



**UNIVERSITI TEKNOLOGI MARA**

**AUD610: AUDIT AND ASSURANCE SERVICES**

<b>Course Name (English)</b>	AUDIT AND ASSURANCE SERVICES <b>APPROVED</b>
<b>Course Code</b>	AUD610
<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.
<b>Transferable Skills</b>	Reflective learner Resourceful and responsible Effective communicator Responsive Ethically and socially sensitive Creative and innovative Adaptable Independent and critical thinker Confident Systematically inquisitive Solution provider
<b>Teaching Methodologies</b>	Lectures, Blended Learning, Case Study, Tutorial
<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. Statutory and Professional Responsibilities under Companies Act 1965.</b> 1.1) Requirement of Companies Acts 1965 and MIA By-Law (on Professional Conducts and Ethics, Ethics and Practice) 1.2) Fundamental Principles of Professional Ethics Professional Conduct in accordance to MIA By-Laws 1.3) Integrity 1.4) Objectivity 1.5) Professional Competence and Due Care 1.6) Confidentiality 1.7) Professional Behaviour 1.8) Importance of Professional Ethics. 1.9) Concept of independence and its importance 1.10) Situation that can influence independence and in fact 1.11) Advertising ad other methods to attract customer 1.12) Amount of fees that can be charged 1.13) Services that can impair independence 1.14) Safeguard to protect threats to independence	

<p><b>2. Liability of Auditors</b></p> <p>2.1) Liability Under Statute  2.2) Liability to Shareholders and Auditees  2.3) Liability under Common Law  2.4) Liability to Third Parties  2.5) Breach of contract and negligence  2.6) Elements of Quality of Control and its importance</p>
<p><b>3. Quality Control for Audit of Historical Financial Information</b></p> <p>3.1) Definition  3.2) Leadership responsibilities for quality on audits  3.3) Ethical requirement  3.4) Acceptance and continuance of client relationships and specific audit engagement  3.5) Assignment of engagement terms  3.6) Engagement performance  3.7) Monitoring</p>
<p><b>4. Fraud and Error</b></p> <p>4.1) Definition and Characteristic of Fraud and Error  4.2) Types of Fraud  4.3) Assess the Risk of Fraud  4.4) Specific Fraud Risk Factors Cases (Fraud Diamond)  4.5) Responsibilities of Management and Auditor in relation to fraud and error  4.6) Reporting Responsibilities</p>
<p><b>5. Corporate Governance and the External Auditor</b></p> <p>5.1) Basic Principles of CG  5.2) Importance of CG  5.3) Outline good CG requirements relating to directors responsibilities  5.4) Audit committees/explain structure and role of AC  5.5) Benefits and drawbacks of audit committee</p>
<p><b>6. Audit Risk, Materiality and Sampling</b></p> <p>6.1) Concepts of audit risk and materiality  6.2) Materiality in accounting and auditing  6.3) Control risk, inherent risk and detection risk  6.4) Relationship of materiality and audit risk  6.5) Standards and guidelines  6.6) Quantitative level and basis that can be used for valuing materiality  6.7) Factors influencing determination of materiality  6.8) Application of audit risk model to audit work  6.9) Consideration of analytical review procedures  6.10) Purpose of analytical procedures and application of such procedures in planning  6.11) Sampling  6.12) Introduction and types of sampling  6.13) Risks in sampling  6.14) Application of sampling on audit tests  6.15) Developing the audit plan</p>
<p><b>7. Computerised Information System (CIS)</b></p> <p>7.1) Audit objective and scope of work in a computerised environment  7.2) Internal control in CIS environment  7.3) Auditor's evaluation on CIS  7.4) Computer assisted audit techniques – CAATs  7.5) Nature and types of CAATs  7.6) Consideration in using CAATs  7.7) Available audit software and test data</p>
<p><b>8. Balance Sheet audit</b></p> <p>8.1) Requirements of relevant Financial Reporting Standards  8.2) Verification of equities, reserves, intangibles and investments</p>
<p><b>9. Completing the Audit</b></p> <p>9.1) Compliance with the accounting standards and Companies Act 1965  9.2) Consideration of analytical review procedures in performing the overall review of the financial statements  9.3) Going concern  9.4) Indicators that the going concern may be in doubt and identifying any mitigating factors  9.5) Assessment of the appropriateness of the going concern assumption  9.6) Implication on the auditor's report where there is doubt about the going concern assumption  9.7) Post balance sheet events, contingencies and commitments  9.8) Nature and timing of audit procedures to identify subsequent events that may require adjustments to, or disclosure in the financial statements  9.9) Opening balances and comparatives figures  9.10) Auditors responsibilities for corresponding figures and comparatives financial statements  9.11) Audit of accounting estimates  9.12) Management representations  9.13) Management representation as audit evidence</p>

