



# PESA Financial Audit Papers



Paper, Module and Unit	Module and Unit Names	What we will achieve	What we will learn
<b>Paper 1: Introduction, Concepts, and Principles of Financial Audit</b>			
<b>FAP1-M1</b>	Overview of Paper 1: Introduction, Concepts and Principles of Financial Audit		Objective and structure of the paper Inter-relationship between the modules
<b>FAP1-M2</b>	Nature, purpose and objectives of financial audit	Describe the nature, purpose and objectives of financial audit	Describe the nature, purpose and objective of financial audit in the public sector Define the expectations of Financial statement users Compare financial audit with compliance audit and performance audit
<b>FAP1-M3</b>	Unique value of financial audits in the public sector	Describe the unique value of financial audits in the public sector	Describe how financial audits contribute value and benefits to citizens
<b>FAP1-M4</b>	Elements of financial auditing	Identify elements of financial auditing	Identify three parties in financial auditing Identify suitable criteria for financial auditing Identify subject matter and subject matter information in financial auditing
<b>FAP1-M5</b>	Principles of financial audit		
<b>FAP1-M5.1</b>	Describe the principles related to basic concepts in financial audit	Describe the principles related to basic concepts in financial audit	Describe the principles related to basic concepts in financial audit: audit risk; professional judgement

			and professional scepticism; materiality; communication and audit documentation
<b>FAP1-M5.2</b>	Describe the principles related to the financial audit process	Describe the principles related to the financial audit process	Describe the principles related to agreeing the terms of audit engagement Describe the principles of understanding the entity and its environment Describe the principles of risk assessment and risk response Describe the principles of audit evidence Describe the principles of evaluating misstatements Describe the principles of forming an opinion and reporting on the financial statements
<b>FAP1-M6</b>	Requirements for communication with management and those charged with governance		
<b>FAP1-M6.1</b>	Determine with whom to communicate in an entity	Determine with whom to communicate in an entity	Determine the appropriate person(s) within the entity's governance structure with whom to communicate
<b>FAP1-M6.2</b>	Explain the matters that need to be communicated	Explain the matters that need to be communicated	Describe the requirement to communicate auditor's responsibilities in relation to the financial statement audit Describe the requirement to communicate planned scope and timing of audit Describe the requirement to communicate significant findings from the audit
<b>FAP1-M6.3</b>	Evaluate the communication process	Evaluate the communication process	Describe the need to establish the communication process Select the appropriate form of communication Identify the appropriate timing of communication Evaluate the adequacy of the communication process
Paper 2: Pre-engagement			

<b>FAP2-M1</b>	Overview of Paper 2: Pre-engagement activities		Objective and structure of the paper Inter-relationship between the modules
<b>FAP2-M2</b>	Pre-engagement activities for financial audit	Describe the pre-engagement activities for public sector financial audit	Describe the need of pre-engagement activities for financial audit Identify the pre-engagement activities for financial audit as per ISSAI 2210: ISSAI 2220, and ISSAI 2300 Describe public sector considerations at the pre-engagement phase for financial audit Describe the review and sign-off requirements of pre-engagement activities
<b>FAP2-M3</b>	Preconditions for financial audit		
<b>FAP2-M3.1</b>	Financial Reporting Framework for preparation of financial statements	Determine the Financial Reporting Framework for preparation of financial statements is acceptable	Identify criteria for assessing acceptability of financial reporting framework applied in the preparation of financial statements Assess acceptability of financial reporting framework applied in the preparation of financial statements
<b>FAP2-M3.2</b>	Management's understanding of its responsibilities	Determine management's understanding of its responsibilities	List the management's responsibility in an audit of financial statements Assess management's understanding of its responsibility in an audit of financial statements
<b>FAP2-M4</b>	Other Pre-engagement activities for Financial Audit		
<b>FAP2-M4.1</b>	Composition of an audit Engagement Team for Financial Audit	Select an audit engagement team	Define the role of an audit engagement supervisor in selecting an audit engagement team Define an audit engagement team and its role Identify key considerations in selecting an audit engagement team Select an audit engagement team in a given scenario Describe the auditor's role within the engagement team

<b>FAP2-M4.2</b>	Auditor's declaration to comply with code of ethics	Decide on the appropriate ethical declarations at the pre-engagement phase of audit	Describe the ethical declaration required for auditors at the pre-engagement phase of an audit (declaration to comply with code of ethics in a particular audit engagement) and criteria to sign off the declaration Assess situation based on ISSAI Prepare an appropriate declaration based on circumstances
<b>FAP2-M4.3</b>	Assessment of ethical threats and safeguards	Assess ethical threats and safeguards	Describe the Engagement Supervisor's responsibility for the assessment of ethical threats and suggesting safeguards Assess ethical threats and suggest safeguards in the given scenario Identify the auditor's role in relation to the assessment
<b>FAP2-M4.4</b>	Form and content of audit engagement letter	Create an audit engagement letter for a financial audit	Define the role of the audit engagement letter Identify the form and content of an audit engagement letter Create an audit engagement letter for a given scenario using predefined elements
<b>FAP2-M5</b>	Conclusion of Pre-engagement activities in financial audit	Summarise the outputs from pre-engagement activities of financial audit	Create a checklist of requirements at the end of the pre-engagement activities (ethics, communication, documentation, quality) Use the checklist to review the outputs of pre-engagement activities in financial audit
<b>Paper 3: Planning and Risk Assessment</b>			
<b>FAP3-M1</b>	Overview of Paper 3: Planning and Risk Assessment		Objective and structure of the paper Inter-relationship between the modules
<b>FAP3-M2</b>	Planning for Financial Audit	Describe the planning and risk assessment activities	Describe the importance of planning an audit Describe the contents of the overall audit strategy and audit plan

