

Syllabus and study guide

Audit, Risk and Control (E3)

September 2027 to June 2028

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

The overall aim of the syllabus is to develop and enable the application of technical knowledge and skills in the audit process from planning an audit and assessing audit risks, including those relating to the entity's system of internal control, to performing substantive procedures to obtain evidence and through to completion and reporting.

2. Introduction to the syllabus

The syllabus for E3 Audit, Risk and Control starts by introducing candidates to the concept of audits and other assurance engagements, including what they are and how they differ. Ethics and quality management are important so that trust can be placed in the reports issued by the auditor and the regulations which auditors must abide by are covered in the syllabus. The syllabus also looks at aspects such as auditor responsibilities and the limitations of an audit; an area which can be subject to misunderstanding.

The syllabus then moves on to the audit itself and the planning and risk assessment which is a vital part of the process as this will dictate the audit work which follows. The syllabus then focuses on the next stage of the audit process by addressing the procedures to obtain audit evidence in respect of the system of internal control, and the numbers and disclosures in the financial statements of a client.

The final part of the syllabus covers the final stage of an audit by exploring the completion activities to be performed to ensure all matters have been considered before concluding on the audit opinion and issuing the auditor's report.

3. Main capabilities

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

- Assess quality management policies and procedures for audits and other assurance engagements
- Assess whether an audit should be accepted, and if so, the planning and risk assessment activities which must be performed
- Assess the audited entity's system of internal control to determine whether it is a reliable source of audit evidence by documenting and interrogating the system, performing tests of controls and identifying deficiencies in the system
- Design audit procedures, using a combination of automated tools and techniques and manual procedures, to obtain sufficient and appropriate evidence to enable the auditor to form an audit opinion on the financial statements
- Design and perform procedures at the completion stage of an audit in respect of subsequent events, going concern and the overall review of the financial statements to enable the auditor to form a conclusion and issue an appropriate audit opinion
- Assess sustainability matters throughout the audit process, ensuring such matters have been appropriately reflected in the financial statements, and in determining the audit opinion to be issued
- Apply an ethical mindset and professional scepticism to all stages of the audit process

4. Intellectual levels

The ACCA Qualification syllabus is designed to progressively broaden and deepen the technical knowledge, skills and professional values demonstrated by the candidate on their journey through the qualification.

The specific learning outcomes within the detailed syllabuses and study guides are assessed at one of three intellectual or cognitive levels:

Level 1:	Knowledge and comprehension
Level 2:	Application and analysis
Level 3:	Synthesis and evaluation

Very broadly these intellectual levels relate to the three levels of the ACCA Qualification: Knowledge, Expertise and Strategic Professional.

Each learning outcome included in the detailed study guide is given a 1, 2 or 3 superscript, denoting its intellectual level. This gives an indication of the intellectual depth at which a learning outcome could be assessed within the examination. However, while Level 1 broadly equates with the Knowledge level, Level 2 to the Expertise level and Level 3 to the Strategic Professional level of the ACCA Qualification, some lower-level skills can continue to be assessed as the candidate progresses through each level. This reflects that at each stage of study there will be the requirement to broaden, as well as deepen, capabilities.

5. The syllabus

A The audit ecosystem

1. The concept of audit and other assurance engagements
2. The ACCA Code of Ethics and Conduct
3. Quality management within an audit firm
4. Responsibilities of the auditor

B Planning and risk assessment

1. Accepting and continuing audit engagements
2. Assessing risks
3. Understanding the entity and its environment, and the applicable financial reporting framework
4. Audit planning and documentation

C Internal control

1. Components of internal control
2. Assessment of systems of internal control
3. Communication of deficiencies
4. Corporate governance

D Audit evidence

1. Principles of audit evidence
2. Audit procedures
3. The work of others
4. Automated tools and techniques

E Completion and reporting

1. Subsequent events
2. Going concern

3. Audit finalisation
4. Written representations
5. The Independent Auditor's Report

6. Detailed study guide

A The audit ecosystem

1. The concept of audit and other assurance engagements

- a) Explain the objective and general principles of external audit and assurance engagements.^[1]
- b) Apply the five elements of assurance to different types of assurance engagements, including those relating to sustainability information and prospective financial information.^[2]
- c) Compare and contrast the level of assurance provided by an external audit and other types of assurance engagements.^[2]
- d) Design procedures to be performed in a review of financial statements.^[2]
- e) Assess the benefits and limitations of external audits.^[2]
- f) Assess why users of financial statements misunderstand the auditor's role and purpose of audit.^[2]

2. The ACCA Code of Ethics and Conduct

- a) Apply the fundamental ethical principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour to a given situation.^[2]
- b) Apply the conceptual framework to assess the threats to the fundamental principles and recommend safeguards to address the threats in a given situation.^[2]
- c) Assess the auditor's responsibility in relation to auditor independence, conflicts of interest and confidentiality.^[2]

- d) Recommend steps an auditor should take when a breach of the ACCA Code of Ethics and Conduct has occurred.^[2]

