

**Certified Islamic Professional
Accountant (CIPA)**

Prospectus

Certified Islamic Professional Accountant (CIPA)

Learners become Leaders

The Certified Islamic Professional Accountant (CIPA) qualification is a qualification which is globally recognized and valued as the benchmark in Islamic Finance education.

Whether you are starting your career in Islamic finance, already have experience, or are contemplating a change of profession, the CIPA program will equip you with the knowledge, requisite technical understanding and professional skills on accountancy for international Islamic banks and financial institutions. CIPA will give you the confidence you need to develop yourself as a professional Islamic accountant and/or auditor.

This prospectus provides the information you need to know about CIPA program. It also includes the registration form that you need to get yourself enrolled for the program.

DISCLAIMER

The information in this prospectus should be treated merely as an indicative guide. While we endeavour to ensure that the prospectus is accurate and up to date, it is presented without guarantees, conditions, or warranties as to its accuracy and suitability for your purpose. AAOIFI disclaims all liability and responsibility arising from any reliance placed on the information contained in the prospectus. For up to date information please visit our website (www.aoifi.com) before registration and during the CIPA program. Thank you.

Message from the Secretary General, AAOIFI



Dr. Hamed Merah
Secretary General

Dear Prospective CIPA Candidates:

السلام عليكم ورحمة الله وبركاته

A very warm welcome to the CIPA program!

Enrolment in CIPA program will be an exciting and rewarding journey as CIPA offers great opportunity for academic and personal growth.

The CIPA program provides a unique and exceptional experience dedicated to create employable graduates and enriched lives.

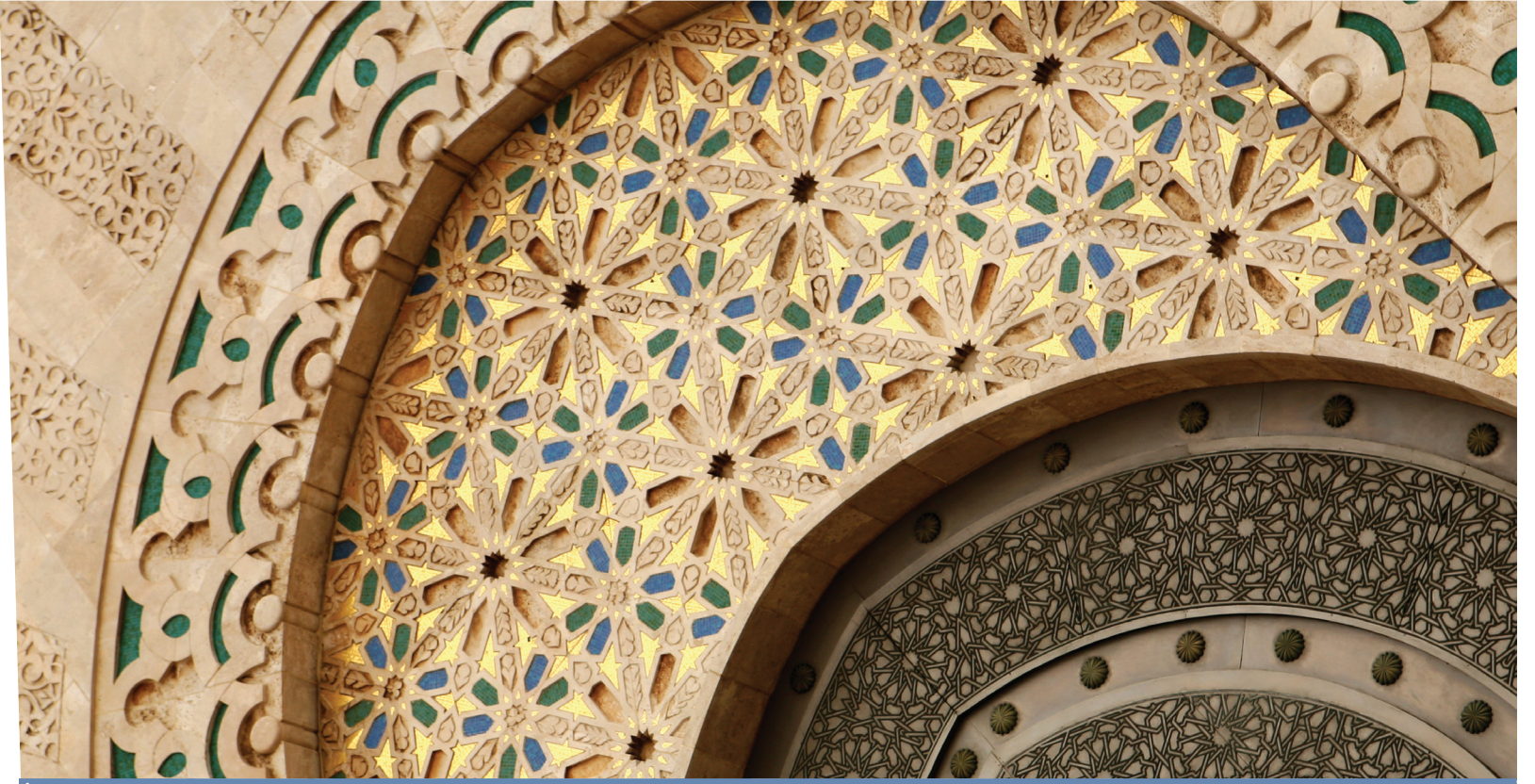
Our curriculum includes up to date courses that cover skills and concepts that will be useful at different stages of your career. However, in order to become CIPA Fellow, you have to have moral and ethical values such as discipline, integrity, honesty, cooperation, hard work, tenacity, and patience.

Once you have qualified, you are expected to uphold the integrity of CIPA certification.

I wish you all the very best as you embark your journey in CIPA program. AAOIFI is here to assist in your journey all the way and to see that you make a remarkable difference when you step out to the real world. I hope the journey you take during the program will be enriching and fulfilling and equip you with knowledge and skills and critical attributes which are useful during and beyond CIPA program time.

