MODULE 8: PRINCIPLES OF AUDITING

HKICPA PROFICIENCY LEVELS AND TAXONOMY

The proficiency level indicated in the table below reflects the level at which the topics covered in each particular learning outcome are tested. There are three levels of proficiency:

- Level 1 is the foundational level, covering the skills of knowledge and comprehension.
- Level 2 is the intermediate level, covering the skills of application and analysis.
- Level 3 is the advanced level, covering the skills of integration and evaluation

You are expected to understand which skill is exercised based on the taxonomy verbs with which it is associated.
Please note that the list of taxonomy verbs below is for reference only and does not represent an exhaustive list.

Level 1: Foundation	Level 2: Intermediate	Level 3: Advanced
Knowledge The remembering of previously learned material (recall of facts)	**Application** Using new knowledge. Solve problems to new situations by applying acquired knowledge, facts, techniques and rules in a different way	**Integration** Compile information together in a different way by combining elements in a new pattern or proposing alternative solutions
Comprehension Demonstrative understanding of facts and ideas by organising, comparing, translating, interpreting, giving descriptions and stating main ideas	**Analysis** Examine and break information into parts by identifying motives or causes. Make inferences and find evidence to support generalisation	**Evaluation** The ability to judge the value of material for a given purpose

The syllabus weighting table indicates the relative weightings of the syllabus areas encompassed in this module. It serves as a guide to the percentage of study time spent on each syllabus area. In the long run, the marks allocation in the module examinations would conform to the weightings as shown above. The exact range of marks allocation in each module examination may deviate from the weightings for suitably robust questions to be set.

SYLLABUS AREA		
Principal Learning Outcomes	**Supporting Learning Outcomes**	**Proficiency Level**
Describe and Apply the Professional Standards and Guidelines Applicable to an Audit	Apply the key principles of professional standards and guidelines	2
	Describe and explain approaches to apply a corporate governance framework and the impact on auditing and the auditing profession	1
	Explain the legal and regulatory framework	1
Explain the Nature and Purpose of Auditing	Explain the nature and objective of conducting an audit	1
	Describe the roles and responsibilities of an auditor	1
Explain and Analyse Audit Approach and Planning	Explain and analyse the importance of understanding a client's business	2
	Demonstrate the importance of internal controls	2
	Explain and analyse the relationship between risks assessment, inherent risk, control risk, and audit approach	2
	Describe the design of an audit approach	1

SYLLABUS AREA		
Principal Learning Outcomes	**Supporting Learning Outcomes**	**Proficiency Level**
Explain and Analyse Audit Approach and Planning (Cont'd)	Demonstrate how to prepare the overall audit plan and audit programme	2
	Describe the use of audit sampling for tests of controls	1
	Illustrate the use of audit sampling for tests of details of balances	1
	Describe the audit of computerised systems	1
	Determine the issues under the requirement of sufficient and appropriate audit evidence	2
	Describe the use of work of others	1
Apply Audit Procedures to an Audit	Analyse the importance of audit planning and its documentation	2
	Illustrate the relationship between materiality and risk	1
	Apply the audit procedures to different business cycles	2
	Illustrate major actions involved during the completion of an audit	1
Prepare an Auditor's Report	Analyse the basis of an auditor's report	2
	Demonstrate an understanding of the circumstances that require modification to an auditor's report	2
	Demonstrate an understanding of the circumstances that require the auditor to express modified audit opinions	2