			Describe the relationship between the overall strategy and the audit plan Describe the planning and risk assessment process Describe the review and sign off requirements for planning activities
<b>FAP3-M3</b>	Understanding the audited entity and its environment		
<b>FAP3-M3.1</b>	Initial understanding of the entity and its environment	Describe the process of understanding the entity and its environment	Describe the process of understanding the entity and its environment Explain the relationship between risk assessment procedures (i.e. Inquiries of management, analytical procedures, observation and inspection).
<b>FAP3-M3.2</b>	Analytical procedures in planning the audit	Perform analytical procedures in planning the audit	Describe the nature and purpose of analytical procedures in planning Perform analytical procedures in planning the audit
<b>FAP3-M3.3</b>	Internal Control system	Analyse the internal control system of the entity	Describe the nature and purpose of obtaining an understanding of internal control relevant to the audit Analyse five components of entity's internal control system Evaluate the work of internal auditors and consider relying on their work and using internal auditors to provide direct assistance
<b>FAP3-M4</b>	Determine materiality		Define the concept of materiality and performance materiality Calculate materiality and performance materiality for financial statement as a whole Calculate materiality for classes of transactions, account balances or disclosures
<b>FAP3-M5</b>	Risk assessment		
<b>FAP3-M5.1</b>	Risk assessment procedures	Identify procedures for assessing the risk of material misstatements	Define the concept of risk of material misstatements in the financial statements Identify risk assessment procedures

<b>FAP3-M5.2</b>	Financial statements assertions	Identify the financial statement assertions and their role in the audit process	Identify assertions contained in the financial statements about: (i) Classes of transactions and events and related disclosures. (ii) Account balances and related disclosures at the period end. Describe the relationship between financial statement assertions, assessed risks of material misstatements and audit procedures
<b>FAP3-M5.3</b>	Risk identification	Identify risks of material misstatements	Analyse entity's accounting process Identify risks of material misstatements at the financial statement level Identify risks of material misstatements at the assertion level
<b>FAP3-M5.4</b>	Control activities to address risks	Identify control activities relevant to risks	Identify control activities to address the risks of material misstatements
<b>FAP3-M5.5</b>	Assessing the risk of material misstatements	Assess the risks of material misstatement	Assess risks of material misstatement at the financial statement level Assess risks of material misstatement at the assertion level by assessing inherent risk & control risk Determine whether a class of transaction, account balance or disclosure is significant
<b>FAP3-M6</b>	Design Risk response		
<b>FAP3-M6.1</b>	Risk response at the financial statement level	Identify responses to assessed risks of material misstatements at the financial statement level	Describe the responses to addressing the risks of material misstatements at the financial statements level Identify overall responses to address the assessed risks of material misstatement at financial statement level
<b>FAP3-M6.2</b>	Risk response at the assertion level	Design responses to assessed risks of material misstatements at the assertion level	Describe the systematic approach to designing audit procedures

			Compare the purpose of tests of controls and substantive audit procedures Identify the considerations while designing audit procedures
<b>FAP3-M6.3</b>	Tests of controls	Design tests of controls	Design tests of controls
<b>FAP3-M6.4</b>	Substantive audit procedures	Design substantive audit procedures	Design tests of details Design substantive analytical procedures
<b>FAP3-M7</b>	Conclusion Planning and risk assessment		Create a checklist of requirements at the end of planning and risk assessment phase of audit (ethics, communication, documentation, quality) Use the checklist to review the outputs of planning and risk assessment in financial audit
<b>Paper 4: Conduct a Financial Audit</b>			
<b>FAP4-M1</b>	Overview of Paper 4: Conducting an audit		Objective and structure of the paper Inter-relationship between the modules
<b>FAP4-M2</b>	Introduction to conducting phase of the audit	Outline the process for conducting phase of the audit	Outline the process for conducting phase of audit Describe quality control procedures in conducting the financial audit
<b>FAP4-M3</b>	Perform risk response actions at the financial statement level	Perform risk response actions at the financial statement level	Outline the process of performing response to assessed risks of material misstatement at the financial statement level Perform response to assessed risks of material misstatement at the financial statement level designed at the planning phase of audit Identify common challenges in performing risk response activities at the financial statement level.
<b>FAP4-M4</b>	Sampling		
<b>FAP4-M4.1</b>	Select appropriate sampling techniques for financial audit	Select appropriate sampling techniques for financial audit	Define audit sampling and explain the need for sampling Compare statistical and non-statistical sampling

