



The South African Institute of Chartered Accountants

**EXAMINABLE AUDITING PRONOUNCEMENTS  
(AUDITING, ASSURANCE, AND RELATED SERVICES)  
QE PART I JANUARY 2010**

This document clarifies the examinability of the following pronouncements in Part 1 of the Qualifying Examination 2010:

- Audit-related pronouncements contained in Volumes 2A and 2B of the SAICA Handbook 2008/2009;
- Codes of Professional Conduct;
- Companies Act;
- King Report; and
- Auditing Profession Act.

**This document should be read in conjunction with the SAICA syllabus on ‘Auditing, Assurance Services and Corporate Governance’ issued in 2005.**

**EXAMINABILITY OF PRONOUNCEMENTS IN SAICA HANDBOOK 2008/2009**

The cut off date for examinable **auditing standards** as defined by the SAICA Education Committee (“EDCO”) is 31 December, 12 months prior to the Part I of the Qualifying Examination (QEI) being written. The cut off date for Part I of the Qualifying Examination 2010 (March) is therefore 31 December 2008.

The Committee for Audit Standards (previously the Audit and Assurance Standards Board) of the Independent Regulatory Board for Auditors (IRBA) in South Africa has adopted the full suite of International Engagement Standards (IESs) issued by the International Audit and Assurance Standards Board with effect from 1 January 2005 (IRBA Circulars B1/2004 and B1/2005). The International Engagement Standards (IES) consist of:

- International Standards on Quality Control (ISQC);
- The International Framework for Assurance Engagements;
- International Standards on Auditing (ISA);
- International Standards on Review Engagements (ISRE);
- International Standards on Assurance Engagements (ISAE);
- International Standards on Related Services (ISRS); and
- International Auditing Practice Statements (IAPS).

The International Engagement Standards are contained in the **SAICA Handbook 2008/2009 Volumes 2A and 2B**. These texts include all standards issued up to 30 November 2008 and this Handbook is to be used by candidates for purposes of the **PART I OF THE QUALIFYING EXAMINATION - JANUARY 2010**.

**STANDARDS ON QUALITY CONTROL, AUDITING, ASSURANCE AND RELATED SERVICES**

<b>IES</b>	<b>Title</b>	<b>QE1 2010</b>
STRUC	Structure of pronouncements issued by the International Auditing and Assurance Standards Board	Examinable
PREF	Preface to the International Standards on Quality Control, Auditing, Review Other Assurance and Related Services adopted for issue by the Auditing and Assurance Standards Board (December 2005)	Examinable
GLOSS	Glossary of terms (December 2006)	Examinable

**INTERNATIONAL STANDARDS ON QUALITY CONTROL**

<b>ISQC</b>	<b>Title</b>	<b>QE1 2010</b>
1	Quality control for firms that perform audits and reviews of historical financial information, and other assurance and related services engagements.	Examinable

**INTERNATIONAL FRAMEWORK FOR ASSURANCE ENGAGEMENTS**

<b>Framework</b>	<b>Title</b>	<b>QE1 2010</b>
FRAME	International framework for assurance engagements	Examinable

## AUDIT AND REVIEWS OF HISTORICAL FINANCIAL INFORMATION

### International Standards on Auditing (ISA's)

#### General principles and Responsibilities (200 – 299)

ISA	Title	QE1 2010
200	The objective of and general principles governing an audit of financial statements (Effective for periods beginning on or after June 15, 2006)  <i>Paragraphs 37 to 48 which will only become effective at a future date yet to be determined (identified via shading)</i>	Examinable  <i>Not examinable</i>
210	Terms of audit engagements  <i>Appendix 2 : Conforming amendments which will only become effective at a future date yet to be determined</i>	Examinable  <i>Not examinable</i>
220	Quality control for audits of historical financial information	Examinable
230	Audit documentation *	Examinable
240	The auditor's responsibility to consider fraud in an audit of financial statements *	Examinable
250	Consideration of laws and regulations in an audit of financial statements *	Examinable
260	Communication of audit matters with those charged with governance	Examinable

#### Risk Assessment and Response to Assessed Risks (300 – 499)

ISA	Title	QE1 2010
300	Planning an audit of financial statements *	Examinable
315	Understanding the entity and its environment and assessing the risk of material misstatement *	Examinable
320	Audit materiality	Examinable
330	The auditor's procedures in response to assessed risks *	Examinable
402	Audit considerations relating to entities using service organizations	Examinable

**Audit evidence (500 – 599)**

<b>ISA</b>	<b>Title</b>	<b>QE1 2010</b>
500	Audit evidence	Examinable
501	Audit evidence – additional considerations for specific items	Examinable
505	External confirmations	Examinable
510	Initial engagements – opening balances *	Examinable
520	Analytical procedures	Examinable
530	Audit sampling and other means of testing *	Examinable
540	Audit of accounting estimates	Examinable
545	Auditing fair value measurements and disclosures	Examinable
550	Related parties	Examinable
560	Subsequent events *	Examinable
570	Going concern *	Examinable
580	Management representations	Examinable