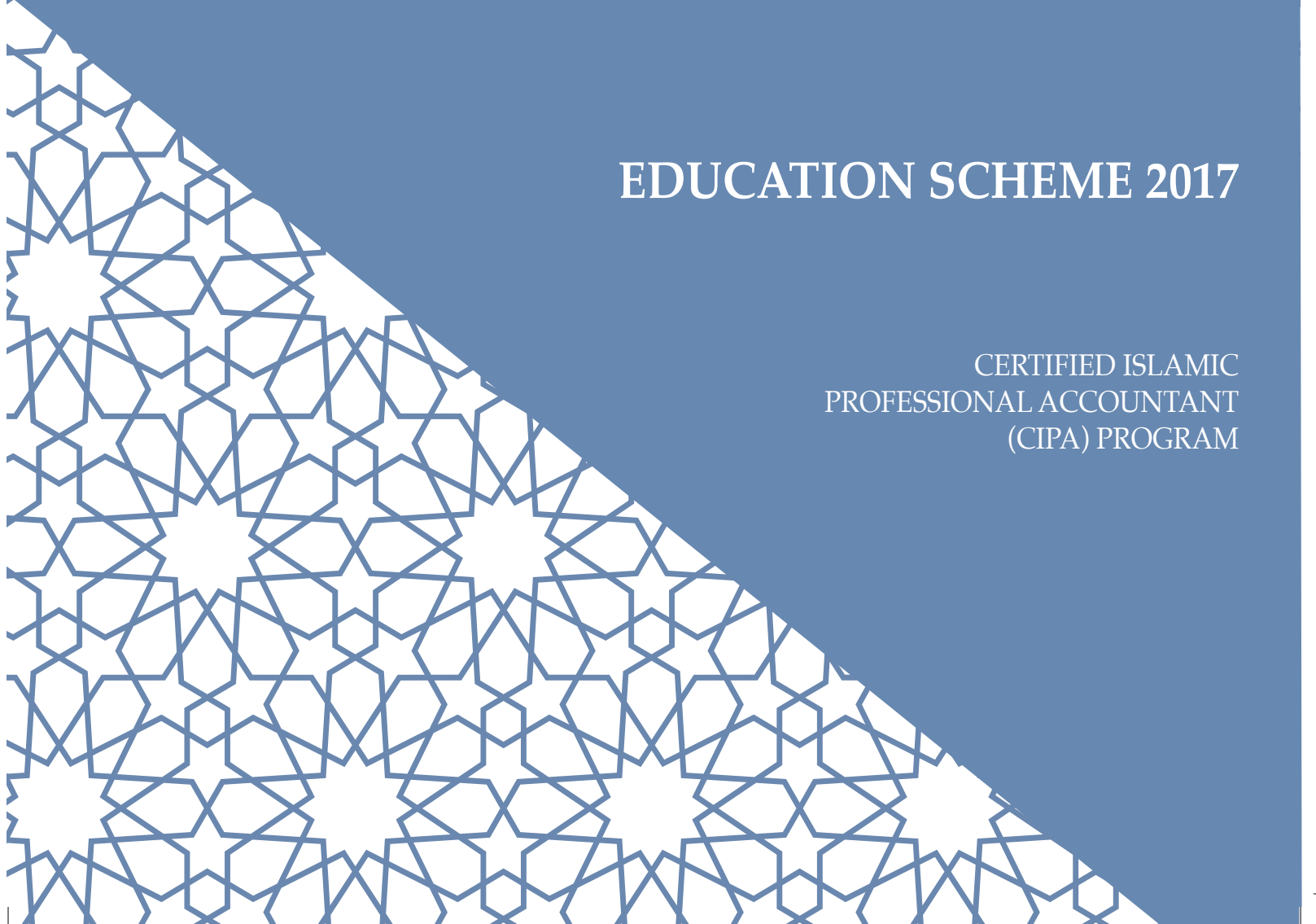
May Allah SWT infinitely and unconditionally enrich you with His blessings and mercy, Amen.

Dr. Hamed Merah



EDUCATION SCHEME 2017

CERTIFIED ISLAMIC
PROFESSIONAL ACCOUNTANT
(CIPA) PROGRAM



EDUCATION SCHEME

1) ABOUT CIPA

- (1) Certified Islamic Professional Accountant (CIPA) is professional program certified by AAOIFI designed to equip candidates with the requisite technical understanding and professional skills on accountancy for international Islamic banks and financial institutions.
- (2) To qualify for CIPA, candidates must fulfil the education and practice requirements (except when exempted in writing by AAOIFI).
- (3) This Scheme shall be known as CIPA Education Scheme 2017.

2) DEFINITIONS

- (1) In this Scheme, unless there is anything repugnant in the subject context:
 - (i) Candidate means a person admitted to the CIPA program;
 - (ii) Examinee means a candidate who appears in any CIPA examination;
 - (iii) Website means website of the AAOIFI: www.aoofi.com
- (2) Words denoting the singular shall include the plural and vice versa and the words that imply masculine shall include the feminine gender and vice versa.

3) REGISTRATION

(1) Registration as a Candidate:

Persons may apply for enrolment as CIPA candidates if they:

- (i) are undergraduates or postgraduates from university recognized by competent authority of higher education in their own countries or abroad with minimum 55% pass marks; or
- (ii) member of accounting professional bodies which are IFAC members or have any other accounting and finance related professional membership / affiliation recognized by AAOIFI from time to time;
- (iii) have applied to AAOIFI for registration in CIPA program; and
- (iv) have paid the Registration Fee.

(2) Registration Fee:

- (i) No application for registration will be processed unless the Registration Fee has been paid in full.
- (ii) The Registration Fee is not refundable.

(3) While in most cases candidates meeting the above requirements will be enrolled in CIPA program upon receipt of all supporting documents required for registration, AAOIFI reserves the sole and absolute discretion to refuse enrolment of any candidates

without any duty or obligation to disclose the reasons for the same.

4. CURRICULUM AND SYLLABUS

(1) Any candidate seeking certification under CIPA program shall be required to pass all the Papers forming part of the CIPA Module from time to time or obtain exemption(s) therefrom.

(2) Curriculum

The CIPA study covers four Papers divided into five subject as follows:

(i)

- Paper 1: Islamic Financial Accounting and Reporting;
- Paper 2: Audit, Assurance and Ethics;
- Paper 3: Business and Regulatory Environment;
- Paper 4A: Sharia Standards;
- Paper 4B: Sharia Governance;

(3) Syllabus

- (i) The contents and the learning outcomes of each subject are detailed in the Syllabus
- (ii) The Syllabus primarily comprise of the materials contained in the study texts published by AAOIFI. However, AAOIFI reserves the right to vary the contents, include new materials, topics and/ or standards in the Syllabus as AAOIFI may deem necessary without changing the study texts.
- (iii) Where specific reference to any legislation, guideline, standard, and other similar document is given in the Syllabus, it shall be deemed to cover any subsequent amendments that may be made thereto.
- (iv) Any subsequent revision in the Curriculum and/or the Syllabus shall be communicated through the Updates on the Syllabus that will be made available on the Website.

