

**AUGUST 2022 PROFESSIONAL EXAMINATION
AUDIT & ASSURANCE (PAPER 2.3)
CHIEF EXAMINER'S REPORT, QUESTIONS & MARKING SCHEME**

STANDARD OF THE PAPER

The standard of the paper was good. The questions were practical and within the syllabus in terms of structure and weightings. The paper was free from errors. The rubrics of the paper were very clear without ambiguities.

PERFORMANCE OF CANDIDATES

As compared to the April 2022 diet, which recorded a 77% score above the pass mark of 50%, the August 2022 diet recorded a 66% score above the 50% pass mark.

The August diet saw a deteriorating performance over the April 2022 session. This may be attributed to the fact that the time lapse between the two diets was not long enough. Tuition providers should now encourage candidates to grasp the new ICAG act.

Question 4b) was a high scoring question because it is practical and popular. Question 4 aii) was however mixed because candidates found it a bit tricky. Performance in Question 3, by candidates was below expectation even though it was a straight forward question. Many candidates mixed up their understanding for the content of management representation letter with that of management letter (letter of weakness).

NOTABLE STRENGTHS AND WEAKNESSES OF CANDIDATES

The strength of most candidates was demonstrated in question 1 a) c) and d), question 2 a) as well as question 4 b) and question 5 a).

Areas of weaknesses identified with candidates were question 1 b) and 2 b), as well as question 5 c). Candidates were unable to adequately express their thoughts on paper due to weakness in the English language. Some candidates could not demonstrate adequate understanding of "emphasis of matter" and "other matter" paragraphs. Most candidates could not answer question 2 b).

QUESTION ONE

- a) Accounting firms are in an excellent position to provide their clients with non-audit services such as consultancy, financial system design, review services, recruitment and valuation, among others, provided the necessary safeguards are in place. However, the Companies Act, 2019 (Act 992) prohibits the offering of such services to audit clients.

Required:

State **FOUR (4)** reasons for this prohibition. **(5 marks)**

- b) Auditors may need to rely on other parties such as management's experts, internal auditors or component auditors during an audit engagement. Auditors may also use various audit approaches to obtain audit evidence.

Required:

- i) Define the term *management's expert*. **(2 marks)**
ii) State **FIVE (5)** factors which the auditor should consider before relying on management's expert as a means of Audit evidence. **(10 marks)**
iii) Distinguish between *substantive approach* and *system approach* in the audit of financial statements. **(3 marks)**

(Total: 20 marks)

QUESTION TWO

- a) The Managing Partner of A & B Partners, Mr. Pumpa, has decided to put measures in place for the survival of the firm immediately after the enactment of the Company Act, 2019 (Act 992) which requires that "An Auditor shall hold office for a term of not more than six years and is eligible for re-appointment after a cooling-off period of not less than six years".

Mr. Pumpa then had a gentle arrangement with his colleague also a Managing Partner in C & D Associates to transfer all clients who have exceeded their mandatory Six years with A & B Partners and vice-versa.

Required:

Discuss **FIVE (5)** major threats to the auditor's independence and objectivity and how these inherent threats could be mitigated in the decision to transfer client C & D Associates.

(5 marks)

- b) The Institute of Chartered Accountants, Ghana Act, 2020 (Act 1058) gives power to the council to establish committees to regulate the Accountancy Profession and Practice.

Required:

Identify **THREE (3)** main committees and their role as stated under the new Act.

(5 marks)

- c) There are factors to consider and procedures to follow before accepting a new client, a new engagement for an existing client, or agreeing to the terms of any new engagement. It could be an audit, a non-audit engagement, or an assurance engagement. Acceptance decisions

are critical since new clients and/or engagements can impair the objectivity or expose the firm to an audit risk, both of which must be carefully considered.

