

SUPPORTED BY:



AUDIT SERIES

on Key Audit Areas

WORKSHOP

1

Audit Opinion & Reporting
– ISA 700 (Revised) and Other ISAs (Revised)

WORKSHOP

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Audit Documentation for ISA Compliance

WORKSHOP

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Auditing of Inventories and Production Costs

WORKSHOP

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Going Concern Indicators and Managing Impairment of Assets and Restructuring Provisions

WORKSHOP

5

Auditing of Property Developers and Contractors



AUDIT SERIES on Key Audit Areas

WHO SHOULD ATTEND

- External auditors from all levels, especially those responsible for preparing the Auditor's Report.
- Approved Company Auditors
- Audit Managers and Seniors
- Audit Professionals
- Academicians

FACILITATORS

WORKSHOP 1 & 2

JANISE LEE

Janise has more than 25 years of experience in Public Practice. She started as an articulated student and rose to become an audit partner of an international accounting firm with worldwide affiliations.

Janise spent many years in corporate work, having acted as Special Administrators, Creditors' Agent of Scheme Creditors, Investigative Auditors as well as Monitoring Accountants. She has performed due diligence audit, internal audit, strategic operation review and valuation exercises for private companies as well as public listed entities. She was also involved in investigative audits for companies under corporate restructuring and took part in many corporate exercises involving IPOs.

After leaving Public Practice, Janise lectured part time at institutes of higher learning and conducted staff training courses for audit staff. She is a frequent speaker in auditing seminars for MIA as well as other professional bodies.

Janise is a member of MICPA and MIA and is actively involved in professional work. Janise is currently the Head of the SMP department of MIA and champions the interest of SMPs in Malaysia.

WORKSHOP 3 - 5

OH AI SIM

Ai Sim has over 21 years of audit related experience with a big four accounting firm holding various positions. Her last position held was Executive Director. Her portfolio of clients includes public listed entities and multinational corporations covering the retailing, manufacturing, trading, property development and construction industries.

She also conducts in-house and client training on FRS and audit related topics such as MFRS139, Deferred Taxation, Consolidation and MFRS3, Statutory Financial Statements and corporate reporting updates.

She is a member of the Malaysian Institute of Accountants (MIA) and Malaysian Institute of Certified Public Accountants (MICPA). She holds a professional qualification of CPA Malaysia.

WORKSHOP 1

Audit Opinion & Reporting – ISA 700 (Revised) and Other ISAs (Revised)

The auditor's report is the auditor's primary means of communication with an entity's stakeholders. As such, it has to be meaningful and have value for them. More than ever before, users of audited financial statements are calling for more pertinent information for their decision-making in today's global business environment with increasingly complex financial reporting requirements. The global financial crisis has triggered questions concerning the quality of audits, their effectiveness and the role of professional judgment and skepticism. Can the auditor's report be enhanced to provide more meaning and value for investors and other stakeholders?

OBJECTIVES

This two-day course deals with the auditor's responsibility to form an opinion on the financial statements. It also deals with the form and content of the auditor's report as a result of an audit of financial statements in accordance with ISA 700 (Revised). ISA 701 deals with the auditor's responsibility to communicate key audit matters in the auditor's report. ISA 705 (Revised) and ISA 706 (Revised) deal with how the form and content of the auditor's report are affected when the auditor expresses a modified opinion or include an 'Emphasis of Matter' paragraph or an 'Other Matter' paragraph in the auditor's report.

Other ISAs including ISA 570 (Revised) and ISA 260 (Revised) contain reporting requirements that are applicable when issuing an auditor's report. This course will also deal with the ISA 720 (Revised) on The Auditor's Responsibilities Relating to Other Information.

METHODOLOGY

PowerPoint presentation, lectures and discussion.

COURSE OUTLINE

- ISA 700 (Revised), Forming an Opinion and Reporting on Financial Statements
- Key Audit Matters in the auditor's report in accordance with ISA 701 (Revised)
- Modification to the Audit Report – ISA 705 (Revised) and ISA 706 (Revised)
- Going Concern Reporting in accordance with ISA 570 (Revised)
- Communication with those charged with Governance, ISA 260 (Revised)
- Other Information reporting in accordance with ISA 720 (Revised)

WORKSHOP 2

Audit Documentation for ISA Compliance

ISA 230 deals with the auditor's responsibility to prepare documentation for an audit of financial statements (referred to as working papers) and audit documentation. It also facilitates the planning, performance, and supervision of an engagement and is a factor in determining the quality of an audit by providing reviewers with documented evidence supporting the auditor's conclusions.

ISA 500 explains what constitutes audit evidence in an audit of financial statements and deals with the auditor's responsibility to design and perform audit procedures to obtain sufficient appropriate audit evidence to be able to draw reasonable conclusions based on their opinion. The process of obtaining and preparing sufficient and appropriate documentation contributes significantly to the quality of an audit.

OBJECTIVES

At the end of the course participants will be able to:

- Determine the audit documentation requirements of ISA 230
- Relate what constitutes sufficient appropriate audit evidence in ISA 500
- Apply these requirements in practical situations
- Identify specific audit documentation requirements in other ISAs
- Relate and understand the relationship between audit documentation and audit quality in ISQC 1.