5. EXEMPTION(S)

(1) Application

Any eligible candidates seeking exemption(s) shall apply to AAOIFI on the specified exemption form and pay the prescribed fee.

(2) Conditions for eligibility for exemption

Candidates who meet any of the following requirements are eligible to apply for exemptions:

(a) Candidates who hold minimum four years of relevant degree or a postgraduate degree in accounting, commerce, business administration, or economics or holders of accounting professional qualification shall be eligible to apply for exemptions from:

- (i) Audit, Assurance and Ethics;
- (ii) Business and Regulatory Environment provided they fulfill the criteria specified in this paragraph.

(b) Criteria for exemption shall be as follows:

- (i) The Syllabus content and learning outcomes of the holding degree or professional qualification match at least 70% with that of the relevant CIPA paper, or be of more advanced level; and
- (ii) A person has secured minimum 60% pass mark or equivalent grades in aggregate in the subject from which exemption is sought.

In certain cases AAOIFI may decide to grant exemption to the candidate subject to successful submission of thesis on an assigned topic within the parameters of the Syllabus.

(3) University Collaboration program:

Candidates may also apply for exemption from the study and the relevant examination in a particular subject or subjects if such candidates have taken similar subject(s) from the university with whom AAOIFI has collaboration program.

6. FEES & REFUND

(1) Fee Structure:

Registration Fee:	US\$ 100
Enrolment Fee:	US\$ 400
Module Fees:	US\$ 800 per paper
Examination Fees:	US\$ 200 per paper (the resit for any examination)
Report Assessment, Verification & Certification Fee:	US\$ 500

Registration Fee is payable when prospective candidates submit the properly completed Registration Form.

Enrolment Fee is payable when application for registration is successful. This fee includes the cost of four study textbooks which AAOIFI will provide to the Candidates upon payment of Enrolment Fee.

Module Fees are payable before commencement of any study for the respective paper. There are four Papers under the CIPA module.

Examination Fees are payable when Candidates register to sit for an examination for any (or all) of the four Papers under the CIPA module.

Report Assessment, Verification and Certification Fee is payable when candidates have submitted their final reports following the completion of the practical experience. The fee includes the cost for assessment, verification of documents (including the documents provided for Registration) and certification.

Fees reduction and Scholarship:

AAOIFI offers some reduction with respect to the Module Fees as follows:

1. Up to 50% reduction of the Module Fee(s) (for Candidates taking the training and/or exam in examination center designated as within developing markets)
2. 30% Module Fees reduction for self-study Candidates
3. 20% module fees reduction for eligible employees of AAOIFI Members
4. For existing CIPA Candidates, there is no registration fee and 60% reduction of the Module Fees

AAOIFI also offers partial or full scholarship for eligible Candidates.

AAOIFI reserves the right to revise the fee structure at any time. Please check the Website for up to date fee structure.

(2) Refund

All fees are non refundable.

(3) Deferral requests

Candidates may apply for Examination deferral for up to two examination periods, after which the respective Examination Fee will be forfeited.

7. EXAMINATIONS

(1) Admission to examination

Candidates are eligible to sit for the examination if they:

- (i) have been successfully enrolled as Candidates;
- (ii) have paid the Module Fee for the respective paper;

EDUCATION SCHEME

(iii) have completed the training for the respective paper except for self-study candidate;

(iv) have registered to sit for the examination for the respective paper; and

(v) have paid the examination fee.

(2) Scope of studies

(i) The syllabus of each Paper along with indicative grid is provided in the Syllabus section of this Prospectus.

(ii) All revisions to standards on accounting and auditing and code of ethics, if any, shall form part of syllabus after six months from the date of publication or notification by AAOIFI even if the new provisions will only become applicable on a later date.

3) Time and place of examination

(i) All examinations shall be held at such time and places as AAOIFI may from time to time determine.

4) Use of unfair means

(i) An examinee shall be considered guilty of using unfair means if his/her actions are likely to give an unfair advantage to him/her or to any other examinee;

(ii) The unfair means may include but are not limited to:

(a) Cheating, helping or taking help from others while attempting an examination;

(b) Using electronic gadgets, other than those permitted by AAOIFI, while attending the examination;

(c) Mentioning name/roll number/any other identification mark or signing on answer script except on the specified portion which is specifically provided for this purpose; and

(d) Writing unsolicited remarks on the answer script.

(iii) AAOIFI, directly or through its agent(s), will take appropriate action in the matter, which may include any of the followings:

(a) Cancel the result of the paper in which the examinee is found using unfair means;

(b) Cancel the results of any number of papers attempted by the examinee in addition to the paper in which the examinee is found using unfair means;

(c) Suspend the admission to examination for a period deemed appropriate, but not exceeding two years; and

(d) Suspend the Enrolment for a period deemed appropriate, but not exceeding two years.

(5) Examination results

(i) The pass marks shall be 70% for each Paper.

(ii) Notification of the results will be posted on the Website and will be provided through email.

(iii) Candidates will be awarded a Certificate of Completion and full examination Transcript upon successful completion of the CIPA program.

(6) Review of answer scripts

(i) An examinee who fails in an examination may apply to AAOIFI within 30 days from the notification of the result, on a specified form, after paying specified fee, for a review of answer script;

(ii) The review shall involve:

- a) Checking that the marking process is free from errors and omissions. In no circumstances the examinee will have a right to see his/her answer script; and
- b) Marks were correctly counted and reflected in the results of the examinee.

(iii) The response of the review application shall be sent to the applicant within 40 days of the receipt of application by AAOIFI. AAOIFI will not undertake the review unless the candidate has paid the prescribed fee in full.

(7) Special arrangements

(i) An examinee may apply to AAOIFI 20 days prior to the first day of the month in which examinations are to be held for special arrangements required due to any health or physical condition;

(ii) The 20 days minimum requirement of prior notice may be waived or relaxed by AAOIFI in case of emergency or under circumstances beyond the control of the examinee; and

(iii) AAOIFI shall have sole discretion to accept or reject the application or accept it to the extent deemed appropriate duly considering the logistic issues.



8. RULES OF PROGRESSION

(1) Appearance in the Examination

- (i) Examinees shall fulfill the administration requirements including payment of Module Fee and Examination Fee, as appropriate, on the prescribed date, to sit for the examination for the elected Paper.
- (ii) Examinees may be permitted to attempt more than one Paper in one sitting or during the same examination period subject to meeting the requirements set out in Section 7(1) above.

