JULY 2026 PROFESSIONAL EXAMINATIONS
AUDIT & ASSURANCE (PAPER 2.3)
CHIEF EXAMINER'S REPORT, QUESTIONS AND MARKING SCHEME

STANDARD OF THE PAPER

The overall standard of the Paper was commendable, as it thoroughly covered the entire syllabus. The questions were practical and scenario-based, requiring applied thinking, and were aligned with the syllabus in terms of structure and weightings. The paper was well-balanced, neither overloaded nor ambiguous, and was free from errors and typographical mistakes.

PERFORMANCE OF CANDIDATES

Candidates' performance was impressive. A total of 135 candidates sat for the examination, of whom 114 passed and 21 failed, representing a pass rate of 84%, compared with 83% in March 2026.

NOTABLE STRENGTHS & WEAKNESSES OF CANDIDATES

Strengths

Several candidates demonstrated a commendable understanding of core auditing principles. Notable strengths included:

- Strong knowledge of audit engagements and audit planning.
- A clear understanding of the factors an external auditor should consider before relying on the work of the internal auditor.
- A good appreciation of the difference between reasonable and limited levels of assurance.

In addition to subject-matter competence, many candidates:

- Provided clear and concise answers.
- Applied theoretical knowledge effectively to practical, scenario-based questions.

Weaknesses

Despite the overall strong performance, some candidates demonstrated weaknesses in specific technical areas. These included:

- Difficulty in explaining the requirements of ISA 500 and the circumstances that hinder professional scepticism at the engagement level.
- Challenges in answering questions on written representations.
- Limited ability to identify the regulatory bodies that influence the auditing profession in Ghana.

OVERALL OBSERVATION

Despite the identified weaknesses, the majority of well-prepared candidates were able to meet or exceed the 50% pass mark, reflecting an overall satisfactory level of performance

QUESTION ONE

a) According to IAASB Handbook 2025 edition, the degree of assurance that can be provided about the reliability of the financial statements of a company will depend on the amount of work performed in carrying out the assurance process and the result of that work. The resulting assurance falls into one of two categories, namely reasonable level of assurance and limited level of assurance.

Required:
Distinguish between ***reasonable level of assurance*** and ***limited level of assurance***.
(5 marks)

b) The framework governing corporate administration, financial reporting and accountability in Ghana is established under the Companies Act, 2019 (Act 992). To guarantee transparency and protect stakeholder interests, the Act mandates independent oversight of a company's financial statements. Under the regulatory oversight of the Registrar of Companies and the Institute of Chartered Accountants, Ghana (ICAG), strict statutory safeguards are enforced regarding the role of the external auditor.

Required:
In accordance with section 139 of the Companies Act 2019, (Act 992), explain **FIVE** requirements to be met before an external auditor is appointed. **(5 marks)**

c) ***ISA 210: Agreeing to the Terms of Audit Engagement*** requires the auditor to assess certain factors before accepting an audit engagement.

Required:

i) Identify and explain **FOUR** factors to consider prior to accepting an audit engagement.
(4 marks)

ii) Explain **FOUR** circumstances that can hinder Professional Skepticism at the engagement level. **(6 marks)**

(Total: 20 marks)

QUESTION TWO

a) You are a Chartered Accountant in public practice and have recently been appointed as the engagement partner for the statutory audit of Akushika LTD, a medium-sized manufacturing company operating in Ghana. The audit is for the year ending 31 December 2025.

As part of your planning discussions, a junior member of the audit team has asked you to explain the regulatory framework that governs your audit responsibilities in Ghana and how it affects the performance of the audit.

Required:

i) State **THREE** key regulatory bodies that influence the audit profession in Ghana and explain their roles. **(6 marks)**

ii) Discuss **TWO** ways in which the Companies Act, 2019 (Act 992) impacts the responsibilities of auditors in Ghana. **(4 marks)**

iii) Explain **TWO** ethical or legal consequences an auditor may face for failing to comply with the regulatory requirements during the audit of a Ghanaian company. **(5 marks)**

b) According to ***ISA 610: Using the Work of Internal Auditors (Revised 2013)*,** the objective is to determine;

i) Whether the work of the internal audit function can be used by the external auditor.

ii) How such work can be used to modify the nature, timing or extent of external audit procedures, and

iii) How to supervise and review such work.

