

CONTROL OF AUDIT ENGAGEMENTS IN LIM ALI & CO.

A Paper Submitted to the
School of Accountancy, Institut Teknologi MARA
In Partial Fulfillment of the Requirements for
Advanced Diploma in Accountancy

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Subject : Attachment
ACC 555
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PREFACE

This paper look into the audit engagements of Lim Ali & Co., an auditing firm, with emphasis on the control part of it.

Audit engagements need proper planning and control; effort was made to describe this exercise from the moment the firm appointed as auditors until the reports and accounts is signed.

ACKNOWLEDGEMENTS

I wish to put forward my note of thanks to Encik Selamat Bajuri, Encik Aladdin Mohd Lip of Lim Ali & Co., and Mrs. Chantrathevi for their kind help and guidance in writing this paper.

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1.0 INTRODUCTION

The basic rule is that every company shall at each Annual General Meeting appoint an auditor to hold office until the conclusion of the next Annual General Meeting.

Exceptions given by Companies Act, 1965 (Amended) on the basic rule are :

- a) The directors may appoint :
 - (i) the first auditors, to hold office until the conclusion of the first Annual General Meeting.
 - (ii) auditors to fill a casual vacancy.
- b) If the company does not appoint an auditor or auditors as required by the Companies Act, the Registrar may on the application in writing of any member of the company make the appointment according to Section 172 of the Companies Act.

From the point of view of the auditing firm itself the appointment will need effective management of the audit.

The effective management of the audit involves three objectives :

- a) ensuring that the auditing practice operates profitably;
- b) providing a high level service to clients, and
- c) taking all reasonable steps towards avoiding liability.

These objectives which are sometimes in mutual apposition are usually achieved in two ways :

- a) by effective audit planning; and
- b) by instituting procedures for quality control.