

September 15, 2022

The Chairman  
International Auditing and Assurance Standards Board  
International Federation of Accountants  
529 5<sup>th</sup> Avenue  
6<sup>th</sup> Floor  
New York 10017  
United States of America

Via Online Submission

Dear Mr. Tom Seidenstein,

**COMMENTS ON IAASB EXPOSURE DRAFT '*PROPOSED NARROW SCOPE AMENDMENTS TO:***

- ***ISA 700 (REVISED), FORMING AN OPINION AND REPORTING ON FINANCIAL STATEMENTS; AND***
- ***ISA 260 (REVISED), COMMUNICATION WITH THOSE CHARGED WITH GOVERNANCE, AS A RESULT OF THE REVISIONS TO THE IESBA CODE THAT REQUIRE A FIRM TO PUBLICLY DISCLOSE WHEN A FIRM HAS APPLIED THE INDEPENDENCE REQUIREMENTS FOR PUBLIC INTEREST ENTITIES'***

The Malaysian Institute of Certified Public Accountants ("MICPA") appreciates the opportunity to comment on the IAASB Exposure Draft '*Proposed Narrow Scope Amendments to: ISA 700 (Revised), Forming an Opinion and Reporting on Financial Statements and ISA 260 (Revised), Communication With Those Charged With Governance, as a Result of the Revisions to the IESBA Code That Require a Firm to Publicly Disclose When a Firm has Applied the Independence Requirements For Public Interest Entities'* ("Exposure Draft"). We also applaud the effort of the International Auditing and Assurance Standards Board ("IAASB") to enhance the Standard.

In this regard, we are pleased to attach MICPA's comments as set out in Appendix for your consideration.

We trust our feedback to be of value to the IAASB, in your onward deliberation. MICPA looks forward to further strengthening such dialogues with your organisation. Please do not hesitate to contact the undersigned or the Executive Director, Ms Chiam Pei Pei, at +603-2698 9622 should you require any clarification.

Thank you.

Yours faithfully

A handwritten signature in black ink, appearing to read 'Novie Tajuddin'.

NOVIE TAJUDDIN  
Chief Executive Officer

Our responses to the specific questions are as follows:

**Transparency About the Relevant Ethical Requirements for Independence for Certain Entities Applied in Performing Audits of Financial Statements**

**Question 1**

**Do you agree that the auditor's report is an appropriate mechanism for publicly disclosing when the auditor has applied relevant ethical requirements for independence for certain entities in performing the audit of financial statements, such as the independence requirements for PIEs in the IESBA Code?**

**Comment:**

We agree that the auditor's report is an appropriate mechanism for publicly disclosing when the auditor has applied relevant ethical requirements for independence for certain entities in performing the audit of financial statements, such as the independence requirements for PIEs in the IESBA Code.

***Please answer question 2A or 2B based on your answer to question 1:***

**Question 2A**

**If you agree:**

**(a) Do you support the IAASB's proposed revisions in the ED to ISA 700 (Revised), in particular the conditional requirement as explained in paragraphs 18-24 of the Explanatory Memorandum?**

**Comment:**

We support the existing requirement to identify the jurisdiction of origin of the relevant ethical requirements or refer to the IESBA Code. We also agree that it does not require the auditor to further specify whether differential independence requirements in the relevant ethical requirements that are applicable only to audits of financial statements of certain entities were applied, such as the independence requirements for PIEs in the IESBA Code.

We prefer the proposed conditional requirement under paragraph 19 of the Exposure Draft, as it could become complex if the auditor is also required to explain whether specific independence requirements for certain entities.

**(b) Do you support the IAASB's proposed revisions in the ED to ISA 260 (Revised)?**

**Comment:**

We agree on the proposed revisions in the Exposure Draft to ISA 260 (Revised).

**Question 2B**

***If you do not agree, what other mechanism(s) should be used for publicly disclosing when a firm has applied the independence requirements for PIEs as required by paragraph R400.20 of the IESBA Code?***

**Comment:**

N/A

**Transparency About the Relevant Ethical Requirements for Independence for Certain Entities Applied in Performing Reviews of Financial Statements**

**Question 3**

**Should the IAASB consider a revision to ISRE 2400 (Revised) to address transparency about the relevant ethical requirements for independence applied for certain entities, such as the independence requirements for PIEs in the IESBA Code?**

**Comment:**

We believe that the IAASB should consider a revision to ISRE 2400 (Revised) to address transparency about the relevant ethical requirements for independence applied for certain entities, such as the independence requirements for PIEs in the IESBA Code.

**Question 4**

**If the IAASB were to amend ISRE 2400 (Revised) to address transparency about the relevant ethical requirements for independence applied for certain entities, do you support using an approach that is consistent with ISA 700 (Revised) as explained in Section 2-C?**

**Comment:**

We support using an approach that is consistent with ISA 700 (Revised) i.e. the conditional requirement.

**Matter for IESBA Consideration**

**Question 5**

**To assist the IESBA in its consideration of the need for any further action, please advise whether there is any requirement in your jurisdiction for a practitioner to state in the practitioner's report that the practitioner is independent of the entity in accordance with the relevant ethical requirements relating to the review engagement.**

**Comment:**

We, in Malaysia, adopted the standards issued by the International Auditing and Assurance Standards Board ("IAASB") 'word for word' including the review engagement standards. Other than the above-mentioned standards, there is no other requirement in Malaysia relating to the review engagement.

**Request for General Comments**

**The IAASB is also seeking comments on the following matters:**

**Question 6**

**Translations—Recognizing that many respondents may intend to translate the final pronouncement for adoption in their own environments, the IAASB welcomes comment on potential translation issues respondents note in reviewing this ED.**

**Comment:**

This question is not relevant to us.

**Question 7**

**Effective Date—Given the need to align the effective date with IESBA, do you support the proposal that the amendments to ISA 700 (Revised) and ISA 260 (Revised) become effective for audits of financial statements for periods beginning on or after December 15, 2024 as explained in paragraph 26?**

**Comment:**

We do not have an objection to this.