

EXAMINER'S REPORT
MIA QE SEPTEMBER 2019
PAPER: AUDITING AND ASSURANCE SERVICES

Question no.	Question's Requirement	Expected Answer	Weaknesses in the Answer Provided	How answer should be written to get more marks
1(A)(i)	Candidates are required to explain the benefits of financial statements audit.	Refer the suggested solution	Most candidates managed to answer the question. However, quite a number of candidates failed to do so, presumably due to lack of fundamental understanding on the basic knowledge of auditing.	This is a very straightforward or fundamental question. The candidates are advised to read the handbook provided by the MIA. The candidates should have applied their practical knowledge to answer this question.
1(A)(ii)	Candidates are required to explain the term 'reasonable assurance'.	Refer the suggested solution	It is quite a surprise that majority of the candidates failed to answer this question. Candidates might be carried out with the work that they performed while auditing the clients, and falling short of knowing/understanding some basic concepts in auditing.	Fundamental understanding is very important. Candidates have no choice but to improve their basic understanding.
1(A)(iii)	Candidates are required to explain importance of auditing standards to the auditor.	Refer the suggested solution	Most candidates managed to answer this question. For the candidates who failed to answer this question, highly likely that they did not understand the requirements of the question on the 'importance' of auditing standards.	Candidates are advised to read the handbook provided by the MIA. Candidates should have applied their practical knowledge in answering the question. With their experience, they should be in better view to provide the importance of auditing standards in their practice as an auditor.

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1(B)(i-iv)	Candidates are required to briefly define the ethical principles of integrity, objectivity, professional competence and due care and confidentiality.	Refer the suggested solution	Most candidates managed to answer this question. However, quite a number of candidates confused between 'integrity' and 'objectivity'.	Candidates are required to enhance their knowledge on MIA By-laws ethical principles.
1(C)(i-ii)	Candidates are required to explain any violation to the MIA By-Laws based on the given scenarios.	Refer the suggested solution	On average, most candidates managed to answer this question.	Candidates are required to enhance their knowledge on MIA By-laws ethical principles.
2(a)	Candidates are required to identify weaknesses in the internal control systems of the sales system of Katarana Sdn Bhd and to describe the potential impact of those weaknesses.	Refer the suggested solution	Most of the candidates managed to answer this question well. However, there were some candidates who did not clearly indicate the 'weaknesses' in the internal control system.	Candidates need to apply their practical experience in answering this type of application/case-based question. Enhance the exam technique in answering this case-based question.
2(b)	Candidates are required to suggest improvements that can be made to the internal control system of Katarana Sdn Bhd.	Refer the suggested solution	Some candidates managed to answer this question well, but quite a number failed to do so. Quite a number of the candidates provide general suggestions on how to improve the internal control system without relating it back to the case of Katarana Sdn Bhd.	Candidates need to apply their practical experience in answering this type of application/case-based question. Enhance the exam technique in answering this case-based question.

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2(c)	Candidates are required to differentiate between 'internal controls' and 'test of controls'.	Refer the suggested solution	Surprisingly, quite a lot of candidates failed to define 'internal controls'. Most possibly they know what internal controls is, but to put the answer in words was challenging for them.	Candidates should have applied their practical knowledge in answering the question. With their experience, they should better understanding on internal controls.
3(a)	Candidates are required to differentiate between 'audit engagement' and 'review engagement' in terms of objective and comparative level of assurance.	Refer the suggested solution	Some candidates who failed to answer this question did not provide their answers according to the requirement of the question. Rather than giving the difference in terms of 'objective' and 'level of assurance', the candidates provided general difference between audit and review engagements.	The candidates should have familiarise themselves with the non-audit service. Even if they do not practice it, they should have a clearer picture on assurance vs. non-assurance services. Be attentive to the requirement of the question.
3(b)	Candidates are required to justify the need for a review of financial statements.	Refer the suggested solution	Majority candidates could fairly answer this question.	This should be a straightforward/ basic question that relates to assurance/non-assurance engagement. Candidates are advised to read the handbook provided by the MIA.
3(c)	Candidates are required to explain why 'there is greater risk that misstatements will	Refer the suggested solution	Majority of the candidates managed to answer this question.	Candidates are advised to read the handbook provided by the MIA.

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	not be detected in a review than in an audit'.			
4a	Candidates are required to explain audit risk and the components of audit risk.	Candidates should explain the audit risk and the components of audit risks i.e inherent risk, control risk and detection risk.	Only a few candidates manage to answer the questions perfectly.	Candidates should explain the audit risk and provided clear definition and explanation on each of the components of audit risks.
4b	Candidates are required to identify and describe six (6) audit risks and explain the auditor's responses to each risk from the minutes provided.	Candidates should identify and describe six (6) audit risks and explain the auditor's responses to each risk from the minutes provided.	Most of the candidates can answer the question.	
5a	Candidates are required to describe the appropriate substantive procedures that the auditor should perform in order to obtain sufficient and appropriate audit evidence in relation to Research and development expenditure.	Candidates should describe the appropriate substantive procedures that the auditor should perform in order to obtain sufficient and appropriate audit evidence in relation to Research and development expenditure.	Most of the candidates failed to provide the answer.	Candidate should provide audit procedures in obtaining sufficient and appropriate audit evidence.
5b	Candidates are required to describe the appropriate substantive procedures that the auditor should perform in order to obtain sufficient	Candidates should describe the appropriate substantive procedures that the auditor should perform in order to obtain sufficient and	Most of the candidates failed to provide the answer.	Candidate should provide audit procedures in obtaining sufficient and appropriate audit evidence.

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	and appropriate audit evidence in relation to depreciation of property, plant and equipment.	appropriate audit evidence in relation depreciation of property, plant and equipment.		
6	Candidates are required to identify and explain ten (10) elements of this report which require amendment.	Candidates should identify and explain ten (10) elements of this report which require amendment.	Candidates failed identify and explain ten (10) elements of this report which require amendment.	For each of the scenario, candidates should identify and explain the extracts of audit report that should be amended. Instead the candidates discuss and explain the eight (8) elements of audit report.

General Recommendation

To Facilitators	<p>Most candidates who failed to provide good answers are lacking in terms of theoretical knowledge. Even though they may have the experience and practical knowledge, strong foundation of theoretical knowledge are required in order to answer the examination questions. A blend of both theoretical and practical knowledge would certainly provide competitive edge for the candidates.</p> <p>The candidates should be exposed with the techniques in answering the exam questions. Candidates may have abundance of experience, but they lack of mastery in putting their knowledge into words to answer the exam questions.</p>
To Candidates	<p>Quite a number of candidates are weak on their command of English, which has adversely affected their ability to provide good answers. Candidates should improve their command of English, as their communication with the clients would be compromised given the substandard quality of language command.</p> <p>Candidates are strongly encouraged to read the handbook provided by MIA. Most questions are directly based on the content of the handbook. Additionally, abundance of resources is available online (e.g. open learning platform) for their alternative references.</p> <p>Candidates must know how to incorporate practical knowledge and theoretical knowledge when answering the question.</p>

	<p>Candidates are advised to attempt all questions since some of them lose marks due to few questions are totally left unanswered.</p>
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	<p>Candidates are required to read the question thoroughly and be mindful on the requirements of the questions. Some candidates provide answers which are not tailored to the requirements of the questions. The candidates write what they know instead of giving answers to meet what being asked in the questions.</p>
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