(2) Maximum number of attempts

- (i) Candidates are allowed to take unlimited number of examination attempts subject to payment of retake examination fee.
- (ii) Despite the foregoing, all candidates are required to complete the CIPA education scheme within three (3) years from the Enrolment Date. Failing to pass the four CIPA Papers within such period will subject the candidates to disqualification from the CIPA program. Any request for deferment must be in writing, substantiated by evidence and sent to AAOIFI not later than sixty (60) calendar days prior to the lapse of such time limit. AAOIFI reserves the absolute and sole discretion whetherto allow the deferment without any obligation or duty to disclose the reason for the same.

9. TRANSITION POLICY

Previously enrolled candidates of CIPA are required to contact the respective examination centers and/or AAOIFI for the arrangement for transition to the new CIPA program.

10. EDUCATION DELIVERY

Please check the Website from time to time for the relevant dates of CIPA Education Delivery and the venues for the same.





PRACTICAL EXPERIENCE SCHEME 2017

CERTIFIED ISLAMIC
PROFESSIONAL ACCOUNTANT
(CIPA) PROGRAM

PRACTICAL EXPERIENCE SCHEME

1. PURPOSE

The purpose of this document is to outline the Practical Experience procedures for the Certified Islamic Professional Accountant (CIPA) program.

2. SCOPE

This procedure is applicable to all CIPA candidates

3. AMENDMENT OF PROCEDURE

Please check the AAOIFI website for the most up-to-date version of the procedures and/or any amendments to the procedure.

4. OBJECTIVES OF PRACTICAL EXPERIENCE

- i. To give Candidates a high quality work-integrated learning and thinking opportunity for competency development and experience building;
- ii. To enhance the Candidates' ability and skillset through application of theoretical knowledge to practical situations within an active workplace environment;
- iii. To develop in Candidates a sense of responsibility, a professional attitude, and ethical values to work professionally with integrity;
- iv. To develop in Candidates clearer idea of employment prospects and opportunities as well as a sense of their future expected roles; and
- v. To fulfill the partial requirements for a full CIPA qualification towards becoming a CIPA Fellow

5. PRACTICAL EXPERIENCE

Practical Experience requirement will develop and enhance knowledge, skills, experience, attitude, and values required of a professional to excel in future roles.

Candidates will be under the supervision of supervisor from an approved organization (the Supervisor). The Supervisor will train and evaluate the performance of the Candidate. Candidates are to prepare complete report for submission to AAOIFI at the end of the Practical Experience period in order to progress in CIPA program.

6. DUTIES OF AN EXTERNAL SUPERVISOR

The Supervisor should train and evaluate the performance of the Candidates. It is expected that the Candidates will work under the supervision of the Supervisor from whom the Candidates are expected to obtain:

- i. proper exposure and on-the-job training and experience of handling different situations and problems.
- ii. necessary guidance for the improvement in the areas as identified during assessments.

7. ELIGIBILITY

CIPA candidates must fulfill all of the following conditions to become eligible for Practical Experience work:

- i. Have passed Paper 1: Financial Accounting and Reporting of CIPA module;
- ii. Have secured an AAOIFI approved place for Practical Experience purposes;
- iii. Undertake training in any approved discipline related to Islamic Finance; and
- iv. Settle all fees and dues owed to AAOIFI.

8. DURATION

- i. CIPA candidates shall acquire 1 year of practical experience in Islamic Finance Industry to qualify for CIPA certification.
- ii. The duration of practical experience required from any CIPA candidates who:
 - have 3 years of relevant Islamic industry experience; or
 - have 5 years of relevant industry experience; or
 - are member of accounting professional bodies which are IFAC members or have any other accounting and finance related professional membership / affiliation as approved by AAOIFI from time to time.
 is shortened to six (6) months.
- iii. The candidates who met the requirements in 8(ii) above may also apply to AAOIFI for exemption if they already have either:
 - six (6) months of practical experience from an approved Practical Experience Institution (PEI); or
 - one (1) year of practical experience from an unapproved Practical Experience Institution (PEI).

9. VALIDITY PERIOD

Candidates are required to fulfil the practical experience within three (3) years after passing Paper 1 of CIPA Module. Any candidates who fail to meet this requirement will be disqualified. Candidates who have valid reason to request for deferment shall write to AAOIFI requesting for such deferment explaining the situation and providing appropriate evidence for AAOIFI consideration. AAOIFI reserves the sole and absolute discretion in allowing any deferment or rejecting the same without any duty or obligation to disclose AAOIFI's reasons for its decision.

10. FINAL REPORT

The CIPA candidates must prepare Practical Experience Report detailing and explaining all the learning outcomes, skills, and competencies acquired during the Practical Experience period while demonstrating how theoretical knowledge was implemented and integrated into practical work.

PRACTICAL EXPERIENCE SCHEME

The length of the Report is to be between 2500 – 3000 words.

The format of the Final Report will be as follows:

- i. detail description of project(s) and /or assignment(s) undertaken;
- ii. specific learning outcomes, competencies and skills acquired; and
- iii. description of experience acquired in applying theoretical knowledge to practical situation when undertaking project(s) and /or assignment(s).

11. Assessment of the Practical Experience

AAOIFI will assess the Practical Experience based on the Final Report that shall consist the following:

- i. The Practical Experience Report submitted by CIPA Candidate;
- ii. The report submitted and any recommendations made by the Supervisor.

12. Final Result

- i. A candidate will be assessed based on the Final Report;
- ii. Practical Experience result will be reported as either "Pass" or "Fail".
- iii. Based on evaluation of the Final Report, as and when AAOIFI deems appropriate, AAIFO may request candidates to do any or all of the followings:
 - resubmit the Report; and /or
 - extend the Practical Experience period.

13. Expenses

All expenses and expenditures incurred during the period of Practical Experience will be borne entirely by the candidates themselves and any fee, commission, or salary paid to them by the firm as part of the services rendered will be theirs, subject to laws and regulations of the respective country.

14. Placement for Practical Experience

- i. A candidate is advised to secure a place for practical experience before or immediately after successfully pass the examination for the First Paper of CIPA Module;
- ii. The organization selected for Practical Experience

must be approved by AAOIFI.

15. Exemption from Practical Experience Requirement

- i. See 8(iii) above
- ii. AAOIFI's decision with respect to any application for exemption is final and not subject to any appeal.
- iii. AAOIFI reserves the right to amend the conditions to apply for exemption. AAOIFI will publish the most up to date conditions to apply for the exemption on the Website.

16. Termination from Practical experience

Candidates will be terminated from Practical Experience if they have committed any of the following violations:

- Violation of Professional Code of Conduct and/or any notice of unprofessional behavior and conduct;
- Violation of any rules and regulations of the Practical Experience Institution; and
- Failure to fulfill 90% of total attendance requirement during the Practical Experience period.

