

Module outline

[This page has deliberately been left blank]

Copyright © Chartered Accountants Australia and New Zealand 2022. All rights reserved.

This publication is copyright. Apart from any use as permitted under the *Copyright Act 1968* (Australia) and *Copyright Act 1994* (New Zealand), as applicable, it may not be copied, adapted, amended, published, communicated or otherwise made available to third parties, in whole or in part, in any form or by any means, without the prior written consent of Chartered Accountants Australia and New Zealand.

Audit & Assurance (AAA)

Overview

The *Audit and Assurance* (AAA) module examines and applies the relevant Auditing, Assurance and Ethics Standards to various scenarios. It is practical in nature with candidates required to apply the Standards to different scenarios, including a comprehensive case study which integrates Units 1 through 10 and a case study which integrates Units 1, 11 and 12.

The AAA module is one of the five (5) compulsory modules in the Chartered Accountants Program.

How is the AAA module taught?

The AAA module is 12 weeks in duration plus a one-week study break. It offers flexible learning options with the delivery of materials online through myLearning, which is accessible after candidates enrol in the module.

Assumed knowledge

It is essential for candidates to have a basic understanding of accounting systems and the recording of transactions in order to understand the audit of general purpose financial statements. Without this knowledge, it would be very difficult for candidates to understand the fundamental auditing concepts.

It is assumed that candidates would have a good understanding of the following concepts from their undergraduate studies:

- Financial accounting and preparation of general purpose financial statements (refer to the Financial Accounting & Reporting module's assumed knowledge). It is assumed that you would have a basic understanding of International Financial Reporting Standards (IFRSs) or national equivalents.
- Standard business processes, and how they are recorded in the relevant accounting system and reflected in the financial statements, including the following:
 - Sales – how a sale/revenue and the related trade receivable is recorded in an entity's accounting system, either directly or via a subsidiary ledger.
 - Payroll – how components of payroll are recorded by an entity (e.g. gross salary, superannuation/pension contributions, workers' compensation payments/insurance, tax deductions and payments).
 - Purchases – how the purchase of a good or service is recorded in an entity's accounting system, either directly or via a subsidiary ledger.
 - Inventory – how items purchased for manufacture or resale by an entity go through the entity's inventory and COGS (cost of goods sold) accounts.
 - Asset management (property, plant and equipment/intangible assets) – how these items are recorded by an entity and how associated depreciation/amortisation/impairment is recorded.
- The role of an auditor, the objectives of an audit of general purpose financial statements, and the auditor's professional, ethical and legal responsibilities.
- The need for the auditor to obtain an understanding of the entity and its environment, assess audit risk and determine materiality.
- The key components of the audit process, the broad categories of audit procedures (tests of control and substantive procedures) for obtaining sufficient appropriate audit evidence to support audit assertions.

- The types of audit opinions.
- The difference between audit review and other assurance engagements. It is assumed that you would have a basic understanding of:
 - International Standards on Auditing (ISAs) or national equivalents.
 - International Code of Ethics for Professional Accountants including International Independence Standards or national equivalents.

Suggested module plan and time allocation

The expected workload for this module is a minimum of 10 hours per week over 12 weeks, or 120 hours in total, excluding module orientation, online assessments, final exam and study time for the final exam. Candidates are advised to plan their enrolment carefully around work and other commitments, to ensure they are able to devote the time required to their studies.

The suggested module plan with key dates for AAA122 is provided below. It is also available on myLearning.

Suggested module plan

JANUARY	MODULE COMMENCEMENT 24 January		
	WEEK 1 commencing 24 January	Unit 1 (6 hrs) Unit 2 (6 hrs) Framework & Audit quality	
FEBRUARY	WEEK 2 commencing 31 January	Unit 3 (10 hrs) Risk assessment	
	WEEK 3 commencing 7 February	Unit 4 (8 hrs) Internal control	ONLINE ASSESSMENT 1 10 – 14 February covering Units 1-4 results: 18 February
	WEEK 4 commencing 14 February	Unit 5 (6 hrs) Materiality, audit strategy and plan	
	WEEK 5 commencing 21 February	Unit 6 (9 hrs) Tests of controls	
	WEEK 6 commencing 28 February	Unit 7 (15 hrs) Substantive testing	
	WEEK 7 commencing 7 March	Unit 8 (8 hrs) Work of others	ONLINE ASSESSMENT 2 3 – 7 March covering Units 5-7 results: 11 March
MARCH	WEEK 8 commencing 14 March	Unit 9 (11 hrs) Completing the audit	
	WEEK 9 commencing 21 March	Unit 10 (10 hrs) Reporting	ONLINE ASSESSMENT 3 24 – 28 March covering Units 8-10 results: 1 April
	WEEK 10 commencing 28 March	Unit 11 (8 hrs) Other audits & reviews	
APRIL	WEEK 11 commencing 4 April	Unit 12 (14 hrs) Other engagements	
	WEEK 12 commencing 11 April	Unit 13 (9 hrs) Case study & Revision	
	Study Break commencing 18 April	Exam preparation	EXAM 27 April 2022 results: 20 May 2022