This standard applies when an entity has an internal audit function and the external auditor intends to use its work to obtain audit evidence or to provide direct assistance.

Required:

Outline **FIVE** factors an external auditor should consider prior to relying on the work of Internal Auditor. **(5 marks)**

(Total: 20 marks)

QUESTION THREE

a) ***ISA 300: Planning an Audit of Financial Statements*** requires the auditor to plan his audit work so that the audit will be performed in an effective manner.

Required:

i) Explain ***Audit Planning*** and **THREE** benefits of planning an audit. **(4 marks)**

ii) Explain **SIX** procedures to be carried out prior to the commencement of an audit of a limited liability company which has been a client for 4 years. **(6 marks)**

iii) Explain **TWO** ways planning by the Internal Auditor differs from planning by the External Auditor. **(5 marks)**

b) The auditor is required by ***ISA 500: Audit Evidence*** to design and perform appropriate audit procedures for the purpose of obtaining sufficient, appropriate audit evidence.

Required:

Explain **FIVE** other requirements of ISA 500. **(5 marks)**

(Total: 20 marks)

QUESTION FOUR

a) In addition to the written representation required by ***ISA 580: Written Representations***, the auditor may consider it necessary to request other written representations about the financial statements. Such written representations may supplement, but do not form part of the written representation required by ISA 580.

Required:

i) State **TWO** written representations that are required to be obtained from Management and those charged with governance as required by ISA 580. **(3 marks)**

ii) State **TWO** other written representations that the auditor may obtain from Management, or where appropriate, those charged with governance. **(3 marks)**

b) You are auditing the interim financial information of Pokuaa PLC, a listed company for the three-month and six-month periods ending 31 March 2025 and 30 June 2025 respectively. The financial information for 31 March 2024 and 30 June 2024 will be presented as the comparatives. You intend to issue your report on 30 August 2025, which will be published alongside the financial statements on 31 August 2025.

The Finance Manager has indicated that all the members of the Board of Directors have travelled for a conference and will be back on 31 August 2025. As such, the written representation will be signed and submitted in the morning of 31 August 2025 ahead of the release of the publication.

Required:

i) State the period(s) that should be covered by the Management's written representation on the financial information. **(2 marks)**

ii) Explain whether the submission of Management's written representation on the morning of 31 August 2025 will suffice. **(2 marks)**

c) You are a Senior Associate of an audit team auditing Amaney LTD, a manufacturing company in Anwiam in the Ahafo Region of Ghana, for the year ended 31 March 2025. During the finalisation of the audit report, the news of the imposition of an 80% import tariff by USA on China broke out. Amaney LTD sources a significant amount of its raw materials from China. A 10% import tariff was also imposed on Ghana by USA. A major component of the Amaney LTD's customers is in the USA. The major suppliers of Amaney LTD in China rely on key inputs sourced from the USA. Management of Amaney LTD informed the audit team during an inquiry that there was no impact of these tariffs on the company, but no documentation was provided to support this conclusion.

Required:

i) Recommend **TWO** additional audit procedures needed to conclude on the audit because of the recent tariff announcement. **(4 marks)**

ii) Discuss the potential impact of Management's conclusion on the audit report. **(6 marks)**

(Total: 20 marks)

QUESTION FIVE

a) You are a Senior Associate on the audit of Hankari LTD (Hankari). Hankari manufactures desks for primary schools around the country. Inventory, which includes raw materials, work-in-progress and finished goods, is a material account balance. Based on your preliminary enquiries with the Finance Manager, he explained the inventory process and consequently, indicated that the process of determining the value of inventory is handled by the Inventory Accountant.

He further explained that raw materials are purchased from lumber-producing companies and recorded at cost plus transport expenses. The value of work-in-progress and finished desks are determined using standard cost method which allocates the standard cost of labour and materials to the units in production based on the stage. An analysis is performed at the end of the year to determine the actual cost of production and thus determine the variances against standard cost.

When a batch is completed, the sales team allocates the completed batch to the respective customer. Completed desks are delivered to the customer's location. When inventory is issued, the Inventory Accountant manually records the sale of the batch in the accounting system.

At the end of the year, a full inventory count is held to determine the quantity of inventory in stock; comprising raw materials, work-in-progress and finished goods. The per unit cost to be applied in determining the value of inventory is actual cost of production, that is, after adjusting the standard cost for any variances noted during the year.

