



## UNIVERSITI TEKNOLOGI MARA

### AUD689: ADVANCE AUDITING

<b>Course Name (English)</b>	ADVANCE AUDITING <b>APPROVED</b>
<b>Course Code</b>	AUD689
<b>MQF Credit</b>	3
<b>Course Description</b>	This is a continuation of Audit 1. It intends to strengthen and enhance the students' understanding in auditing. Among the topics that will be discussed are code of ethics, auditors' liability, audit risk, completing the audit process, computer assisted audit technique, group audit and current issues facing the auditing profession. This course will justify other activities than financial statement audit that can be performed by a public accountant like operational audit, compliance audit and internal audit ad also other related assurance services.
<b>Transferable Skills</b>	Able to perform audit of companies individually and other related assurance services
<b>Teaching Methodologies</b>	Lectures, Seminar/Colloquium, Case Study, Tutorial, Presentation
<b>CLO</b>	CLO1 Apply procedural knowledge on auditing for the preparation of audit report for Malaysian perspective. CLO2 Criticise audit issues relating to Malaysian perspective. CLO3 Explain professional ethics and code of Conduct of an auditor in making professional judgments from Malaysian perspective.
<b>Pre-Requisite Courses</b>	No course recommendations
<b>Topics</b>	
<b>1. MIA By-Law (on Professional Conducts, Ethics and Practice)</b> 1.1) Fundamental Principles of Professional Ethics Professional Conduct in accordance to MIA By-Laws: 1.2) Integrity 1.3) Objectivity 1.4) Professional Competence and Due Care 1.5) Confidentiality 1.6) Professional Behaviour: 1.7) Professional Behaviour 1.8) Advertising, Marketing and 1.9) Promotions 1.10) Threats and Safeguards 1.11) Professional Appointment 1.12) Client Acceptance 1.13) Engagement Acceptance 1.14) Changes in Professional Appointment 1.15) Responding to Non-Compliance with Laws and Regulations 1.16) Responsibilities of the Client's Management and those Charge with Governance 1.17) Second Opinion 1.18) Fees and Other Types of Remunerations 1.19) Marketing of Public Practice Services 1.20) Gifts and Hospitality 1.21) Custody of Client Assets 1.22) Objectivity - All Services 1.23) Independence – Audit and Review 1.24) Engagement 1.25) Method of Practice 1.26) Method of Practice 1.27) Establishment and Registration of Member Firm Branches 1.28) Indemnity Insurance 1.29) Death of Incapacity of a Sole Practitioners 1.30) Referrals	

<p><b>2. Legal Liability &amp; Quality Control</b></p> <p>2.1) Liability under the Companies Act  2.2) Liability under Common Law  2.3) Breach of contract and negligence  2.4) Limited of Liability  2.5) Role of Auditing Oversight Board  2.6) (when there is a breach of contract and negligence)  2.7) Elements Of Quality Control &amp; its importance</p>
<p><b>3. Audit Risk, Materiality and Sampling</b></p> <p>3.1) Concepts of audit risk and materiality  3.2) Control risk, inherent risk and detection risk  3.3) Relationship of materiality and audit risk  3.4) Quantitative level and basis that can be used for valuing materiality  3.5) Factors influencing determination of materiality  3.6) Application of audit risk model to audit work  3.7) Consideration of analytical review procedures  3.8) Sampling</p>
<p><b>4. Post-Balance Sheet Events and Reporting (Completing the Audit)</b></p> <p>4.1) Completing the audit processes and procedures  Types of post-balance sheet events  4.2) Additional evidence in relation with contingency and commitment  4.3) Going concern concept  4.4) Accounting estimates  4.5) Related Party Transactions  4.6) Management and auditors' responsibility  4.7) Audit Report  4.8) Impact of events on audit report  4.9) Key Audit Matters</p>
<p><b>5. Group Audit</b></p> <p>5.1) Planning and administration for group audit  5.2) Specific issues in group audit  5.3) Principal auditor  5.4) Compliance of ISAs  5.5) Related parties transactions (parent and subsidiary companies)  5.6) Goodwill on consolidation  5.7) Letter of support  5.8) Audit report for subsidiaries  5.9) Companies Act 2016 – Section 266</p>
<p><b>6. Using the work of others</b></p> <p>6.1) Work of other auditors  6.2) Work of expert  6.3) Work of internal auditor</p>
<p><b>7. The Impact of Information Technology (IT) on Audit Process</b></p> <p>7.1) Audit objective and scope of work in computerized environment  7.2) Assessing Risks of IT  7.3) Internal control in IT Environment  7.4) Auditing through or via computer Techniques (CAATs)  7.5) Nature and types of CAATs  7.6) Consideration in using CAATs  7.7) Auditing software that can be used  7.8) (Audit Express, ACL, AXL)  7.9) Test Data  7.10) E-commerce and its impact on audits</p>
<p><b>8. Internal Auditing</b></p> <p>8.1) Development of internal audit  8.2) Objectives, scope and responsibility of internal auditor  8.3) Similarities and differences between internal and external audit  8.4) Operational audit &amp; compliance audit  8.5) Concepts of operational audit  8.6) Objectives and scope  8.7) Identifying criteria to evaluate performance</p>
<p><b>9. Corporate Governance &amp; Fraudulent Financial Reporting</b></p> <p>9.1) Basic Principles  9.2) Importance of CG  9.3) Communicating to those charged with governance  9.4) Audit committees/explain structure and role of AC  9.5) Benefits and drawbacks of audit committee  9.6) Types of Fraud  9.7) Assess the risk of fraud  9.8) Specific Fraud Risk Factors Cases  9.9) (Fraud Diamond)</p>

