

DETAILED SYLLABUS

PRACTICAL AUDITING I SYLLABUS

A. Audit framework and regulation

1. The concept of audit and other assurance engagements
 - a. Identify and describe the objective and general principles of external audit engagements.
 - b. Explain the nature and development of audit and other assurance engagements.
 - c. Discuss the concepts of accountability, stewardship and agency.
 - d. Discuss the concepts of true and fair presentation and reasonable assurance.
 - e. Explain reporting as a means of communication to different stakeholders.
 - f. Define and provide the objectives of an assurance engagement.
 - g. Explain the five elements of an assurance engagement.
 - h. Explain the level of assurance provided by audit and other review engagements.
2. Statutory audits
 - a. Describe the regulatory environment within which statutory audits take place.
 - b. Discuss the reasons and mechanisms for the regulation of auditors.
 - c. Explain the statutory regulations governing the appointment, rights, removal and resignation of auditors.
 - d. State the objectives and principle activities of statutory audit and assess its value (e.g. in assisting management to reduce risk and improve performance).
 - e. Describe the limitations of statutory audits.
3. The regulatory environment and corporate governance
 - a. Explain the development and status of Myanmar/International Standards on Auditing (MSA/ISA)
 - b. Explain the relationship between International Standards on Auditing and Myanmar Standards on Auditing.
 - c. Discuss the objective, relevance and important of corporate governance.
 - d. Discuss the need for auditors to communicate with those charged with governance.
 - e. Discuss the provisions of international codes of corporate governance (such as OECD) that are most relevant to auditors.

- f. Describe good corporate governance requirements relating to directors' responsibilities (e.g. for risk management and internal control) and the reporting responsibilities of auditors.
- g. Analyse the structure and roles of audit committees and discuss their benefits and limitations.
- h. Explain the importance of internal control and risk management.
- i. Compare the responsibilities of management and auditors for the design and operation of systems and controls.

4. Professional ethics

- a. Define and apply the fundamental principles of professional ethics of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour,
- b. Define and apply the conceptual framework, including the threats to the fundamental principles of self-interest, self-review, advocacy, familiarity, and intimidation.
- c. Discuss the safeguards to offset the threats to the fundamental principles.
- d. Describe the auditor's responsibility with regard to auditor independence, conflict of interest and confidentiality.
- e. Discuss the preconditions, requirements of professional ethics, and other requirements in relation to the acceptance of new audit engagements.
- f. Discuss the process by which an auditor obtains an audit engagement.
- g. Explain the importance of engagement letters and state their contents.

B. Internal audit

1. Internal audit and corporate governance
 - a. Discuss the factors to be taken into account when assessing the need for internal audit.
 - b. Discuss the elements of best practice in the structure and operations of internal audit with reference to appropriate codes of corporate governance.
2. Differences between the external auditor and the internal audit function

Compare and contrast the role of external and internal audit regarding audit planning and the collection of audit evidence.
3. The scope of the internal audit function

Discuss the scope of internal audit and the limitations of the internal audit function.
4. Outsourcing the internal audit function

Explain the advantages and disadvantages of outsourcing the internal audit function.
5. Internal audit assignments

- a. Discuss the nature and purpose of internal audit assignments including value for money, IT, best value and financial.
- b. Discuss the nature and purpose of operational internal audit assignments including procurement.

