

<b>INSTITUTE OF CHARTERED ACCOUNTANTS OF PAKISTAN</b> <b>CERTIFICATE IN ACCOUNTING AND FINANCE (CAF) EXAMINATIONS</b> <b>EXAMINERS' COMMENTS</b>	
<b>SUBJECT</b> Audit and Assurance	<b>SESSION</b> Autumn 2019

**Passing %**

Question-wise									Overall
1	2	3	4	5	6	7	8	9	
43%	51%	37%	49%	37%	9%	19%	29%	15%	25%

**General comments**

Better performance was observed in this session as compared to previous session. However, the result was still not up to the mark. Main reasons for below average performance seemed to be inability of examinees to implement theoretical knowledge to scenario based questions. Examinees are advised to practice the application of concepts by attempting scenario based questions of past examinations. It was also commonly noted specially in Q.2(d), and Q.5 that examinees did not read the requirement of the question and consequently wrote incorrect answers. Examinees are advised to read the requirements of the question very carefully before attempting it.

**Question-wise common mistakes observed**

**Question 1**

- Some of the examinees mentioned that since no subsequent event is identified, it would not be included in the representation letter.
- Some examinees mentioned that it would only be included in the representation letter if the auditor could not find any evidence for stock held on behalf of the customer.

**Question 2(a)**

Few examinees did not mention that how professional skepticism helps throughout the audit.

**Question 2(b)**

Good performance was observed in this part of the question.

**Question 2(c)**

Good performance was observed in this part of the question.

**Question 2(d)**

Instead of stating audit procedures for determining whether or not a material uncertainty exists that may cast doubt on the entity's ability to continue as a going concern, examinees wrote the examples of such events and conditions.

**Question 3**

Most of the examinees were not able to mention more than two benefits of a statutory audit.

**Question 4**

Most of the examinees only discussed the conditions of sending positive and negative confirmations to debtors and ignored other aspects of the answer such as stratification of the population, selecting entire population of chain stores for confirmation and using sample selection method.

**Question 5**

Many examinees wrote audit procedures for identification of related parties instead of mentioning audit procedures and related activities for identifying risks of material misstatement associated with related parties.

**Question 6**

- Most of the examinees did not read the sales and receivable process and only mentioned segregation of duties as a control weakness repeatedly in different words.
- Credit limit is not checked with accounts department before forwarding the customer order to warehouse was barely mentioned by any of the examinee.
- Customer acknowledgment of the delivery of the order was not mentioned.
- Updated age analysis may not be available was also not mentioned.

**Question 7(a)**

- Most of the examinees did not mention more than one or two audit procedures.
- For pending tax litigation, many examinees recommended to qualify the audit report which was incorrect.
- Instead of discussing the subsequent event and its reporting implications due to the fire incident, examinees mentioned the audit procedures related to going concern and its reporting implications.

**Question 7(b)**

A majority of examinees either did not attempt this question or failed to obtain any mark which reflected selective study on their part.

**Question 8(a)**

Many examinees correctly identified the threats but they failed to discuss their significance.

**Question 8(b)**

Examinees either did not attempt this question or gave irrelevant answers because of selective study. Examinees are advised to seek detailed guidance from ICAP's suggested answers.

**Question 8(c)**

Good performance was observed in this part of the question.

**Question 9**

- Many examinees only identified the application control and were not able to describe it.
- Using check digit to prevent recording inventory in an incorrect account was not mentioned.
- Access controls over master file for the payroll data were also not mentioned by most of the examinees.

***(THE END)***