



ICAP/QAD/29/276/Circular-02/2012

August 9, 2012

ALL PRACTICING MEMBERS OF THE INSTITUTE

REVISED MODEL AUDIT PRACTICE MANUAL

Dear Member,

The practicing firms in Pakistan are significantly comprised of SMPs that provide range of professional services to meet the needs of clients that are typically Small and Medium Entity Sector which accounts for the majority of private sector employment and GDP. In order to strengthen and facilitate the implementation of quality and competence by SMPs, the Quality Assurance Board (QAB) of the Institute has taken several initiatives.

For the guidance of the practicing members especially SMPs on the implementation of ISAs the QAB in 2001 issued Audit Practice Manual (APM) in two volumes which were very much appreciated by practicing members as it provided them a practical "how-to" audit approach. In 2007 certain changes were brought in and the APM was revised again.

After the clarity project of IAASB of IFAC, in March 2009, in which 36 newly updated and clarified ISAs and ISQC were issued, the QAB felt the need for exhaustive revision of the APM. A Committee was formed for this purpose. The Committee with participation from the Quality Assurance Department took up this uphill task to revise APM. On the recommendation of the Committee, the QAB decided to withdraw both the existing volumes of the Audit Practice Manual and has come up with completely revised edition of the Audit Practice Manual in a **Single Volume**.

The revised APM has been divided into following four Parts:

- Pre-Engagement;
- Planning;
- Execution; and
- Reporting.

Each part has further been divided into several chapters. Furthermore, an individual chapter wherever practicable and convenient deals with the importance, objective and requirements with reference to the relevant ISAs, and so far, as practicable, the available means to carry out the audit procedures to meet the relevant objective of an audit procedure. These chapters also cover formats, e.g. checklists, sample documents for extracting the desired audit information in respect of the client and application of the desired audit procedure.

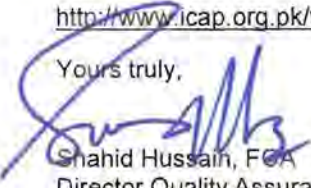
Since the audit practice varies from client to client, therefore it is not possible to develop a comprehensive manual which can cover all types of audit practices and/or all types of clients. It is therefore strongly recommended that formats, checklists and sample documents provided in the APM should be tailored keeping in view of the size and the nature of the audit.

The APM needs to be used as a guiding tool only. Irrespective of the use that is made of this APM, the auditor shall be responsible to conduct his every audit in accordance with the International Standards on Auditing (ISAs) and regulatory and legal requirements. This responsibility is in no way reduced by making use of this APM.

The Manual may be downloaded from the Institute's website by using the following link:-

<http://www.icap.org.pk/web/links/253/auditpracticesmanuals.php>

Yours truly,


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Director Quality Assurance

(Established under the Chartered Accountants Ordinance, 1961-X of 1961)