<p>9.14) Implications of contradictory evidence</p> <p>9.15) Related parties transactions</p> <p>9.16) Specific audit problems and procedures concerning related parties and related parties transactions</p> <p>9.17) Effect of completion issues on audit report</p>
<p><b>10. Audit Report</b></p> <p>10.1) Formulating an Audit Opinion on Statutory Accounts</p> <p>10.2) Audit Qualifications and Their Potential Effects</p>
<p><b>11. Group audits</b></p> <p>11.1) Requirements of relevant accounting standards</p> <p>11.2) Matters to be considered before accepting appointment as Group Engagement Partner</p> <p>11.3) Special consideration of planning and controlling group audit</p> <p>11.4) Specific audit problems and procedures relating to:</p> <p>11.5) Classification of investment</p> <p>11.6) Acquisition and disposal</p> <p>11.7) Related party transactions</p> <p>11.8) Inter-company balances</p> <p>11.9) Goodwill on consolidation – impairment</p> <p>11.10) Relationship between Group Engagement Partner and Component Auditor</p> <p>11.11) Responsibilities of Group Engagement Partner and component Auditor and liaison with other auditors</p> <p>11.12) Matters to be considered and procedures to be performed when using the work of other auditors</p> <p>11.13) Implications for the auditor's report on a financial statements of an entity where the opinion on a component is modified</p>
<p><b>12. Using the work of others</b></p> <p>12.1) Consideration to use the work of other auditors, expert and internal auditors</p>
<p><b>13. Internal Auditing</b></p> <p>13.1) Development of internal audit</p> <p>13.2) Objectives, scope and responsibility of internal auditor</p> <p>13.3) Similarities and differences between internal and external audit</p> <p>13.4) • Operational audit &amp; compliance audit</p> <p>13.5) o Concepts of operational audit</p> <p>13.6) o Objectives and scope</p> <p>13.7) o Identifying criteria to evaluate performance</p>
<p><b>14. Audit Related Services</b></p> <p>14.1) Auditor's report to audit special circumstances</p> <p>14.2) Assurance level for related services</p> <p>14.3) Agreed Upon procedures</p> <p>14.4) Compilation</p> <p>14.5) Review of financial information</p>
<p><b>15. Other Services</b></p> <p>15.1) Consultation</p> <p>15.2) Secretarial services and taxation</p> <p>15.3) Due diligence review</p> <p>15.4) Forensic accounting/auditing</p>
<p><b>16. Issues / Current Issues in Audit</b></p> <p>16.1) Current issues/Issues relating to auditors and audit practice including audit expectations and regulation of audits:</p> <p>16.2) Shariah Audit</p> <p>16.3) Practice review/Peer Review</p> <p>16.4) Expectation Gap</p> <p>16.5) Audit Quality</p> <p>16.6) AOB – Roles and Objective</p> <p>16.7) Others</p>

Assessment Breakdown	%
Continuous Assessment	40.00%
Final Assessment	60.00%

Details of Continuous Assessment	Assessment Type	Assessment Description	% of Total Mark	CLO
	Case Study	Case Study	15%	CLO3
	Online Quiz	Online Quiz	10%	CLO1
	Test	Test	15%	CLO1

Reading List	Recommended Text	<ul style="list-style-type: none"> <li>Aasmund Eilifsen, Jr William F. Messier, Steven M. Glover, Douglas F. Prawitt 2014, <i>Auditing and Assurance Services</i>, Third Ed., 19, Mc Graw Hill Singapore [ISBN: 9781308075310]</li> <li>Aasmund Eilifsen, Jr William F. Messier, Steven M. Glover, Douglas F. Prawitt 2014, <i>Auditing and Assurance Services</i>, Third International Ed., 20, Mc Graw Hill Berkshire UK [ISBN: 9780077143015]</li> </ul>
	Reference Book Resources	<ul style="list-style-type: none"> <li>Grant E. Gay, Roger Simnett 2012, <i>Auditing and Assurance Services in Australia</i>, fifth Ed., 16, Mc Graw Hill Australia [ISBN: 9780071013109]</li> </ul>

<b>Article/Paper List</b>	This Course does not have any article/paper resources
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<b>Other References</b>	This Course does not have any other resources
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