



ACCA CERTIFICATE IN AUDIT
FOUNDATIONS IN AUDIT
RQF Level 4
(FAU)

Syllabus and study guide

DECEMBER 2024 TO JUNE 2025

Designed to help with planning study and to
provide detailed information on what could be
assessed in any examination session



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1. Overall aim of the syllabus

To develop knowledge and understanding of the principles of external audit and the audit process and technical proficiency in the skills used for auditing financial statements.

2. Introduction to the syllabus

The syllabus for FAU starts with an introduction to the nature and purpose of an audit, including the responsibilities of auditors, and the regulation that auditors must adhere to.

The syllabus then covers the areas relating to the process of an audit of financial statements: audit planning and risk assessment, recording and evaluating internal control, tests of controls, audit evidence and the use of substantive procedures. The syllabus also deals with audit completion including the auditor's report.

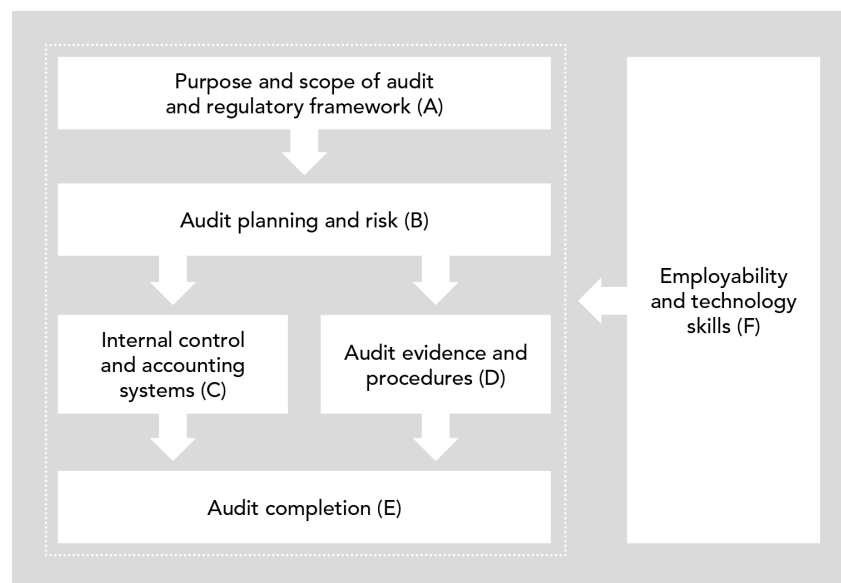
Finally, the syllabus contains outcomes relating to the demonstration of appropriate digital and employability skills in preparing for and taking the FAU examination. This includes being able to interact with different question item types, manage information presented in digital format and being able to use the relevant functionality and technology to prepare and present response options in a professional manner. These skills will need to be demonstrated during the live exam and are specifically developed through preparation, using the learning support content for computer-based exams available via the ACCA website.

3. Main capabilities

On successful completion of this exam, candidates should be able to:

- A Explain the purpose and scope of an audit and its regulatory framework
- B Explain how an auditor assesses risk and plans an audit
- C Identify the principles of internal control and describe and evaluate the features of accounting systems
- D Identify and describe audit evidence and audit procedures required to meet the objectives of an audit and apply International Standards on Auditing (ISAs)
- E Explain how the audit is completed and reflected in the different types of auditor's reports
- F Demonstrate employability and technology skills

Relational diagram of main capabilities:



4. Intellectual levels

ACCA qualifications are designed to progressively broaden and deepen the knowledge and skills demonstrated by the student at a range of levels on their way through each qualification.

Throughout, the study guides assess both knowledge and skills. Therefore, a clear distinction is drawn, within each subject area, between assessing knowledge and skills and in assessing their application within an accounting or business context. The assessment of knowledge is denoted by a superscript ^K and the assessment of skills is denoted by the superscript ^S.

