception and procedures to be performed in the case of an exception.	P2	T2
	c	Analytical Procedures		
	1	Explain analytical procedures and their various types.	P2	T2
	2	Discuss factors to be considered when using analytical procedures as substantive procedures.	P2	T2
	3	Discuss the importance of analytical procedures at the planning stage and when forming an overall conclusion / at the end of the audit.	P2	T2
	4	Interpret accounting ratios along with audit risk.	P2	T2
	d	Audit Sampling		
	1	Explain audit sampling and its purpose.	P2	T1
	2	Explain the concept of 100% testing and selection technique including factors to be considered in this regard.	P2	T1
	3	Discuss methods of sampling (Statistical and non-statistical).	P2	T1
	4	Explain the concept of sampling risk and non-sampling risk.	P2	T1
	5	Explain the concept of Stratification.	P2	T1
	6	Discuss the concept of misstatement and rate of deviation including expected and tolerated.	P2	T1
	7	State the audit procedures to be performed on the selected sample.	P2	T1
	8	Discuss the concept of projecting misstatement and evaluating the results of audit sampling.	P2	T1
	e	Substantive Procedures		
	1	Explain the audit procedures to verify: Income Statement items (Sales, Cost of Sales, Payroll Expense, Bad Debt expenses, Interest income and expense, Operating Selling and Administrative expenses) Statement of Financial Position Items (Cash in hand, Cash at Bank, Tangible and Intangible Fixed Assets, Debtors, Trade Payables, Inventory, Long term loan, Various types of provisions and contingencies, Equity)	P2	T2
	2	Explain the audit procedures for relevant and specific financial statement assertions.	P2	T2
	f	Internal Control and Test of Controls		
	1	Explain internal control and its components.	P2	T2
	2	Discuss the objectives and limitation of an accounting and internal control system.	P2	T2
	3	Discuss how the internal control system is documented through various methods.	P2	T2
	4	Discuss the concept of Walkthrough Test and the difference between Walk through Test and Test of Controls.	P2	T2





5	Discuss internal controls of a small company/entity.	P2	T2
6	Explain the risk, controls and test of controls to be performed on major transition cycles (Sales system, purchase system, inventory system, bank and cash system, payroll system and revenue and capital expenditure system).	P2	T2
g	Computer Assisted Audit Techniques and General & Applicable IT Controls		
1	Explain the concept of Computer Assisted Audit Techniques, Test Data and Audit Software and their advantages and disadvantages.	P2	T2
2	Describe general IT controls and application IT controls.	P2	T2
3	Explain the concept of Data Analytics and Automated Tools and their advantages and disadvantages.	P1	T1
h	Using the Work of Others		
1	Discuss the concepts and functions of the internal audit department.	P2	T2
2	Explain the difference b/w the external audit and internal audit.	P2	T2
3	Explain how the work of internal auditors is evaluated and direct assistance of internal auditors is used.	P2	T2
4	Explain areas where an auditor's expert can be used by the external auditor.	P2	T2
5	Explain factors to evaluate the competence, capability and objectivity of the auditor's expert.	P2	T2
6	Explain how the adequacy of the auditor's expert's work can be evaluated.	P2	T2
7	Explain how reference to the Auditor's expert is made in the auditors' report.	P2	T2
i	Related Party		
1	Describe the term related party using simple examples.	P2	T2
2	Discuss how related party transactions can give rise to the risk of material misstatement using simple examples.	P2	T2
3	Describe the audit procedures including risk assessment procedures and related activities to obtain information relevant to identifying the related party relationships and transactions including responses to the assessed risk of material misstatement.	P2	T2
D	Finalization and Reporting		
a	Subsequent Events		
1	Explain requirements related to subsequent events and the auditor's responses.	P2	T2
2	Describe the auditor's responsibility in respect of the following situations: Events occurring between the date of the financial statements and the date of the auditor's report. Facts that become known to the auditor after the date of the auditor's report but before the date the financial statements are issued. Facts that become known to the auditor after the financial statements have been issued.	P2	T2
b	Written Representation		
1	Explain written representation.	P2	T2
2	Discuss the course of action when there is a doubt as to the reliability of written representation.	P2	T2
3	Discuss the course of action in the event when management does not provide the requested written representation.	P2	T2
4	Explain the impact on the audit report in the case there is a doubt about the reliability of written representation and when such is not provided by the management.	P2	T2
c	Going Concern		
1	Discuss the concept of going concern assumption.	P2	T2
2	Discuss the responsibility of management and external auditors with respect to going concern.	P2	T2
3	Explain potential indicators that an entity is not a going concern.	P2	T2
4	Discuss the procedures to be applied in performing going concern reviews and additional procedures when events or conditions are identified.	P2	T2
5	Explain the impact on the audit report in the case of going concern	P2	T2
d	Evaluation of Misstatements		
1	Discuss the concept of identified and uncorrected misstatements in an audit.	P2	T2