Required:

i) As the senior associate, identify **TWO** financial statement assertions in the scenario above and for each assertion, provide **TWO** associated risks. **(6 marks)**

ii) Describe **FOUR** procedures you will design to address the valuation assertion. **(4 marks)**

b) Public sector auditing in Ghana is designed to promote accountability, transparency and good governance in the management of public resources. It operates within a framework established by the 1992 Constitution, the Audit Service Act, and related legislation, and involves various institutions with distinct mandates. This structure defines the roles, powers and relationships between the Auditor-General, the Audit Service, Parliament and other oversight bodies, ensuring that the use of public funds is subject to independent review and public reporting.

Required:

i) Explain **FIVE** key principles of the Ghana Audit Service. **(5 marks)**

ii) List **FOUR** entities audited by the Audit Service. **(2 marks)**

iii) Discuss the three parties to a Public Sector Audit. **(3 marks)**

(Total: 20 marks)

SUGGESTED SOLUTION

a)

Difference between reasonable level of assurance and limited level of assurance

Reasonable Level of Assurance:
This is the higher level of assurance. When an auditor or assurer provides a reasonable level of assurance, it means that they believe, based on the evidence gathered, that the subject matter (e.g. financial statements) is free from material misstatements or errors. The auditor expresses a positive opinion that the information is presented fairly in accordance with the applicable criteria (e.g. accounting standards).

Limited Level of Assurance:
A limited level of assurance provides a lower degree of confidence compared to reasonable assurance. In this case, the auditor or assurer performs procedures that are less in-depth than those performed for reasonable assurance. The conclusion is expressed as negative assurance, stating that nothing has come to the auditor's attention that would lead them to believe that the subject matter is materially misstated. However, the level of assurance is not as strong as in a reasonable assurance engagement.

(2.5 marks each for a well-explained point = 5 marks)

b) **Requirements to be met before appointment as external auditor**

No person shall be appointed as auditor of a company unless:

- They have consented in writing to be appointed prior to such appointment; and
- They are duly qualified
  - A person is only qualified for appointment as auditor of a private or public company where they are a member of the Institute of Chartered Accountants under the Chartered Accountants Act, 1963 (Act 170) as amended to Act, 2020 (Act 1058).
- A person may also be the auditor of a private company where they are a practising accountant within the meaning of the Chartered Accountants Act, 1963 (Act 170) as amended Act, 2020 (Act 1058).

The following people are not duly qualified for appointment as auditors for both public and private companies:

- An officer of the company, or of any associated company;
- A person who is a partner of or in the employment of an officer of the company, or of any associated company;
- An infant;
- Any person found by a competent court to be a person of unsound mind;
- An undischarged bankrupt, unless he shall have been granted leave to act as auditor of the company concerned by the court by which he was adjudged bankrupt; and

- A person who is for the time being disqualified from acting as auditor of a company by instrument of the Registrar.

(1 mark each for any 5 well-explained points = 5 marks)

c)

i) **Matters to considered before Acceptance an engagement review**

- The availability of resources and staff with the necessary expertise.
- The time scale for the completion of the engagement.
- Agreeing a fee for the work with the client.
- If the firm can establish with the client, the form that the assurance report should be.
- The audit firm must inform the client that it will comply with the requirements of ISAE 34000.
- The scope of work.

(4 valid points for 1 mark each = 4 marks)

ii) **Circumstances that can hinder Professional Skepticism at the engagement level.**

- **Familiarity or Long-standing Relationships**: When auditors have longstanding relationships with auditees or become too familiar with the organization or individuals being audited, it can create a bias or a sense of complacency. This familiarity may lead to assumptions or acceptance of information without sufficient critical evaluation.

- **Time Pressure**: Tight deadlines and time constraints can affect an auditor's ability to exercise professional skepticism. When auditors are pressed for time, they may be more likely to accept information at face value or rely on previous audit procedures without thoroughly re-evaluating their effectiveness.

- **Financial or Economic Interests**: If auditors have financial or economic interests in the auditee organization or its stakeholders, it can compromise their objectivity and independence. Such interests may create conflicts of interest that hinder the application of professional skepticism.

- **Overreliance on Management Representations:** Relying solely on management representations without sufficient corroboration can undermine professional skepticism. Auditors should gather and evaluate evidence from multiple sources to ensure the reliability and accuracy of the information provided.