Required:

- i) Explain **TWO (2)** factors a professional accountant in public practice should consider before accepting a new audit client. **(5 marks)**
- ii) Explain **TWO (2)** preconditions that should exist when agreeing to the Terms of Audit Engagement. **(5 marks)**

(Total: 20 marks)

QUESTION THREE

- a) Sophie & Co., a firm of Chartered Accountants is preparing the end of year audit for GH Mobile, a client that is listed on the Ghana Stock Exchange. You have been selected to be part of the team to audit the non-current assets of GH Mobile. As an audit associate, you were provided with evidence that you have assessed as not sufficient. Also, you have raised issues regarding the omission of important items in the management representation letter of the client.

Required:

Explain **FIVE (5)** factors that will influence the auditor's judgement regarding the sufficiency of the evidence obtained. **(10 marks)**

- b) *ISA 580: Management Representations* provides guidance on the use of management representations as audit evidence.

Required:

List **FIVE (5)** items that could be included in a management representation letter. **(5 marks)**

- c) After performing tests of controls, the auditor is of the opinion that the audit evidence is not sufficient to support the audit opinion; in other words, many control errors were found.

Required:

Recommend **FIVE (5)** actions that the auditor may take in response to this problem. **(5 marks)**

(Total: 20 marks)

QUESTION FOUR

- a) Pinto Ltd (Pinto) provides analytical services to a wide range of clients. Typical assignments range from testing food for illegal additives to providing forensic analysis on items used to commit crimes to assist law enforcement officers.

The annual audit is nearly complete. As Audit Senior, you have reported to the Engagement Partner that Pinto is having some financial difficulties. Income has fallen due to the adverse effect of two high-profile court cases, where Pinto's services to assist the prosecution were found to be in error. Not only did this provide adverse publicity for Pinto, but a number of clients did not renew their contracts. A senior employee then left Pinto, stating lack of investment in new analysis machines thus increasing the risk of incorrect information being provided by the company.

A cash flow forecast prepared internally showed Pinto requiring significant additional cash within the next 12 months to maintain even the current level of services and operations. Pinto's auditors have been asked to provide a negative assurance report on this forecast.

Required:

- i) Define *going concern* and discuss the auditor's responsibilities in respect of going concern. **(4 marks)**
- ii) State **FIVE (5)** audit procedures that may be carried out to determine whether or not Pinto is a going concern. **(6 marks)**
- b) A major criticism of Internal Audit is that it lacks independence. Many factors may contribute to this perceived lack of independence.

Required:

Identify **FIVE (5)** measures that can be put in place to ensure the independence of the Internal Audit function. **(10 marks)**

(Total: 20 marks)

QUESTION FIVE

- a) **ISA 260 (Revised and Redrafted): Communication with Those Charged with Governance** deals with the auditor's responsibility to communicate with those charged with governance in relation to an audit of financial statements.

Required:

- i) Identify **TWO (2)** specific responsibilities of those charged with governance. **(2 marks)**
ii) Explain **FOUR (4)** examples of matters that might be communicated to them by the auditor.

(4 marks)

- b) **ISA 500: Audit Evidence** requires among other things audit evidence to be reliable.

Required:

State **FOUR (4)** factors that influence the reliability of audit evidence. **(4 marks)**

- c) **ISA 706 (Revised): Emphasis of Matter Paragraphs and Other Matter(s) paragraphs in the Independent Auditor's Report** requires that an auditor's report may include an "emphasis of matter" paragraph and/or an "other matter" paragraph.

Required:

Distinguish between **Emphasis of Matter** and **Other Matter** paragraphs, showing clearly requirements of Audit Report and communication with those charged with governance.

(10 marks)

(5 marks for Emphasis of matter; 4 marks for Other matter and 1 mark for communication with those charge with governance)

(Total: 20 marks)

SUGGESTED SOLUTION

QUESTION ONE

a) Rational for prohibition

Performance of such services for audit clients may lead to:

- Self-Review threat
- Self-interest threat
- Intimidation threat
- Familiarity threat

It is to avoid such situations arising that the act prohibits their performance.