**Using work of others (600 – 699)**

<b>ISA</b>	<b>Title</b>	<b>QE1 2010</b>
600	Using the work of another auditor	Examinable
610	Considering the work of internal auditing *	Examinable
620	Using the work of an expert	Examinable

**Audit conclusions and reporting (700 – 799)**

<b>ISA</b>	<b>Title</b>	<b>QE1 2010</b>
700	Independent auditors report on a complete set of general purpose financial statements	Examinable
701	Modifications to the independent auditors report	Examinable
710	Comparatives	Examinable
720	Other information in documents containing audited financial statements *	Examinable

**Specialised areas (800 – 899)**

<b>ISA</b>	<b>Title</b>	<b>QE1 2010</b>
800	The auditor's report on special purpose audit engagements	Examinable

**International / South African Auditing Practice Statements (1000 – 1100)**

<b>IAPS</b>	<b>Title</b>	<b>QE1 2010</b>
1000	<i>Inter-bank confirmation procedures</i>	<i>Not Examinable</i>
1004	<i>The relationship between banking supervisors and banks' external auditors</i>	<i>Not Examinable</i>
1005	The special considerations in the audit of small entities	Examinable
1006	<i>Audits of the financial statements of banks</i>	<i>Not Examinable</i>
1010	The consideration of environmental matters in the audit of financial statements	Examinable
1012	Auditing derivative financial instruments	Examinable
1013	Electronic commerce –effect on the audit of financial statements	Examinable
1014	Reporting by auditors on compliance with International Financial Reporting Standards	Examinable

**South African Audit Practice Statements**

<b>SAAPS</b>	<b>Title</b>	<b>QE1 2010</b>
SAAPS 1	Quality control	Examinable
SAAPS 2 (Revised)	Financial reporting frameworks and audit opinions	Examinable
SAAPS 3 (Revised)	Illustrative auditors report	Examinable
SAAPS 4	Enquiry regarding litigation and claims	Examinable
SAAPS 5	<i>Reporting on donor funding engagements</i>	<i>Not Examinable</i>
SAAPS 1100	Bank confirmations	Examinable

**International standards on review engagements (ISRE) (2000 – 2699)**

<b>ISRE</b>	<b>Title</b>	<b>QE1 2010</b>
2400	Engagements to review financial statements (previously ISA 910)	Examinable
2410	Review of interim financial information performed by the independent auditor of the entity	Examinable

**ASSURANCE ENGAGEMENTS OTHER THAN AUDITS OR REVIEWS OF HISTORICAL FINANCIAL STATEMENTS**

**International Standards on Assurance Engagement (ISAEs) (3000 – 3699)**

<b>ISAE</b>	<b>Title</b>	<b>QE1 2010</b>
3000	Assurance engagements other than audits or reviews of historical financial information	Examinable
3400	<i>The examination of prospective financial information (previously ISA 810)</i>	<i>Not Examinable</i>

**RELATED SERVICES**

**International standards on related services (ISRS) (4000 – 4699)**

<b>ISRS</b>	<b>Title</b>	<b>QE1 2010</b>
4400	Engagements to perform agreed-upon procedures regarding financial information (previously ISA 920)	Examinable
4410	Engagements to compile financial statements (previously ISA930)	Examinable

**REDRAFTED INTERNATIONAL STANDARDS ON AUDITING  
(contained in Volume 2B – incorrectly labeled as “Auditing Exposure Drafts”)**

<b>ISA</b>	<b>Title</b>	<b>QE1 2010</b>
PREF 2009	Preface to the International Standards on Quality Control, Auditing, Review Other Assurance and Related Services (December 2006)	<i>Not Specifically Examinable</i>
230 (redrafted)	Audit Documentation	<i>Not Specifically Examinable</i>
240 (redrafted)	The Auditor’s Responsibilities Relating to Fraud in an Audit of Financial Statements	<i>Not Specifically Examinable</i>
250 (redrafted)	Consideration of Laws and Regulations in an Audit of Financial Statements	<i>Not Specifically Examinable</i>
300 (redrafted)	Planning an Audit of Financial Statements	<i>Not Specifically Examinable</i>
315 (redrafted)	Identifying and Assessing the Risks of Material Misstatement Through Understanding the Entity and Its Environment	<i>Not Specifically Examinable</i>
330 (redrafted)	The Auditor’s Responses to Assessed Risks	<i>Not Specifically Examinable</i>
510 (redrafted)	Initial Audit Engagements – Opening Balances	<i>Not Specifically Examinable</i>
530 (redrafted)	Audit Sampling	<i>Not Specifically Examinable</i>
560 (redrafted)	Subsequent Events	<i>Not Specifically Examinable</i>
570 (redrafted)	Going Concern	<i>Not Specifically Examinable</i>
610 (redrafted)	Using the Work of Internal Auditors	<i>Not Specifically Examinable</i>
720 (redrafted)	The Auditor’s Responsibility in Relation to Other Information in Documentations Containing Audited Financial Statements	<i>Not Specifically Examinable</i>

