



MALAYSIAN INSTITUTE
OF ACCOUNTANTS

19 October 2015

Ms Kathleen Healy
Technical Director, International Auditing and Assurance Standards Board
International Federation of Accountants
529 Fifth Avenue, 6th Floor
New York, 10017 USA

Dear Kathleen

**INTERNATIONAL AUDITING AND ASSURANCE STANDARDS BOARD (“IAASB”)
EXPOSURE DRAFT ON PROPOSED AMENDMENTS TO THE IAASB’S INTERNATIONAL
STANDARDS – RESPONDING TO NON-COMPLIANCE OR SUSPECTED NON-
COMPLIANCE WITH LAWS AND REGULATIONS**

The Auditing and Assurance Standards Board (“AASB”) of the Malaysian Institute of Accountants (“MIA”) welcomes the opportunity to comment on the *Proposed Amendments to the IAASB’s International Standards – Responding to Non-Compliance or Suspected Non-Compliance with Laws and Regulations* issued in July 2015.

Specific Comments

Responses to the specific questions on which the IAASB is seeking feedback are set out below.

Whether respondents believe the proposed limited amendments are sufficient to resolve actual or perceived inconsistencies of approach or to clarify and emphasize key aspects of the NOCLAR proposals in the IAASB’s International Standards.

We believe the proposed limited amendments are sufficient to resolve actual or perceived inconsistencies of approach or to clarify and emphasize key aspects of the NOCLAR proposals in the IAASB’s International Standards. However, we have some comments on the following:

1. ISA 250 paragraph 19

ISA 250 paragraph 19 states that “If the auditor suspects there may be non-compliance, the auditor shall discuss the matter with management and, where appropriate, those charged with governance. Paragraph 225.12 of the IESBA Re-ED provides similar guidance but makes reference to ‘appropriate level of management’ rather than ‘management’. The IESBA Re-ED further provides guidance to determine the ‘appropriate level of management’.

Specific comments (Continued)

We propose the guidance on management is aligned in both ISA 250 and the IESBA Code to ensure consistent application.

2. ISA 250 paragraph A18a

We propose paragraph A18a to be moved to A17a as it relates to the reliability of written representations which is discussed in paragraph A17.

3. Withdrawing from engagement

Paragraph 225.24 of the IESBA Re-ED includes withdrawing from the engagement when the professional accountant no longer has confidence in the integrity of management and where applicable, those charged with governance. We believe this should be aligned with the requirements in ISA 250.

The impact, if any, of the proposed limited amendments in jurisdictions that have not adopted, or do not plan to adopt, the IESBA Code. For example, would any of the changes to the IAASB's International Standards be deemed incompatible with the relevant ethical requirements that would apply in those jurisdictions?

The By-Laws on Professional Ethics of the Malaysian Institute of Accountants is substantially based on the IESBA Code where in certain areas, the MIA By-Laws are more stringent. Accordingly, we foresee that there will be no incompatible issues between the IESBA Code and the MIA By-Laws.

General Matters

General matters are set out below:

- a) Preparers;
- b) Developing nations;
- c) Translations; and
- d) Effective date.

We do not have specific comments on preparers, translation and effective date. In relation to b) above, we do not foresee any difficulties in applying it in our jurisdiction.

Invitation for Additional Input

Further consideration of the following areas:

- a) Whether the existing distinction between the types of laws and regulations (see paragraph 6 of ISA 250) and the different levels of work effort applied to each under extant ISA 250 warrants further investigation or revision.
- b) Whether ISA 250 should address making inquiries of management or, when appropriate, TCWG, regarding NOCLAR that may occur.
- c) Whether ISA 250 should include a requirement to obtain an understanding of how management identifies and addresses known or suspected NOCLAR as an essential component in obtaining an understanding of the entity and its environment.
- d) How ISA 250 addresses personal misconduct related to the business activities of the entity or parties associated with the entity, including contractors.
- e) How NOCLAR is addressed in other ISAs, such as when dealing with auditor's experts and in a group audit situation.

We agree that the above areas are beneficial especially on item b) and c) which will assist the auditors in their assessment of an entity's compliance with laws and regulations. We also agree with the IAASB on the limited amendments to certain International Standards to address the IESBA's NOCLAR proposals. We believe that the above areas can be dealt with separately in another project.

Yours sincerely,

MALAYSIAN INSTITUTE OF ACCOUNTANTS



DATO' MOHAMMAD FAIZ AZMI

President