- **Lack of Sufficient Evidence or Documentation:** Insufficient or inadequate evidence can hinder professional skepticism. If auditors encounter difficulties in obtaining relevant documentation or if the documentation is incomplete or unreliable, it may limit their ability to exercise skepticism and reach well-founded conclusions.

(4 valid points for 1.5 marks each = 6 marks)

(Total: 20 marks)

EXAMINER'S COMMENTS

This proved to be a popular question, with candidates generally performing well. Most candidates correctly distinguished between reasonable and limited levels of assurance, demonstrating a sound understanding of the underlying concepts and consequently earning high marks.

Despite this strong performance, a significant number of candidates struggled to explain the circumstances that can hinder professional skepticism at the engagement level. Many responses lacked sufficient depth and failed to identify key factors that may impair an auditor's ability to exercise objective and critical judgement throughout the audit engagement.

QUESTION TWO

a)

i) **Key Regulatory Bodies Influencing Audits in Ghana**

Body	Main influence on audit	Key areas
Institute of Chartered Accountants, Ghana (ICAG)	Primary professional/regulatory body for the accountancy profession	Auditing standards, auditor licensing/practice, professional ethics, IFRS/IPSAS adoption, audit quality and disciplinary matters
Securities and Exchange Commission (SEC)	Regulates audits of entities in the capital market	Listed/public companies, investment funds, securities firms, auditor registration and independence
Bank of Ghana (BoG)	Regulates audits of banks and other regulated financial institutions	Appointment of auditors, auditor independence, access to records, prudential reporting, special audits
National Insurance Commission (NIC)	Regulates audits of insurance entities	Insurance financial reporting, statutory audits, actuarial and prudential requirements
National Pensions Regulatory Authority (NPRA)	Influences audit and reporting requirements for pension entities	Pension scheme financial statements, trustees, custodians and pension administrators
Ghana Audit Service / Auditor-General	Supreme public-sector audit institution	Public accounts, MDAs, MMDAs, public corporations and other statutory bodies
Internal Audit Agency (IAA)	Regulates/coordinates internal audit in the public sector	Internal audit standards, audit committees, internal controls and public-sector risk management
Public Procurement Authority (PPA)	Influences audits involving public procurement	Procurement compliance, value-for-money considerations and procurement controls
Financial Intelligence Centre (FIC)	Influences auditors through AML/CFT requirements	Suspicious transactions, beneficial ownership, AML/CFT compliance and reporting
Office of the Registrar of Companies (ORC)	Corporate reporting and statutory compliance	Companies Act requirements, financial statements, company records and auditor-related corporate filings

Ghana Revenue Authority (GRA)	Influences audit through tax legislation	Tax compliance, tax audits, transfer pricing, VAT, corporate income tax and tax disclosures
Environmental Protection Authority (EPA)	Increasingly relevant to sustainability-related assurance	Environmental disclosures, sustainability reporting and ESG-related information
Public Accounts Committee (PAC) of Parliament	Parliamentary oversight of public-sector audit findings	Auditor-General's reports, accountability, sanctions and implementation of audit recommendations

(3 valid points @ 2 marks each = 6 marks)

ii) **Impact of Companies Act, 2019 (Act 992) on Auditors' Responsibilities**
Mandatory Appointment and Rotation of Auditors
The Act mandates the appointment of auditors and requires rotation every 6 years (section 139).

Reporting Responsibilities
Auditors must report whether financial statements give a true and fair view and whether the company has kept proper books of account.

(2 valid points @ 2 marks each = 4 marks)

iii) **Ethical or Legal Consequences of Non-Compliance**
Disciplinary Action by ICAG
The auditor could face suspension, fines or revocation of their license for breaches of ethical or professional standards.

Criminal or Civil Liability
Under Act 992 auditors may be liable for acting as auditors when unqualified e.g. section 138(6). They may also face legal action from stakeholders for financial loss resulting from audit failure.

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

b) **Factors to consider when depending on the work of internal auditor**

- **Independence and objectivity:** Consider the internal auditor's independence and objectivity. It is crucial that internal auditors remain unbiased and are not influenced by management in performing their duties.
- **Scope and coverage:** Evaluate the scope and coverage of the internal audit function. Ensure that the internal audit plan adequately addresses the significant risks and areas of the organisation and that the scope aligns with the external audit objectives.
- **Communication and collaboration:** Assess the communication and collaboration between internal and external auditors. Effective communication ensures that external auditors understand the internal audit procedures performed, the results obtained and any relevant issues identified.

