

**FINAL EXAMINATION****BACHELOR OF ACCOUNTANCY (HONOURS)**

COURSE	:	AUDIT AND ASSURANCE SERVICES
COURSE CODE	:	AUD3073
DURATION	:	3 HOURS

INSTRUCTIONS TO CANDIDATES:

1. This question paper consists of **FIVE (5)** questions.
2. Answer ALL questions in the Answer Booklet provided.
3. Please check to make sure that this examination pack consists of:
 - i. The Question Paper
 - ii. An Answer Booklet
4. Do not bring any material into the examination hall.
5. Please write your answer using permanent ink.

MYKAD/ PASSPORT NO. : _____

ID. NO. : _____

LECTURER : _____

SECTION : _____

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This question paper consists of 6 printed pages including the front page.

QUESTION 1

The following are additional information on two material events has just been presented to the auditor.

- i. The company sold inventory with a carrying value of RM110,000 for only RM90,000. The financial year ended of the company is 31 December 2025 while the date of financial statements authorized for issue is 1 March 2026.
- ii. A severe flood occurred on 15 February 2026, destroying a warehouse and inventory with an estimated value of RM320,000. The financial year ended of the company is 31 December 2025, while the date of financial statements authorised for issue is 1 March 2026.

Required:

- a. Analyze each of the events listed above, analyze whether the financial statement require amendments.
(8 marks)
 - b. Examine **TWO (2)** audit procedures that the auditors would use for each of the event listed above.
(8 marks)
 - c. Discuss **TWO (2)** indicators of going concern problems.
(4 marks)
- (Total: 20 marks)

QUESTION 2

Shupee Berhad (Shupee) sells products online using different payment systems and uses a customized system to record sales, customer payments, and inventory. Because the business processes a high volume of online transactions daily, the auditor applied Computer-Assisted Audit Techniques (CAATs), specifically custom audit software, to compare data from the website, payment systems, and accounting records to ensure that financial information is accurate, complete, and properly recorded.

Required:

- a. Explain **TWO (2)** areas that an auditor should consider when obtaining knowledge of an entity's information technology (IT) environment.
(4 marks)
- b. Discuss **TWO (2)** disadvantages of the implementation of CAATs to Shupee.
(4 marks)
- c. Evaluate **THREE (3)** specific IT risks faced by Shupee with **THREE (3)** audit procedures that the auditor can perform to address those risks identified.
(12 marks)

(Total: 20 marks)

QUESTION 3

Internal audit is an independent activity that helps an organization improve its operations and achieve its objectives. Internal auditors review the company's activities, internal controls, and risk management processes to ensure that policies and procedures are followed. Internal audit helps to detect fraud and errors, improve efficiency, strengthen internal controls, and provide reliable information for management decision-making. As a result, it supports good governance and improves the overall performance of the organization.

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Required:

- a. Explain **THREE (3)** differences between compliance audit and operational audit.
(6 marks)
 - b. Discuss **THREE (3)** phases of assurance engagements.
(6 marks)
 - c. Analyze **FOUR (4)** key activities performed by the internal auditor.
(8 marks)
- (Total: 20 marks)

QUESTION 4

Xiumi Electronics Berhad (Xiumi Electronics), a company selling laptops, mobile phones, and accessories, is facing several governance issues in its board management. The chief executive officer often makes major decisions without consulting the board member. This weakens oversight and reduces proper control over management decisions.

In addition, the board of Xiumi Electronics consists only of family members, with no independent directors. This limits different viewpoints and may lead to biased decision-making. The company also does not have proper board committees such as an audit committee, so financial reports are not independently reviewed before being approved.

Furthermore, one of the directors has no business or accounting knowledge, making it difficult for them to understand financial statements and contribute effectively. Lastly, the company never evaluates the performance of its board members even though it is facing declining performance. This shows weak leadership monitoring and a lack of improvement in governance.

Required:

- a. Discuss **TWO (2)** positive impacts to Xiumi Electronics to the implementation of Malaysian Code on Corporate Governance (MCCG) 2021.
(4 marks)
- b. Analyze **FOUR (4)** corrective measures that should be implemented by Xiumi Electronics.
(8 marks)
- c. Assess **FOUR (4)** potential types of fraud that could arise as a result of weaknesses in governance structure of Xiumi Electronics.
(8 marks)

(Total: 20 marks)

QUESTION 5

Aina, a fresh graduate working at ABC Assurance & Advisory Services Sdn. Bhd., has just joined the team to assist in an assurance engagement for one of the firm's clients. The engagement covers financial reporting, operational review, and tax services.

Aina is unsure about the purpose and functions of assurance engagements, especially how they help the client in areas other than tax services. Since this is her first time being involved in an assurance engagement, she seeks guidance from her senior on the role and importance of assurance services in supporting financial reporting and operational review, excluding tax-related matters.

Required:

- a. Explain **THREE (3)** differences between assurance and non-assurance services. (6 marks)
- b. Evaluate **THREE (3)** procedures performed during an engagement review. (6 marks)
- c. Examine **FOUR (4)** duties and responsibility of tax agent in taxation services. (8 marks)

(Total: 20 marks)

(TOTAL: 100 MARKS)

END OF QUESTION PAPER