5. The syllabus

A Purpose and scope of audit and regulatory framework

1. The purpose and scope of an audit
2. Auditor responsibilities
3. Professional ethics and ACCA's Code of Ethics and Conduct
4. Auditor engagement and liability
5. Audit regulation
6. Internal audit

B Audit planning and risk assessment

1. Audit risk
2. Understanding the entity and its environment and the applicable financial reporting framework
3. Audit strategy and the audit plan
4. Audit documentation

C Internal control

1. General principles of internal control
2. Techniques to understand, record and evaluate accounting systems
3. Tests of controls
4. Communicating control deficiencies

D Audit evidence and procedures

1. Audit evidence
2. Audit procedures and assertions
3. Substantive procedures
4. Audit sampling
5. Automated tools and techniques

E Audit completion

1. Going concern
2. Subsequent events
3. Written representations
4. Independent Auditor's Report

F Employability and technology skills

1. Use computer technology to efficiently access and manipulate relevant information
2. Work on relevant response options, using available functions and technology as would be required in the workplace
3. Navigate windows and computer screens to create and amend responses to exam requirements, using the appropriate tools
4. Present data and information effectively, using the appropriate tools

6. Detailed study guide

A Purpose and scope of audit and regulatory framework

1. The purpose and scope of an audit

- a) Explain the nature of an audit^[K]
- b) Explain the purpose of an audit, including the advantages and disadvantages of an audit^[K]
- c) Explain the nature of accounting records, including proper records^[K]
- d) Explain the concepts of true and fair presentation (being presented fairly in all material respects) and reasonable assurance^[K]
- e) Define professional scepticism and explain how it should be exercised during an audit^[K]
- f) Define professional judgement and identify when it should be applied during an audit^[K]
- g) Identify the form and content of the auditors' report^[S]

2. Auditor responsibilities

- a) Describe the duties of auditors^[K]
- b) Describe the rights of auditors.^[K]

3. Professional ethics and ACCA's Code of Ethics and Conduct

- a) Discuss the fundamental principles of professional ethics of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour^[S]
- b) Describe the detailed requirements, and application of professional ethics, in the context of integrity, objectivity and independence^[S]

- c) Describe the auditor's responsibility with regard to confidentiality^[S]

4. Auditor engagement and liability

- a) Explain the factors that auditors should consider before accepting an audit engagement^[S]
- b) Explain the purpose and nature of an engagement letter^[K]
- c) Explain the liability of auditors under contract and negligence to clients^[K]
- d) Explain the liability of auditors to third parties^[K]

5. Audit regulation

- a) Explain the purpose and scope of ISAs^[K]

6. Internal audit

- a) Explain the purpose, scope and reporting function of an internal audit function^[K]
- b) Identify the factors that external auditors should consider when evaluating the internal audit function and work of internal auditors^[K]

B Audit planning and risk assessment

1. Audit risk

- a) Define audit risk, including inherent risk, control risk and detection risk^[K]
- b) Explain the risk-based approach to an audit^[K]
- c) Define the concept of materiality and how materiality levels are calculated from financial information^[K]

2. Understanding the entity and its environment and the applicable financial reporting framework

- a) Explain how auditors obtain an initial understanding of the entity and its environment and the applicable financial reporting framework^[K]

3. Audit strategy and the audit plan

- a) Identify and explain the need for planning an audit^[K]
- b) Identify and describe the contents of the overall audit strategy and the audit plan^[S]
- c) Explain the use of analytical procedures in planning^[K]
- d) Describe general planning issues including the availability and management of audit resources, the effect of information technology (IT) on audit procedures, the audit of complex areas and the need to use experts^[S]
- e) Explain the role of audit programmes and the advantages and disadvantages of using standard audit programmes^[K]

4. Audit documentation

- a) Describe the reasons for maintaining audit documentation^[K]
- b) Explain the purpose and contents of the current file and the permanent file^[K]
- c) Explain the quality management procedures that should exist over the review of audit working papers^[K]
- d) Explain how IT may be used in the documentation of audit work^[K]

C Internal control

1. General principles of internal control

- a) Describe the components of a system of internal control^[K]

- b) Describe the objectives of a system of internal control^[K]

- c) Describe the inherent limitations of internal control^[K]

- d) Explain the importance of internal control to auditors^[K]

2. Techniques to understand, record and evaluate accounting systems

- a) Describe the techniques used by auditors to understand and record accounting systems including narrative notes and flowcharts^[K]

- b) Describe the techniques used by auditors to evaluate accounting systems including internal control questionnaires (ICQs), internal control evaluation questionnaires (ICEQs) and checklists^[K]

- c) Provide examples of, and explain the format and contents of, ICQs and ICEQs^[S]

- d) Evaluate the system of internal control, identifying and defining significant internal control deficiencies^[S]

3. Test of controls

- a) Describe and provide examples of control procedures to meet specified objectives for each of the following areas:^[S]

- purchases and trade payables
- sales and trade receivables
- wages and salaries (payroll)
- tangible non-current assets
- inventory
- bank and cash

- b) Explain the purpose of tests of controls^[K]

