

Examiners Report

Exam Name and Code:	Audit & Assurance December 2023
Paper performance overview, what worked well with candidates and areas that they were weak on, how they responded.	
<p>There was a slight improvement on previous sittings, however overall performance was only reasonable, with a pass rate was 86% and an average mark of 61%.</p> <p>It was pleasing to see that candidates presented their answers well, with appropriate 'short' answers for Q1 'short form questions', and many adopted columnar approaches for areas where risks/procedures were asked for.</p> <p>Some of the more poorly answered questions again were those that were knowledge based, demonstrating a lack of understanding of core Audit & Assurance issues:</p> <ul style="list-style-type: none">- Audit procedures- Quality management considerations <p>Unfortunately, due to a technical issue, the use of the data analytics software Inflo, was not available. The use of Inflo, constituted 12% of the available marks in this exam and as a result, the mark scheme was amended accordingly for this.</p> <p>Answers to the completion and reporting areas of the syllabus were often the best answered area, which is in line with previous sittings.</p>	

Question 1 performance

The syllabus areas covered were: 1f, 1l, 2j

Candidates performed well on Question 1.1, which assessed candidate's knowledge of data analytics routines, however, there were marks lost where candidates either didn't explain data analytic routines or explain the objective for conducting the routine.

A few candidates also ignored the question required to describe THREE data analytics routines.

Question 1.2 tested factors to consider when selecting a team, specifically related to a scenario which contained a complex industry. This part was generally well answered with most securing enough marks to pass this question.

Question 1.3 was a 'current issues' requirement and asked candidates to outline the arguments for, and issues with, Joint Audits.

Candidates were good at explaining the arguments in favour of joint audits and the key issues for clients, however key issues for firms was less well answered.

Question 1.4 required candidates to describe the supervision and review responsibilities for an Audit Manager. Answers to this part were mixed, and there were several candidates who struggled to make many relevant points. Many discussed assessing independence issues rather than focusing on the specific question requirement of describing responsibilities for supervising the team and reviewing their work.

Question 1.5 asked candidates to outline the key considerations when planning to use, and assessing the results of, experts. This question was very well answered with a high number of students gaining four or five marks out of the five marks available.

Question 2 performance

The syllabus areas covered were: 1a, 2i, 2k, 2q

Question 2.1 required candidates to identify and explain the matters that should have been considered before acceptance of the client given in the scenario. Whilst this was generally well answered, as there were a significant number of points that could have been made, several of the key issues were omitted; specific issues for why the previous auditors may have resigned, specific reputational issues and the results of background checks in respect of money laundering.

Question 2.2 was a knowledge-based question about the benefits of using data analytics software. Most candidates were prepared for this and scored well.

Question 2.3 was a typical audit risk/procedures question which candidates appeared to be prepared for. Unfortunately, the use of the data analytics software was not possible for candidates, however there were a significant number of key risks available within the scenario and subsequent procedures that could be suggested, despite not being able to identify any specific transactions of concern.

Overall, this question was fairly attempted, with audit risk identification being strong, despite a number of irrelevant audit risks and procedures being detailed. Some candidates repeated specific audit risks under multiple sections; credit will only be awarded once.

Additionally, it is important that candidates focus on the question requirement as several discussed audit risks surrounding inventory, rather the audit risks surrounding revenue recognition.

Audit procedures being suggested in this part of the question were very disappointing and were often weak and lacked enough information/purpose. e.g. reperform calculations, use analytical procedures.

Question 3 performance

The syllabus area covered was: 1i

Question 3 was a question regarding ethical and quality management issues across several different clients and actions that should have been taken, or should now be taken.

Ethical issues were identified by the majority of candidates and resulted in the bulk of the marks awarded, however they were often not discussed in enough detail. It is important that ethical issues are identified, assessed and relevant safeguards/actions proposed, many candidates missed out on marks for not enhancing their answers and explaining the implications and actions.

The quality management issues were not as well identified/discussed, with many not considering the key elements of ISQM1 or ISA 220 and tailoring them to the scenario.

On the whole, answers to this question were often fairly brief and lacked depth, with actions that the firm should have/should take were very limited in candidates' responses.

Question 4 performance

The syllabus areas covered were: 3a, 3j

Question 4.1 asked candidates to describe FOUR substantive procedures that should have been undertaken in respect of an outstanding issue. This part was generally, well answered, with most securing two or three out of the four marks available. Weaker candidates however, failed to suggest substantive procedures which were relevant to the question scenario.

Question 4.2 was a typical reporting question, requiring implications, with reasons, on the audit reports of three separate clients. This part was well answered with a number of candidates scoring highly.

Common issues across the responses included;

- Confusion regarding auditor responsibilities for 'Other information'
- Errors in materiality calculations
- Incorrectly focusing on going concern issues, when not relevant

Summary and helpful hints

Overall, the presentation of answers was strong, and whilst there is no specific set format, practising past exam questions from the question bank is essential in order to build up knowledge of how to answer each type of question, and common presentation.

Candidates need to remember that they have a permitted text within in the exam and should have a high familiarity of it, which can support them in answering Ethics questions and any other requirement that is focussed on knowledge of the ISAs, such as Quality Management.