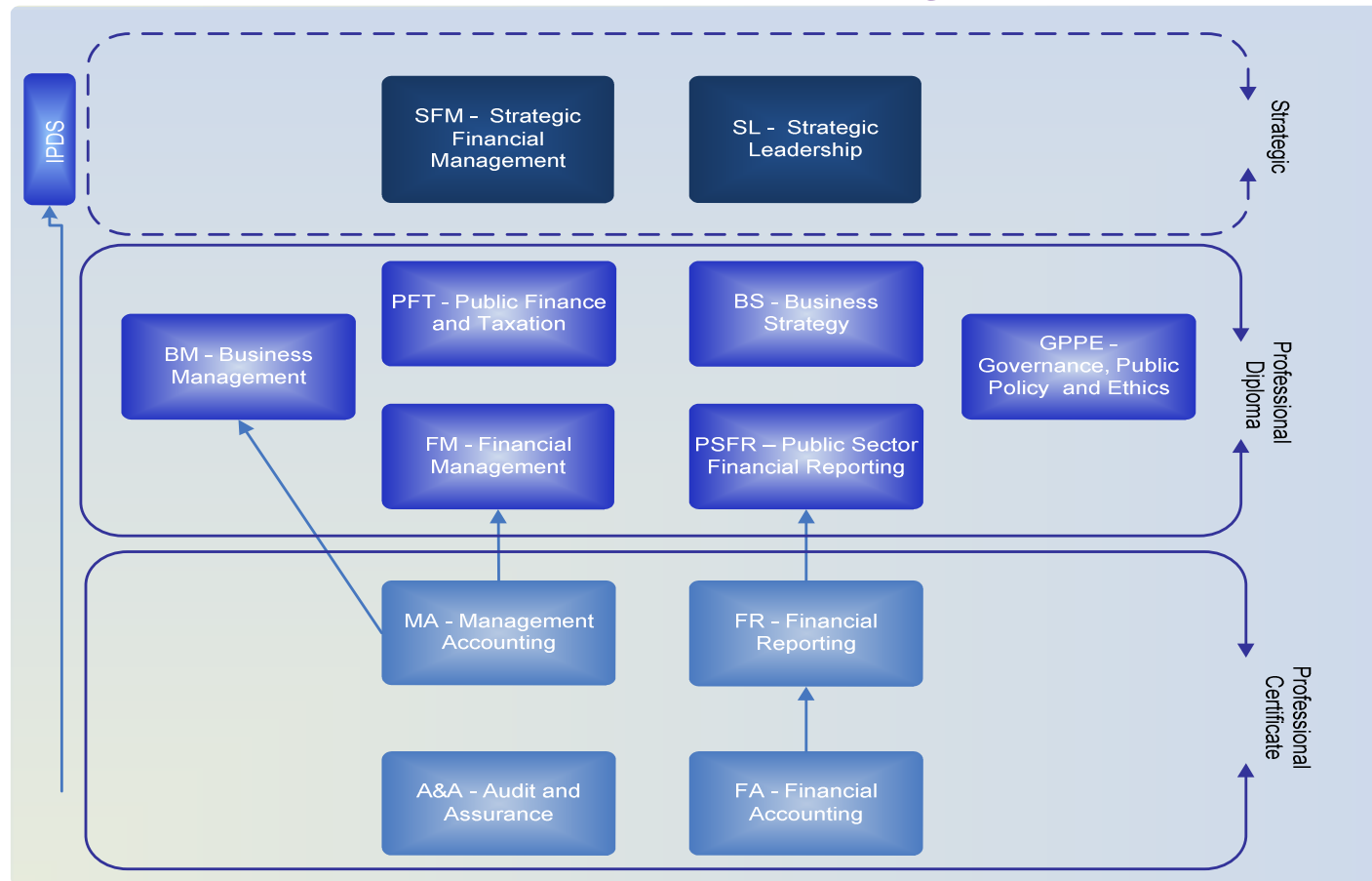


/Audit and Assurance in the new CIPFA syllabus

Presentation to CIM Audit Training Seminar
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CIPFA 2012 Professional Qualification



Audit and Assurance 2011 syllabus

- Nature and fundamental principles of auditing and standards (15%);
- Scope of internal and external audit and its relationship to management (15%);
- Audit's role in the promotion of corporate governance, accountability and internal control (20%);
- Stages in managing and performing an audit through to reporting findings (15%);
- Application of techniques and methodologies used in auditing (20%);
- Role of information technology and systems in auditing (15%).

