



MALAYSIAN INSTITUTE
OF ACCOUNTANTS



MIA WEBINAR SERIES
A Highly Interactive Learning Session with Live
Q&As, Self-Assessment Quizzes and Quick Polls or Surveys

MIA WEBINAR SERIES

Auditing of Construction Contracts & Property Development Activities

Understand the inherent risks of errors or misstatements in costs allocation and profit or loss determination, and how to manage these critical areas in an audit.

17 & 18 May 2023 (Wednesday & Thursday), 9.00 am – 5.00 pm



Auditing of Construction Contracts & Property Development Activities

The audit of construction contracts and property development activities require a competent and in-depth understanding of the accounting methodology within the framework of MFRS 15, MPERS S.23 and S.34, as well as the requirements of the various International Standards on Auditing (ISAs).

Key areas are the determination of sufficient and appropriate audit evidence on measurement of performance obligations satisfied over time and at a point in time, estimates of the outcome that can or cannot be reliably estimated and the audit of compliance with technical requirements of the Standards and the audit of assertions made by management.

Inherent risks of errors or misstatements in costs allocation and profit or loss determination are critical areas in an audit.

OBJECTIVES

This programme seeks to help you:

- Determine the validity of costs and revenue attributed to construction & property development contracts
- Assess inherent and control risks affecting recording and outcome of construction & property development contracts, and the detection procedures carried out by the auditor to keep risks to acceptable levels
- Evaluate management's assertions and plan the nature, extent and timing of substantive audit procedures to address these assertions
- Identify significant areas of management's judgment and estimates to help to direct audit effort to critical areas
- Formulate the necessary audit procedures to substantiate the amounts attributed to such contracts

METHODOLOGY

A highly interactive learning session with trainer/speaker-led facilitation, live Q&As, quick polls/surveys, self-assessment quizzes and participant's feedback on learning outcome achievement.

WHO SHOULD ATTEND

- Approved Company Auditors
- Audit Partners and Audit Managers
- Partners Responsible for Engagement Quality Review
- Audit Seniors and Staff of Audit Firms
- Academicians
- Audit and Assurance Examination Candidates

SPEAKER/TRAINER

J SELVARAJAH

FCA, FCPA(Aust), CAANZ, CA(M), CPA; ASEAN CPA; FIPA(Aust), FFA(UK), ACTIM, B.Com(Acc)

J Selvarajah is the senior partner of a professional practice, which is a member of an international network of accounting and consulting firms, and he is the network's current Chairman. He has 51 years of experience in public practice audit and assurance services, and has performed investigative audits on accounting malpractices, embezzlement, and money laundering.

He is also an internal auditor for several public listed companies and SMEs, is actively engaged in advisory work for his clients, and delivers seminars and training in Malaysia and the ASEAN region. He holds a B.Com(Acc) from New Zealand, a Practising Certificate for Company Secretaries, and is a member of MIA, MICPA, ICAEW, CAANZ, CPA Australia, ASEAN CPA, CTIM, and is a HRDF Certified Trainer.

