



PUBLIC PRACTICE EXAMINATION

2010

OPEN-BOOK ASSESSMENT - USER'S GUIDE

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1. PURPOSE OF THIS GUIDE

This guide explains the IRBA's Open-book Assessment Policy and provides candidates with guidance in preparing for the Public Practice Examination (PPE). In order to understand the rationale behind the Open-book Assessment Policy a clear understanding of the objective of the PPE needs to be gained.

2. THE OBJECTIVE OF THE PPE



The PPE is an assessment of professional competence that assesses the candidate's ability to apply integrated knowledge, skills and professional values appropriate to the practice of a Registered Auditor (RA) at entry level to the profession. The PPE aims to assess professional competence, to the extent possible, within the context of a written case-study type examination. The professional competencies necessary for success in the PPE, provides the basis upon which a candidate can develop and enhance their skills necessary for life-long learning.

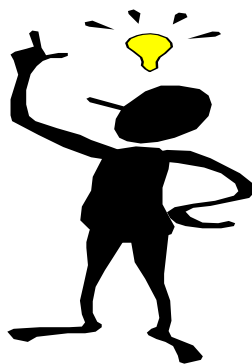
Professional competence is best demonstrated in situations that reflect the actual practice environment of RAs. For this reason the PPE questions are based on practical situations likely to be encountered in the multidisciplinary public practice environment. Candidates are required to draw on an integration of knowledge – gained in the academic (CTA programme or equivalent) and education programmes (audit specialist course) – and practical skills acquired during the training programme

This requirement to integrate knowledge and skills, which is at the heart of higher-order thinking capabilities, implies that it is appropriate to write the PPE under open-book conditions.

3. TYPES OF PROFESSIONAL KNOWLEDGE



**KNOWLEDGE TO
BE ACCESSED**



**KNOWLEDGE
EXPECTED TO
BE EMBEDDED**

In Practice, when a professional auditor is confronted with a problem, the auditor will usually offer some immediate response based on knowledge which is familiar to him¹ that is embedded in memory. However, depending on the nature of the problem, there may also be times when an auditor will not be expected to offer a full response without further consultation with other professionals and without reference to relevant literature.

This implies that, if the objective of the PPE is to assess professional competence (the integration of knowledge and skills), a distinction must be made between two types of knowledge:

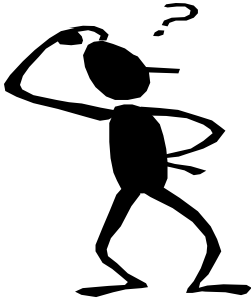
- knowledge which one could reasonably expect a candidate to have embedded; and
- Knowledge which would be unreasonable to expect a candidate to have embedded, but which the candidate should be able to access effectively and efficiently.

Given the written format of the PPE and in order to properly assess professional competence, the examination must enable the assessment of **both the above types of professional knowledge**.

The PPE assesses both embedded and accessed knowledge which has direct implications for determining what type of open-book assessment is most appropriate.

¹ Any reference to a gender shall include the other gender.

4. THE TYPE OF OPEN-BOOK ASSESSMENT TO BE USED IN THE PPE



In selecting the most appropriate type of open-book assessment for the PPE, consideration was given to the various options available. The possible types of open-book assessment may be described in relation to the extent to which:

- i) **access** to texts is permitted; and
- ii) **time** is allowed for completing the paper.

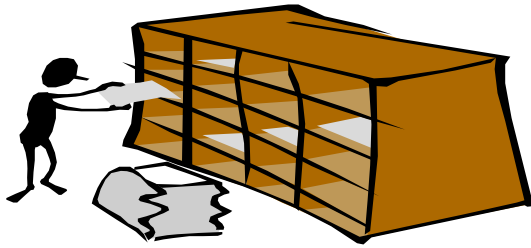
Given that the PPE is a test of professional competence that assesses both embedded and non-embedded knowledge, the IRBA chose an open-book assessment policy based on limited access with limited time. In this approach, it is possible to assess both embedded and non-embedded professional knowledge.

- Candidates need to recall and draw upon knowledge reasonably expected to be embedded (memorized), as time constraints will not enable those candidates who need to refer to texts for fundamental principles, to complete the paper.
- Candidates need to be able to refer to permitted texts for that portion of professional knowledge not expected to be memorised, but will need to do so efficiently and effectively in order to complete the paper within the given time.

This form of open-book assessment is the most suited for the PPE. At the heart of this format lies the concept of “knowledge management”. Given the pace of change in the profession, knowledge management is becoming an increasingly important imperative for any professional.

The form of open-book assessment to be used in the PPE will be “limited access with limited time” .

5. KNOWLEDGE MANAGEMENT



The term “knowledge management” refers to any process or practice of creating, acquiring, sharing and using knowledge, wherever it resides, to enhance learning and performance. The terminology provides an understanding of the complex nature of knowledge acquisition and its organization. Knowledge may be categorised as:

- embedded in technologies, rules and organizational procedures;
- encultured as collective understandings, values and beliefs;
- embodied into practical activity based competencies and skills; and
- embraced as conceptual understanding and cognitive skills.