(4 points @ 1.25 mark each = 5 marks)

b)

i) A Management expert is an individual (possessing expertise) engaged by the management of the company being audited whose work is used in the financial statements. **(2 marks)**

ii) The factors which should be considered in relying on management expert include

- The competence, capabilities and objectivity of that expert.
- An understanding of the expert's work and
- The appropriateness of his report as audit evidence.
- Whether the expert has a financial interest in the audit client, for example a shareholding
- The expert's personal relationship with a senior manager in the audit client.
- The fee paid for the expert's services was fair commercial price

(Any 5 points @ 2 marks each = 10 marks)

iii) **The substantive approach** whereby every item in the financial statements is tested and vouched to supporting documents. This approach is still sometimes used for small entities where internal controls are weak and there are few transactions. It may be more efficient to just test everything (especially if the auditor is also providing accountancy services, where he will see all of the supporting documents in any case)

The systems approach which was developed to avoid over-auditing. Under this method the underlying accounting systems are tested with less emphasis on the testing of individual transactions and balances. However, this approach could still lead to over-auditing as systems covering low-risk/immaterial areas are also tested.

(3 marks)

(Total: 20 marks)

EXAMINER'S COMMENTS

Performance by the candidate was satisfactory, especially question 1 a). Question 1 b) however, was not well handled by candidates because, most candidates deviated and could not state the factors to consider in determining the extent of reliance that can be placed on the results of management expert.

QUESTION TWO

a) The following threats are likely to occur and their respective safeguards to consider:

- **Self - interest:** Self-interest threat in an audit engagement arises when the audit firm, its partners, or associates (audit team members) could benefit from a financial or other interest, be it direct or indirect, in an audit client. A firm being concerned about the possibility of losing a significant client is an ethical threat.

Safeguards: The previous Partner should not be part of the engagement.

- **Self - review:** A member of the assurance team being, or having recently been, or having been, employed by the client in a position to exert significant influence over the subject matter of the engagement.

Safeguards: As far as the previous employment of the auditor is concerned, the auditor cannot be part of the audit team if he had a significant influence on the operations and financial statements of the client during his previous engagement period.

- **Familiarity:** The type of ethical threat that arises from the association of the auditor and the client. The auditor will trust the client and become sympathetic to his actions which would affect his professional skepticism (questioning things), judgments made on the audit, and ultimately the audit report. Here one Partner's has a long association with the assurance client.

Safeguards: Their work should be reviewed by independent professional auditors

- **Intimidation:** A professional accountant being informed by a partner of the previous firm that unless the other Partner agrees with an audit's client's inappropriate accounting treatment be done the job won't be transferred to him.

Safeguards: The previous Partner shouldn't be part of the engagement.

- b) According to Section 9 of the Institute of Chartered Accountants, Ghana Act, 2020. The Council may establish committees consisting of members of the Council or non-members or both to perform a function under the following three committees:
- (a) An Accountancy Practice Review Committee as set in Part One of the Second Schedule.
 - (b) A Public Accountancy Supervisory Committee as set out in Part Two of the Second Schedule; and
 - (c) A Disciplinary Committee as set out in the Third Schedule.

The following are their functions:

Functions of the Accountancy Practice Review Committee

The Accountancy Practice Review Committee shall

- (a) Monitor compliance with the standards;
- (b) Review the standard of practice of registered firms; and
- (c) Do anything that is incidental to the fulfilment of the duties of any of the Accountancy Practice Review Committee.

Functions of the Public Accountancy Supervisory Committee shall

The Public Accountancy Supervisory Committee shall

- (a) Monitor and evaluate public accountancy practice to ensure compliance to standards; and
- (b) Have oversight responsibility to follow-up on issues emerging from practice firms and members of the Institute.

Functions of the Disciplinary Committee

The Disciplinary Committee may receive, inquire, hear, consider and take decisions relating to complaints or allegations of professional misconduct against a member of the Institute.

