PESA Compliance Audit Papers

Paper, Module and Unit	Module and Unit Names	Objectives	Key Learning Points
Paper 1: Introduction, Concepts, and Principles of Compliance Audit			
CAP1-M1	Introduction, Concepts and Principles of the Compliance Audit		
CAP1-M2	Introduction to Compliance Audit	Describe compliance audit	Describe the nature, purpose and objectives of compliance audit
			Compare compliance audit with financial and performance audits
CAP1-M3	Value and Benefits of Compliance Audit	Describe the value and benefits of a compliance audit	Describe the unique way in which compliance audit adds value
CAP1-M4	Elements of Compliance Audit		
CAP1-M4.1	Elements of Compliance Audit (Three parties, subject matter and subject matter information of compliance)	Describe the three parties, subject matter and subject matter information of compliance audit	Identify three parties in compliance audit
			Describe subject matter and subject matter information
CAP1-M4.2	Authorities and Criteria in Compliance Audit	Describe the authorities and criteria of a compliance audit	Describe authorities and criteria

			Identify authorities and criteria to be considered while examining the regularity and propriety aspects in compliance audit
CAP1.M4.3	Assurance in Compliance Audit	Explain about assurance in compliance audit and two types of engagement – direct reporting and attestation engagement	The nature of assurance in compliance audit – limited and reasonable assurance
			Attestation engagements and direct reporting engagements
CAP1.M5	General Principles of Compliance Audit	Describe the auditor's responsibility of adhering to the general principles of compliance audit	Auditors' responsibility for considering the general principles of a compliance audit
CAP1.M6	Principles Related to Compliance Audit Process	Describe the principles related to compliance audit process	Describe the principles of compliance audit process
CAP1.M7	Conclusion of Concepts and Principles of the Compliance Audit	Summarise the key learning points of the paper	Identify key learnings
			Reflect on what the concepts and principles of compliance audit mean for SAI compliance auditor

Paper 2: Topic selection and pre-engagement considerations

CAP2.M1	Topic selection and preengagement considerations	Explain the structure of the paper with the modules and their interrelations	Objective and structure of the paper
			Why this is important?
			Interrelationship between the modules
CAP2.M2	Compliance Framework in the Public Sector Entities	Describe the elements of the compliance framework within which public sector entities operate	Describe the compliance framework for public sector entities covering the rules, regulations, and mandate.
			Describe how the framework determines the subject matter at the SAI level.
CAP2.M3	SAI Level Planning for Compliance Audit	Explain how to formulate a SAI level annual work plan for compliance audits	Describe the purpose of the SAI level plan

			Identify considerations for selecting compliance audit topics for SAI's annual plan
			Explain how to formulate SAI's annual work plan covering compliance audit
CAP2.M4	Documentation in Compliance Audit	Identify the documentation requirements in compliance audit	Identify the documentation requirements throughout the audit process
			Identify the responsibility of individual auditor to document each stage of the audit process
CAP2.M5	Quality Control in Compliance Audit	Identify the quality control requirements in compliance audit	Describe the roles and responsibilities for ensuring audit quality
			Identify actions to be taken by individual team members to ensure audit quality
CAP2.M6	Communication in Compliance Audit	Describe communication in a compliance audit	Determine the appropriate person(s) within the entity's governance structure with whom to communicate
			Identify the auditor's responsibilities in relation to communicating the significant matters of compliance audit
CAP2.M7	Ethical Requirements in Compliance Audit	Identify ethical requirements in compliance audit	Describe the roles and responsibilities for complying with ethical requirements in compliance audit
			Identify actions to be taken by individual team members to comply with ethical requirements in compliance audit
CAP2.M8	Conclusion of topic selection and pre-engagement considerations	Summarise the topic selection and pre-engagement considerations	Create a checklist of requirements at the end of SAI level planning
			Use this checklist to review the SAI level planning activities