Furthermore, knowledge is either held collectively or individually. Embodied and embraced knowledge is individual, while embedded and encultural knowledge is collective. This assists in distinguishing between knowledge to be held in one’s head and knowledge to be accessed. Collective knowledge is expected to be held by most individuals within a certain profession or trade. An example of embedded collective knowledge, within the context of the PPE, would be the definition of an asset.

Knowledge emerges from the collective experience of the academic programme (CTA or equivalent), the education programme (auditing specialist course) and the training programme.

It is useful to distinguish between data, information and knowledge.

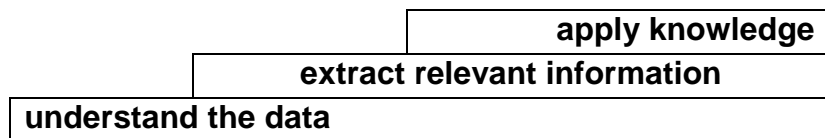
- Data consists of basic facts – the building blocks for information and knowledge.
- Information is data that have been processed in a way that is meaningful to individuals.
- Knowledge is information put to productive use.

Within the context of the PPE, “knowledge management” requires the transformation of data into meaningful and relevant information to be efficiently and effectively put to use.

The responsibility lies with the candidate to prepare his understanding of the data in order to find it quickly and use it productively during the examination. More emphasis is placed on understanding and application and less on the regurgitation of data.

Candidates should not simply be able to look up data and information. They must be able to put knowledge to productive use. The emphasis is therefore on the APPLICATION of knowledge.

SOLUTION



PROBLEM

6. THE FORMAT OF THE PPE

- The PPE is divided into two examination papers of two and a half hours each (100 marks each). Each examination paper will consist of a single scenario with a number of related questions. Both papers will be written on the same day.
- The overall assessment will be based upon the total marks scored by candidates in both questions. There is no subminimum requirement on each paper.
- A half an hour reading time is given for each paper, making each examination session three hours in duration.
- The first session is from 9h00 until 12h00 and the second from 14h00 until 17h00.
- At the start of each session candidates are given the scenario to read.
- Candidates are allowed to annotate, highlight, make notes of any kind on the **question paper only** and consult their reference books and copies during the half hour reading time period.
- At the close of the half hour reading period, candidates are given the questions (required) and answer books.
- Candidates have two and a half hours to answer the required section.

7. PERMITTED TEXTS



Any editions of the following books will be permitted; however, the latest edition of the books is prescribed by the Examinations Committee of the IRBA:

- IRBA Manual of Information, Guidelines for Registered Auditors, 2010.
- SAICA Handbook 2009/2010: Volume 1A, 1B and 1C (“A Guide through IFRS”), Volume 2 (Auditing) and Volume 3 (Accounting, Ethics and Circulars).
- SAICA Legislation Handbook 2009/2010 (Volume 1 and 2) containing the following statutes – Companies Act, Close Corporation Act, Auditing Profession Act, Public Finance and Management Act, Transfer Duty Act, the Securities Tax Act, Income Tax Act, Value-Added Tax Act and the Estate Duty Act. (LexisNexis: Durban).

The following copies (texts that can be downloaded from the IRBA website/or through relevant links) will be permitted:

- IRBA Manual of Information, Guidelines for Registered Auditors, 2010;
- IRBA “PAAB Code of Professional Conduct”;
- IRBA “Old Disciplinary Rules”;
- IRBA Circular: Giving Second Opinions (issued 30 June 2006);
- IRBA Guide: Reportable Irregularities;
- IRBA Guide: The auditor attending the annual general meeting;
- SAAPS 3 (Revised- issued March 2010);
- Revised SAAPS 3;
- Code of Governance Principles - King III Report;
- IFRS for Small and Medium-sized Entities;
- ISAE 3402:Assurance Reports on Controls at a Service Organisation;
- SAICA Guide: Trading Whilst Factually Insolvent (as updated June 2009); and
- The Corporate Laws Amendment Act No 24 of 2006.

