

EXAMINATION INFORMATION GUIDE AUDIT AND ASSURANCE

Structure of examination paper

The syllabus will be assessed in a 3 hours paper plus a 15 minutes reading time. The questions will be in two sections as follows:

Section A:

Section A will be a compulsory 40 marks scenario-based/case study question taken from sections A (Objectives, need for and process of audit and assurance), B (The nature and use of internal control) and C (Gathering of evidence).

Section B:

Section B will be five (5) questions of 20 marks each, out of which candidates will be required to attempt three (3) questions. The five (5) questions will be from all the four sections of the syllabus, based on the weight attached to each section in the syllabus.

Detailed contents of the syllabus

A. Objectives, need for and process of audit and assurance

1. Objectives of audit and assurance (ISA 200)

- (a) Discuss the concepts of audit and assurance.
- (b) Identify and explain the reasons for audit and assurance.
- (c) Explain the benefits of different types of audit and assurance assignments.
- (d) Identify the parties in audit and assurance engagements including the members of the audit and assurance team and discuss their roles, duties and rights.
- (e) Compare and contrast the different levels of assurance that may be obtained from audit and assurance assignments.
- (f) Discuss audit expectation gap.

2. Need for audit and assurance

- (a) Discuss the legal and regulatory frameworks for statutory audit and assurance in line with the provisions of:
 - (i) CAMA CAP C20 LFN 2004 (as amended);
 - (ii) BOFIA CAP B3 LFN 2004 (as amended) and with relevant circulars;
 - (iii) Insurance Act 2003, NAICOM Act, 2003;
 - (iv) Financial Reporting Council of Nigeria Act, 2011;
 - (v) Nigerian standards on auditing (NSA); and
 - (vi) International standards on auditing (ISA).
- (b) Discuss the role of the internal audit department in maintaining an effective internal control system.
- (c) Compare internal and external audits.
- (d) Discuss the peculiarities of public sector audit.

3. Process of audit and assurance

- (a) Explain the basic steps of audit and assurance process in relation to:
 - (i) Nomination;
 - (ii) Acceptance;
 - (iii) Engagement;
 - (iv) Planning (ISA 300, ISA 320);
 - (v) Performance:
 - Evaluation of internal control;
 - Evidence and obtaining evidence (ISA 500);
 - Records and working papers;
 - Testing and other works;
 - Evaluating results (ISA 540);
 - (vi) Conclusion; and
 - (vii) Reporting (ISA 700).
- (b) Explain public interest and the need for professional scepticism in carrying out audit and assurance engagements.
- (c) Discuss the concept of materiality (ISA 320).
- (d) Explain reasonable assurance.
- (e) Explain opinion and assurance report.

B The nature and use of internal control (ISA 315)

1. Discuss the meaning, objectives and nature of internal control.
2. Discuss effective internal control.
3. Discuss the different types of internal control.
4. Discuss responsibilities for instituting and evaluating the effectiveness of internal control.
5. Discuss the main components of internal control.
6. Explain how accounting systems and related internal controls may be identified, recorded and analysed.
7. Discuss the techniques required for evaluating internal controls (walk-through, spot check, compliance test, substantive test)(ISA 530);
8. Evaluate internal controls in a given scenario.
9. Discuss the limitations of internal control.
10. Discuss the contents of a management letter.
11. Discuss internal controls in a computerized accounting environment (ISA 315).

C. Gathering evidence

The nature of audit evidence and the selection of sufficient and appropriate audit evidence (ISA 500)

1. Justify the need to maintain and keep working papers and other documentation.
2. Evaluate the different sources and quality of evidence and the methods of obtaining evidence.
3. Document appropriate procedures for gathering evidence based on a given scenario (ISA 505, ISA 520).
4. Identify the circumstances where written representations may be required (ISA 580).

5. Evaluate the circumstances requiring discussion with senior assurance team members (ISA 450) and advise on how this should be communicated and documented.

D Professional ethics and public interest

1. Discuss the importance of professional ethics.
2. Differentiate between rule-based and principle-based approaches to professional ethics.
3. Explain the meaning of public interest in the context of audit and assurance.
4. Discuss ethical issues under IFAC code and ICAN professional code of ethics and guide for members.
5. Compare ethical issues in the governance of private and public entities.
6. Discuss actions to deal with ethical dilemmas.
7. Assess the ethical threats to independence and safeguards.
8. Assess the ethical conflicts an accountant faces as an employee in a private or public entity.
9. Assess the ethical conflicts facing an accountant when charged with governance in a private or public entity.
10. Discuss the concept of whistle blowing in relation to audit and assurance (non-compliance with rules and regulations - NOCLAR).