C. Planning and risk assessment

- 1. Objective and general principles
 - a. Identify the overall objectives of the auditor.
 - b. Identify and describe the need to plan and perform audits with an attitude of professional skepticism, and to exercise professional judgment
 - c. Explain the need to conduct an audit in accordance with MSA..
- 2. Assessing the risks of material misstatement
 - a. Explain the components of audit risk.
 - b. Explain the risks of material misstatement in the financial statements.
- 3. Understanding the entity and its environment
 - a. Explain how auditors obtain an initial understanding of the entity and its environment.
 - b. Describe risk assessment procedures for the identification and assessment of the risks of material misstatement.
- 4. Materiality, fraud, laws and regulations
 - a. Define and explain the concepts of materiality and performance materiality.
 - b. Explain and calculate materiality levels from financial information.
 - c. Discuss the effect of fraud and misstatements on the audit strategy and extent of audit work.
 - d. Discuss the responsibilities of internal and external auditors for the prevention and detection of fraud and error.
 - e. Explain the auditor's responsibility to consider laws and regulations.
- 5. Analytical Procedures
 - a. Describe and explain the nature, and purpose of, analytical procedures in planning.
 - b. Compute and interpret key ratios used in analytical procedures.
- 6. Planning an audit
 - a. Identify and explain the need for planning an audit.
 - b. Identify and describe the contents of the overall audit strategy and audit plan.
 - c. Explain and describe the relationship between the overall audit strategy and the audit plan.
 - d. Explain the difference between interim and final audit.

7. Audit documentation
 - a. Explain the need for and the importance of audit documentation.
 - b. Describe the contents of working papers and supporting documentation.
 - c. Explain the procedures to ensure safe custody and retention of working papers.

D. Internal Control

1. Internal control systems
 - a. Explain why an auditor needs to obtain an understanding of internal control relevant to the audit.
 - b. Describe and explain the five components of an internal control system of the control environment, the entity's risk assessment process, the information system, including the related business processes, relevant to financial reporting, and communication, control activities relevant to the audit and monitoring of controls.
 - c. Discuss the difference between tests of control and substantive procedures.
2. The use of internal control systems by auditors
 - a. Explain how auditors record internal control systems including the use of internal control questionnaires and internal control evaluation questionnaires.
 - b. Explain how auditors identify deficiencies and significant deficiencies in internal control systems and how those significant deficiencies limit the extent of auditors' reliance on those systems.
3. Transaction cycles
 - a. Explain, analyse and provide examples of internal control procedures and control activities.
 - b. Provide examples of computer system controls.
4. Tests of control
 - a. Explain and tabulate tests of control suitable for inclusion in audit working papers.
 - b. List examples of application controls and general IT controls.
5. The evaluation of internal control components
6. Communication on internal control
 - a. Analyse the limitations of internal control components in the context of fraud and error.
 - b. Explain the need to modify the audit strategy and audit plan following the results of tests of control.

- c. Identify and explain management's risk assessment process with reference to internal control components.
- 6. Communication on internal control
 - a. Discuss and provide examples of how the reporting of internal control significant deficiencies and recommendations to overcome those significant deficiencies are provided to management.

E. Audit evidence

- 1. The use of assertions by auditors
 - a. Explain the assertions contained in the financial statements.
 - b. Explain the assertions in relation to classes of transactions, account balances, and Presentation and disclosures.
 - c. Explain the use of assertions in obtaining audit evidence.
- 2. Audit procedures
 - a. Discuss the quality and quantity of audit evidence.
 - b. Discuss the relevance and reliability of audit evidence.
 - c. Discuss and provide examples of how analytical procedures are used as substantive procedures.
 - d. Discuss the problems associated with the audit and review of accounting estimates.
 - e. Describe why smaller entities may have different control environments and describe the types of evidence likely to be available in smaller entities.
 - f. Explain the auditors responsibilities and describe procedures to be applied in relation to opening balances and comparative information.
- 3. The audit of specific items
 - a. Receivables:
 - i. direct confirmation of accounts receivable
 - ii. other evidence in relation to receivables and prepayments, and
 - iii. the related income statement entries.
 - b. Inventory
 - i. inventory counting procedures in relation to year-end and continuous inventory systems
 - ii. cut-off
 - iii. auditor's attendance at inventory counting
 - iv. direct confirmation of inventory held by third parties,
 - v. other evidence in relation to inventory.
 - c. Payables, accruals, provisions and contingencies
 - i. supplier statement reconciliations and direct confirmation of accounts payable