17. Right of Appeal

Any Candidate who has received notice of termination may appeal against such decision by submitting their grounds of appeal and the evidence supporting the same to AAOIFI in writing within fourteen (14) days after they receive the termination notice.

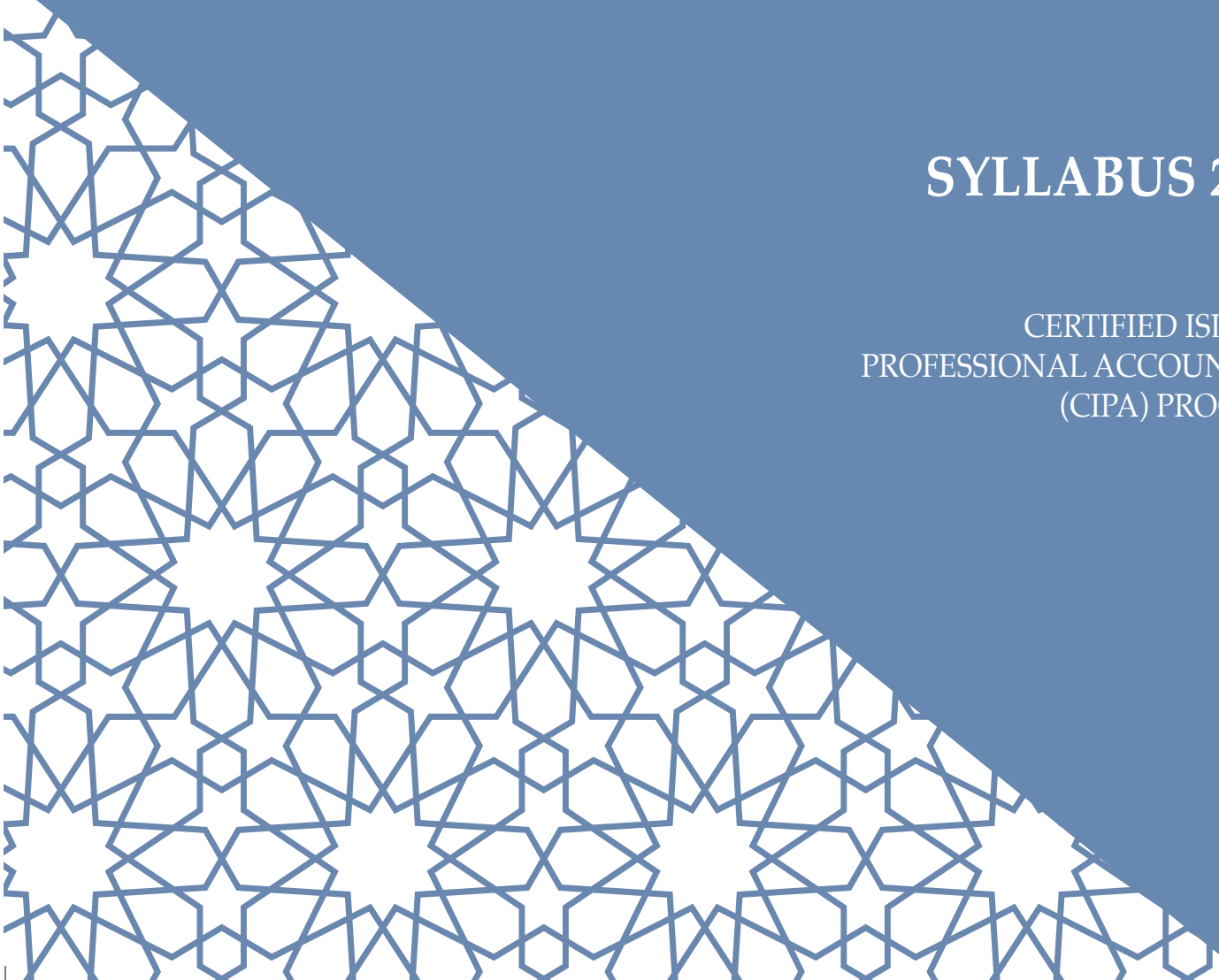
Upon receipt of such appeal, AAOIFI shall consider the matter and undertake the necessary including, when appropriate, requesting for hearing and/or further investigation and/or seeking clarification from the concerned institution.

AAOIFI will communicate the decisions on the appeal to the respective Candidates. All decisions are final and not subject to appeal.



SYLLABUS 2017

CERTIFIED ISLAMIC
PROFESSIONAL ACCOUNTANT
(CIPA) PROGRAM



Modules Weightages and Marks

		Weightage	Marks
Paper 1	Financial Accounting and Reporting	(33%)	66
Paper 2	Audit, Assurance and Ethics	(17%)	34
			100
Paper 3	Business and Regulatory Environment	(17%)	34
Paper 4A	Shari'ah Standards	(20%)	40
Paper 4B	Shari'ah Governance	(13%)	26
			100
			200

CIPA MODULE

PAPER 1:	Financial Accounting and Reporting	(66 Marks) (Weightage 33%)
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OBJECTIVE

To develop in-depth understanding and application abilities of the requirements of the AAOIFI Financial Accounting Standards in respect of presentation of financial statements and financial reporting of Islamic Financial Institutions (IFIs).

LEARNING OUTCOMES

- Develop a solid foundation in the principles and practices of Islamic Finance;
- Understand the accounting concept and framework;
- Demonstrate practical applications of financing contracts;
- Perform accounting for associates and subsidiaries; and
- Understand disclosure requirements in AAOIFI Financial Accounting Standards for IFIs and their subsidiaries and associates.

INDICATIVE GRID

Syllabus Contents Areas		Weightage (%)
1	Accounting concepts, framework, & general presentation	7
2	Islamic Financing contracts	46
3	Investments	15
4	Investments Funds	10
5	Institutions Accounting	15
6	Other Standards	7
	Total	100

Note: The weightages above are given solely as guidance. There may be some deviations in setting of papers.