2	Discuss the procedures for evaluating identified and uncorrected misstatements during an audit.	P2	T2
3	Discuss the impact of identified and uncorrected misstatements on the financial statements and audit opinion.	P2	T2
e External Audit Report			
1	Discuss the concept of unmodified and modified opinions.	P2	T2
2	Discuss the contents of an audit report.	P2	T2
3	Discuss additional reporting responsibilities.	P2	T2
4	Discuss the format and content of key audit matters (KAM), emphasis of matter paragraph (EOMP) and other matter paragraph (OMP).	P2	T2
5	Discuss circumstances where EOMP and OMP are/may be necessary.	P2	T2
6	Discuss the relationship of EOMP and OMP with other content of audit report.	P2	T2
7	Discuss the impact on the audit report via various types of opinions in scenario-based questions.	P2	T2
f Engagement to Review Financial Statements			
1	Discuss the concept and scope of a review engagement.	P1	T1
2	Explain Difference b/w audit and review engagement.	P1	T1
3	Discuss the procedures to be performed by the practitioner in case of a review engagement.	P1	T1
g Sustainability Reporting and Disclosures in Assurance			
1	Briefly explain the requirements of sustainability reporting and disclosures in assurance.	P1	T1
2	Briefly explain ethical consideration for assurance of sustainability reporting and disclosure.	P1	T1

Key Examinable Professional Skills

1	Evaluate data and information from a variety of sources and perspective through research, collaboration, integration and analysis.
2	Apply critical thinking skills to solve problems, form judgements, make informed decisions and reach well-reasoned conclusions.
3	Communicate clearly and concisely, with a range of stakeholders.
4	Evaluate changing facts and circumstances to solve problems, form judgments, make informed decisions, and reach well-reasoned conclusions.
5	Demonstrate intellectual curiosity to emerging ideas and practices

Key Examinable Professional Values, Ethics and Attitude

1	Apply an inquiring mind when collecting and assessing data and information
2	Apply critical thinking when identifying and evaluating alternatives to determine an appropriate course of action.
3	Analyze the interrelationship of ethics and law, including the relationship between laws, regulations and the public interest.
4	Identify threats to compliance with the fundamental principles of ethics.
5	Apply ethical principles of ethics when collecting, generating, storing, accessing, using and sharing data and information.

Specific Examinable Knowledge Reference

1	ISA 200: Overall objectives of the Independent Auditor and the conduct of an audit in accordance with International Standards on Auditing
2	ISA 210: Agreeing the terms of audit engagement
3	ISA 220: Quality Management for an audit of Financial Statements
4	ISA 230: Audit documentation
5	ISA 240: The auditor's responsibilities relating to fraud in an audit of financial statements (including appendix 1 and 3)
6	ISA 300: Planning an audit of financial statements
7	ISA 315 (Revised 2019): identifying and assessing the risk of material misstatement
8	ISA 320: Materiality in planning and performing an audit
9	ISA 330: The auditor's response to assessed risks
10	ISA 450: Evaluation of Misstatements during Audit
11	ISA 500: Audit evidence
12	ISA 501: Audit evidence-specific considerations for selected items

YouTube Channel <https://www.youtube.com/channel/UCWaV1XbNFaY-WqjsZzymEww>

For more Visit <https://sce-learning.com/ca/>



0331 4435703



SC E-Learning

13	ISA 505: External confirmations
14	ISA 520: Analytical procedures
15	ISA 530: Audit Sampling
16	ISA 560: Subsequent Events
17	ISA 570: (Revised) Going Concern
18	ISA 580: Written representations
19	ISA 610(revised 2013): Using the work of internal auditors
20	ISA 620: Using the work of an auditor's expert
21	ISA 700(revised): Forming an opinion and reporting on Financial statements
22	ISA 701: Communicating Key audit matters in the Independent auditor's report
23	ISA 705 (revised): modifications to the opinion in the independent auditor's report
24	ISA 706 (revised): emphasis of matter paragraphs and other matter paragraphs in the independent auditor's report
25	ISRE 2400: Engagements to review historical financial statements
26	Companies Act 2017 (Sections 246 to 251)
27	ICAP Code of Ethics for Chartered Accountants (Revised 2024): Sections 100-120, 320



SC E-LEARNING

Hub of Ultimate Study Solutions

YouTube Channel <https://www.youtube.com/channel/UCWaV1XbNFaY-WqjsZzymEvv>

For more Visit <https://sce-learning.com/ca/>



0331 4435703