**10. Audit Related Services**

- 10.1) Auditor's report to audit special circumstances – Special Purpose Audit
- 10.2) Assurance level for related services
- 10.3) Due Diligence
- 10.4) Forensic Accounting/Auditing

**11. Non-Assurance Services**

- 11.1) Consultation
- 11.2) Secretarial services and taxation
- 11.3) Agreed Upon Procedures
- 11.4) Compilation
- 11.5) Review of Financial Information
- 11.6) Review Engagement
- 11.7) Examination of Prospective Financial Information
- 11.8) Taxation

**12. Issues of Auditing**

- 12.1) Shariah Audit
- 12.2) Audit Oversight Board
- 12.3) Whistle Blowing Provision 2010 (MACC)
- 12.4) Money Laundering
- 12.5) Transnational Audit
- 12.6) Other Current Issues

Assessment Breakdown	%
Continuous Assessment	40.00%
Final Assessment	60.00%

Details of Continuous Assessment	Assessment Type	Assessment Description	% of Total Mark	CLO
	Group Project	Group project: A write-up on current issues in auditing	10%	CLO2
	Online Quiz	Quiz 2 covering the topic Audit Risk and Materiality	7%	CLO1
	Online Quiz	Quiz 1 covering the topic MIA By-Laws	8%	CLO3
	Test	A test covering the topics Audit Quality & Liability and Corporate Governance	15%	CLO1

Reading List	Recommended Text	<ul style="list-style-type: none"> <li>Aasmund Eilifsen, William F. Messier Jr., Steven M. Glover, Douglas F. Prawitt, Samsuwatd Zuha Mohd Abbas, Sharifah Nazatul Faiza Syed Mustapha Nazri, Kalsom Salleh, Nawal Kasim, Nahariah Jaffar, Aida Hazlin Ismail, Razana Juhaida Johari 2017, <i>Principles of Auditing and Assurance Services in Malaysia</i>, 1st Ed., 21, Mc Graw-Hill Education (Malaysia) Sdn Bhd Malaysia [ISBN: 9789670761220]</li> </ul>
	Reference Book Resources	<ul style="list-style-type: none"> <li>Aasmund Eilifsen, Jr William F. Messier, Steven M. Glover, Douglas F. Prawitt, <i>Auditing and Assurance Services</i>, 3rd Ed., 20, McGraw-Hill Education Berkshire United Kingdom [ISBN: 9780077143015]</li> <li>Malaysian Institute of Accountant 2011, <i>BY-LAWS (ON PROFESSIONAL ETHICS, CONDUCT AND PRACTICE) OF THE MALAYSIAN INSTITUTE OF ACCOUNTANTS</i>, 22 March 2018 Ed., Malaysian Institute of Accountant</li> </ul>

Article/Paper List	This Course does not have any article/paper resources
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Other References	<ul style="list-style-type: none"> <li>IFAC International Federation of Accountants <i>International Standard of Auditing</i>, New York City, New York, United States <a href="https://www.ifac.org/">https://www.ifac.org/</a></li> </ul>
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