Auditing of Construction Contracts & Property Development Activities

PROGRAMME OUTLINE

DAY 1

8.30 am – 9.00 am	Participants login to join the webinar		
9.00 am – 10.30 am	Session 1 <ul style="list-style-type: none"> Key Areas of MFRS 15, MPERS S.23 and S.34 Relevant for Audit <ul style="list-style-type: none"> Construction contracts: MFRS and MPERS <ul style="list-style-type: none"> Fixed price and cost-plus contracts Performance obligations in contracts Contract modifications and their impact Distinguishing and measurement of revenue recognition “over time” and “at a point in time” Variation orders, incentives, penalties and performance bonus Performance bonds and financial guarantees Property development contracts <ul style="list-style-type: none"> Property development costs including common infrastructure costs and the related revenue: phases of development Technicalities in the measurement of the stage of completion Recognition of revenue and related apportioned costs in profit or loss Arrangement for sale and leasebacks Other pertinent areas 		
10.30 am – 12.00 pm	Session 2 <ul style="list-style-type: none"> Audit Procedures under Various ISAs for Construction and Property Development Contracts <ul style="list-style-type: none"> Audit planning and risk assessment: ISA 300 <ul style="list-style-type: none"> Assessing, understanding key internal control activities over construction and property development operations Determining the various materiality levels (ISA 320) Identifying and assessing the risks of material misstatements ISA 315(R) <ul style="list-style-type: none"> The entity’s system of internal control Risks relating to the contractor and the property development environment Understanding the risk areas in the practical application of the relevant MFRS or MPERS Audit evidence: ISAs 500-560 <ul style="list-style-type: none"> Determining the appropriate sources of audit evidence and risks of material misstatements Reviewing opening balances on new appointments: ISA 510 Observation and inspection of contract and property development sites as risk assessment procedures Information from the previous experience with the entity’s audit Assessing information from subsequent event on contracts in progress: ISA 560 		
12.00 pm – 1.00 pm	Break		
1.00 pm – 3.00 pm	Session 3 <ul style="list-style-type: none"> Audit Procedures under Various ISAs for Construction and Property Development Contracts (<i>continued</i>) <ul style="list-style-type: none"> Assessment of inherent and control risks and susceptibility of assertions to misstatements: <ul style="list-style-type: none"> Substantiating assertions in construction and property development contracts: occurrence, completeness, accuracy, appropriate cut-off, and classification Controls, policies, and procedures, including information processing controls Inherent risks in transactions: by reference to the spectrum of inherent risks Relevant risk and significant assertions in stage of completion and revenue recognition: construction contracts and contracts for residential and non-residential properties in the Malaysian context Risk assessment procedures and related activities encompassing assessing the risks of material misstatements on the following: <ul style="list-style-type: none"> Accounting estimates: expected costs to completion, provisions for warranty etc Related party relationships and transactions assessing the various risks involved Assessment of the appropriateness of accounting policies Obtaining audit evidence on construction and property development contracts in an unbiased manner: <ul style="list-style-type: none"> Obtaining audit evidence from multiple sources Determining the relevance and reliability of audit evidence so obtained Assessing corroborative and contradictory evidence obtained Key areas of audit documentation in the audit working papers: ISA 230 		
3.00 pm – 5.00 pm	Session 4 <ul style="list-style-type: none"> Audit Procedures under Various ISAs for Construction and Property Development Contracts (<i>continued</i>) <ul style="list-style-type: none"> Professional scepticism: audit of construction contracts and property development contracts <ul style="list-style-type: none"> Audit evidence that contradicts other audit evidence obtained Information that brings into question the reliability of contracts and other documents and responses to inquiries being reviewed as audit evidence Being alert to conditions that may indicate possible fraud Circumstances that suggest the need for audit procedures in addition to those required by the ISAs Questioning contradictory audit evidence Scalability of risk assessment procedures for contracts <ul style="list-style-type: none"> Risk assessment process to monitor the system of internal controls: scaling risk assessment procedures between less complex and complex formalised controls Initial risk assessment procedures and subsequent recurring procedures Use of automated tools and techniques where applicable 		
5.00 pm	End of Day 1		

NOTE: The order of topics to be covered may be revised at the trainer/speaker's discretion.

Auditing of Construction Contracts & Property Development Activities

PROGRAMME OUTLINE *(continued)*

DAY 2

8.30 am – 9.00 am	Participants login to join the webinar	10.30 am – 12.00 pm	Session 2 <ul style="list-style-type: none"> Auditing Procedures and Technical Issues Relating to Contracts, Revenue and Costs <ul style="list-style-type: none"> Contract revenue: substantive audit procedures <ul style="list-style-type: none"> Audit procedures on assessing the separate performance obligations in a contract by reference to signed contracts Audit procedures analysing the 3 criteria whether revenue can be recognised over time Substantive procedures on revenue recognition over time and at a point in time based on: <ul style="list-style-type: none"> Malaysian Housing Development (Control and Licensing) Regulations 1989 for residential properties, and For all other contracts Substantive procedures for non-residential properties including commercial and industrial properties, terms, and conditions of SPAs for commercial properties Assessment of percentage of completion based on output method Substantive procedures on revenue-based output method Assessing and substantiating the effects of the time value of money (a 'financing component') including retention monies receivable or payable later Where revenue is recognised over time, review how progress towards completion is measured and recognised
9.00 am – 10.30 am	Session 1 <ul style="list-style-type: none"> Audit Procedures under Various ISAs for Construction and Property Development Contracts <i>(continued)</i> <ul style="list-style-type: none"> Analytical procedures: ISA 520 <ul style="list-style-type: none"> High-level procedures: determining an initial indication of misstatements in: <ul style="list-style-type: none"> revenue recognition methodology based on contract clauses stage of completion ascertaining contract assets and contract liabilities Liabilities for the delay and assessment of the risk of expected delays in completion Identifying inconsistencies, unusual transactions, trends Misstatements due to possible fraud in reporting contract transactions Analytics as substantive procedures Sampling methodology: ISA 530 <ul style="list-style-type: none"> Application of the appropriate sampling methodology or a combination of them for components of different characteristics Determining the different characteristics Accounting estimates in construction and property development contracts: ISA 540 <ul style="list-style-type: none"> Determine whether the method is consistent with the prior period and remains appropriate Determine whether management has engaged the services of experts to make reliable estimates and determine the controls over the estimates Assess procedures performed by management in determining estimation uncertainties Assess the reliability of estimates with outcomes of prior period estimates Assessment of the risks of estimation uncertainties Review management judgements used 	12.00 pm – 1.00 pm	Break