(5 marks)

- c)
 - i) Before accepting a new client relationship, a professional accountant in public practice shall consider;
 - whether acceptance would pose any threats to compliance with the fundamental principles,' according to the IFAC Code of Ethics for Professional Accountants. Questionable issues related with the customer (its owners, management, or operations), for example, could pose a threat to integrity or professional behavior.' This means that when a firm is contacted to take on a new customer, it should evaluate the possible client, its owners, and its business activities to see if there are any issues about the potential client's integrity that pose an unacceptable risk.
 - The firm should examine the suitability of the specific assignment it has been asked to perform. There may be ethical concerns that make the involvement unacceptably risky, particularly if objectivity is impaired. For example, if members of the audit firm owns shares in the client or if there are family ties, there could be a threat. If threats are found, the client may not have to be turned down since safeguards may be able to limit the threats to a manageable level.
 - Other ethical considerations in connection with a potential new engagement include determining whether any conflict of interest or confidentiality issues may develop, and if so, whether adequate protections can be put in place. Additionally, the firm's ability to do the potential job should be assessed, particularly if the possible client is in a specialized industry or has a complex structure. If the engagement team lacks, or is unable to acquire, the abilities required to properly carry out the engagement, a self-interest threat to professional competence and due care is generated. Practical issues such as the resources required to complete the

task, the completion deadline, and logistics such as location and geographic dispersion will all need to be considered.

- Acceptance choices are not to be viewed as a one-time event, according to the IFAC Code, a professional accountant in public practice is recommended to examine acceptance decisions for recurrent client engagements on a periodic basis,' according to the Code. Changes in the client's or audit firm's circumstances may cause an engagement to become unethically or professionally unacceptable, or create a higher level of risk exposure. As a result, customer retention assessments are critical and should be thoroughly documented.

(Any 2 points @ 2.5 marks each = 5 marks)

- ii) Auditors should only accept a new audit engagement, or continue an existing audit engagement if the 'preconditions for an audit' required by ISA 210 Agreeing the terms of audit engagements are present.

ISA 210 requires the auditor to:

- Determine whether the financial reporting framework to be applied in the preparation of the financial statements is appropriate; and
- Obtain the agreement of management that it acknowledges and understands its responsibilities.

If the preconditions for an audit are not present, the auditor should discuss the matter with management, and should not accept the engagement unless required to do so by law or regulation.

(2 points @ 2.5 marks each = 5 marks)

(Total: 20 marks)

EXAMINER'S COMMENTS

Question 2 a) was well answered by most candidates because the question was practical and popular. Question 2 b) quite a new question was not well answered by most candidates. A few candidates approached question 2 c) well as it appeared practical.

QUESTION THREE

a) **Sufficiency of evidence**

- Assessment of risk at the financial statement level and/or the individual transaction level. As risk increases then more evidence is required.
- The materiality of the item. More evidence will normally be collected on material items whereas immaterial items may simply be reviewed to ensure they appear correct.
- The nature of the accounting and internal control systems. The auditor will place more reliance on good accounting and internal control systems limiting the amount of audit evidence required.
- The auditor's knowledge and experience of the business. Where the auditor has good past knowledge of the business and trusts the integrity of staff then less evidence will be required.
- The findings of audit procedures. Where findings from related audit procedures are satisfactory (e.g. tests of controls over receivables) then substantive evidence will be collected.
- The source and reliability of the information. Where evidence is obtained from reliable sources (e.g. written evidence) then less evidence is required than if the source was unreliable (e.g. verbal evidence).

(5 points @ 2 marks each = 10 marks)

b) **Management representation letter contents**

- No irregularities involving management or employees that could have a material effect on the financial statements
- All books of account and supporting documentation have been made available to the auditors
- Information and disclosures with reference to related parties is complete
- Financial statements are free from material misstatements including omissions
- No non-compliance with any statute or regulatory authority
- No plans that will materially alter the carrying value or classification of assets or liabilities in the financial statements
- No plans to abandon any product lines that will result in any excess or obsolete inventory
- No events, unless already disclosed, after the end of the reporting period that need disclosure in the financial statements.

