

**QP pre-entry education
competency requirements for sub-degree holders
(professional bridging examination)**

TECHNICAL COMPETENCIES

Fields of competency

The items listed in this section are shown with an indicator of the minimum acceptable level of competency, based on a three-point scale as follows:

1. Awareness

To have a general academic awareness of the field with a basic understanding of relevant knowledge and related concepts.

2. Knowledge

The ability to use knowledge to perform tasks competently without assistance in straightforward business situations or applications.

3. Application

The ability to apply comprehensive knowledge and a broad range of skills in a business setting to solve most problems generally encountered.

PAPER III: PBE AUDITING AND INFORMATION SYSTEMS

This subject aims to provide students with a general knowledge of the regulatory, legal and reporting framework of auditing in Hong Kong and an understanding of the basic principles of auditing. It also aims to test students' ability to understand information as a key resource and asset of all kinds of organizations and to appreciate how management information systems with the appropriate technologies can create value and improve the competitive advantage of organizations.

AUDITING

Nature and purpose of auditing

- ~~Describe~~Discuss the roles and responsibilities of auditors. 3
- ~~Explain~~Illustrate the statutory requirements for audits. 3
- Distinguish between business failure, audit failure, and audit risk. 2
- Describe the Code of Ethics. 2
- Explain the consideration for acceptance of a new client or continuance of an existing client. 2
- ~~Discuss~~Explain the consideration of negligence and fraud faced by auditors. 2
- Describe auditors' liability to clients and third parties. 2
- Describe approaches to applying a corporate governance framework and the impact on auditing and the auditing profession. 2

Audit approach

- Demonstrate an understanding in the design of an audit approach. 2
- Demonstrate an understanding of the importance of understanding clients' business. 2
- Demonstrate an understanding of the relationship between risks assessment, inherent risk and control risk, and audit approach. 2
- Demonstrate an understanding of the importance of sufficient and appropriate audit evidence. 2
- Formulate the overall audit plan and audit programme. 23
- Describe the use of audit sampling for tests of controls. 2
- Describe the use of audit sampling for tests of details of balances. 2
- Demonstrate an understanding of the audit of computerized systems. 2

Audit procedures

- Describe audit planning process and its documentation. 2
- Explain/illustrate the relationship between materiality and risk. 23
- Describe the tests of controls and substantive tests of transactions applicable to the audit of:
 - sales and collection, including service income and unearned revenue; 2
 - purchase and payment; 2
 - payroll and personnel; 2
 - debtors and prepayments; 2
 - inventory and production; 2
 - creditors and accrued liabilities and provisions; 2
 - fixed assets; and leases; 2
 - intangible assets; and 2
 - cash and cash equivalent and loan balances. 2
- Demonstrate an understanding of the major actions involved during the completion of an audit. 2

Audit report

- Describe the basis of audit reports. 2
- Evaluate/Explain the circumstances that require modification to a standard unqualified audit report. 2
- Evaluate/Explain the circumstances that require the auditor to express qualified opinions. 2
- Explain the concept of "true and fair". 2

Information systems development

- Demonstrate an understanding of information systems strategies. 2
- Describe systems development process. 2
- ExplainDiscuss the increasing roles and responsibilities of accountants as user and owner of data and the corporate information system. 23
- Describe the opportunities and threats to corporate information system including capabilities in data treatment and analysis, data integrity, system security and issues in access restriction, and business contingency/continuity. 2