NOTE: The order of topics to be covered may be revised at the trainer/speaker's discretion.

Auditing of Construction Contracts & Property Development Activities

PROGRAMME OUTLINE *(continued)*

DAY 2 *(continued)*

1.00 pm – 3.00 pm	Session 3 <ul style="list-style-type: none"> • Auditing Procedures and Technical Issues Relating to Contracts, Revenue and Costs <ul style="list-style-type: none"> > Contract costs: substantive audit procedures <ul style="list-style-type: none"> – Audit procedures on land held for future development – Substantive procedures on inclusion or exclusion of land cost as a measure of progress when cost based input method is used – Assessment of percentage of completion based on input method – Substantive procedures on cost-based input method or method – Review of contract cost records with the ledger balances and substantive procedures on costs allocation – Assessment of components of property development expenditure – Substantive procedures on contracts which include variable consideration – Substantive procedures when a contract need to be “unbundled” into two or more components and when two or more contracts need to be “bundled” into a single overall obligation – Assessing the audit risks of costs to date and costs to complete and substantive audit procedures required – Auditing the treatment of costs associated with obtaining a contract under MFRS and MPERS – Audit procedures to assess the accuracy of retention monies – Variation orders as separate contract and not a separate contract: assessment of performance obligations – Substantive tests on borrowing costs and their prescribed treatment for MFRS and MPERS – Provisions for warranty and other related costs – Substantive procedures on joint arrangements with landowners and power of attorneys in dealing with land: assessment of the risk of costs misallocation – Low cost houses as a condition for development order: substantive audit procedures on: <ul style="list-style-type: none"> * dealing with the potential losses in low-cost houses: upfront loss in profit or loss, or * such costs allocated to normal and premium priced properties, and * whether sales of low-cost property and normal to premium cost properties are concurrent – Audit procedures for the allocation of costs for public Infrastructures and common public facilities in property development – Audit assessment of uncertain outcome of contracts – Assessing the adequacy of penalties for late deliveries and liquidated and ascertained damages (LAD) 	3.00 pm – 5.00 pm	Session 4 <ul style="list-style-type: none"> • Auditing Procedures and Technical Issues Relating to Contracts, Revenue and Costs <i>(continued)</i> <ul style="list-style-type: none"> > Assessment and substantive procedures for <ul style="list-style-type: none"> – Properties developed for owner occupation or rent – Sales and leaseback of properties with guaranteed returns – Rental with options to purchase – Joint arrangement projects with landowners – Settlements with non-cash consideration – Contract liabilities and deferred income – Related party transactions: ISA 550 > Assessment of recoverability of receivables and contract assets <ul style="list-style-type: none"> – Review the components of contract assets to ascertain recoverability and correctness – Substantive procedures on assessing the correctness and recoverability of contract receivables – Recognition of expected losses on a contract and impairment losses – Expected and lifetime credit loss on contracts: substantive procedures > Review of accounting policies, disclosures and other matters <ul style="list-style-type: none"> – Evaluate the appropriateness of accounting policies used and the related disclosures made by the directors – Consider the relevance of the accounting policies to construction and property development activities – Selected accounting policies to be consistent with MFRS or MPERS – Obtaining appropriate written representations: ISA 580
	• Q&A Session		
5.00 pm	End of Webinar		

NOTE: The order of topics to be covered may be revised at the trainer/speaker's discretion.