Paper 3: Engagement level compliance audit planning

CAP3.M1	Introduction to engagement level planning process	Explain the structure of Paper 3 with the modules and their interrelations	Objective and structure of Paper 3
			Interrelationship between the modules
			Why this is important?
CAP3.M2	Two steps of Compliance audit planning	Outline the compliance audit planning process	Outline the engagement level planning process
			Define the audit strategy and audit plan
CAP3.M3	Determining the subject matter of an audit	Determine the subject matter of a compliance audit	Recall the role of subject matter in an engagement
			Outline the process for determining the subject matter for an engagement
			Identify issues to be considered in identifying the subject matter in the SAI context
CAP3.M4	Determining the scope of an audit	Determine the scope of a compliance audit	Describe the nature and purpose of the audit scope
			Outline the process for determining the scope of an engagement
			Identify issues to be considered in identifying the scope of engagement in the SAI context
			Determine the scope of an engagement
CAP3.M5	Authorities and criteria	Identify the authorities and criteria of a compliance audit	Analyse relevant authorities and criteria to plan the audit
			Identify the appropriate authorities and criteria for the audit scope regarding the subject matter (entity or the theme)
CAP3.M6	Understanding the subject matter and its operations	–	–
CAP3.M6.1	Understanding the subject matter	Describe the entity, its key business processes and its operations	Outline the process of understanding the subject matter and its operations

			Describe organisational operations and business processes
			Establish and document a preliminary understanding of the organisation
CAP3.M6.2	Internal control system	Explain the process for understanding the internal control system within an entity	Describe the system of internal control for the entity's business processes covered within the audit scope.
			Describe the purpose of obtaining an understanding of internal controls relevant to the audit.
CAP3.M7	Evaluate the internal control of the entity	Evaluate the internal control system of the entity relating to the subject matter	Evaluate the internal control system of the entity
CAP3.M8	Identification & assessment of risks – Inherent risk	–	–
CAP3.M8.1	Inherent risk	Understand the process of identifying inherent risks	Define inherent risk
			Describe the importance of inherent risks
			Identify inherent risks of the subject matter
			Identify the issues to be considered in identifying inherent risks in the SAI context
CAP3.M8.2	Control risk	Identify control risks	Define control risk
			Describe the importance of control risk
			Identify control risks of the subject matter
			Identify the issues relating to control risks in the SAI context
CAP3.M8.3	Fraud risk	Identify fraud risks	Define fraud risk
			Describe the importance of fraud risk
			Identify the issues to be considered in identifying fraud risks in the SAI context
CAP3.M8.4	Assessing risks	Assess the identified risks	Assess and document the identified risks
CAP3.M9	Determine materiality at planning	Understand how to determine materiality at the planning stage	Quantitative materiality and its importance

			Qualitative materiality and its importance
			Setting materiality at the planning stage
			Determining materiality in the SAI context
CAP3.M10	Design audit procedures to respond to assessed risks	–	–
CAP3.M10.1	Managing risks by the auditors	Describe how to manage audit risk	Elements of audit risk like detection risk
			Formulate appropriate risk management strategy to respond to the risks
CAP3.M10.2	Design audit procedures to respond to assessed risks	Develop an audit design matrix	Describe the relationship between risks and audit procedures
			Design tests of control in response to the assessed risks
			Design substantive audit procedures in response to the assessed risks
			Create an audit design matrix
CAP3.M11	Prepare an audit plan	Prepare an audit plan document for a compliance audit	Elements of an audit plan
			Preparing an audit plan for a compliance audit engagement
CAP3.M12	Quality review at planning phase	Understand the importance of quality review at the planning phase and identify the processes involved in conducting a quality review	Quality review checklist for audit planning
			Review the documentation of risk assessment, working paper templates
CAP3.M13	Planning a compliance audit – Conclusion	Summarise the steps involved in planning a compliance audit and outputs from the planning activities.	Create a checklist of requirements at the end of engagement planning
			Use this checklist to review the planning activities, what are the key learning points that you will implement in your SAI for planning a compliance audit