- **Competence and proficiency:** Assess the competence and proficiency of the internal audit function. This includes considering the qualifications, experience, and training of internal auditors to ensure they have the necessary skills to perform their work effectively.
- **Quality of Work:** Review the quality of the internal audit work. This involves assessing the thoroughness of their procedures, the appropriateness of their conclusions and the reliability of the evidence gathered.

(1 mark each for 5 well-explained points= 5 marks)

(Total: 20 marks)

EXAMINER'S COMMENTS

This question was generally well answered, with many candidates demonstrating a sound understanding of the factors an external auditor should consider before relying on the work of the internal auditor. Most responses correctly identified key considerations, such as the objectivity, competence, and systematic approach of the internal audit function, enabling candidates to score good marks.

However, performance was weaker on the part of the question requiring candidates to identify and explain the regulatory bodies that influence the auditing profession in Ghana. While some candidates were able to name the relevant institutions, many failed to explain their respective roles or confused their regulatory responsibilities. As a result, a significant number of candidates were unable to obtain full marks for this section of the question.

QUESTION THREE

a)

i) **The need for and benefits of planning an audit**

As well as allowing the audit to be performed in an effective manner, the planning process allows the auditor to establish an overall strategy for the audit:

- Defining The Scope and Such Reporting Objectives of the Audit
- Considering Matters Such as Materiality Thresholds and High Risk Areas
- Setting out the nature, extent and timing of the resources needed to perform the audit.

The more detailed audit plan then sets out the nature, timing and extent of audit procedures to be performed by audit team members. This documented plan allows the auditor to control the audit by ensuring that it is performed in accordance with the plan and that the work is of an acceptable standard. It will also provide a basis for drawing up audit programmes, which will be used to instruct the members of the audit team. Less senior members of the team will be supervised by those with more experience, and all work will be reviewed. The benefits of such an approach are that the work will be performed in an orderly and efficient manner and that the audit opinion will be formed on a sound basis.

(4 marks)

ii) S**teps to be taken prior to the commencement of the audit of a long standing client**

The audit should be planned by a senior member of staff who is familiar with the company and the industry in which it operates. The purpose of the overall audit strategy and plan will be to outline the audit approach; hence the procedures should include the following:

- Review the previous year's audit files for matters which will be relevant in the current year.
- Consider the effect of any changes in legislation or accounting practices.
- Meet with the client to discuss any significant changes in the client's accounting system.
- Consider the effect of any systems changes on the audit approach and time needed for the audit.
- Obtain and review copies of management accounts.
- Discuss with the client the timing of both interim and year end visits.
- Decide on the audit approach and draft a memorandum outlining it to be approved by the audit partner.
- Decide on the number and grade of staff required for the audit and ensure that appropriate people will be available at the agreed time.
- Prepare detailed time and cost budgets.
- Inform the client in writing of the dates as agreed for audit visits and of the names of the staff involved.
- Brief the audit team on the client and their individual responsibilities.

(6 marks)

iii) **How the internal auditor's planning differs to that of the external auditor**

The benefits of planning and the importance of developing a sound up-to-date knowledge of the business also apply to the internal audit planning process. However, the timescale within which internal auditors may operate will tend to be different from that in which external auditors operate.

The external audit operates essentially on an annual cycle, geared to the entity's financial reporting date.

Internal audit work is not linked precisely to the financial reporting date. As a result of this, internal audit functions have more flexibility in the timing of their work and have scope for operating in a longer time frame. This may result in internal audit work plans being drawn up at three 'levels' strategic, periodic, and operational, with each one reflecting a different time scale. A strategic level plan may cover a period of up to five years. During this period the internal auditors will aim to test all the major systems and controls operating on all aspects of the business activities.

A periodic level plan will normally relate to the financial reporting period and will express key aspects of the strategic plan in terms of particular goals and targets for that period.

An operational level plan will set out day-to-day audit objectives and procedures for each particular audit assignment to be performed.

(5 marks)

b) **Other requirements of ISA 500**

- Consider the relevance and reliability of the information to be used as audit evidence.