Audit and Assurance 2012 syllabus

- Audit's scope and legal, regulatory and ethical environment (20%);
- Risk assessment and planning in external and internal audit (20%);
- Preparation of audit working papers and documentation of testing and evidence (20%);
- Using audit evidence to form an opinion (10%);
- Preparation of audit working papers and audit finalisation procedures (10%);
- Role and tasks of internal audit (20%).

Rationale for changes

- Compliance with International Standards on Auditing;
- Greater rigour in coverage of standards;
- More practical and less theoretical;
- Greater emphasis on core audit skills;
- Audit employers wanted students to receive audit training at an earlier stage of their studies.

2012 syllabus – main changes

- 80% of 2012 syllabus relates to the process of auditing as opposed to 35% of the old syllabus.
- Coverage of corporate governance issues is reduced (now in GPPE).
- Information technology now just one learning outcome within aim of gathering audit evidence.
- Internal audit now a separate aim covering 20% of syllabus.

Increased focus on Auditing Standards

- 11 ISAs (UK & I) examinable at professional knowledge level
- 9 ISAs (UK & I) examinable at technician knowledge level
- 11 ISAs (UK & I) examinable at generalist knowledge level
- All 5 ethical standards examinable
- International Standard on Quality Control examinable

Internal audit – what's in that 20%?

- The scope and contribution of internal audit work to an organisation
 - Scope of internal audit in the public and private sectors
 - Contribution of internal audit to the management of an organisation
 - Impact of regulatory and professional frameworks, including IIA standards
 - Internal audit ethics – independence and objectivity and whistle-blowing
 - Internal audit reporting

Internal audit – what's in that 20%?

- Internal audit techniques used in the review of internal control and the contribution of specialist internal audit engagements
 - Internal audit of internal control
 - Contract audit
 - Fraud investigations
 - Internal performance reviews

Impact of 2012 syllabus on CETC learning materials

- One workbook devoted to internal audit
- Four workbooks devoted directly to audit practice
- Reduced coverage of management of audit, corporate governance and IT as a specific audit issue

CETC learning materials structure

	Name	Standards	Themes
1	Audit Frameworks 1	ISA 200	Sets out what auditors do and the legal/ regulatory/ ethical/ professional framework in which they carry it out.
2	Audit Frameworks 2	ISA 220 ES 1-5	Focus on public sector arrangements.
3	Risk and assurance	ISA 200, 300, 315, 320, 330	Risk-based EA audit methodology and risk responses at the financial statement and assertion levels. What the auditor should do, in planning terms, in response to risks identified.
4	Risk identification and assessment	ISA 240, 315, 402, 550, 570	Tools an auditor could use (controls assessment, ISA 610 review, analytical procedures etc) to assess risk including scenario-based practice.
5	Audit evidence	ISA 230, 250, 315, 500, 501, 505, 520, 550, 560, 570, 580, 610, 620, 710	The principles of audit evidence (ISA 500 in particular) and the practice of audit fieldwork, including more scenario-based practice.
6	Audit in an IT environment		Risks and controls in an IT environment, audit of IT systems developments and use of IT in audit practice.
7	Forming and reporting the audit opinion	ISA 250a, 250b, 260, 265, 450, 520, 560, 570, 700, 705, 706, 710	Forming an opinion, reporting an opinion, closing down the audit and debriefing.
8	Internal audit practice		Internal audit law, regulation, standards, ethics, planning, reporting and the governance framework. Audit of internal controls, internal performance audit,

Links with Institute of Internal Auditors

- IIA and CIPFA members will be able to obtain the other qualification by passing 3 modules.
- Additional optional module on Public Financial Audit being added to the IIA Certificate.

Approach of other institutes to Audit and Assurance

ICAEW

- Assurance module at Professional Knowledge stage (entry level) covers audit concepts, the audit process and professional ethics.
- Audit and Assurance module at Professional Application stage (secondary level) covers management issues for audit engagements.

ACCA

- Audit and Assurance module at the Fundamentals/Skills level of the qualification (upper entry level).
- Optional Advanced Audit and Assurance module at the Professional level.

Additional audit coverage at CIPFA

- Public audit route
 - Companies Audit, Advanced Financial Reporting and Business Strategy.
 - So more focus on audit if a student/employer wants to select this route.
- CIPFA Certificate in Company Audit & Accounting (Cert CAA)
 - Requires students to complete 3 modules above and fulfill additional IPDS requirements (i.e. companies auditing under the supervision of a suitably qualified person).

Where can I find out more?

- Web address for the PQ 2012 brochure
- Students' and employers' versions
- <http://www.cipfa.org.uk/newpq/employers/index.cfm>
- Web address for the guide to the syllabus changes
- http://www.cipfa.org.uk/newpq/download/pq_transition_booklet.pdf