

Global Learning Providers' Conference 2017

P7 Advanced Audit and Assurance

This document summarises the Question and Answer discussion which took place in the examiner's workshop at the Global Learning Providers' Conference on 26-27 April 2017.

- **An observation regarding the poor performance at P7 is that some candidates attempt P2 before P7 – will the new syllabus from September 2018 allow candidates to do the Options before Strategic Business Reporting?**

The same rules apply however the guidance remains and must be strongly emphasised that candidates should not sit P7, or Advanced Audit and Assurance before they sit P2, or Strategic Business Reporting. Candidates should be reminded that they must have the pre-requisite financial reporting knowledge but they will not be stopped from sitting their exams in the order they select. It is important that candidates understand the P2 examinable documents and what is required knowledge at this level.

Although it is not mandatory for candidates to take P2 before P7, ACCA will endeavour to ensure that all communications make it clear to students that P2 is assumed knowledge for P7.

It should also be noted that it is evident that many candidates have good financial reporting knowledge but their audit knowledge is lacking. Candidates must be reminded that P7 is an audit exam and therefore strong accounting knowledge is not sufficient. The advice is for candidates to be better prepared for P7 and to make sure they have done lots of question practice. It is fundamental that candidates can analyse and communicate their points well and adapt their financial reporting knowledge to an audit context.

It must also be noted that there are other areas where candidate's assumed knowledge is lacking, for example in questions where candidates are asked to carry out preliminary analytical review many candidates fail to correctly calculate appropriate ratios such as gearing or return on capital employed (ROCE) thus suggesting that assumed knowledge is an issue not just in relation to P2. Candidates should be encouraged to ensure that their assumed knowledge is up-to-date.

- **Does a shorter gap between taking P2 and P7 lead to more chance of success?**

This is not something ACCA specifically analyse, however if candidates leave P7 too long after sitting P2 then their knowledge will become out-of-date. It is recommended that guidance should be given by learning providers to help individual candidates make appropriate decisions as they progress.

- **Can we expect to see requirements on appraising auditor's reports in the future?**

Yes this is an important requirement as it is a very practical way for the candidate to evaluate issues and present appropriate knowledge in this area. We do not expect candidates to draft an auditor's report but appraising a report that has been written is an important skill.

- **Is auditor reporting treated as a current issue?**

No, all the new reporting standards are fully examinable.

- **With regards to Performance measures in the public sector there was a 10-mark question in the December 15 exam, could we expect to see questions like that again examining procedures relating to KPIs?**

Yes this type of question is a valid way to examine the syllabus area. We can't be specific about the mark allocations but the past exams remain a good indication of the style of question candidates can expect.

- **In evaluation and review questions:**

- (1) **Where the requirement is for “matters to consider and evidence...” why do the published answers sometimes include audit procedures?**

We try to make answers as broad as possible. It can be a fine line between evidence and a procedure and we don't want to penalise too harshly for how the answer is expressed.

- (2) **The marking scheme says “1 mark for each relevant point”. What happens if a candidate only gives “matters” in their answer?**

We do not cap the marks that are available for “matters” so it is possible, in principle, for candidates to score full marks for an answer that only contains “matters”, but they would be very unlikely to be able to do this, so you should advise candidates not to take this approach.

- **How does the examining team select the questions that are published as there has been a number of audit risk questions included in the last four published exams and no business risks? Is there a mechanism for ensuring that a balance of questions is published?**

When choosing the questions there are a number of things that are considered including which questions will provide the best preparation for candidates in areas they have not performed well on or which candidates traditionally find difficult. Audit risk is one such area and is an area where it is noted that candidates struggle across the qualification, in that they find it hard at F8 and that continues into P7.

As such this is a topic area which the examining team has determined as an area to publish frequently to ensure that candidates can achieve plenty of practice in this area.

There is also a mechanism to ensure that over time all syllabus areas will be covered so there will be business risk questions published in the future.

- **Are ACCA intending to continue with the combined sample exams but with examiner comments every session? Why can't we see all of the questions when the markers can?**

All markers are bound by confidentiality and they should keep their marking separate from their teaching.

ACCA policy is that we will continue with the combined sample exam. As we move to CBE we are not in a position to publish all the content. However there are still plenty of resources for candidates to use and enough practice material.

We are also looking at changes to the examiner reports to ensure that they remain a useful resource.

In relation to the new Strategic Professional Advanced Audit and Assurance exam, from September 2018:

- **What is the reason for changing Question One to 50 marks under the new Strategic Professional format, will this not just make it harder for candidates?**

There are a number of drivers for changing the format – one being the move to a fully compulsory paper. At the moment candidates don't make the best choices for the optional questions and often don't utilise their time effectively as a result. Therefore the compulsory format should be beneficial to them and to assist candidates in the move to the new format the examining team are being more explicit about how the syllabus will be examined.

The 50-mark question allows Advanced Audit and Assurance to become more aligned with the other Options exam and allows for a more practical case study to be presented. Although the question is increasing to 50 marks overall the look and feel of Question One should remain broadly similar to a current Question One under P7 and therefore this move should allow candidates to better demonstrate their knowledge and plan their time more effectively.

- **Can you give any more guidance on what would be examined in Question One in the new exam?**

This will be based mainly on sections A, B, C and D of the new syllabus. Section G could be tested anywhere in the exam, while sections E and F will only appear in section B of the exam.

- **In the 50 mark question in the new exam from September 2018, is there any maximum number of marks that can be allocated to a single part requirement?**

The examining team has not stated a maximum, but there would not be a single requirement for 50 marks. The length of single requirements will probably be very similar to those in the current exam. The scenario for the 50 mark question could feature a single company, several companies/clients or a group with various subsidiaries.

- **In section B of the new exam, one question will be on reporting, could the other be on any area of the syllabus? And will there be less on ethics than in the current exam?**

Ethics will continue to feature prominently in the exam and may be included in the section A case study or in section B.

- **Will the professional marks remain and how do candidates score the professional marks?**

The professional marks will remain in Strategic Professional and there is no change to how we award the professional marks. They are for presentation, logical flow and clarity of the explanations provided. Candidates should therefore ensure that their answer is well structured and should think about their answer prior to writing to ensure that points flow logically and clearly. Most candidates do reasonably well on the professional marks although many do struggle to get the mark awarded for clarity and this has a direct correlation to the structure of the answer. Candidates should be reminded to plan their answer as this will improve their technique and professional marks.

- **The profession is moving towards much greater use of data analytics, can this be expected in the syllabus?**

Yes, it has been added to the syllabus for exams from September 2017 as a current issue. The examining team may produce an article on this topic.

- **There are so many technical articles for P7, should students read them all?**

We would recommend that they read as many as possible, but these should be seen as supplementary to what you are teaching them in your courses.

- **Could you explain how the UK and Irish versions of the exam are written and why the case study requirements are not broken down in these in the same way that they are in the INT version?**

The UK and Irish versions are adapted from the main INT exam. The UK and Irish exams have to meet certain regulations in respect of statutory audit recognition in the UK and Ireland. This is the reason for some of the differences in syllabus content, as well as in the style of requirements.