**THE INSTITUTE OF CHARTERED ACCOUNTANTS OF PAKISTAN**

## Certified Finance and Accounting Professional Stage Examination

# Audit, Assurance and Data

**Examiners' Comments** **Summer 2026**

## PASSING %

| Question-wise | | | | | | Overall |
|---|---|---|---|---|---|---|
| 1 | 2 | 3 | 4 | 5 | 6 | |
| 26% | 22% | 47% | 8% | 52% | 7% | 23% |

## GENERAL COMMENTS

The overall result in this session was slightly lower than the previous exam session. A recurring concern remains the inability to interpret and respond to specific question requirements. Many examinees provided generic or irrelevant responses, with a tendency to reproduce provisions from standards and the Code of Ethics without applying them to the facts presented in the scenario.

One of the major issues identified was that a vast majority of examinees were not up to date with the syllabus changes relating to the use of data analytics and the application of IFRSs to various accounting and reporting matters in an integrated environment. Examinees did not make use of the spreadsheet data provided in Question 3, and performance in Question 6 similarly indicates that examinees were not adequately prepared for questions integrating IFRS and auditing concepts.

## QUESTION-WISE COMMON MISTAKES OBSERVED

### Question 1

- Examinees merely stated whether a service could be accepted or not, without adequately discussing the reasoning behind why certain services could not be accepted.
- The majority of examinees incorrectly concluded that the assignment relating to the design of controls could be accepted.
- Examinees failed to identify that accepting certain services would result in the firm assuming management responsibility.
- Examinees repeatedly cited generic safeguards, such as review of work and use of a separate engagement team, for all services, without tailoring these safeguards to the specific circumstances of each service.

**Question 2**

Examinees did not evaluate the transaction price allocation and implications of an onerous contract. Consequently, the related audit procedures were also not mentioned. Apart from these, the following audit procedures were generally not mentioned by the examinees:

- Inspect the service schedule to confirm whether the Managed Cyber-Security service can be cancelled separately.
- Review the software license agreement to confirm that it grants a right to use the software as it exists at the date of grant.
- Recalculate the present value of the consideration allocated to the Managed Cyber-Security service using an appropriate discount rate.

**Question 3**

Many examinees identified the audit risk but did not adequately explain the underlying reasons or their impact on the financial statements. The spreadsheet data was largely unused, and the related risks were not discussed by the examinees.

The following audit risks were generally not identified or properly discussed:

- Abnormal shutdown and restart costs built into inventory, requiring expensing as incurred.
- Underutilization of Line-2 against its designed capacity, indicating possible impairment.
- Inconsistent allocation of variable overheads relative to gas consumption across production runs.
- Capitalization of start-up costs and borrowing costs after Line-2 became available for use.
- Related party and commercial substance concerns arising from the GDL arrangement.

**Question 4**

Examinees generally approached it as a general internal control matter, rather than evaluating deficiencies in the description prepared under ISAE 3402. Although some facts from the scenario were identified, the implications for the fair presentation and completeness of the description were not adequately discussed. In particular:

- the payroll approval issue was often misread as a segregation of duties weakness;
- the effect of platform migration on automated controls was not properly explained;
- DVL backup failures were mentioned but not linked to the completeness of the description;
- access management and complementary user entity controls were either missed or discussed generally; and
- lack of monitoring over DVL and independent assurance over the subservice organization was not adequately addressed.

**Question 5**

Most examinees recognized that management's position was incorrect, but many did not clearly distinguish a prior period error from a change in accounting estimate or carry the evaluation through to a quantified reporting conclusion.

The following matters were generally not adequately discussed:

- the misstatement being Rs. 60 million recognized in the prior year, rather than only the Rs. 36 million written off in the current year;
- the current-year DTA of Rs. 24 million not justifying the prior-year recognition retrospectively;
- quantification of the effect on prior year profit, opening retained earnings and corresponding figures; and
- the appropriate reporting implication if management refused to correct the error.

Some examinees listed different reporting outcomes without concluding on the facts. Audit procedures were also discussed despite being specifically excluded from the requirement.

**Question 6 (a)**

Many treated transfers of legal title as sufficient for derecognition and did not consider CTM's retained credit risk under the 90-day reimbursement obligation. Consequently, the secured borrowing treatment and related adjustments were generally missed.

For the ACP matter, many examinees treated it as a consolidation issue, although CTM's separate financial statements were under consideration. ACP's classification was often assessed only from board control, without considering CTM's returns from ACP and its ability to affect those returns. The present value treatment of the interest-free loan and related ACP adjustments was also not quantified.

**Question 6 (b)**

Examinees mostly repeated procedures already performed by the audit team. The following procedures were generally not mentioned:

- Inspect post-period correspondence with NTFB to identify any payment demanded from CTM in respect of uncollected receivables.
- Assess whether an expected credit loss allowance is required on the reinstated receivables.
- Assessing the adequacy of disclosures.

**Question 6 (c)**

- Examinees' responses lacked quantification of misstatements to support the reporting conclusion.

- Examinees did not correctly evaluate the misstatements in light of the appropriate materiality.
- Some examinees listed multiple reporting outcomes instead of mentioning the specific reporting implication for the identified misstatement.

**(THE END)**