3. Quality management within an audit firm

- a) Explain the principles and purpose of quality management policies and procedures for audits and other assurance engagements.^[1]
- b) Assess the quality management procedures which should be in place during an audit in respect of engagement resources, engagement performance, monitoring and remediation and compliance with ethical requirements.^[2]
- c) Assess quality management deficiencies and recommend actions to comply with quality management requirements.^[2]

4. Responsibilities of the auditor

- a) Compare and contrast the respective responsibilities of management and external auditors for the prevention and detection of fraud and error.^[2]
- b) Assess whether the auditor should have detected fraud during an audit engagement.^[2]
- c) Compare and contrast the respective responsibilities of management and external auditors concerning compliance with laws and regulations, including money laundering.^[2]
- d) Assess the reporting requirements of the auditor when fraud and error and non-compliance with laws and regulations is identified.^[2]

B Planning and risk assessment

1. Accepting and continuing audit engagements

- a) Assess the matters to be considered, including the preconditions for an audit

and customer due diligence procedures, when deciding whether to accept or continue with an audit engagement.^[2]

- b) Explain the purpose of, and summarise the matters to be included in, an audit engagement letter.^[1]

2. Assessing risks

- a) Explain the components of audit risk.^[1]
- b) Analyse audit risks, including those relating to sustainability, and recommend an auditor's response to each risk.^[2]
- c) Assess business risks, including those relating to sustainability, relevant to the audit of the financial statements.^[2]
- d) Apply the concepts of materiality and performance materiality to an audit engagement.^[2]
- e) Calculate materiality levels from financial information.^[2]
- f) Apply professional scepticism and professional judgement in an audit of financial statements.^[2]
- g) Assess the factors which may impair the auditor's ability to exercise sufficient scepticism such as conscious or unconscious biases.^[2]

3. Understanding the entity and its environment, and the applicable financial reporting framework

- a) Assess how auditors obtain an initial understanding of the entity and its environment, and the applicable financial reporting framework.^[2]
- b) Assess the nature, and purpose, of analytical procedures in planning.^[2]
- c) Calculate key ratios to assess audit risks.^[2]

- d) Interpret results generated from analytical procedures and data analytics to assess audit risks.^[2]

4. Audit planning and documentation

- a) Assess the need for and the importance of planning an audit.^[2]
- b) Analyse the contents of, and explain the relationship between, the overall audit strategy and audit plan.^[2]
- c) Assess the effect of the auditor's risk assessment, including risks relating to fraud and sustainability, on the audit strategy and extent of audit work.^[2]
- d) Compare and contrast interim and final audits, including the work to be performed at each.^[2]
- e) Assess the importance of audit documentation and the measures to ensure safe custody and retention.^[2]
- f) Assess the contents of audit working papers.^[2]
- g) Explain the types/nature of the working papers which would be included in the current and permanent audit files.^[1]

C Internal control

1. Components of internal control

- a) Assess the five components of an entity's system of internal control.^[2]
- b) Assess why an auditor needs to obtain an understanding of the components of internal control relevant to the preparation of the financial statements, including general information technology (IT) controls and information processing controls.^[2]
- c) Assess the limitations of internal control.^[2]

- d) Summarise control objectives relating to:^[1]
 - (i) sales
 - (ii) purchases
 - (iii) payroll
 - (iv) inventory
 - (v) bank and cash
 - (vi) non-current assets
- e) Compare and contrast the different methods used to document systems of internal control: narrative notes, flowcharts and questionnaires.^[2]

2. Assessment of systems of internal control

- a) Assess the following systems to identify direct controls and control deficiencies:^[2]
 - (i) sales
 - (ii) purchases
 - (iii) payroll
 - (iv) inventory
 - (v) bank and cash
 - (vi) non-current assets
- b) Design tests of controls to assess the effectiveness of direct controls.^[2]
- c) Recommend controls to address deficiencies in an entity's system of internal control.^[2]

3. Communication of deficiencies

- a) Recommend the contents of the covering letter when communicating control deficiencies identified during the audit.^[2]
- b) Explain the requirements for communicating with management and those charged with governance, including in relation to control deficiencies.^[1]

4. Corporate governance

- a) Assess corporate governance deficiencies and recommend actions to allow compliance with international codes of corporate governance.^[2]

- b) Assess the role of the audit committee in corporate governance and internal control.^[2]
- c) Assess the need for an internal audit function and how independence of the internal audit function can be achieved.^[2]
- d) Assess the advantages and disadvantages of outsourcing the internal audit function.^[2]
- e) Assess the need for internal audit assignments including internal controls, fraud investigations, regulatory compliance, IT, financial, value for money, and customer experience.^[2]

D Audit evidence

1. Principles of audit evidence

- a) Design audit procedures to obtain sufficient and appropriate evidence in respect of assertions relating to:^[2]
 - (i) classes of transactions and events and related disclosures in the statement of profit or loss
 - (ii) account balances and related disclosures at the period end in the statement of financial position
- b) Compare and contrast tests of controls and substantive procedures.^[2]
- c) Assess the sufficiency and appropriateness of audit evidence.^[2]
- d) Explain the need for sampling and the methods an auditor can use to select a sample.^[1]