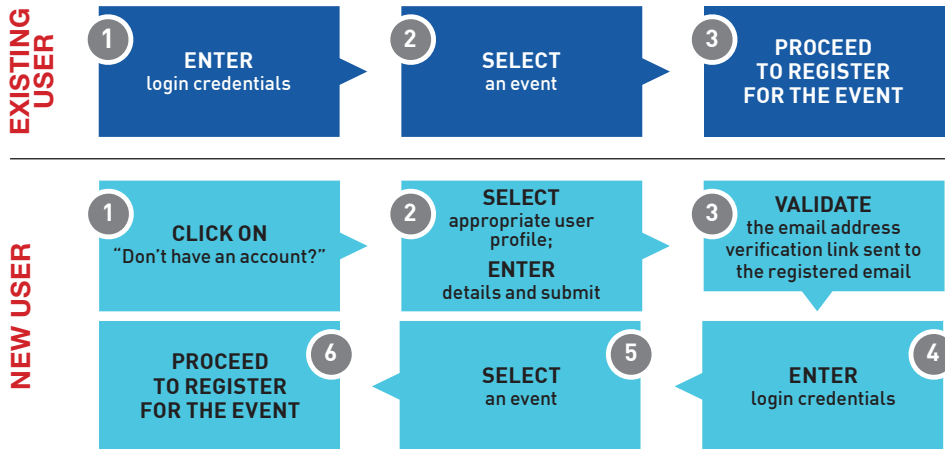
Auditing of Construction Contracts & Property Development Activities

With immediate effect, enrolment for all CPE programmes will be

STRICTLY VIA ONLINE REGISTRATION ONLY

REGISTRATION PROCESS

- To view more events and download the full brochure, please visit: pd.mia.org.my
- Search and select the event
- Click 'Register' to experience the new system by continuing with the respective steps below:



For any assistance, please call (8.45am-5.30pm, Monday-Friday)
MIA Help Desk @ 603-2722 9000

TERMS & CONDITIONS FOR WEBINARS

WEBINAR FEE

- Fee is payable to MALAYSIAN INSTITUTE OF ACCOUNTANTS
- For selected webinars, the fee includes e-materials.
- Individual Registration:** Full payment shall be made at the point of online registration.
- Corporate Registration:** Full payment shall be made within thirty (30) days from the date of the invoice or 1 day before the webinar, whichever earlier.
- Access to join the webinar shall be granted only upon full payment as per the above requirement.

WEBINAR ACCESS LINK

- The Access Link will be emailed at least 24-hours before the commencement of the webinar.
- The Access Link is unique and should not be forwarded/shared with others.

PAYMENT MODE

- Payment must be made through the **electronic channels i.e. online payment via the MIA member service portal and electronic fund transfer (EFT)**.
- Payment by **cash and cheque is NOT ACCEPTABLE** effective from 1 January 2022.

HRD CORP (FOR CLAIMABLE EVENTS ONLY)

- MIA is an approved Training Provider registered under 'Institut Akaduntan Malaysia' (MyCoID: 631967).

Employer's Obligations

- To ensure grant approval is obtained prior to event registration and to provide the Grant ID notification upon event registration.
- To make full payment to MIA as per the issued Invoice within 14 working days upon receipt of MIA's notification in the event the approved training fee is cancelled by HRDC due to non-compliance on the part of the participant or his/her employer or any valid reasons stipulated by HRDC.
- To settle the balance payment to MIA within 14 working days upon receipt of MIA's notification in the event only partial claim is approved by HRDC. MIA will provide copy of the original invoice and will not issue a new invoice for the balance amount.
- If employer has made payment prior to grant approval, a refund will be made to employer subject to reimbursement received from HRDC. Refund will be made upon receipt of duly completed employer's EFT Form.
- To provide required information and/or documents after completion of event for the purpose of HRDC Claim within 7 working days upon receipt of MIA's notification.

CANCELLATION

Should the participant decide to cancel his/her enrolment, a cancellation policy shall be applied as follows:

- For written cancellation received with minimum seven (7) days' notice from the date of the webinar, no penalties will be imposed and full refund will be made to participants who have paid.
- For written cancellation received less than seven (7) days from the date of the webinar, an administrative charge of 20% of the registration fee will be imposed. Unpaid registrations will also be liable for a 20% administrative charge.
- No refunds will be made for written cancellations received on the day of the webinar or for participants who failed to join the webinar. Unpaid registrations will also be liable for full payment of the registration fee.
- Replacing registered participants is not allowed.
- Paid registration that is cancelled can opt to transfer the paid amount to future event(s) after deducting any applicable administrative charges.
- The transfer request to future event(s) should be confirmed by Corporate/Individual within three (3) days after cancellation otherwise the cancellation will be confirmed with refund action. Transfer request will not be entertained after the refund is processed.
- Corporate/Individual is required to top-up the balance amount if the amount to be transferred to the future event is insufficient.