Module learning outcomes and how they align with module (CSG) units

Module learning outcomes provide an outline of the expected knowledge and skill level achieved on completion of the module.

On successful completion of the module candidates will be able to:

Module Learning Outcomes	1	2	3	4	5	6	7	8	9	10	11	12	13
MLO1 Plan, perform and complete the audit of historical financial statements		✓	✓	✓	✓	✓	✓	✓	✓	✓	✓		✓
MLO2 Apply International Auditing Standards or National Generally Accepted Auditing Standards, and applicable laws and regulations to an audit assignment	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓		✓
MLO3 Prepare an auditor's report in accordance with relevant Auditing Standards										✓			✓
MLO4 Undertake significant elements in the planning, performance and completion of other assurance service engagements											✓	✓	
MLO5 Explain current issues in assurance and auditing and the impact these will have on clients and professional practice	✓	✓											

Unit learning objectives

Unit learning objectives provide an outline of the expected knowledge and skill level achieved on completion of the unit. Unit learning objectives are shown on the unit learning page and on the first CSG page for each unit. Each unit learning objective commences with a verb, such as explain, calculate, demonstrate etc. These terms are defined in the 'Task words' section below.

AAA module	Unit learning objectives
Unit 1: Assurance framework	<ul style="list-style-type: none"> Identify and apply the elements and objectives of an assurance engagement Determine which entities are required by the legislation to be audited Consider the overall responsibilities of an auditor Apply the requirements of preparing audit documentation Explain current issues in auditing and the impact these will have on clients and professional practice
Unit 2: Audit quality and pre-engagement activities	<ul style="list-style-type: none"> Apply quality control procedures at a firm and individual audit engagement levels Apply ethical principles and auditor independence requirements to given situations Identify and evaluate issues that the auditor must consider in accepting an audit engagement and prepare an engagement letter Apply the requirements regarding auditor's communication with those charged with governance
Unit 3: Risk assessment	<ul style="list-style-type: none"> Design and perform risk assessment procedures Identify and assess risks of material misstatement due to error and fraud
Unit 4: Internal control	<ul style="list-style-type: none"> Design and perform risk assessment procedures Identify and assess risks of material misstatement due to error and fraud Evaluate the entity's internal control

AAA module	
Unit topic	Unit learning objectives
Unit 5: Materiality, audit strategy and audit plan	<ul style="list-style-type: none"> • Calculate materiality levels for an audit engagement • Develop an audit strategy and audit plan, and assess whether changes are required in response to audit findings
Unit 6: Tests of controls	<ul style="list-style-type: none"> • Design and perform tests of controls and evaluate the results
Unit 7: Substantive testing	<ul style="list-style-type: none"> • Design and perform substantive procedures and evaluate the results
Unit 8: Using the work of others	<ul style="list-style-type: none"> • Assess the auditor's responsibilities with respect to using the work of others
Unit 9: Completing the audit	<ul style="list-style-type: none"> • Design and perform substantive procedures and evaluate the results • Evaluate the sufficiency and appropriateness of audit evidence • Evaluate the effects of misstatements identified in the audit • Apply the requirements regarding auditor's communication with those charged with governance
Unit 10: Auditor's reports	<ul style="list-style-type: none"> • Determine the appropriate audit opinion and prepare the auditor's report
Unit 11: Other audits of historical financial information and review engagements	<ul style="list-style-type: none"> • Apply auditing standards to engagements other than audits of general purpose financial statements • Apply the relevant standards to reviews of historical financial information
Unit 12: Other engagements	<ul style="list-style-type: none"> • Determine the appropriate standards to apply to other assurance engagements and related services engagements • Plan, perform and complete significant elements of other assurance engagements and related services engagements
Unit 13: Case study	<ul style="list-style-type: none"> • Plan, perform and complete the audit of historical financial statements • Apply international Auditing Standards or national generally accepted Auditing Standards and applicable laws and regulations to an audit assignment • Prepare an auditor's report in accordance with relevant Auditing Standards

Learning resources and support materials

The AAA module has a range of resources and supports available for candidates, including:

Hard copy learning material

- Candidate Study Guide – after enrolment in the AAA module, candidates will receive a hard copy of the core content for the module.

