

Comments on Candidate Performance on Assurance Elective (July 2017)

Most candidates addressed or at least attempted to address all of the directed AOs. However, there were a few exceptions where candidates seemed to struggle and appeared to avoid the AO, as the number of candidates who did not address the AO were higher than expected. Specifically:

- Non-routine financial reporting issues (e.g., related to discontinued operations and preferred shares)
- Audit procedures for non-routine financial reporting issues

The candidates performed well when it came to preparing an audit planning memo (risk, approach, and materiality). They were also able to provide relevant procedures for the more common accounting issues and adequately explain them; however, they struggled to provide relevant procedures for the non-routine accounting issues.

Candidates' analysis of the financial reporting issues overall was a bit weaker than expected. Candidates often did not refer to the relevant Handbook sections before performing their analysis, and as a result, the discussions often jumped to a conclusion on the accounting treatment without being sufficiently analyzed. Candidates struggled with the more difficult issues, such as discontinued operations and preferred shares. In some cases, candidates provided discussions on financial reporting issues that was not significant or relevant based on the facts of the case, and therefore wasted time that could have been spent on the more significant issues. For example, a significant number of candidates discussed revenue recognition on this exam, even though revenue was recorded correctly and there were limited case facts provided; as a result, the revenue recognition discussion added no value.

Candidates' generally performed well on the non-audit and non-financial reporting issues and were able to adequately incorporate specific case facts and explain their analysis to support their conclusions.

We did not see evidence of time constraint on this exam. Candidates seemed to be able to properly manage their time in order to be able to respond to all of the requires in the case.

Comments on Skills

Identification: Generally well done by most candidates. However, some candidates seemed to avoid the more difficult requires.

Analysis: Candidates varied widely in their analysis of the issues. Some candidates provided a very superficial analysis that would not be useful for the client while others provided more thorough analysis tied to relevant Handbook sections. Superficial analysis was particularly evident in the more difficult accounting issues. In general, candidates seemed to be able to analyze issues better for the assurance AOs as compared to the financial reporting AOs.

Integration: Candidates generally did a good job applying the case facts to their analysis. However, on the more difficult issues, a greater number of candidates struggled to integrate case facts into their discussions.

Conclusion: Most candidates attempted to conclude on issues and these were consistent with their analysis.

Communication: Nearly all candidates adequately communicated within their response. Language used was appropriate and clear.