GENERAL OUTLINE

1. ACCOUNTING CONCEPTS, FRAMEWORK, & GENERAL PRESENTATION

A. Islamic financial system and reporting framework

- i) Introduction
- ii) The evolution and role of Islamic finance
- iii) Importance of financial reporting framework
- iv) Accounting bodies around the world
- v) Obligations of the management to the stakeholders of IFIs
- vi) Common ground between accounting bodies

B. Accounting framework and general presentation and disclosures

- i) Accounting recognition and measurement
- ii) Financial statements
- iii) Preparation of financial statements
- iv) Disclosure of accounting policies in the financial statements
- v) Detailed disclosures in a complete set of financial statements
- vi) Other disclosures in the financial statements

2. ISLAMIC FINANCING CONTRACTS

A. Murabaha

- i) Introduction
- ii) Types of Murabaha
- iii) Measurement principles
- iv) Recognition of profits
- v) Presentation and disclosure requirements
- vi) Other practical aspects
- vii) Commodity Murabaha (Tawarruq)
- viii) Comparisons with relevant International Financial Reporting Standard (IFRS)

B. Salam and Istisna'a

- i) Introduction
- ii) Overview and key definitions
- iii) Salam
- iv) Process flow of Salam
- v) Accounting treatment of Salam
- vi) Parallel Salam
- vii) Presentation and disclosure requirements for Salam
- viii) Some practical aspects relating to Salam

C. Istisna'a

- i) Accounting treatment by IFI as seller
- ii) Accounting treatment of Istisna'a from the perspective of buyer
- iii) Process flow of Istisna'a
- iv) Presentation and disclosure requirements for Istisna'a
- v) Some practical aspects relating to Istisna'a
- vi) Key differences with IFRS

D. Ijarah and Ijarah Muntahia Bittamleek

- i) Introduction
- ii) Ijarah
- iii) Global legal systems
- iv) Flow of Ijarah transaction
- v) Accounting treatment of operating Ijarah
- vi) Accounting treatment for Ijarah Muntahia Bittamleek in the financial statements of IFI as lessor
- vii) Accounting treatment for Ijarah Muntahia Bittamleek in the financial statements of IFI as lessee
- viii) Sale and lease back transactions
- ix) Presentation and disclosure requirements
- x) Other practical aspects
- xi) Key difference with IFRS

E. Musharaka and Mudaraba

- i) Introduction
- ii) Musharaka financing
- iii) Mudaraba financing
- iv) Difference between Mudaraba and Musharaka
- v) Sale and leaseback transactions
- vi) Key differences with IFRS

3. INVESTMENTS

A. Investments in real estate

- i) Introduction
- ii) Investment in real estate
- iii) Recognition and measurement – purchased / constructed property
- iv) Recognition and measurement – property under construction
- v) Transfer of assets
- vi) De-recognition
- vii) Disclosure requirements
- viii) Key differences with IFRS

B. Investments in Associate and Subsidiary

- i) Introduction
- ii) Associates and subsidiaries
- iii) Investment in subsidiaries – consolidation process
- iv) Investment in associates
- v) Presentation and disclosure requirements
- vi) Key differences with IFRS

C. Investments in Securities

- i) Introduction
- ii) Investments in securities
- iii) Classification
- iv) Initial recognition and subsequent measurement
- v) Presentation and disclosure requirements
- vi) Key differences with IFRS

4. INVESTMENTS FUNDS

A. Investment Accounts

- i) Introduction
- ii) Investment accounts
- iii) Equity of unrestricted investment account holder
- iv) Equity of restricted investment account holder
- v) Reserves
- vi) Other practical aspects
- vii) Inclusions in FAS 27 when compared to FAS 5 and 6
- viii) Disclosure on transfer of assets
- ix) Key differences with IFRS

B. Investment funds accounting

- i) Introduction
- ii) Investment funds
- iii) Key elements of financial statement of investment funds
- iv) Disclosure requirements
- v) Other practical aspects
- vi) Comparison with IFRS

5. INSTITUTIONS ACCOUNTING

A. Islamic insurance

- i) Introduction
- ii) Introduction to Takaful
- iii) Key features of Islamic insurance and differences with conventional insurance
- iv) Operating models for Islamic insurance company
- v) Financial statements of Islamic insurance companies
- vi) Contributions in Islamic insurance companies
- vii) Qard al-Hasan and related accounting matters
- viii) Technical provisions
- ix) Reserves
- x) Window operation of Islamic insurance by conventional insurer
- xi) Presentation and disclosure
- xii) Key differences with IFRS

6. OTHER STANDARDS

A. Zakah

- i) Introduction
- ii) Accounting treatment of Zakah
- iii) Determination of Zakah base
- iv) Illustration explaining calculation of Zakah
- v) General ruling of Zakah
- vi) Presentation and disclosure requirements
- vii) Other practical aspects
- viii) Conditions for liability to pay Zakah
- ix) Illustration explaining calculation of Zakah

B. Other Standards

- i) Introduction
- ii) Foreign currency transactions and foreign operations
- iii) Disclosure on transfer of assets
- iv) Segment reporting
- v) Islamic financial services offered by conventional financial institutions
- vi) Key differences with IFRS

CIPA MODULE

PAPER 2: Audit, Assurance and Ethics

(34 Marks)
(Weightage 17%)

OBJECTIVE

To ensure that students understand the process and techniques of carrying out the audit in accordance with the principles of accountancy as well as with the International Standards on Auditing

LEARNING OUTCOMES

- Develop strong understanding of the code of ethics for professional accountants and auditors;
- Apply the fundamental principles of accounting and auditing;
- Understand the Audit methodology and processes;
- Understand various Audit findings and impact on audit report; and
- Understand types and structure of audit report.

INDICATIVE GRID

	Syllabus Contents Areas	Weightage (%)
1	Code of Ethics for professional accountants and auditors	15
2	Audit Objectives and Principles	11
3	Audit procedures and processes	66
4	Audit conclusion and reporting	8
	Total	100

Note: The weightages given above are for guidance purposes only and some deviations in setting of papers could be expected

GENERAL OUTLINE

1. CODE OF ETHICS FOR PROFESSIONAL

A. Code of Ethics for professional accountants and auditors

- i) Introduction
- ii) Fundamentals of ethics
- iii) Accounting and Auditing Organization for Islamic Financial Institutions (AAOIFI) Code of Ethics
- iv) International Ethics Standards Board for Accountants (IESBA) Code of Ethics

2. AUDIT OBJECTIVES AND PRINCIPLES

A. Introduction and objectives of an audit

- i) Introduction and brief objectives
- ii) Importance and impact of an effective audit
- iii) Responsibilities of management and auditor in relation to preparation of financial statements
- iv) Audit risk and inherent limitations of audit
- v) Users of financial statements
- vi) Statutory requirements and regulations
- vii) International Federation of Accountants (IFAC)
- viii) Accounting and Auditing Organization for Islamic Financial Institutions (AAOIFI)

B. Internal audit

- i) What is an internal audit
- ii) Need for an internal audit function
- iii) Functions of an internal audit department
- iv) Difference between external and internal audit
- v) Code of ethics for internal auditors
- vi) Types of internal audit assignments
- vii) Internal audit report
- viii) Limitations of an internal audit function
- ix) Outsourcing of internal audit function