Online learning material

- Announcements.
- Module orientation and unit introductions.
- Prescribed textbook.
- Candidate Study Guide (CSG).
- Worked examples.
- Activities.
- Activity solutions.
- Quick reference guides.
- Technical videos.
- Unit quizzes.
- Practice online assessments – to help you prepare for each assessment.

- Past exam papers from the previous terms.
- Assessment results and feedback.

Additional online support tools

- Discussion forums
 - Unit forums – where candidates can ask specific technical questions related to unit content.
 - Peer-to-peer forum – where candidates can form study groups or discuss issues in groups with other candidates.
 - Other forums – where module leaders can post additional guidance for candidates.

Date convention

Generally, the date format is as follows:

Dates for the current decade are expressed as 20XX, the preceding decade are expressed as 20WX and future years outside of this decade dates are expressed as 20YX. For example, 20X3 would be the equivalent of 2013 and 20W6 would be 2006, and 20Y3 would be equivalent to 2023. All years are treated as having 365 days.

Required readings

The examinable content for the AAA module includes the Candidate Study Guide, worked examples, activities and the Auditing, Assurance and Ethics Standards listed in the 'Readings' section for each unit. Each of the Auditing, Assurance and Ethics Standards listed in the 'Readings' section for each unit are to be read in its entirety, unless otherwise stated.

The AAA module is based on the International Auditing and Assurance Standards and other pronouncements. Australia-specific and New Zealand-specific guidance is provided in the CSG where relevant. Where a question refers or requires candidates to provide a reference to a Standard, International Standards, Australian Standards or New Zealand standards can be used.

The 'Readings' section in each unit indicates corresponding readings under International, Australian and New Zealand Standards and other pronouncements. Candidates are required to choose and apply one set of Standards throughout the AAA module – either International Standards, Australian Standards or New Zealand Standards.

Australian and MICPA candidates should refer to the Australian-specific guidance and exclude the New Zealand-specific material from the studies. New Zealand candidates should refer to the New Zealand-specific boxes and exclude the Australian-specific guidance from their studies.

Prescribed textbook

The prescribed textbooks for the module are as follows:

- For candidates in Australia – CA ANZ 2021, *Auditing, Assurance and Ethics Handbook Australia*, John Wiley & Sons Australia, Milton, Qld.
- For candidates in New Zealand – CA ANZ 2021, *Auditing, Assurance and Ethics Handbook New Zealand*, John Wiley & Sons Australia, Milton, Qld.

The prescribed textbooks for this module refer to local Standards for Australia and New Zealand. These Standards are accessible on the AUASB website (www.auasb.gov.au) and the XRB website (www.xrb.govt.nz) respectively.

Candidates may also use the International Standards. These are accessible free of charge, upon registration, on the IFAC website (www.ifac.org).

Six-month rule

Legislation changes constantly. In the Program modules, candidates are expected to be up to date with relevant legislation, Standards, cases, rulings, determinations and other guidance as they stand six months before the exam date unless otherwise stated. In some instances the International Auditing and Assurance Standard may have been updated while the Australian Standard or the New Zealand Standard may not.

Candidates are always encouraged to be aware of current developments in all areas.

The relevant date for Auditing and Assurance Standards and other material is the effective date. Early adoption of Standards is generally encouraged.

Assessment

The assessment components are outlined below:

Assessment component	Contribution to final marks	Details
Online assessment	20 marks	<p>Three (3) online assessments</p> <p>Before being eligible to attempt each online assessment, you must formally affirm the Candidate Code of Conduct (3 affirmations, each completed online)</p> <p>Each assessment will consist of 10 multiple-choice questions</p> <p>Each assessment has a time limit of 90 minutes</p> <p>It is important you attempt all online assessments</p> <p>Your results and detailed feedback are accessible on My Grades</p>
Exam	80 marks	<p>Format: Four (4) compulsory multi-part questions based on the learning outcomes</p> <p>Time: Three (3) hours, and 30 minutes</p> <p>Resources: The exam is open book</p>
	100 marks	<p>You must achieve 50 marks or more overall, AND 40 marks out of 80 in the exam to pass the module</p>

To pass the module, candidates must:

1. pass the exam (achieving 40 out of 80 marks or more), and
2. pass the module overall (achieving 50 out of 100 marks or more).