			Identify considerations for selecting sampling techniques Select commonly used sampling techniques
<b>FAP4-M4.2</b>	Apply different sampling techniques	Apply different sampling techniques	Select the samples by applying different sampling techniques Conclude on the results of statistical sampling, including consideration of whether additional testing is required.
<b>FAP4-M5</b>	Perform risk response at the assertion level		
<b>FAP4-M5.1</b>	Perform tests of controls	Perform tests of controls	Outline the process for performing tests of controls designed at the planning phase of audit Evaluate the design and implementation of controls Perform tests of controls (operating effectiveness testing) designed at the planning phase of the audit Identify common challenges in performing tests of controls
<b>FAP4-M5.2</b>	Perform substantive audit procedures	Perform substantive audit procedures	Outline the process for performing substantive audit procedures designed at the planning phase of audit Perform substantive audit procedures (test of details) designed in response to risk of material misstatements at the assertion level Perform substantive analytical procedures designed at the planning phase of audit Identify common challenges in performing substantive tests
<b>FAP4-M6</b>	Evaluate audit evidence		Recall the concept and characteristics of sufficient appropriate audit evidence Describe the considerations to evaluate reliability and relevance of information to be used as audit evidence Identify the relationship between the risk of material misstatement and sufficiency of audit evidence,



			<p>taking into consideration quality of such audit evidence</p> <p>Evaluate audit evidence</p> <p>Identify common challenges in evaluating audit evidence</p>
<b>FAP4-M7</b>	Conclusion: Conducting an Audit		<p>Create a checklist of requirements at the end of conducting phase of an audit (ethics, communication, documentation, quality)</p> <p>Use the checklist to review the outputs of conducting phase in financial audit</p>
<b>Paper 5: Completion, Reporting and Follow up in Financial Audit</b>			
<b>FAP5-M1</b>	Overview of Paper 5: Completion, reporting and follow up		<p>Objective and structure of the paper</p> <p>Inter-relationship between the modules</p>
<b>FAP5-M2</b>	Outline the process of completion, reporting and follow up phases of the audit		<p>Outline the process of completion, reporting and follow up phases of the audit</p> <p>Provide an overview of quality control procedures in completion, reporting and follow up phases of financial audit</p>
<b>FAP5-M3</b>	Evaluate the effect of uncorrected misstatements in the financial statements		<p>Outline the process of evaluating the effect of uncorrected misstatements in the financial statements</p> <p>Identify the significance of uncorrected misstatements</p> <p>Evaluate the effect of uncorrected misstatements on the financial statements</p>
<b>FAP5-M4</b>	Perform overall review		
<b>FAP5-M4.1</b>	Perform overall review	Perform overall review of audit engagement	Appraise the importance of the overall review in ensuring that sufficient appropriate audit evidence has been obtained

			Describe procedures an auditor should perform in conducting their overall review of financial statements Identify common challenges in performing the overall review of an audit engagement
<b>FAP5-M4.2</b>	Perform analytical procedures	Perform analytical procedures	Perform analytical procedures at the end of the audit Interpret the results of analytical procedures
<b>FAP5-M5</b>	Audit Report		
<b>FAP5-M5.1</b>	Audit Reporting process	Outline the audit reporting process	Outline the process of preparing the audit report Identify matters to be communicated in addition to auditor's report (e.g. management report)
<b>FAP5-M5.2</b>	Elements of independent auditor's report	Describe basic elements of auditor's report	Identify basic elements contained in independent auditor's report Describe the basic elements contained in independent auditor's report
<b>FAP5-M5.3</b>	Types of audit opinion	Define different types of audit opinion	Define unmodified audit opinion in the auditor's report Define modified audit opinion in the auditor's report
<b>FAP5-M5.4</b>	Types of modified audit opinion	Compare modification to auditor's report	Compare qualified audit opinion, adverse audit opinion, and disclaimer of opinion
<b>FAP5-M5.5</b>	Key audit matters, emphasis of matter and other matter paragraphs in auditor's report	Formulate key audit matters, emphasis of matter and other matter paragraphs	Describe the nature and purpose of key audit matters, emphasis of matter, and other matter paragraph in auditor's report Formulate key audit matters, emphasis of matter, and other matter paragraph
<b>FAP5-M6</b>	Audit process documentation	Create an audit file	Describe the nature and purpose of audit documentation Describe the form, content and extent of audit documentation Describe the procedures to ensure safe custody and retention of working papers

			Identify common challenges in creating an audit file Create an audit file
<b>FAP5-M7</b>	Follow up of financial audit results	Outline the timing and process of following up on previous and past audit reports	Describe the purpose of following up on previous and past audit reports containing qualified audit opinion and audit findings Outline the process of following up on previous and past audit reports containing qualified audit opinion and audit findings Identify common challenges in audit follow up
<b>FAP5-M8</b>	Conclusion: Completion, reporting and follow up	Summarise the outputs from completion, reporting and follow up phases of financial audit	Create a checklist of requirements at the end of completion reporting and follow up phases of audit (ethics, communication, documentation, quality) Use the checklist to review the outputs of completion and reporting phases in financial audit