

PAPER-1 FINANCIAL AUDITING MANUAL
(100 MARKS PASSING MARKS-40).

S #	Syllabus Contents Area
1	Organization and Purpose of the Manual
2	Role of The Auditor-General
3	The Job of the Auditor
4	DAGP Audit Standards
5	DAGP's Annual Planning Process
6	The Audit Cycle
7	Planning the Audit
8	Activity and Resource Planning for Individual Audits
9	Conducting the Audit
10	Evaluating Audit Results
11	The Reporting Process
12	The Audit Report
13	Documentation and Working Papers
14	Audit Follow Up
15	System of Audit quality control and Quality Assurance
16	Internal Controls

INTRODUCTION

As a first course in auditing, it is designed to provide students with a basic understanding of the nature and objectives of an audit, basic principles and procedures involved in auditing and general auditing practice. A familiarity of auditing techniques such as routine checking, vouching and verification is necessary to inspire confidence in the approach to work.

Students will be expected to have the knowledge of the International Standards on Auditing and Auditing Practice Statements.

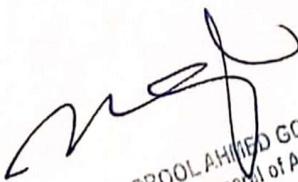
Candidates will be expected to be aware of the role of Information Technology as part of the assurance process and should be fully conversant with the use of Computer Assisted Audit Techniques (CAATS).

Candidates will be expected to possess knowledge of the implications on the audit, of laws, rules and regulations covered in the New Audit Manual and Legislative framework. They will be required to possess knowledge of the function and responsibilities of Office of the Auditor-General of Pakistan. Case studies and Scenario based questions will be set in the examination.


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CONTENTS

1	Organization and Purpose of the Manual	<ul style="list-style-type: none"> • Purpose of the Audit manual. • Types of audits dealt with. • Audit entities dealt with • Accounting Responsibility Structure of the Government of Pakistan. • Stages of audit work dealt with. • Organisation of the manual. • Links to other guidance material. • Standard audit working paper kit. • Need for professional judgment. • Updating the Audit Manual
2	Role of The Auditor-General	<ul style="list-style-type: none"> • Parliamentary Control and • Public Accountability • Introduction to Auditing • Legislative Basis • Vision, Mission and Values
3	The Job of the Auditor	<ul style="list-style-type: none"> • Expectations • Conditions of Employment • Code of Ethics • Protection of the Auditor
4	DAGP Audit Standards	<ul style="list-style-type: none"> • Basic Principles in Government Auditing • General Standards in Government Auditing • Standards with Ethical Significance • Field Standards in Government Auditing • Reporting Standards in Government Auditing
5	DAGP's Annual Planning Process	<ul style="list-style-type: none"> • DAGP Strategic Audit Objectives. • DAGP Audit Scope. • DAGP Strategic Audit Plans. • The annual planning process. • Integration of audit work. • Approval process for the budget of centrally-led audits
6	The Audit Cycle	<ul style="list-style-type: none"> • Introduction. • General planning. • Activity and Resource Planning. • Roles and responsibilities
7	Planning the Audit	<ul style="list-style-type: none"> • Step 1-Establish audit objectives and scope. • Step 2-Understand the entities business. • Step 3-Assess materiality. planned precision, and audit risk. • Step 4-Understand the entity's internal control structure. • Step 5-Determine components. • Step 6-Determine financial audit and compliance with authority objective, and


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		<p>error/irregularity conditions.</p> <ul style="list-style-type: none"> • Step 7-Assess inherent risk and control risk. • Step 8-Determine mix of tests of Internal controls, analytical procedures and Substantive tests of details. • Reliance on other auditors. • Documenting strategic planning decisions • Application to Government-wide Audits.
8	Activity and Resource Planning for Individual Audits	<ul style="list-style-type: none"> • Formulate/update Audit Programmes. • Updating staffing requirements and allocating resources. • Updating budget requirements. • Updating timing considerations. • Updating information required from the entity. • Re-assessing the general and detailed planning decision for individual audit. • Documenting the detailed planning decision. • Approval of the general and detailed planning decisions.
9	Conducting the Audit	<ul style="list-style-type: none"> • Introduction. • Compliance Testing. • Substantive Testing. • Evidence. • Matters to deal with during field work. • Cause and Effect Analysis. • Developing conclusions and Recommendations. • Keeping entity official informed. • Documenting the work performed. • Custody and maintenance of working paper files. • Quality assurance during field work.
10	Evaluating Audit Results	<ul style="list-style-type: none"> • Evaluating Financial Audit Results. • Known errors, most likely errors and further possible errors and maximum possible error. • Determining the cause of errors, violations and deviations • Concluding on the results of each test • Concluding on the results of each component • Concluding on the financial statements as a whole • Dealing with unacceptable results • Dealing with acceptable results • Documenting the evaluation process • Evaluating Regularity Audit Results • Quality assurance during the evaluation


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PAPER-2 SERVICE & FINANCIAL RULES

MARKING SCHEME

		phase.
11	The Reporting Process	<ul style="list-style-type: none">• Introduction.• Focus on the Reporting Process.• Clearing Observations.• Conclusions and Recommendations.• Obtaining Management Responses.• Management representation letter.• Audit completion checklist.• Producing the Audit Report.• Review of reports by others.
12	The Audit Report	<ul style="list-style-type: none">• Introduction.• The Certification Report and Types of Opinion.• Audit reports other than opinions on financial statement.• Reporting style and format.• Compliance and Performance.• Reports.
13	Documentation and Working Papers	<ul style="list-style-type: none">• The Need for Documentation and Working Paper Files.• The Purpose of Working Paper.• Files The Quality of Working Paper Files.• Custody and Maintenance of the Working Paper Files
14	Audit Follow Up	<ul style="list-style-type: none">• Introduction.• Timing of the follow up.• Determining the desired level of assurance.• Performing the follow up.• Reporting the results of the follow up.• Performing additional follow up.
15	System of Audit quality control in Audit Quality Management Framework (AQMF)	ISSAI 140 - Elements of quality control requirements; <ul style="list-style-type: none">• Leadership• Ethical requirements• Acceptance and continuance• Human resource• Performance of audit and other works• Monitoring and quality assurance
16	Quality Assurance	<ul style="list-style-type: none">• Introduction.• General quality assurance techniques described in Financial Audit manual.• Quality assurance during planning phases for individual audits.• Quality assurance during the field work phase for individual audits.• Quality assurance during the evaluation


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		<p>phase.</p> <ul style="list-style-type: none"> • Quality assurance during the reporting phase. • Quality assurance during the follow up phase. • Other quality assurance procedures
17	Internal Controls	<ul style="list-style-type: none"> • Working of Chief Finance Accounts Officer in the Federal Ministries

READING MATERIAL

Title	Publication
Financial Audit Manual	Cowaters / AGP
Audit Quality Management Framework	<p>Published in 2019 by Quality Assurance and Inspection Monitoring Wing (QAIM) – Office of AGP</p> <p>Website: https://agp.gov.pk/SiteImage/Publication/DAGP-AQMF-January-2023.pdf</p>


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