

FINAL EXAMINATION
MARCH 2024

COURSE TITLE	AUDIT 2
COURSE CODE	AAUD3113
DATE/DAY	23 JUNE 2024 / SUNDAY
TIME/DURATION	01:00 PM - 04:00 PM / 03 Hour(s) 00 Minute(s)

INSTRUCTIONS TO CANDIDATES:

1. Please read the instruction under each section carefully.
2. Candidates are reminded not to bring into examination hall/room any form of written materials or electronic gadget except for stationery that is permitted by the Invigilator.
3. Students who are caught breaching the Examination Rules and Regulation will be charged with an academic dishonesty and if found guilty of the offence, the maximum penalty is expulsion from the University.

(This Question Paper consists of 3 Printed Pages including front page)

*****DO NOT OPEN THE QUESTION PAPER UNTIL YOU ARE TOLD TO DO SO*****

This question paper consists of **FOUR (4)** questions. Answer **ALL** questions in the answer booklet provided. **[100 MARKS]**

QUESTION 1

(25 Marks)

A "code of ethics" is a set of principles and guidelines that outline the moral and professional expectations and responsibilities of individuals or organizations. These codes are often specific to a particular profession, organization, or group, and they help define the expected behavior and standards of conduct.

Required:

- a) Explain **FIVE (5)** fundamental principles of professional ethics in accordance with MIA By – Laws. **(15 marks)**
- b) Explain **FIVE (5)** services that can impair the independence of auditors. **(10 marks)**

QUESTION 2

(25 Marks)

Litigation against an auditor refers to a legal action or lawsuit brought by a client, a third party, or regulatory authorities against an auditing firm or auditor.

Required:

- a) Explain any **FIVE (5)** factors that can increase the litigation against auditors. **(10 marks)**
- b) Discuss **FIVE (5)** impacts of litigation towards auditors in the organization. **(15 marks)**

QUESTION 3

(25 Marks)

During your audit at Bella Aster Sdn. Bhd., you learnt that a programmer made an unauthorised change to the sales application program even though no work on that application had been approved by IT management. Therefore, for sales application program to work, the programmer must make modifications to the operating software security features. The unauthorised change forced the sales program to calculate an automatic discount for a customer, who happens to be the brother-in-law of the programmer. The customer and programmer split the savings from the unauthorised discount. The programmer modified the program and return it to the librarian who place it into the files for live production use.

Required:

- a) Discuss the inefficiencies of internal control system implemented. Provide recommendations for management of Bella Aster Sdn. Bhd. to prevent inefficiencies from recurring.

(16 marks)

- b) In your opinion, what factors that drive the programmer to make unauthorised change to the sales system.

(9 marks)

QUESTION 4

(25 Marks)

Rapid development in information technology has affected the auditing approach. Therefore, it is not adequate just to audit around the computer, but auditors must have the competency to audit through the computer using various computer assisted audit techniques (CAATs) such as test data and audit software programs.

Required:

- a) Describe **FIVE (5)** advantages of information technology on internal control.

(10 marks)

- b) Explain **FIVE (5)** reasons why CAATs are becoming more necessary in an audit.

(15 marks)

*** END OF QUESTION PAPER ***