8. THE MANAGEMENT OF PERMITTED TEXTS



The Examination Regulations (See Section 2 – Examination Regulations in the Candidate’s Guide to the 2010 PPE), as they apply to permitted texts/open-book assessment and the PPE are as follows:

1. Candidates are required to supply their own copies of the permitted texts.
2. **Under no circumstances whatsoever, may candidates annotate or write in permitted texts prior to or during the course of the examination.** Candidates are allowed to highlight, underline, sideline and/or flag permitted texts prior to or during the course of the examination. Writing on flags is permitted for reference purposes only. The writing on the flag may only refer to the name or number of the relevant discipline standard, statement or section in the legislation which appears on the page being referenced. A flag may not contain any words that do not appear on the page to which the flag is attached. Texts may not be supplemented with additional notes and/or loose pages.
3. Under no circumstances whatsoever will any sharing of any permitted texts among candidates be allowed.
4. The IRBA reserves the right to check permitted texts during the examination sessions. Candidates found to be in contravention of the IRBA’s Examination Regulations may be disqualified from the examination.
5. Only texts permitted and prescribed by the Examination Committee from time to time will be allowed into the examination room. A candidate who brings any other book/s, text/s and/or copies into the examination room will be in contravention of these Regulations.
6. Permitted texts should be uncovered so as to enable supervisors to identify the texts used by a candidate from the cover only, without having to open the texts.

9. TIPS FOR CANDIDATES



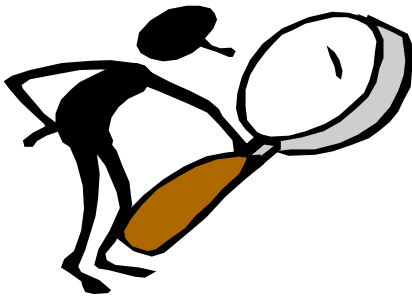
1. In order to manage knowledge effectively candidates should be familiar with the permitted texts. While studying and in preparation for the PPE, candidates should highlight (shading, circling, use of asterisks, numbering, use of shapes, brackets, arrows), sideline (use of brackets), flag or underline key words, phrases or sections. Candidates should know where to access the required information without having to read through copious amounts of text in the examination. Permitted texts are not intended for first time reading and there will be insufficient time to do so. For this reason writing on flags for reference purposes only is allowed, e.g. If you flag ISA 220 on page 3, you may write on the flag 'ISA 220' which will be attached to page 3. Do not include cross references to other statements or additional notes on your flags. Ensure that your flag depicts what is covered on the relevant page and not additional information or notes.
2. Candidates will need to be completely familiar with the more general statements or standards, as time constraints will not permit candidates to look up knowledge which they are expected to have embedded and memorised.
3. Complex information needs to be fully understood before the examination. Candidates, who enter the examination hoping to look up data that they have not already understood, will be disadvantaged as they are unlikely to finish the paper. Candidates should, therefore, know the structure of the statements and statutes and what issues they address.
4. Candidates must manage their time efficiently. Mark allocations for each question should be considered and time should be planned accordingly.
5. No questions will ever be an exercise in "looking up the right answer". All questions will require the integration and application of knowledge. For this reason candidates are **NOT** allowed to summarise sections in their own words on any flags or on any part of the texts, since the emphasis of the PPE is not on regurgitation of pre-prepared answers to questions.
6. Candidates should learn to differentiate between fundamental aspects of statements, standards and statutes, which they are expected to know (definition

of an “asset”) and those which they are not expected to memorise (for example, the definition of an “embedded derivative”).

7. Candidates should prepare for the examination by working through case-study type scenarios using an open-book assessment approach when answering.

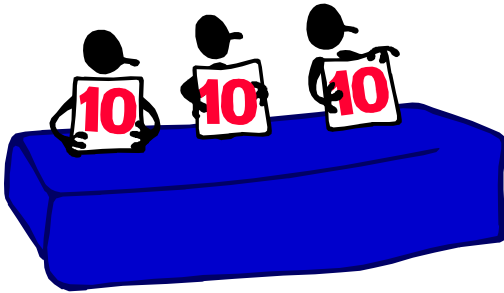
Remember that the majority of the marks are awarded for the APPLICATION of knowledge, whether recalled from memory or accessed from permitted texts.

10. IMPLICATIONS FOR SETTING AND MARKING THE PAPER



1. The examiners will purposefully set out to include a balance of questions. It will be necessary for candidates to draw on both embedded and non-embedded knowledge in order to respond to questions. Most of the marks for a particular question will however, require the application of embedded knowledge.
2. Examiners would need to determine a reasonable amount of time necessary for candidates to be able to consult permitted texts, where appropriate, and to complete the question.
3. It is reasonable to assume that a candidate would require more time to access relevant information from texts than to simply recall the information from memory. When setting the question paper, the examiners will ensure that mark allocations take into account a reasonable amount of time needed to access the required information, where applicable (non-embedded information).

11. CONCLUSION



- ✓ Open-book assessment enhances the teaching/learning/ assessment process.
- ✓ Open-book assessment allows for a more appropriate assessment of professional competence under written examination conditions.
- ✓ Life-long learning is promoted and encouraged, as candidates are required to take responsibility for their own learning and manage their own knowledge effectively.
- ✓ Open-book assessment is a means of addressing the ever-increasing demands made by society for professionals to have access to and be able to meaningfully use information in an age of rapid knowledge expansion.

We are confident that this form of open-book assessment for the PPE will enhance not only the teaching, but also the learning and assessment process.