Paper 4: Gathering and evaluating audit evidence

CAP4.M1	Introduction to gathering and evaluating evidence	Explain the structure of paper 4 with the modules and their interrelations	Objective and structure of paper 4
			Interrelationship between the modules
			Why this is important?
CAP4.M2	How to use sampling in compliance audit?	Select the sample for a compliance audit	How and when to use sampling in a compliance audit
			Difference between statistical and non-statistical sampling techniques
			What are the considerations in selecting a sample in the SAI context?
			Process of selecting samples for a compliance audit
CAP4.M3	select appropriate sampling techniques for compliance audit	Explain how to gather sufficient and appropriate audit evidence	Definition of audit evidence
			Sufficiency and appropriateness of audit evidence
			Methods of gathering audit evidence
			Process of documenting audit evidence
CAP4.M4	How to use observation and physical verification in compliance audit?	Document the results of observation and physical verification techniques in a compliance audit	The techniques of observation and inspection (specifically, physical verification) in obtaining audit evidence and when these are used
			Steps to follow in gathering evidence through observation and physical verification
			Tips when employing the techniques of observation and physical verification in a compliance audit
			Documenting the results of an observation and physical verification

CAP4.M5	How to use interviews in compliance audit?	Develop a plan for interviews in compliance audit	What is an interview, why is it important and when do we use it in compliance audit?
			What is the process of interviewing?
			What are the key considerations and practical tips while using interviews in compliance audit?
			What are the main decisions related to interviews in compliance audit?
CAP4.M6	Evaluating evidence and forming conclusion.	Evaluate audit evidence to arrive at a conclusion on the subject matter	The process of determining the sufficiency and appropriateness of audit evidence
			How to formulate audit findings based on evaluation of audit evidence and consideration of the materiality of the findings in the findings matrix
			How to form an overall conclusion on the subject matter
CAP4.M7	Conclusion of gathering and evaluating evidence	Summarise the key concepts involved in gathering and evaluating audit evidence in a compliance audit	Create a checklist of requirements at the end of gathering and evaluating evidence
			Use this checklist to review the conducting activities, what are the key learnings that you will implement in your SAI for conducting a compliance audit

Paper 5: Reporting and follow-up of compliance audit

CAP5.M1	Introduction to reporting and follow-up of compliance audit	Explain the structure of Paper 5 with the modules and their interrelations	Objective and structure of Paper 5
			Interrelationship between the modules
			Why this is important?
CAP5.M2	Requirements of a compliance audit report	Identify the requirements of a compliance audit report	The principles of a compliance audit reporting

			What should be included in a compliance audit report
CAP5.M3	Developing effective recommendations	Develop recommendations in a compliance audit report	Identify features of effective recommendations
			Develop recommendations for a compliance audit report
CAP5.M4	Finalising the compliance audit report	Identify the actions required to finalise the compliance audit report	Describe the process of obtaining the feedback of audited entities
			Identify the quality control process
			Develop a quality control checklist
			Apply the quality control checklist to finalise the compliance audit report
CAP5.M5	Communicate compliance audit results	Identify the actions required to communicate compliance audit results	The actions to be taken by the SAI auditor to communicate the results of the compliance audit effectively
CAP5.M6	Follow-up and impact of a compliance audit	Strategise for compliance audit impact	Describe requirements for follow-up of compliance audits
			Identify actions at the SAI level for enhancing compliance audit impact
			Decide on engagement level actions to facilitate audit impact in a given local context
CAP5.M7	Reporting and follow-up – Conclusion	Summarise the key issues involved in reporting and follow-up in a compliance audit	Create a checklist of requirements at the end of reporting and follow-up
			Use this checklist to review the activities, what are the key learning points that you will implement in your SAI for reporting and following up a compliance audit