- If information to be used as audit evidence has been prepared using the work of a management expert:
  - Evaluate the competence, capabilities and objectivity of the expert
  - Obtain an understanding of the expert's work; and
  - Evaluate the appropriateness of his report as audit evidence.

- When using information produced by the entity, evaluate whether the information is sufficiently reliable (accurate, complete, precise and detailed).

- Use effective means of selecting items for testing.

- If audit evidence from one source is inconsistent with that obtained from another source, or the auditor has doubts over the reliability of evidence – consider
  - What additional audit procedures are needed; and
  - The effects on any other aspects of the audit.

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

(Total: 20 marks)

EXAMINER'S COMMENTS

This question was generally well answered. Most candidates demonstrated a sound understanding of audit planning and were able to explain its purpose and benefits clearly.

However, many candidates encountered difficulty explaining the procedures to be performed prior to the commencement of an audit. In addition, responses to the requirements of ISA 500 were often incomplete, with several candidates demonstrating only a limited understanding of the audit evidence required to support the auditor's conclusions.

QUESTION FOUR

a)

i) **Written representations that are required to be obtained from management and those charged with governance as required by ISA 580**:

- Representation about performing its responsibilities with regards to the preparation and presentation of the financial statements in accordance with the applicable financial reporting framework.
- Representation that management has provided the auditor with all relevant information and access as agreed in the terms of the audit engagement.
- Representation that all transactions have been recorded and are reflected in the financial statements.

(2 relevant points @ 1.5 marks each = 3 marks)

ii) **Other written representations that the auditor may obtain from management, or where appropriate, those charged with governance:**

- Representations on plans or intentions that may affect the carrying value or classification of assets and liabilities.
- Representations on titles to, or control over, assets, the liens or encumbrances on assets, and assets pledged as collateral.
- Circumstances where only limited audit evidence can be obtained by procedures other than inquiry.
- Aspects of laws, regulations and contractual agreements that may affect the financial statements, including non-compliance.
- Representation that it has communicated to the auditor all deficiencies in internal control of which management is aware.
- Representation that it has acknowledged that the effects of uncorrected financial statement misstatements and out of period adjustments are immaterial, both individually and in the aggregate, to the financial statements taken as a whole.
- Representation that management has disclosed to the auditor plans for future action and the feasibility of these plans when events or conditions have been identified which may cast significant doubt on the entity's ability to continue as a going concern

(2 relevant points @ 1.5 marks each = 3 marks)

b)

i) The three-month and six-month periods 30 June 2025, i.e. 31 March 2025 and 30 June 2025.

ISA 580.14 – The written representations shall be for all financial statements and period(s) referred to in the auditor's report.

(2 marks)

ii) No. The written representation must be obtained as near as practicable to 30 August 2025.

ISA 580.14 – The date of the written representations has to be as near as practicable to, but not after, the date of the auditor's report on the financial statements.

(2 marks)

c)

i) The audit team should request management to provide documents supporting the determination of how the new import tariffs and the related uncertainty directly or indirectly impacts their operations, their strategy and their ability to continue as a going concern. Inspect the documents provided and determine if they are appropriate.

The audit team should consider how management has reflected the uncertainty when making judgements and assumptions about the recognition and measurement of assets and liabilities. For example, how will new import tariffs affect impairment testing of non-current assets? Are sales contracts still enforceable & impact on estimates?

The audit team should request for disclosures to be included in the financial statements and inspect these disclosures if they are appropriate.

(2 relevant points @ 2 marks each = 4 marks)

ii) The tariffs would likely have material implications on the following:

- Cost of goods sold: an 80% import tariff may increase input costs significantly, affecting profitability.
- Revenue and demand: a 10% export tariff may lead to reduced sales if customers face higher prices or switch to competitors.
- Inventory valuation: If raw materials become more expensive, inventory might be over or under valued.
- Going concern: If the tariffs severely affect the operations or profitability, the going concern assumption could be in question.

If management does not provide appropriate assessment and disclosure of the impact, the audit team may take the following actions:

- **Qualified opinion**: this type of report is issued if the impact is material but not pervasive. For example, if audit team concludes that the tariffs only significantly affect input costs but not revenue or the company's going concern.

