

AUDITING & OTHER ASSURANCE SERVICES – PAPER 15**1.0 General Performance**

- The pass rate was 36.86%. There has been an improvement as compared to the December 2010 examinations diet which was 30.91%.
- It was noticed that in many cases, candidates would answer one question very well and then totally under-perform in others thus leading to failure.
- Candidates are advised to cover all areas of the syllabus in order to improve their performance.

2.0 PERFORMANCE IN INDIVIDUAL QUESTIONS**2.1 Question 1:**

- This was a compulsory case study question that required candidates to: (a) identify and briefly discuss the principal business risks faced by the client in the case study, (b) discuss the relationship between financial statement risks and business risks, (c) describe how acquisition late in the year would affect the audit planning of the group audit, (d) discuss the terms 'overall audit strategy' and 'audit plan' differentiating between the two terms as per International Standard on Auditing 300.
- In part (a) most candidates were able to identify these from the case study and thus scored above average marks on this part.
- In part (b) most of the candidates were able to define the two terms but failed to discuss the relationship between them.
- In part (c) many candidates described how an audit planning would be carried instead of describing how the planning would be affected by the acquisition.
- In part (d) the differentiation was not done and performance was below average as the two terms were mixed up.
- Overall performance in this question was slightly below average.

2.2 Question 2:

- Required candidates to: (a) prepare a memorandum describing audit approach in the situation where there has been a misappropriation of assets in a client's business as stated in the scenario, (b) (i) discuss matters that a partner would include in a discussion with members of the audit team in a situation of reported misappropriation of assets, (ii) describe matter to be included in the letter of engagement in relation to the prevention and detection of fraud.
- In part (a) the few candidates who attempted this question were describing internal control system while others described procedures for inventory counting. Performance, therefore, was below average.
- In part (b) most of the candidates were not aware of matters that should be discussed under the circumstances but they described matters to be included in the letter of engagement. Again, scores in this part were also below average.

2.3 Question 3:

- Required candidates to: (a) prepare a memorandum briefly describing key performance indicators to monitor the named company's environmental and social performance and any evidence expected to be found in place regarding those indicators, (b) discuss the substantive procedures required to detect material misstatements due to environmental matters during audit of the company.
- In part (a) most candidates did not know what indicators were in place and did not perform well. Some candidates however scored quite highly.
- In part (b) candidates' performance was average with some candidates coming up with the required substantive procedures while others could not.

2.4 Question 4:

- Required candidates to (a) explain (i) the purposes of utilizing the analytical procedures and the benefits that could be obtained from the three stages in an audit, (ii) kinds of details and qualities one would expect to find on the working papers where analytical procedures have been used as substantive tests; (b) discuss possible causes of changes in trade receivables and rising level in impairment.
- In parts (a) (i) and (ii), candidates who attempted this question could describe the three stages of audit and explain the purposes and procedures of analytical review.
- In part (b).most candidates were able to discuss the possible causes of changes in receivables and the rising level of impairment and so scored above average.

2.5 Question 5:

- This question was also a mini case study and required candidates to: (a) discuss matters that may be relevant to a company when considering client's e-commerce of understanding the control environment, (b) explain the business risks relating to e-commerce activities, (c)) discuss measures they would have expected management to have taken to address security risks over their e-commerce activities, and .(d) discuss the main controls relating to transaction integrity in e-commerce environment
- In part (a) candidates performed averagely; part (b) was generally well answered by most of the candidates. Part (c) was well answered by all who attempted it. In part (d) the scores on this question was below average generally.