(Any 5 points @ 1 mark each = 5 marks)

c) **Additional audit procedures**

- The auditor could expand the amount of test of controls in that audit area. This may indicate that the control weakness was not as bad as initially thought.
- The problem could be raised with the directors, either verbally or in a management letter, to ensure that they are aware of the problem.
- The auditor could perform additional substantive procedures on the audit area. This action will help to quantify the extent of the error and makes the implicit assumption that the control system is not operating correctly.

- If the matter is not resolved, then the auditor will also need to consider a qualification in the audit report; the exact wording depending on the materiality of the errors found.
- The auditor should introduce a basis for qualification paragraph to explain the material impact and reasons for the qualification.

(5 points @ 1 mark each = 5 marks)

((Total: 20 marks)

EXAMINER'S COMMENTS

A few candidates scored good marks in this question. Especially Question 3 a). However, question 3 b) recorded very low performance because most candidates got confused with the contents of management representation letter and that of letter of weakness. Question 3 c) was poorly answered by most candidates because, they could not bring out the appropriate additional procedures to make the evidence sufficient.

QUESTION FOUR

a)

- i) Going concern means that the enterprise will continue in operational existence for the foreseeable future without the intention or necessity of liquidation or otherwise ceasing trade. It is one of the fundamental accounting concepts used by professional Accounts and stated in IAS 1 Presentation of Financial Statements.

(2 marks)

The auditor's responsibility in respect of going concern is explained in ISA 570 Going Concern. The ISA states 'when planning and performing audit procedures and in evaluating the results thereof, the auditor should consider the appropriateness of management's use of the going concern assumption in the preparation of the financial statements.

The auditor's responsibility therefore falls into three areas:

- To carry out appropriate audit procedures that will identify whether or not an organisation can continue as a going concern
- To ensure that the organisation's management have been realistic in their use of the going concern assumption when preparing the financial statements.
- To report to the members where they consider that the going concern assumption has been used inappropriately, for example, when the financial statements indicate that the organisation is a going concern, but audit procedures indicate this may not be the case.

(2 marks)

ii) **Audit procedures regarding going concern**

- Obtain a copy of the cash flow forecast and discuss the results of this with the directors.
- Discuss with the directors their view on whether Pinto can continue as a going concern. Ask for their reasons and try and determine whether these are accurate.
- Enquire of the directors whether they have considered any other forms of finance for Pinto to make up the cash shortfall identified in the cash flow forecast.
- Obtain a copy of any interim financial statements of Pinto to determine the level of sales/income after the year-end and whether this matches the cash flow forecast.
- Enquire about the possible lack of capital investment within Pinto identified by the employee leaving. Review current levels of non-current assets with similar companies and review purchase policy with the directors.
- Consider the extent to which Pinto relied on the senior employee who recently left the company. Ask the human resources department whether the employee will be replaced and if so how soon.
- Obtain a solicitor's letter and review to identify any legal claims against Pinto related to below standard services being provided to clients. Where possible, consider the financial impact on Pinto and whether insurance is available to mitigate any claims.
- Review Pinto's order book and client lists to try and determine the value of future orders compared to previous years.
- Review the bank letter to determine the extent of any bank loans and whether

repayments due in the next 12 months can be made without further borrowing.

- Review other events after the end of the financial year and determine whether these have an impact on Pinto.
- Obtain a letter of representation point confirming the directors' opinion that Pinto is a going concern.

(Any 5 points @ 1.2 marks each = 6 marks)

- b) Internal Auditor is a function of management and is expected to review the conduct of management which may create significant tension. He therefore, has to have some independence to enable him render sound and unbiased judgement in the conduct of his engagement.