- Any excess amount after transfer will be refunded to the Corporate/Individual's bank account as provided in the EFT form.
- Corporate/Individual is required to provide the EFT form each time when a refund is requested.

PARTICIPANT'S CLASSIFICATION AND INFORMATION

Category: Corporate/Individual

- Please select the participant classification carefully as it determines the fee payable. No alteration will be allowed upon registration.
- The information on Corporate/Individual provided shall be deemed true and correct. No alteration will be allowed upon registration.

METHODOLOGY, CERTIFICATE OF ATTENDANCE AND CPE CREDIT HOURS

- Live Q&As, quick polls/surveys will be carried out throughout the webinar.
- For selected webinars, pre and/or post course materials will be shared with participants.
- Self-assessment quizzes at the beginning as well as at end of the webinar will be given to enable participants to self-evaluate themselves on their learning performance and level of understanding of the programme content.
- Participants will be issued with an e-certificate of attendance and awarded CPE credit hours upon strict compliance of the following terms:**
 - Remain logged in at least 80% of the time allocated for the webinar,
 - Submit the post-course evaluation on learning outcome within 3 days after the completion of the webinar (late submission of the post-course evaluation will not be entertained).
- CPE credit hours will be credited into the MIA Member Services Portal within 14 days of the webinar for participants who have complied with all terms and conditions stipulated herein.
- Listening to pre-recorded webinar and/or reading from past webinar e-material shall not qualify as structured CPE credit hours.

COPYRIGHT

The materials of the webinar shall not be disclosed or used in any manner, either wholly or partially against any other parties and/or used in any manner, either wholly or partially as a defence by you and/or any other parties under any circumstances. The participants are therefore prohibited from reproducing any materials of this programme. All copyright and/or intellectual property rights in any relevant materials produced in this Programme will remain with the party who produced such materials. MIA disclaims responsibility for the materials of this programme. Neither the MIA, its Council or any of its Boards or Committees nor its staff shall be responsible or liable for any claims, losses, damages, costs or expenses arising in any way out of or in connection with any persons relying upon the materials provided during the webinar.

DATA PROTECTION

Information given by the participants to MIA is true, accurate and to the best of their knowledge. The participants have read and agreed with the Privacy Notice as stated on MIA's official website and therefore, allow MIA to collect, process, store and use the participants' data other than what is provided under the Personal Data Protection Act 2010.

EXCLUSION OF LIABILITY

This webinar shall not constitute an endorsement of the speaker(s) by MIA and MIA shall not be liable for whatsoever circumstances arising from any engagement between the speaker(s) and the webinar's participants.

DISCLAIMER

Malaysian Institute of Accountants (MIA) reserves the right to change the speaker(s), date(s), time(s) and to cancel the webinar should circumstances beyond its control arise. MIA shall not be responsible for any costs, damages or losses incurred by the participant due to the changes and/or cancellation. MIA also reserves the right to make alternative arrangements without prior notice should it be necessary to do so. Upon registering, you are deemed to have read and accepted the terms and conditions herein.

WEBINAR FEES

Member/Member Firm	RM 750*
Non-member	RM 1,050

* This discounted fee (reduced from standard fee of RM850 to RM750) is offered exclusively to MIA Members/Member Firms as part of the Institute's special efforts in supporting members on their CPE.

Preferred Payment: Pay with MIA-CIMB Affinity Credit Card.

WEBINAR DETAILS & REGISTRATION

17 & 18 May 2023 (Wednesday & Thursday)

Session 1 : 9.00 am – 10.30 am

Session 2 : 10.30 am – 12.00 pm

Session 3 : 1.00 pm – 3.00 pm

Session 4 : 3.00 pm – 5.00 pm

Contact : Nisa/Sylvia
 Tel : 04 261 3320
 Fax : 04 261 3321
 Email : miapng@mia.org.my
 Address : Malaysian Institute of Accountants
 Suite 3.4, Level 3,
 Wisma Great Eastern
 25 Lebuh Light, 10200 Penang