C. Types of assurance

- i) Introduction
- ii) Introduction to assurance engagements
- iii) Elements of an assurance engagement
- iv) Types of assurance engagements

3. AUDIT PROCEDURES AND PROCESSES

A. Client acceptance and Continuance

- i) Introduction
- ii) Tendering and obtaining work
- iii) Client screening and acceptance of new engagement
- iv) Ethical considerations while accepting an audit
- v) Contact with previous auditor
- vi) Preconditions of an audit
- vii) Audit engagement letter
- viii) Fee for professional services

B. Audit strategy and planning

- i) Introduction
- ii) Elements of an audit strategy
- iii) Developing an audit plan
- iv) Designing audit procedures
- v) Aligning audit procedures with risk
- vi) Documentation

C. Risk assessment

- i) Introduction
- ii) Components of audit risk
- iii) Assessing risks of material misstatement
- iv) Understanding the entity and its environment
- v) Determining planning materiality
- vi) Response to assessed risks
- vii) Tests of control
- viii) Professional scepticism
- ix) Fraud and irregularities
- x) Documentation

D. Audit evidence

- i) Introduction
- ii) Analytical procedures and test of details
- iii) Sufficient and appropriate evidence
- iv) Audit sampling
- v) Audits conducted using information technology
- vi) Audit procedures relating to audits of different organizations
- vii) Audit evidence obtained prior to issuing an audit report
- viii) Specific areas of audit

E. Using the work of an expert

- i) Introduction
- ii) Importance of involving an expert
- iii) Management's expert
- iv) Auditor's expert
- v) Responsibility of an expert in the overall audit
- vi) Specific ethical issues involved in case of auditor's expert

F. Other audit services

- i) Introduction
- ii) Assurance engagements
- iii) Review of financial statements and financial information
- iv) Assurance engagements other than audit or review
- v) Other engagements

4. AUDIT CONCLUSION AND REPORTING

A. Audit conclusion and reporting

- i) Introduction and objectives
- ii) Contents of an audit report
- iii) Types of audit opinion / report
- iv) Management letter
- v) Other regulatory reports

CIPA MODULE

PAPER 3: **Business and Regulatory Environment**

(34 Marks)
(Weightage 17%)

OBJECTIVE

To equip candidates with the understanding of the fundamentals of business and business management and the role of an accountant in relation to governance, tax, compliance and risk management in an organization.

LEARNING OUTCOMES

- Explain the nature of Introduction of business and its environment;
- Understanding the different types of business entities and organization structure;
- Understand the various of types of taxes and tax evasion techniques;
- Understand various types of risks in business and its assessment; and
- Understand the capital adequacy and components and calculation of regulatory capital and risk weighted assets.

INDICATIVE GRID

	Syllabus Contents Areas	Weightage (%)
1	Introduction to Business	20
2	Business Entities	20
3	Key concepts of common law	5
4	Taxation	5
5	Risks	30
6	Capital Adequacy	20
	Total	100

Note: The weightages given above are for guidance purposes only and some deviations in setting of papers could be expected

GENERAL OUTLINE

1. INTRODUCTION TO BUSINESS

A. Business environment

- i) Introduction
- ii) Organization in its environment
- iii) Macro environment
- iv) Micro environment
- v) Industry and sector
- vi) Porter's five forces
- vii) Government and business relations
- viii) Relationships with stakeholders
- ix) Shifts in economic balance of power

B. Market forces

- i) Introduction
- ii) Market
- iii) Demand
- iv) Supply
- v) Competition dynamics

C. Business strategies

- i) Introduction
- ii) Strategy
- iii) Levels of strategy
- iv) Value creation
- v) Elements of strategic management
- vi) Diversification
- vii) Business unit strategy
- viii) Sustaining competitive advantage
- ix) Strategy development, implementation and monitoring

D. Marketing

- i) Introduction
- ii) Evolution of the marketing concept
- iii) Social context of marketing behaviour
- iv) Marketing planning process
- v) Role of branding
- vi) E-commerce
- vii) E-marketing

E. Communication within an organization

- i) Introduction
- ii) Communication in business
- iii) Communication in management

2. BUSINESS ENTITIES

A. Forms and types of companies

- i) Introduction
- ii) Forms of organization
- iii) Company formations
- iv) Share and loan capital

B. Management and administration of a Company

- i) Introduction
- ii) Organizational structure
- iii) Organizational culture in business
- iv) Committees in business organizations

C. Sources of funding and management

- i) Introduction
- ii) Capital and sources of funding
- iii) Working capital needs and funding strategies
- iv) Gearing (Leverage)
- v) Capital structure theories and practical considerations
- vi) Finance and strategy
- vii) Financial management decisions
- viii) Cash flow forecasts
- ix) Importance of cash flow and working capital management
- x) Working capital ratios

3. KEY CONCEPTS OF LAW

A. Key concepts of law

- i) Introduction
- ii) Law
- iii) Global legal systems
- iv) Islamic law of contract
- v) Contracts for the international sale of goods
- vi) The law of employment

4. TAXATION

A. Introduction to tax

- i) Introduction
- ii) Taxation in a modern economy
- iii) Different types of taxes
- iv) Tax evasion and tax avoidance
- v) Incidence of tax
- vi) Potential impact of high taxation
- vii) Tax free zones

5. RISKS

A. Introduction to risks within financial institutions

- i) Introduction
- ii) Managing financial institutions in the risk environment
- iii) Regulations for financial institutions

B. Credit risk

- i) Introduction
- ii) Credit risk
- iii) Credit risk assessment
- iv) Credit risk portfolio management
- v) Credit risk guidelines and regulations

C. Liquidity risk

- i) Introduction
- ii) Assessing liquidity
- iii) Mitigating liquidity risk
- iv) Liquidity risk governance

D. Market risk

- i) Introduction
- ii) Market risk
- iii) Equity price risk
- iv) Commodity risk
- v) Interest rate risk
- vi) Foreign currency risk

E. Operational risk and other types of risk

- i) Introduction
- ii) Defining operational risk
- iii) Operational risks specific to IFIs
- iv) Operational risk management
- v) Governance of operational risk
- vi) Equity investment risk
- vii) Rate of return risk and displaced commercial risk

6. CAPITAL ADEQUACY

A. Introduction to Capital adequacy

- i) Introduction
- ii) Introduction to the Basel frameworks
- iii) Introduction to capital adequacy
- iv) Components and calculation of regulatory capital
- v) Components and calculation of risk weighted assets
- vi) Profit sharing investment accounts (PSIA)
- vii) Basel III

CIPA MODULE

PAPER 4A: Shari'ah Standards

(40 Marks)
(Weightage 20%)

OBJECTIVE

To provide the understanding of the basic foundations for Shari'ah compliance underpinning in Islamic banking and finance, and to develop strong application abilities of the requirements of the AAOFI Shari'a standards

LEARNING OUTCOMES

- Understand the basic mechanism of Islamic banking;
- Understand equity-based transactions as an investor;
- Understand the basis of the permissibility of trade-based products and their applications in Islamic finance transactions;
- Understand the underlying principles of Ijarah; and
- Understand the concept of Takaful (Islamic Insurance).