METHODOLOGY

PowerPoint presentation, lectures and discussions with exercises.

COURSE OUTLINE

- Nature and purpose of Audit Documentation
- Sufficient and Appropriate Audit Evidence
- Form, Content and Extent of Audit Documentation
- Assembly of final audit file
- Ownership of Audit Documentation
- Specific requirements in other ISAs

Auditing of Inventories and Production Costs

Inventories will be a major component of entities involved in manufacturing and/or trading activities. The approach to auditing of inventories is dependent on various factors such as the complexity of the inventory module and controls over the inventory module. Prior to the selection of audit procedures, consideration should be placed on the impact of any risk factors and the audit plan should adequately address these risks. MFRS 102 – Inventories is a ‘must-know’ standard when auditing inventories.

OBJECTIVES

At the end of the course participants will be able to:

- Apply the most efficient audit procedures when auditing the inventory components
- Select the most appropriate procedures for proper planning
- Understanding the entity’s controls and costing methods

METHODOLOGY

Lecture cum discussions, Q&A sessions, examples and case studies.

COURSE OUTLINE

- Introduction to composition of inventories
- What are the assertions over production costing, cost of goods sold and inventories
- Consider the inherent and control risk factors
- Consider the business considerations
- Understanding the client’s inventory system
- Decide on the audit approach
- What to consider when selecting audit procedures over:
 - Production costing
 - Cost of goods sold
 - Inventories
- Applying MFRS 102 to the auditing of inventories
 - Definition of cost
 - Determination of cost
 - Impact of different costing methods and its implication on year end accounts
 - Implications on year end accounts when net realisable value is lower than cost
- Applying ISA – use of work of expert in inventory valuation
- Basic controls over inventory accounting
- Illustrative examples to reinforce application principles
- Importance of physical inventory counts
- Selecting the appropriate sample for physical stock observation
- Basic controls over physical inventory counts
 - Before the count
 - During the count
 - After the count
- Fraud risks areas
- Red flags over inventory accounting

Going Concern Indicators and Managing Impairment of Assets and Restructuring Provisions

Given the current economic climate, there is a need to consider going concern and the key accounting issues in accounting and reporting of financial statements.

OBJECTIVES

To consider going concern and key accounting issues with respect to non-financial assets, revenue recognition, provisions and financial statement disclosures when assessing the impact of the current economic environment on the accounting and reporting financials.

METHODOLOGY

Lecture cum discussions, Q&A sessions, examples and case studies.

COURSE OUTLINE

Indicators of Going Concern – ISA 570

- When to assess going concern
- Group and company assessment
- Period of assessment

Implications of MFRS 101

- Basis of preparation of financial statements and assessment of an entity’s ability to continue as a going concern
- Responsibilities of directors with regards to the appropriateness of the going concern basis in the preparation of financial statements
- Evidence to support basis of preparing financial statements on a going concern basis such as financial support letter
- Preparation of financial statements under liquidation and break-up basis
- Financial statements of an entity under liquidation such as audit evidence required
- Going concern and audit opinion

Impairment of non-financial assets and the financial implications of MFRS 136 - Impairment of Assets

- Going concern constitutes an impairment indicator
- Impairment reviews

MFRS 5 – Non-current Assets Held for Sale and Discontinued Operations

- Requirements and disclosure

Provisions and the financial implications of MFRS 137 – Provisions, Contingent Liabilities and Contingent Assets

- Restructuring provisions

Staff redundancies and compliance with MFRS 119 – Employee Benefits

Subsequent events and implication of MFRS 110 – Events After the Reporting Period

Auditing of Property Developers and Contractors

Knowing your client’s business is the backbone of every audit. Auditing specialised industries require more than general business knowledge. The risk and business accounting knowledge provides audit focus and avoids duplication of audit efforts. Knowledge of FRS 201 – Property Development Activities and MFRS/FRS 111 – Construction Contracts are ‘must-know’ standards when auditing property developers and contractors.

OBJECTIVES

At the end of the course participants will be able to:

- Select the appropriate audit procedures when auditing the property developers and contractors
- Ensure the focus areas must be related to the property development and construction contract industries

METHODOLOGY

Lecture cum discussions, Q&A sessions, examples and case studies.

COURSE OUTLINE

- Introduction to MFRS/ FRS 111 Construction contracts and IC Int. 15 – Construction of real estates and FRS 201 – Property development activities
- What are the assertions over revenue, cost and profit recognition audit procedures
- Consider the inherent and control risk factors
- Consider the business considerations
- Understanding the client’s system
- Decide on the audit approach
- What to consider when selecting audit procedures:
 - Accounting for contracts – single or group
 - Capitalised costs – land costs, common costs, construction costs
 - Profit recognition
- Revenue recognition under MFRS 111 and FRS 201
- Contract costs for contractor and developer
- Recognition of anticipated losses
- Changes in estimates
- Applying MFRS 123 – borrowing costs under MFRS 111 and FRS 201
- Presentation and disclosures