It is therefore critical for candidates to practise exam technique and make the most of the time that you have.

Task words

Task words are the verbs used in the AAA module learning outcomes, worked examples, activities and assessments. Understanding the meaning of task words helps candidates to know exactly what is being asked. Task words direct and tell candidates how to go about answering a question. Following is a list of task words as they apply to the Chartered Accountants Program.

Word	Meaning
Account for	Demonstrate the accounting treatment by using a set of accounts
Advise	Communicate appropriately the recommended course of action based on an analysis of specific circumstances
Analyse	Examine closely; examine something in terms of its parts and show how they are related to each other
Apply	Use established methods/tools/procedures to resolve relatively straightforward scenario or problem
Appraise	Assess the value or quality of something; or assess its performance
Assess	Decide the value of something in a particular context
Calculate	Ascertain or determine by mathematical processes, usually by the ordinary rules of arithmetic
Classify	Place objects/concepts into appropriate categories using an established tool/methodology or framework
Compare	Critically consider two or more things, emphasising their similarities
Consider	Think carefully about something before making a decision, to look closely or attentively at something
Construct	Build or make something, to form an idea, a process or procedure by bringing together various theoretical and conceptual elements
Contrast	Critically consider two or more things, emphasising their differences
Critique	Give a judgement about the value of something and support that judgement with evidence
Define	Make clear what is meant by something; or use a definition or definitions to explore a concept
Demonstrate	A practical explanation of how something works or is performed
Describe	Present a detailed account of something focusing on depth of knowledge
Design	Develop a procedure/process or course of action based on a selection of the optimum combination from a range of available options
Determine	Establish the most appropriate or most correct answer or course of action from a range of available options
Develop	Bring something into existence that has not previously existed, or to reshape something from its initial position into something more refined
Discuss	Present a detailed account offering an interpretation of something or focusing on breadth of knowledge
Distinguish	Separate one from the other by distinct difference
Evaluate	Determine the value of something, normally with reference to specific criteria
Examine	Inspect something in detail and investigate the implications
Explain	Make clear the details of something; or show the reason for or underlying cause of something; or the means by which something occurs
Identify	Point to the essential part or parts. You might also have to explain clearly what is involved
Illustrate	Offer an example or examples, to show how something happens, or that something happens, or to make concrete a concept by giving examples

Word	Meaning
Integrate	Combine one aspect of their learning with another to form a holistic understanding of a process, procedure or course of action
Interpret	Make clear the meaning of something and its implications
Justify	Provide reasons why certain decisions should be made, conclusions reached and/or courses of action taken
List	Note or itemise in point form
Outline	Go through and identify briefly the main features of something
Plan	Prepare a detailed proposal for doing or achieving something
Prepare	Follow established procedures/methods to create a report of financial information or commentary (e.g. Using a pro forma spreadsheet)
Prioritise	Designate or treat something as being very or more important; or determine the order for dealing with (a series of items or tasks) according to their relative importance
Produce	Without using a pro forma spreadsheet, or without any guidance, create a report of financial information with commentary
Recommend	Advocate a particular outcome or course of action based on an analysis of a range of available options
Review	Report the main facts about something
Select	Carefully choose as being the best or most suitable
Solve	Resolve; or work out to a result or conclusion
State	Accurately articulate established principles, concepts, terms, etc.
Summarise	Describe something concisely

CA Program Candidate Code of Conduct and other policies

As a CA Program candidate, you are bound by CA ANZ's Chartered Accountants Program Candidate Code of Conduct. This code outlines rights and responsibilities that candidates and staff have to each other and to the Chartered Accountants community and applies also to social media use. Candidates need to behave professionally and ethically when posting anything about the CA Program on social media.

You are bound also by all other CA Program regulations, policies and procedures. Cheating, plagiarism, falsifying data, breaching copyright, collusion and other forms of academic dishonesty are breaches of the CA Program's Candidate Academic Integrity Policy and Procedure and will be addressed in accordance with this policy and procedure.

Candidate support and Special consideration

The CA Program's policy and procedure for special consideration is available in our Candidate Assessment and Grading Policy and Procedure.

Should you find you require additional support during your studies, please get in touch with us via email to AAAModule@charteredaccountantsanz.com, or contact our Candidate Support team at CandidateSupportProgram@charteredaccountantsanz.com.

[This page has deliberately been left blank]