



The Examiner's Reflections: Studying for and sitting the Professional 2 Audit Practice examination

by: Ger Long, BA(Hons) BFS, MBA, FCA, AITI

Examiner: P2 Audit Practice

At the time of writing (early 2013) CPA Ireland has held 8 sittings of the open-book case-study style examinations in Professional II Audit and Assurance Services. By now the format of the examination should be familiar to students. The examination consists of one 50 mark question plus three 25 mark questions of which candidates are obliged to attempt two. One of the questions will usually be a fairly open-ended discursive type question about auditing or assurance services in general and their impact (or possibly lack of impact) on business.

In this article, the examiner wishes to reflect upon the most appropriate approach for students to take when, firstly, preparing for the examination and secondly, whilst actually taking the examination.

1. Preparing for the examination.

- a. The big difference between preparing for an open-book examination and a traditional closed-book examination is that there will no, or very few, marks going for any kind of rote learning. Questions will not usually begin with verbs such as "list" or "describe". There is little point, therefore, in committing lists and tracts of text to memory. The emphasis should be on obtaining a deep understanding of the syllabus. If you are looking at text-books, or case-studies, or past examination papers constantly ask yourself if you understand why a particular course of action is appropriate.
- b. Although there is no need to rote-learn anything you should be very familiar with the material you bring into the exam hall. You are allowed a box sufficient in size to contain 5 reams of A4 paper so consider carefully what to put in the box. There is no point in bringing anything into the exam hall that you are not completely familiar with. In fact, ideally, you should be so familiar with it that you do not need to refer to it in the exam! Most successful candidates refer very sparsely to the material they bring with them but it may be useful if you want to reassure yourself about a particular item. But you need to know exactly where to look for it or you will waste too much time.
- c. You should also keep abreast of developments in the news, in business, and in the profession. The examiner is happy to reward candidates who demonstrate evidence of reading around the subject and who show an awareness of what is happening. References to real-life examples will be rewarded in the examination. It might, for example, be beneficial to know of any high-profile companies that have recently suffered modified audit reports and the reasons why.

- d. More specifically, have an awareness of the relevance of what is happening in your work place. Clearly, if you work at audit and assurance in practice this will be good preparation for the examination. However, please bear in mind that the examination covers all sorts of possible scenarios so if, for example, you work exclusively in financial services audit you will still need to prepare yourself for questions on other types of audit.

However, even if you do not work in practice it is still worth looking through an audit lens at what you do. Your job may, for instance, involve the operation a control system such as inventory or receivables control; or you may encounter internal or external auditors in your work; or you may come across a fraud investigation. In any such instance, remember to think about and examine the processes and procedures that you may encounter – they may well prove useful to you in the examination.

- e. Finally, in terms of preparation remember that auditing never exists in isolation and everything that you have learnt in your other subjects from financial accounting, to company law, to costing, may be relevant. You are not expected to be familiar with the minutiae of, for example, every IFRS in order to score highly in this auditing examination; however, you are expected to be able to recognise a potentially problematic situation from a financial reporting viewpoint, and to consider the audit implications of same. For example, you may be given details about a leasing arrangement. In this paper, you would be expected to realise that the lease could be treated as either a finance lease or an operating lease and how you would discover the audit evidence in order to allow you to decide on the correctness of the treatment. In this exam, that is more important than being able to draw the correct conclusion because in practice as an audit manager/partner you could seek specialist help on that issue if that was necessary.

2. Doing the examination

- a. The examiner would like to take this opportunity to comment on a few issues that have arisen on the open book examinations. First of all, you should resist the temptation to copy sections out of books or textbooks or any kind of source material you may have with you in the examination. The examiner sets the questions in such a way that it is very unlikely that you can find an exact solution in source materials. The examiner is looking for answers that are relevant, current, and set in the context of the prevailing economic climate. So, for example, if a question was asked about the audit risks associated with property revaluations the answer today would be very different to an answer that was written, say, seven years ago.
- b. The examiner takes great care to ensure that the number of marks allocated for each part of each question reflects the length of time that each question should take

to answer. Therefore, you should not find that your answer to a part of a question worth 5 marks is longer than a part worth, say, 15 marks.

- c. At this level, there are unlikely to be many marks going for questions that are purely computational so if computations are relevant to a question don't spend too long on them. On the other hand, remember to bring a calculator into the exam!
- d. When answering questions, try to be as precise as possible. In this regard, you should be careful of the use of the word "check" and whenever possible try to find an alternative. For example, "compare the GRNs to the invoices" is better than "check the GRNs". Also try to avoid saying that "Somebody should compare, analyse" or whatever. If you are having difficulty saying who exactly should do something use the phrase "a responsible official". That can hardly be inappropriate.

Here are some examples the examiner has come across where sloppy wording has distorted the meaning of sentences. "The supervisor should overlook [instead of "oversee"] the process"; "the company was buying inexpensive materials" instead of "The company was buying in expensive materials". It is therefore very worthwhile to read over what you have written at the end of the examination to try to minimise such faux pas.

- e. Another point worth making is that in order to preserve the integrity of the examination process never use your own name in the examination paper. If you are asked to prepare for example a memorandum and you want to indicate a signature at the end use an obviously made-up name such as "Jane Doe", or "Joe Bloggs".
- f. On a similar theme please remember to mark on the outside of the script, in the position indicated, which questions you have attempted. It is definitely not recommended that you attempt more than the required number of questions. It is the policy of the Institute that marks may only be awarded to the solutions to the mandatory question and only two of the 'choice' questions.
- g. Where possible try to attempt the requisite number of questions and try to attempt each part of each question. It is usually much easier to get, for example, 2 marks out of 5 for a part of a question than to get 8 marks out of 8. Therefore, it is usually better to make some attempt at each part of each question. Whilst it is a matter of indifference to the examiner which question you attempt first, second and so on, it is better if you can answer the parts of each question in the correct sequence. If a part of a question is answered out of sequence or after a different question, clearly indicate this on the answer paper so that the examiner's attention is drawn to it.
- h. Lastly, when the examination is over don't obsessively analyse it. You've done your best; there is nothing further you can do; so enjoy your break from studying. You never know. You might be pleasantly surprised by the result!