

# Audit orientation course



An applicant seeking to hold a practising certificate and audit qualification for the first time in the UK, Jersey, Guernsey and Dependencies, the Isle of Man or Republic of Ireland is required (in addition to meeting training and other requirements) to attend and pass the Audit Orientation Course and Test.

This factsheet has no regulatory status. It is issued for guidance purposes only, and in the event of any conflict between the content of this factsheet and the content of the *ACCA Rulebook*, the latter shall at all times take precedence. Therefore, this factsheet should not be regarded by a member as a substitute for familiarising himself or herself with the appropriate regulations or, where necessary, obtaining specific advice concerning a specific situation.

## INTRODUCTION

Once an individual has obtained the necessary experience (see the *Practice Information* booklet, which can be downloaded from ACCA's website at [www.accaglobal.com/members/professionalstandards](http://www.accaglobal.com/members/professionalstandards)) and been a member of ACCA for at least two years, the next stage for someone wishing to be qualified to hold an audit qualification is to apply to sit the Audit Orientation Course and Test (AOCT). Experience must be confirmed before applicants can be booked onto the course. (Applicants must allow at least 28 days for their experience to be assessed.) Members without the necessary experience will not be accepted on the course.

The AOCT lasts for three days and incorporates a number of assessment techniques designed to satisfy ACCA as to a candidate's ability to act competently as a company auditor. There is a pre-course (open book) case study to complete and, consequently, candidates must apply to sit the course at least 28 days before it is due to take place (having already been assessed as having met the experience requirements). There is also a case study completed during the course. The course is practical in focus. Candidates are required to demonstrate, in particular, that they are able to apply their theoretical knowledge gained in the ACCA examinations to practical problems.

(Full details of the other requirements for obtaining a practising certificate and audit qualification may be found in the *Practice Information* booklet.)

## PURPOSE AND OBJECTIVE

The underlying objective of the training programme for an ACCA practising certificate and audit qualification is to provide assurance that members have achieved the necessary competence to undertake public practice work including audits.

The AOCT seeks to provide confirmation of members' ability to practise at a level of competence commensurate with the requirements of the Companies Act 1989 (Great Britain), Companies (Northern Ireland) Order 1990 or Companies Act 1990 (Republic of Ireland) for those wishing to act as registered auditors.

A booking form for the Audit Orientation Course and Test is available via ACCA's website ([www.accaglobal.com/members/professionalstandards](http://www.accaglobal.com/members/professionalstandards)).

## CONTENT OF THE COURSE

Attendees of the AOCT will, in the majority of cases, be members who have little or no experience of running an accountancy practice. Therefore, the content of the course will not be restricted to pure audit issues. The content will include the following areas:

- Engagement – Client acceptance procedures, the engagement process, ethics, risk and liability considerations
- Practice management – Charge out rates, pricing, client relationship management, winning new work, staff recruitment and appraisal, etc
- Reporting – Statutory audit reports, voluntary audit reports, and reporting to third parties
- Reporting and standards update – Key accounting and auditing standards, and ethical issues.

## THE CASE STUDIES AND VIVAS

As part of the AOCT there are two case studies to complete. There is a pre-course case study, which is open book, and a closed book case study, which is completed during the course under exam conditions. The pre-course case study is strategic in nature, whereas the closed book is based on day-to-day general practice issues.

Both case studies include the following characteristics:

- they are scenario driven, ie what would you do as a partner if ..?;
- they expect a high level of practical knowledge rather than simply technical detail;
- they require a good knowledge of ACCA's Global Practising Regulations and Code of Ethics and Conduct; and
- they do not expect anything other than a basic knowledge of tax legislation, but knowledge of company law, accounting standards and auditing standards is very important.

## PRE-COURSE CASE STUDY

The pre-course case study must be completed before the candidate attends the course and handed in to the course administrator on the first day. The case study is sent out at least two weeks in advance of the course to give candidates time to research their answers. The questions all require a degree of research.

The scope covers a wide range of areas relevant to a practising accountant and requires the candidate to access a number of technical sources. These range from technical literature such as the *ACCA Rulebook* and technical factsheets through to broader web-based research. Candidates must also be conversant with accounting and auditing standards. An accountant in practice will constantly need to research the questions posed by his or her clients, and so the pre-course case study aims to replicate this.

ACCA does not include questions in the case study that are beyond reasonable research. The objective is to enable members to demonstrate their competence through such research.