The following are some of the measures that can be put in place to ensure the independence of internal audit:

- The Internal Auditor must be appointed by the Board or the Audit committee and not by the Managing Director who may appoint his crony to do his bidding.
- He should be given a mandate approved by the board which must be communicated to all management officials in the organization.
- Internal Auditor should be a management personnel who should attend management meetings
- The reporting lines of the internal auditor should be such that the internal auditor should report to board or an audit committee which is a committee of the board
- The programme of the internal audit for the years including financial support must be reviewed and approved by the board or audit committee.
- Audit committee should ensure that findings of the Internal Auditor unanswered by management are brought to management attention for answers
- Staff of internal audit department must be given sufficient training and be rotated on internal audit assignment so that they do not become too familiar with other staff of the organization
- Internal Audit staff should not be permitted to audit any operational job they had previously participated
- The Managing Director and the Director of Finance should be made to attend Audit Committee meetings so that they can frequently be encouraged to respect the independence of the internal auditor and see him as a facilitator of their functions and not a traitor
- The internal auditor should not be involved in the designing the internal control within the entity
- The internal auditor should have a direct communication with the audit committee to ensure that internal auditing is reinforced, to enable full support of organizational resources
- Internal auditor should be objective while performing engagements. He should have an impartial, unbiased attitude and avoid conflict-of-interest situations, as that might prejudice his ability to perform the duties objectively, which may impinge on his independence.
- Internal auditor shouldn't accept gifts or favors from others like employees, clients, or business associates.

- The interior auditor should adopt a policy that endorses his commitment to abiding by the Code of Ethics, avoiding conflicts of interest, disclosing any activity that would end in a possible conflict of interest.

(Any 5 points @ 2 marks each = 10 marks)

(Total: 20 marks)

EXAMINER'S COMMENTS

Question 4 ai), most candidates did quite well here, because it is popular with candidates. The performance for question 4 b) was satisfactory because, many candidates were able to identify measures that can ensure the independence of the internal audit function.

QUESTION FIVE

a)

i) **Those charged with governance are responsible for overseeing:**

- The strategic direction of the entity
- Obligations related to the accountability of the entity. This includes overseeing the financial reporting process.
- Promotion of good corporate governance
- Risk assessment processes
- The establishment and monitoring of internal controls
- Compliance with applicable law and regulations
- Implementation of controls to prevent and detect fraud and errors.

(Any 2 points @ 1 mark each = 2 marks)

ii) **General audit matters that might be communicated to those charged with governance are addressed in ISA 260:**

• **The auditor's responsibilities in relation to financial statement audit.**

This would include a statement that the auditor is responsible for forming and expressing an opinion on the financial statements and that the auditor's work is carried out in accordance with ISAs and in accordance with local laws and regulations.

• **Planned scope and timing of the audit.**

This would include:

- The audit approach to assessing the risk of serious misstatement, whether arising from fraud or error.
- The audit approach to the internal control system and whether reliance will be placed on it.
- The timing of interim and final audits, including reporting deadlines.

• **Significant findings from the audit.**

This heading could include:

- Significant difficulties encountered during the audit, including delays in obtaining information from management.
- Material weaknesses in internal control and recommendations for improvement.
- Audit adjustments, whether or not recorded by the entity, that have, or could have, a material effect on the entity's financial statements. For example, the bankruptcy of a material receivable shortly after the year-end that should result in an adjusting entry.

• **A statement on independence issues affecting the audit.**

This would include:

- That the audit firm has ensured that all members of the audit team have complied with the ethical standards of ICAG.
- That appropriate safeguards are in place where a potential threat to independence has been identified.

(Note: The lists of examples listed under the above headings are not exhaustive and in practice many more specific matters would be communicated to those charged with governance such as:

Modifications to the audit report.

Any management representation points requested.

Cases of suspected/actual fraud.)