**Per an International Auditing and Assurance Standards Board press release of 20 October 2008: “In most cases of annual financial statements for a full 12 month year, the clarified [redrafted] ISAs will apply to audits of financial statements for periods that end after December 15, 2010...”. Accordingly, these revised / redrafted standards are only likely to be widely in use by external auditors in 2011.**

**Given that the purpose of the redrafting of the ISAs was to clarify the standards, it may be educationally desirable to introduce students to the redrafted standards as soon as possible. Candidates in preparing for the QE1 2010 will therefore be allowed to use either the extant (“old”) or the “redrafted” standard. If reference to the ISAs is required in answering questions in the QE1 2010, the solutions will contain reference to both the extant ISA (referenced with an \* above) as well as to the redrafted version of the ISA.**

**REVISED AND REDRAFTED INTERNATIONAL STANDARDS ON AUDITING  
(contained in Volume 2B – incorrectly labeled as “Auditing Exposure Drafts”)**

<b>ISA</b>	<b>Title</b>	<b>QE1 2010</b>
Gloss	Glossary of Terms	<i>Not Examinable</i>
200 (revised & redrafted)	Overall Objectives of the Independent Auditor and the Conduct of an Audit in Accordance with International Standards on Auditing	<i>Not Examinable</i>
260 (revised & redrafted)	Communication with Those Charged with Governance	<i>Not Examinable</i>
320 (revised & redrafted)	Materiality in Planning and Performing an Audit	<i>Not Examinable</i>
450 (revised & redrafted)	Evaluation of Misstatements Identified during the Audit	<i>Not Examinable</i>
540 (revised & redrafted)	Auditing Accounting Estimates, Including Fair Value Accounting Estimates, and Related Disclosures	<i>Not Examinable</i>
550 (revised & redrafted)	Related Parties	<i>Not Examinable</i>
580 (revised & redrafted)	Written Representations	<i>Not Examinable</i>
600 (revised & redrafted)	Special Consideration – Audit of Group Financial Statements (Including the Work of Component Auditors)	<i>Not Examinable</i>
705 (revised & redrafted)	Modifications to the Opinion in the Independent Auditor’s Report	<i>Not Examinable</i>
706 (revised & redrafted)	Emphasis of Matter Paragraphs and Other Matter Paragraphs in the Independent Auditor’s Report	<i>Not Examinable</i>

**As the above the ISAs have not only been redrafted, but revised, they contain additional or modified requirements. As these ISAs are only effective for audits of financial statements for periods beginning on or after December 15, 2009, and cannot be early adopted, they will only be widely in use in 2011 and are therefore not examinable for the QEI 2010.**

## AUDITING CIRCULARS

Circular	Title	QE1 2010
CC 01/2006	Giving second opinions	Examinable

## AUDITING GUIDES

Guide	Title	QE1 2010
	Reportable irregularities	Examinable

## CODE OF PROFESSIONAL CONDUCT

The SAICA Code of Professional Conduct issued April 2006 is examinable for Part I of the Qualifying Examination 2010.

The Code of Professional Conduct issued by the Independent Regulatory Board for Auditors (IRBA) is NOT examinable for Part I of the Qualifying Examination 2010. Neither are the IRBA's Disciplinary Rules examinable for the Qualifying Examination 2010. **This represents a change from the requirements per the SAICA syllabus 2005.**

## COMPANIES ACT

The Companies Act (1973) as amended is examinable for Part I of the Qualifying Examination 2010. The Corporate Laws Amendment Act No 24 of 2006 is thus also examinable.

The Companies Bill (2008) is not examinable for QE I 2010 as the effective date for promulgation is expected to be 1 June or July 2010.

Departments of Accounting should review the changes to the Companies Bill and determine the impact on all courses including supportive courses to ensure that all changes to the Companies Bill, including Schedule 5 Transitional arrangements, are taught in the relevant academic years. (While SAICA will not be prescriptive as to when the Companies Bill changes should be taught, it does not make sense for students in the earlier years to be taught legislation that will soon no longer be in effect.)

The Companies Bill (2008) will be examinable for QE I 2011

## **KING REPORT**

The King II Report is examinable for the 2010 Qualifying Examination Part I.

The King III Report, if issued during 2009, is NOT examinable for QE I 2010.

## **AUDITING PROFESSION ACT (APA)**

The Auditing Profession Act (APA) is examinable for Part I of the Qualifying Examination 2010. The following sections of the APA are examinable:

- 1 – Definitions
- 2 – Objects of Act
- 3 – Establishment and legal status
- 4 – General Functions
- 20 – Establishment of committees
- 21 – Committee for auditor ethics
- 22 - Committee for auditing standards
- 37 – Registration of individuals as registered auditors
- 38 – Registration of firms as registered auditors
- 39 – Termination of registration
- 41 – Practice
- 44 – Duties in relation to audit
- 45 – Duties to report on irregularities
- 46 – Limitation of liability
- 52 – Reportable irregularities and false statements in connection with audits

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