INDICATIVE GRID

Syllabus Contents Areas		Weightage (%)
2	Shari'ah Standards	55
	Total	55

Note: The weightages given above are for guidance purposes only and some deviations in setting of papers could be expected

General Outline

A. Shari'ah fundamentals of Islamic finance

- i) Introduction
- ii) Islamic financial system – setting the context
- iii) Key characteristics of Islamic finance
- iv) Riba
- v) Gharar
- vi) Other prohibitions
- vii) Islamic law of contracts

B. Trade based contracts

- i) Introduction
- ii) Murabaha to the purchase orderer
- iii) Key characteristics of Islamic finance
- iv) Salam and Parallel Salam
- v) Istisna'a
- vi) Monetization (Tawarruq)
- vii) Possession
- viii) Procrastinating debtor
- ix) Agency
- x) Trading in currencies

SYLLABUS

C. Equity based contracts

- i) Introduction
- ii) Musharaka
- iii) Diminishing Musharaka
- iv) Mudaraba

D. Ijarah and Ijarah Muntahia Bittamleek

- i) Introduction
- ii) Ijarah
- iii) Sale of leased asset, termination of Ijarah contract and transfer of ownership
- iv) Prohibitions and common mistakes in Ijarah
- v) Sale and leaseback

E. Investment Sukuk

- i) Introduction
- ii) Investment Sukuk
- iii) Types of Sukuk
- iv) Understand asset-based and asset-backed Sukuk
- v) How it is different from conventional bonds

F. Takaful

- i) Introduction
- ii) Discussion on Financial Risk and its mitigation tools
- iii) Shariah Perspective on Risk mitigation

- iv) Introduction to Conventional insurance as risk mitigation tools
- v) Sharia views on Conventional Insurance
- vi) Introduction to Takaful as alternate to conventional insurance
- vii) Difference between Takaful and conventional Insurance
- viii) Difference between Takaful and mutual insurance
- ix) Retakaful or Islamic Reinsurance
- x) Takaful Products
- xi) Practice and legal framework in different markets
- xii) Management and Operational Guidelines

G. Common banking services and other solutions

- i) Introduction
- ii) Corporate banking
- iii) Retail banking
- iv) Conversion of a conventional bank to an Islamic bank
- v) Commodities in organized markets
- vi) Stipulations of transaction profit calculations

CIPA MODULE

PAPER 4B: Shari'ah Governance

(26 Marks)
(Weightage 13%)

OBJECTIVE

To equip candidate with comprehensive understanding of the requirements of Governance in an organization from Shari'ah perspective.

LEARNING OUTCOMES

- Understand the importance of corporate governance for financial institutions and the significance of the different components of Shari'ah governance.
- Understand the need for a Shari'ah Supervisory Board and its responsibilities.
- Understand the procedural steps of a Shari'ah review.
- Understand the objectives of internal Shari'ah review.
- Understand the responsibilities and disclosure requirements of IFIs under mandatory conduct.
- Understand a work program of one product and how to test it.
- Understand the responsibilities and disclosure requirements for IFIs under recommended conduct.

INDICATIVE GRID

Syllabus Contents Areas		Weightage (%)
1	Shari'ah Board – Structure, Objectives, Governance and external assignments	45
Total		45

Note: The weightages given above are for guidance purposes only and some deviations in setting of papers could be expected

General Outline

A. Corporate and Shari'ah governance

- i) Introduction
- ii) Introduction to corporate governance
- iii) Components of corporate governance
- iv) Governance principles and mechanisms
- v) Shari'ah governance framework

B. Shari'ah supervisory board

- i) Introduction
- ii) Shari'ah Supervisory Board
- iii) Stipulations and ethics of Fatwa in the institutional framework
- iv) Shari'ah review
- v) National / central Shari'ah supervisory board
- vi) Difference between Shari'ah review and internal Shari'ah audit / review

C. Internal Shari'ah Audit / Review

- i) Introduction
- ii) Internal Shari'ah audit / review
- iii) Internal Shari'ah audit / review process
- iv) Execution of internal Shari'ah audit / review

D. Independent External Shari'ah Audit

- i) Introduction
- ii) Requirements of ISAE
- iii) Parties to an independent external Shari'ah audit
- iv) Objectives and preliminary engagement activities of an external Shari'ah audit
- v) Execution of external Shari'ah audit procedures
- vi) External Shari'ah audit report
- vii) Testing for Compliance with Shari'ah Rules and Principles by an External Auditor

E. Corporate Social Responsibility and Islamic Financial Institutions

- i) Introduction
- ii) Corporate social responsibility in Islam
- iii) The CSR framework
- iv) Mandatory conduct
- v) Voluntary conduct
- vi) Corporate social responsibility report

AAOIFI

هيئة المحاسبة والمراجعة
للمؤسسات المالية الإسلامية

ACCOUNTING AND AUDITING ORGANIZATION
FOR ISLAMIC FINANCIAL INSTITUTIONS



About

The Accounting and Auditing Organization for Islamic Financial Institutions (AAOIFI)

The Accounting and Auditing Organization for Islamic Financial Institutions (AAOIFI) is an Islamic international autonomous not-for-profit corporate body that develops accounting, auditing, governance, ethics and Shari'ah standards for Islamic financial institutions and the industry.

Professional qualification programs (notably the Certified Islamic Professional Accountant (CIPA) and the Certified Shari'ah Adviser and Auditor (CSAA), and the corporate compliance programs) are also offered by AAOIFI in its efforts to enhance the industry's human resource bases and governance structures.

As an independent international organization, AAOIFI is supported by a large base of institutional members from around 45 countries, so far, including the Islamic Development Bank (IDB), central banks, Islamic financial institutions, and other participants from the international Islamic banking and finance industry, worldwide.

To-date, 97 standards has been issued by AAOIFI including: (a) 57 on Shari'ah, (b) 26 on accounting, (c) 5 on auditing, (d) 7 on governance, and (e) 2 on codes of ethics, in addition to constant review and update of existing ones.

For more information on the CIPA program, please visit www.aoifi.com.

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