To ensure full and considered answers, members will need to set aside sufficient time to complete the case study. As a general guide, the case study should take, on average, 10–14 hours to complete, but this may vary from member to member. The candidates' answers should be relevant to the questions asked. Scripts will not score well if answers do not address the circumstances set out in the case study.

### COMMON AREAS EXAMINED BY THE PRE-COURSE CASE STUDY

The scenarios in the pre-course case study are strategic in nature and aim to reflect the regulatory and business environment faced by practitioners. It is very difficult to give a standard list of 'past' questions. However, areas recently examined include:

- the practicalities of buying a practice or a block of fees;
- the auditing requirements of specific industries;
- ethical problems involving new or existing clients;
- discussion and analysis of current issues involving accounting and business; and
- general business advice such as business start-ups.

### CASE STUDY UNDER EXAMINATION CONDITIONS (CLOSED BOOK)

The closed book case study is completed during the course under exam conditions. The focus of this case study shifts from research to the practical application of theoretical knowledge. The scenarios all relate to 'real-life' situations and reflect current events in the accountancy and business world. Members will need to demonstrate a broad awareness and understanding of technical, ethical, professional and commercial issues, as opposed to detailed knowledge of a wide range of areas. With this in mind, candidates must be aware of current issues facing the profession and be able to deal with common queries relating to those issues. Although not a stipulation, candidates should ideally have gained sufficient practical experience at manager or very senior level before attempting the course.

The examination lasts for 2.5 hours.

### COMMON AREAS EXAMINED BY THE CLOSED BOOK CASE STUDY

As with the pre-course case study, it is difficult to give a standard list of 'past' questions. However, areas recently examined include:

- specific ethical problems relating to potential new clients;
- specific accounting and disclosure problems;
- the format of audit reports, including qualified reports; and
- business problems where clients need specific advice on issues such as going concern.

### COMMON PITFALLS

The examiners have found that candidates who fail the AOCT tend to make the same mistakes when completing the case studies.

Examples include the following:

- Not enough research is undertaken to allow a full and considered answer to the open book case study.
- There is too much copying of text (especially from the *ACCA Rulebook* and internet sites), without any explanation or application to the specific scenario. The case study requires an answer that goes beyond the candidate's ability to 'cut and paste'.
- Candidates rely on standard documentation (such as engagement letters), and do not tailor the documentation to the issues set out in the case study scenario.
- Candidates provide very general answers, rather than dealing with specific issues set out in the case study. A frequent comment of the examiners is that candidates answer 'questions they want to answer' as opposed to the ones asked. Answers should be bespoke practical solutions.
- Answers are 'too technical' when the question asks for candidates to provide explanations to clients, for example. Answers should be tailored to meet the reader's needs.

- There are too many bullet points without sufficient explanation. The marker cannot second-guess what point the candidate is trying to make.
- Specific points made in an answer which score marks are then repeated. Candidates will not score marks for making the same point twice, particularly when other relevant points are missed.
- There is too much volume. This is especially a problem with the pre-course case study. Including text that is not relevant to the question will not score marks and may indicate to the examiner the candidate's lack of knowledge of the subject matter. Therefore a good answer will necessitate only relevant explanation of the issues. Conversely, very brief answers (ie without sufficient explanation) will gain few marks. Although it is very difficult to generalise, a 15 or 20-mark question can be succinctly answered in 1,000 to 1,200 words.
- The answer is too vague. Candidates, faced with a particular scenario, should set out specific actions to take, alternative options available, etc.

Both case studies will be marked by a qualified accountant (and reviewed by a moderator), and the results will be sent out four weeks after the end of the course. The pass requirements are set out in the diagram below.

Applicants who fail the AOCT are ineligible to re-sit for six months.

Applicants who pass the AOCT may apply for a practising certificate and audit qualification at any stage after successful completion of the course.

### VIVAS

Where a candidate, having achieved at least 40% in both case studies, attains an overall average mark of less than 50%, he or she will be called to attend a viva. The purpose of this is to assess the candidate's ability to demonstrate adequate knowledge and understanding of the professional standards required to hold a practising certificate and audit qualification. For a small number of candidates, the viva process will demonstrate this more effectively than the case studies (one of which has been conducted under examination conditions).

The viva tests those areas of the open and/or closed book case study in which the candidate has not demonstrated a full understanding. A meeting is held with a panel of assessors and lasts approximately 45 minutes.