- c) Identify and explain the testing of controls over the following areas:^[K]
 - purchases and trade payables
 - sales and trade receivables
 - wages and salaries (payroll)
 - tangible non-current assets
 - inventory
 - bank and cash
- d) Distinguish between tests of controls and substantive procedures^[K]
- e) Distinguish between information processing controls and general IT controls and identify the objectives of each control type^[S]
- f) Provide examples of specific information processing controls and general IT controls^[S]

4. Communicating control deficiencies

- a) Explain the requirements and methods for communicating significant deficiencies to management and those charged with governance^[S]

D Audit evidence and procedures

1. Audit evidence

- a) Explain the importance of audit evidence, including sufficient appropriate audit evidence^[K]
- b) Identify the factors that influence the relevance and reliability of audit evidence^[K]

2. Audit procedures and assertions

- a) Explain the importance of the use of the assertions by the auditor^[K]
- b) Explain the assertions in relation to classes of transactions and related disclosures, and account balances and related disclosures^[K]

- c) Describe and give examples of procedures used by auditors to obtain audit evidence, including inspection, observation, external confirmation, recalculation, reperformance, analytical procedures and inquiry^[K]

3. Substantive procedures

- a) Identify and demonstrate the link between audit programmes and audit objectives^[K]
- b) Identify and explain the substantive procedures to meet the specific objectives for the audit of each of the following:^[K]
 - tangible non-current assets
 - trade receivables, prepayments and other receivables
 - trade payables, accruals and other payables
 - bank and cash
 - non-current liabilities
 - provisions
- c) Explain why the audit of inventory is often an area of high inherent risk^[K]
- d) Describe the audit procedures that should be undertaken before, during and after attending an inventory count^[K]
- e) Explain the extent to which an auditor may rely on a system of perpetual inventory^[K]
- f) Identify and explain the substantive procedures to meet the specific objectives for the audit of inventory^[K]

4. Audit sampling

- a) Define audit sampling and the relevance of sampling to the auditor^[K]
- b) Identify sampling selection methods, including random selection, systematic selection and haphazard selection^[K]
- c) State the main factors affecting sample sizes^[K]

5. Automated tools and techniques

- a) Explain the use of automated tools and techniques (ATTs) in an audit including the use of audit software, test data and other data analytics tools^[K]
- b) Explain the advantages and disadvantages of the use of ATTs to the auditor^[K]

E Audit completion

1. Going concern

- a) Define and discuss the significance of going concern^[S]
- b) Discuss indicators of going concern problems^[S]
- c) Explain the procedures to be applied in performing going concern reviews^[K]

2. Subsequent events

- a) Explain the responsibilities of the auditor regarding subsequent events occurring up to the date of the auditor's report^[K]
- b) Explain the procedures to be applied in performing subsequent events reviews^[K]

3. Written representations

- a) Explain the purpose of written representations^[K]
- b) Describe the circumstances where written representations are necessary^[S]

4. Independent Auditor's Report

- a) Describe the form and content of the Independent Auditor's Report, including an unmodified opinion^[S]
- b) Describe the circumstances in which an auditor should express a modified audit opinion in the auditor's report^[S]

- c) Identify the type of opinion which it is appropriate for the auditor to express, based on the given circumstances^[S]

F Employability and technology skills

1. Use computer technology to efficiently access and manipulate relevant information
2. Work on relevant response options, using available functions and technology as would be required in the workplace
3. Navigate windows and computer screens to create and amend responses to exam requirements, using the appropriate tools
4. Present data and information effectively, using the appropriate tools

7. Summary of changes to Foundations in Audit (FAU)

ACCA periodically reviews its qualification syllabuses so that they fully meet the needs of stakeholders such as employers, students, regulatory and advisory bodies and learning providers. There are no significant changes to the syllabus however minor changes are identified in the table below.

Changes to FAU

In line with changes introduced to Financial Accounting (FA) in 23-24 regarding computerisation of accounting systems, the level of system integration within FAU will be increased for 24-25. This will mainly impact questions covering syllabus area C – Internal Control.

Bank and cash, non-current assets and payroll systems will not be integrated. The level of integration with the inventories system – including how this interacts with the accounting system - will be clearly indicated within the scenario.

The specimen exam will be updated to reflect these changes and will be available once the 24-25 syllabus is active.