- **Adverse opinion**: this is issued if the impact is both material and pervasive. For example, if tariffs threaten the viability of the business and management fails to disclose this, the entire financial picture could be misleading.
- **Disclaimer of opinion**: Rare but possible if the audit team cannot obtain sufficient appropriate audit evidence due to lack of disclosures. Typically issued when there's severe limitation of scope or uncertainty.
- **Emphasis of matter paragraph**: If disclosures are made but the audit team believes users should be specifically alerted to significance of the tariffs, they may include this paragraph without modifying the opinion. Used when the matter is appropriately disclosed but is of such importance it warrants highlighting.

(6 marks)

(Total: 20 marks)

EXAMINER'S COMMENTS

A significant number of candidates struggled to answer the question on ISA 580, *Written Representations*, and were unable to apply the requirements of the standard appropriately to the scenario presented. Many responses demonstrated only a superficial understanding of the purpose and significance of written representations, resulting in incomplete or inaccurate answers.

QUESTION FIVE

a)

i) **Assertions and their risks**

Accuracy

- Cost of raw materials may not be accurate.
- Purchases of raw materials may not have occurred
- Standards costs be inaccurate.
- Variance analysis may be inaccurate.
- Closing cost of inventory be inaccurate.
- Quantities of inventory (raw materials, work-in-progress and finished desks) may be inaccurate.
- Cost of inventory transferred to cost of sales may not be accurate.

Completeness

- Purchases of raw materials may not have recorded.
- Cost of inventory sold may not be properly transferred to cost of sales.

Cut-off

- Purchases of raw materials may not be recorded in the appropriate period.
- Cost of sales may be recorded in the wrong period.

Classification

- Inventory may not be properly classified.
- Cost of sales may not be properly classified.

(2 relevant assertions with their associated risks = 6 marks)

ii) **Procedures to address inventory valuation assertion**

- Understand management's process for identifying and providing for obsolete or damaged inventory.
- Observe physical inventory counts to identify obsolete or damaged inventory.
- Recompute provision for obsolete or damaged inventory.
- Test computation of the cost of inventory.
- Compare closing unit costs of inventory to post-period end sales prices, less costs to sell.

(4 relevant points for 4 marks)

b)

i) **Key principles of the Audit Service**

The Ghana Audit Service has five key principles which are as follows:

- *Record keeping*: all public institutions have kept their accounts properly
- *Accountability*: all public monies have fully been accounted for.
- *Adequate controls*: rules and procedures are sufficient to ensure effective check on the assessment, collection and allocation of revenue.
- *Value for money*: activities have been undertaken with due regard to economy, efficiency and effectiveness.
- *Budgetary compliance*: monies have been expended for the purposes for which they were appropriated.

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

ii) **Entities audited by the Audit Service**

The Ghana Audit Service performs the audit of the public accounts of Ghana which includes

- Central government
- Ministries, Departments and Agencies
- The Judiciary
- Metropolitan, Municipal and District Assemblies
- Parliament
- The Houses of Chiefs and Traditional Councils
- Public Education Institutions

(4 relevant entities @ 0.5 mark each = 2 marks)

iii) **Three parties to a Public Sector Audit**
The auditor: for public sector audits, this is the Auditor-General and the Ghana Audit Service

The responsible party: this is the entity responsible for the subject matter information, or for managing the subject matter activities or entity

The intended users: these may be legislative or oversight bodies, or those charged with governance of the audited entity or the general public

(3 marks)

(Total: 20 marks)

EXAMINER'S COMMENTS
This proved to be a popular question, with candidates generally performing well. Most candidates demonstrated a sound understanding of the key principles of the Ghana Audit Service and were able to identify the entities audited by the Audit Service, resulting in good overall performance on these parts of the question.

However, performance was weaker when candidates were required to discuss the parties to a public sector audit. Many responses lacked sufficient detail or failed to clearly explain the roles and responsibilities of each party, which limited candidates' ability to obtain full marks.

CONCLUSION AND RECOMMENDATIONS
Tuition providers played a significant role in the strong performance of candidates and deserve commendation. To further enhance candidate outcomes in future sittings, the following recommendations are made:

Recommendations to Tuition Providers

- Address the identified weaknesses highlighted in the examination analysis.
- Incorporate more case-based assignments that align with the revised syllabus to strengthen application skills.
- Increase the frequency of mock examinations and utilise sample questions to improve exam preparedness and confidence.

Recommendations to Candidates
Candidates are encouraged to make full use of updated study texts, practice materials, and past questions to strengthen their understanding and improve overall performance.