

INTERNATIONAL STANDARD ON AUDITING

The Auditor's Responsibility to Consider Fraud and Error in an Audit of Financial Statements

Explanatory Foreword

The Council of the Malaysian Institute of Accountants has approved this standard in September 2003 for publication. This standard should be read in conjunction with Preface to Approved Standards on Auditing; Preface to International Standards on Auditing and Related Services; Glossary of Terms and AI 120 - Framework of International Standards on Auditing.

The status of International Standards on Auditing is set out in the Council's statement Preface to Approved Standards on Auditing.

Applicability

International Standards on Auditing (ISA) are to be applied in the audit of financial statements under all reporting frameworks. Reporting frameworks are determined by legislation, regulations and promulgation of the Malaysian Institute of Accountants and where appropriate mutually agreed upon terms of reporting. International Standards on Auditing, are also to be applied, adapted as necessary, to the audit of other information and to related services.

The Public Sector Perspective set out at the end of the standard, serves as guidance to members in the audit of public sector financial statements in the application of this standard.

Notes and Exceptions

The Council would like to draw members' attention to the Malaysian Institute of Accountants' By-Laws (On Professional Conduct and Ethics) (Revised January 2002) on Confidentiality and Changes in Professional Appointments in respect of paragraphs 68 and 73 of this standard.

The Council also wishes to highlight that for Public Sector Perspective, in the context of Malaysia, the definition of "Public Sector" in paragraph 1 refers to federal, state, local government and related government entities (agencies, boards, commissions and statutory bodies) and the reference to separate legislative regime in paragraph 6 would refer to the Audit Act (1957) and the Federal Constitution.

Effective Date in Malaysia

This standard is effective for audits of financial statements for periods ending on or after 1 January 2004 although early application is encouraged.