The requirements for a candidate who did not pass the AOCT case studies to be eligible to sit a viva are included in the diagram below. A candidate who is successful at a viva is deemed to have passed the AOCT; a candidate who fails the viva is deemed to have failed the AOCT. The candidate will be advised of the result on the day of the viva, and this will be confirmed in writing.

### READING MATERIAL

To prepare for the AOCT, we would suggest that you ensure you are conversant with all accounting standards and the latest *ACCA Rulebook* and technical factsheets issued by ACCA. We would also suggest that you are familiar with the latest International Standards on Auditing (UK and Ireland). In particular, you should be aware of the issues that can arise relating to the audit process, from planning and risk management to the reporting of an audit opinion.

Technical factsheets and the *ACCA Rulebook* can be accessed via ACCA's website ([www.accaglobal.com](http://www.accaglobal.com)). A copy of the *ACCA Rulebook* can be requested from *ACCA Connect*, tel: +44 (0)141 582 2000, fax: +44 (0)141 582 2222. e-mail: [publications@accaglobal.com](mailto:publications@accaglobal.com)

Online accounting and auditing standards can be accessed via the *Knowledge Library* on ACCA's website using your ACCA membership number and passcode.

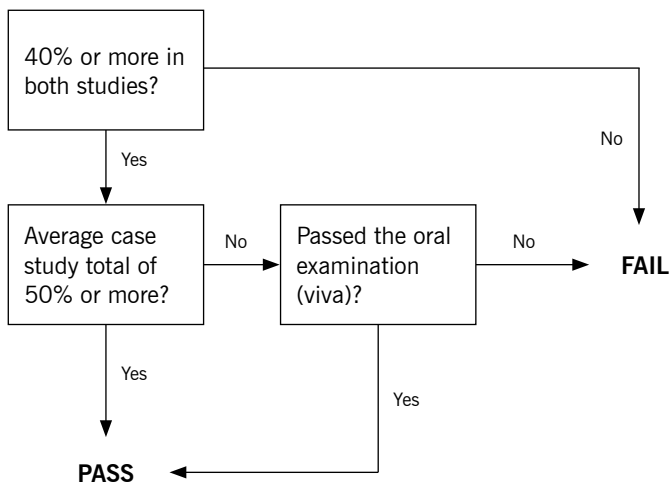
## COURSE FEES AND DATES

Information on course fees and dates can be found on ACCA's website at [www.accaglobal.com/members/professionalstandards](http://www.accaglobal.com/members/professionalstandards).

If a candidate is re-sitting the AOCT, it is not a requirement that he or she should attend the practice management day. Such candidates need only pay for two-days. (The one-day course is available to members interested in attending the practice management day alone, but who are not seeking the AOCT qualification.)

There are a limited number of places on each course; therefore you are advised to book as early as possible to ensure that you are able to attend on your chosen date. If your chosen course is full, you will be offered a place on the next available course. You may wish to check availability for your chosen course before submitting your booking form. Please contact professional standards on +44 (0)141 534 4175.

Please note that Practising Certificate Training Records must be submitted at least 28 days in advance of the course date.



## OTHER USEFUL INFORMATION

### Accommodation

The AOCT is non-residential. If you need to book accommodation for your course in the UK, you can contact Expotel Special Events Department on +44 (0)20 7372 2001, stating the name of the event you are attending and the event code 'ACCA 2007'. Expotel offer a free hotel reservation service and a special discounted accommodation rate for ACCA course participants.

Alternatively, if you are attending a course outside London, accommodation can usually be booked at the course venue. Members should contact the administration officer on +44 (0)20 7059 5899 for details or a list of other local hotels.

### Continuing professional development

Attending an AOCT constitutes acceptable verifiable CPD. Each full day attended constitutes seven relevant units. (For further information concerning CPD, see ACCA's website at [www.accaglobal.com/members/cpd](http://www.accaglobal.com/members/cpd)).

### Lecturers

Ingle Dawson – Inspirational Development Group Ltd  
Brendan Howard – Mercia Ireland Ltd  
Alun Morgan – PCP Limited  
Andy Perkins – Inspirational Development Group Ltd  
Michael Scott – PCP Limited  
Val Steward – PCP Limited  
Mike Ulrich – Freelance Lecturer and Sole Practitioner

### Contact details

For enquiries regarding eligibility, training records and course availability please contact professional standards on: +44 (0)141 534 4175.

For general enquiries regarding the course, please contact the administration officer on: +44 (0)20 7059 5899.