2. Audit procedures

- a) Design audit procedures to obtain sufficient, appropriate evidence in relation to:^[2]
 - (i) bank and cash including bank loans
 - (ii) borrowing costs
 - (iii) earnings per share

- (iv) effects of foreign exchange
- (v) government grants
- (vi) impairment of assets
- (vii) intangible assets
- (viii) inventories
- (ix) investment property
- (x) leases
- (xi) non-current assets held for sale
- (xii) payables and accruals
- (xiii) payroll including director's remuneration
- (xiv) presentation of financial statements
- (xv) property, plant and equipment
- (xvi) provisions and contingencies
- (xvii) purchases and other expenses
- (xviii) receivables and prepayments
- (xix) revenue from contracts with customers
- (xx) share capital and reserves

- b) Apply analytical procedures as substantive procedures in an audit.^[2]
- c) Design procedures specific to an initial audit engagement.^[2]
- d) Apply audit techniques to not-for-profit organisations.^[2]

3. The work of others

- a) Assess the matters to consider before using the work of others, such as experts and an entity's internal audit function.^[2]
- b) Design procedures the auditor should perform to obtain evidence when an entity uses a service organisation.^[2]

4. Automated tools and techniques

- a) Design procedures using automated tools and techniques including test data, audit software and other data analytics tools.^[2]
- b) Analyse the benefits and limitations of using automated tools and techniques in an audit engagement.^[2]

E Completion and reporting

1. Subsequent events

- a) Assess the responsibilities of auditors regarding subsequent events.^[2]
- b) Design procedures to be undertaken when performing a subsequent events review.^[2]
- c) Assess subsequent events and the impact of adjusting and non-adjusting events on the audit work and audit opinion.^[2]

2. Going concern

- a) Assess the respective responsibilities of management and external auditors regarding going concern.^[2]
- b) Analyse potential indicators, including those relating to sustainability, that an entity is not a going concern.^[2]
- c) Design procedures to evaluate management's use of the going concern basis of accounting.^[2]
- d) Assess the reporting and disclosure requirements of the auditor in relation to going concern.^[2]

3. Audit finalisation

- a) Assess the importance of the overall review in ensuring that sufficient, appropriate evidence has been obtained.^[2]
- b) Design procedures to be undertaken when conducting the overall review of the financial statements, including final analytical procedures/data analytics.^[2]
- c) Assess the significance of uncorrected misstatements.^[2]

4. Written representations

- a) Assess the purpose of, and recommend procedures for, obtaining written representations.^[2]
- b) Analyse the quality and reliability of written representations as audit evidence.^[2]
- c) Explain the matters which must be included in a written representation and recommend circumstances when written representations are appropriate as a form of sufficient and appropriate evidence.^[2]

5. The Independent Auditor's Report

- a) Assess the basic elements contained in the independent auditor's report.^[2]
- b) Recommend the appropriate audit opinion to be included in the auditor's report.^[2]
- c) Assess the impact on the auditor's report when a modified opinion is issued.^[2]
- d) Assess when additional communication is required in the auditor's report and recommend the appropriate method to be used in the circumstances within sections such as key audit matters, emphasis of matter, other matter, and material uncertainty relating to going concern.^[2]
- e) Assess how inconsistencies between the other information contained in the annual report, including sustainability information, and the auditor's knowledge obtained during the audit, should be communicated.^[2]
- f) Assess the extent to which reference to the work of others can be made in the independent auditor's report.^[2]

7. Approach to examining the syllabus

The syllabus for E3 Audit, Risk and Control is assessed by a three-hour computer-based examination.

The examination will consist of three sections:

Section A will contain 15 two-mark objective test questions (OTs).

Section B will contain three 10-mark case questions, each comprising of five two-mark OTs which are based around a common scenario.

Section C will contain two 20-mark constructed response questions. These questions will be scenario based and will have a number of requirements.

All sections of the syllabus can appear in any section of the examination.

8. Guide to ACCA examination structure and delivery mode

The structure of examinations varies, depending on the level of the qualification.

The Expertise examinations contain 100% compulsory questions to encourage candidates to study across the breadth of each syllabus.

All Expertise examinations are assessed by three-hour computer-based examinations.

The pass mark for all Expertise examinations is 50%.

9. 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 if 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. 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 examination (where relevant) for further information.

Regulations issued or legislation passed in accordance with the above dates may be examinable if the effective date is in the future, unless explicitly stated otherwise in the syllabus and study guide or examinable documents. 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, where applicable.

10. Learning hours and education recognition

The ACCA Qualification does not prescribe or recommend any particular number of learning hours for examinations because study and learning patterns and styles vary greatly between people and organisations. This also recognises the wide diversity of personal, professional and educational circumstances in which ACCA candidates find themselves.

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.