(Any 4 points @ 1 mark each = 4 marks)

b) The following factors that influence the reliability of audit evidence are taken from ISA 500 *Audit Evidence*:

- Audit evidence is more reliable when it is obtained from independent sources outside the entity.
- Audit evidence that is generated internally is more reliable when the related controls imposed by the entity are effective.
- Audit evidence obtained directly by the auditor (for example, observation of the application of a control) is more reliable than audit evidence obtained indirectly or by inference (for example, inquiry about the application of a control).
- Audit evidence is more reliable when it exists in documentary form, whether paper, electronic, or other medium. (For example, a contemporaneously written record of a meeting is more reliable than a subsequent oral representation of the matters discussed.)
- Audit evidence provided by original documents is more reliable than audit evidence provided by photocopies or facsimiles.

Other examples are:

- Evidence created in the normal course of business is better than evidence specially created to satisfy the auditor.
- The best-informed source of audit evidence will normally be management of the company (although management's lack of independence may reduce its value as a source of such evidence).
- Evidence about the future is particularly difficult to obtain and is less reliable than evidence about past events.

(Any 4 points @ 1 mark each = 4 marks)

c) **Emphasis of Matter**

Emphasis of matter and other matter are both audit report requirements but are stated in Audit Reports for different reasons. Emphasis of matter paragraphs are used to draw reader of financial statements attention to matters presented or disclosed in the financial statement which is fundamental to the understanding of the financial statement.

The auditor shall include an Emphasis of Matter paragraph in the auditor's report provided:

(a) The auditor would not be required to modify the opinion as a result of the matter; and

(b) The matter has not been determined to be a key audit matter to be communicated in the auditor's report.

When the auditor includes an Emphasis of Matter paragraph in the auditor's report, the auditor shall:

(a) Include the paragraph within a separate section of the auditor's report with an appropriate heading that includes the term "Emphasis of Matter";

(b) Include in the paragraph a clear reference to the matter being emphasized and to where relevant disclosures that fully describe the matter can be found in the financial statements. The paragraph shall refer only to information presented or disclosed in the financial statements; and

(c) Indicate that the auditor's opinion is not modified in respect of the matter emphasized.

(5 marks)

Other Matter

Other matter on the other hand is where the auditor considers it necessary to communicate a matter other than those that are presented or disclosed in the financial statements in the Audit Report. So other matter is neither in the accounts presentation nor in the disclosure. However, in the auditor's judgement it is relevant to users' understanding of the audit.

The auditor's responsibilities or the auditor's report, the auditor shall include an Other Matter paragraph in the auditor's report, provided:

(a) This is not prohibited by law or regulation; and

(b) The matter has not been determined to be a key audit matter to be communicated in the auditor's report.

When the auditor includes an Other Matter paragraph in the auditor's report, the auditor shall include the paragraph within a separate section with the heading "Other Matter," or other appropriate heading.

(4 marks)

Communication to those charged with governance

If the auditor expects to include an Emphasis of Matter or an Other Matter paragraph in the auditor's report, the auditor shall communicate with those charged with governance regarding this expectation and the wording of this paragraph.

(1 mark)

(Total: 20 marks)

EXAMINER'S COMMENTS

Performance of candidates in question 5 a) was satisfactory as many candidates were able to identify the responsibilities of those charged with governance, as well as matters that the auditor might communicate with them. Question 5 b) was also answered satisfactorily by candidates as many were able to state the factors that

influence the reliability of audit evidence. Question 5 c) was poorly answered by many candidates because they could not show a clear understanding of the emphasis of matter and other matter paragraphs.

CONCLUSION

Some candidates showed excellent performance by scoring 80% and above in this paper. The under listed points can be used to strengthen the examination;

- Tuition providers should guide candidates to appreciate the provisions in the Institute of Chartered Accountants Ghana Act, 2020 (Act 1058), as it is now an examinable material.
- More and intensified teaching and learning by Tuition Providers and candidates should be continued.
- A lot of mock tasks should be conducted prior to the examinations so that candidates will be exposed to the approach of ICAG's professional examination questions for improved performance.
- Candidates must be encouraged to make good use of their study text as well as previous examinations questions so that performance in subsequent examinations will continue to improve.
- Candidates must be encouraged by Tuition Providers to improve on their English language writing skills so that they can express their thoughts well on paper in future examinations.