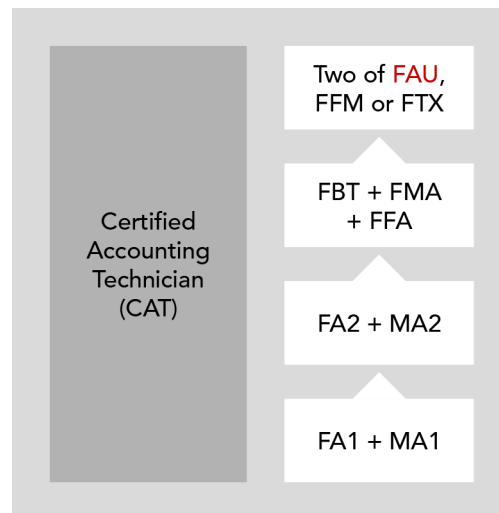
8. Approach to examining the syllabus

The syllabus is assessed by a two-hour computer-based examination. Questions will assess all parts of the syllabus.

The examination will consist of two sections. Section A will contain 15 2-mark objective test questions. Section B will contain eight questions. These will include two questions which are 15 marks each, two questions which are 10 marks each and four questions which are 5 marks each.

9. Relational diagram linking Foundations in Audit (FAU) with other exams

The CAT syllabus is designed at three discrete levels. To be awarded the CAT qualification students must either pass or be exempted from all nine examinations including two specialist options exams. Exemptions based on relevant work experience can be claimed from up to the first four FIA exams.



10. Guide to ACCA examination structure and delivery mode

The structure of examinations varies.

The Foundations in Accountancy (FIA) examinations contain 100% compulsory questions to encourage candidates to study across the breadth of each syllabus.

All FIA examinations are assessed by two-hour computer-based examinations.

The pass mark for all FIA examinations is 50%.

11. Guide to ACCA examination assessment

ACCA reserves the right to examine anything contained within the study guide at any examination session. This includes knowledge, techniques, principles, theories, and concepts as specified. For specified financial accounting, audit and tax examinations, except where indicated otherwise, ACCA will publish examinable documents once a year to indicate exactly what regulations and legislation could potentially be assessed within identified examination sessions.

For this examination, regulation issued or legislation passed on or before 31 August annually, will be assessed from 1 September of the following year to 31 August of the year after. Please refer to the examinable documents for the exam (where relevant) for further information.

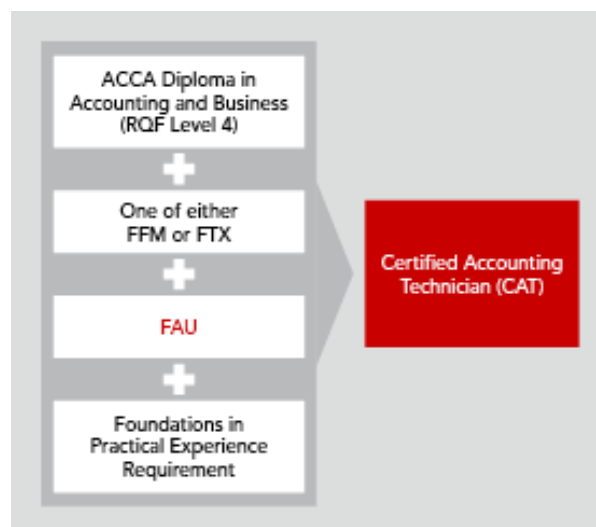
Regulation issued or legislation passed in accordance with the above dates may be examinable even if the effective date is in the future. The terms 'issued' or 'passed' relate to when regulation or legislation has been formally approved.

The term 'effective' relates to when regulation or legislation must be applied to entity transactions and business practices.

The study guide offers more detailed guidance on the depth and level at which the examinable documents will be examined. The study guide should therefore be read in conjunction with the examinable documents list.

12. Qualification structure

The Certified Accounting Technician (CAT) Qualification consists of nine exams which include seven of the FIA examinations, at all three levels, plus two examinations from three of the specialist options exams. The CAT qualification also requires the completion of the Foundations in Professionalism (FiP) module and 12 months relevant work experience, including the demonstration of 10 work-based competence areas. Exemptions can be claimed from a maximum of the first four FIA exams for relevant work experience.



13. Learning hours and education recognition

As a member of the International Federation of Accountants, ACCA seeks to enhance the education recognition of its qualification on both national and international education frameworks, and with educational authorities and partners globally. In doing so, ACCA aims to ensure that its qualifications are recognised and valued by governments and regulatory authorities and employers across all sectors. To this end, ACCA qualifications are currently recognised on the educational frameworks in several countries. Please refer to your national education framework regulator for further information about recognition.

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