



**Suruhanjaya Sekuriti**  
Securities Commission  
Malaysia

**AOB/R&S/2011**

29 August 2011

Mr. James Gunn  
Technical Director  
International Auditing and Assurance Standards Board  
545 Fifth Avenue, 14<sup>th</sup> Floor,  
New York, New York 10017  
USA

Dear sir,

**COMMENT ON PROPOSED INTERNATIONAL STANDARD ON ASSURANCE ENGAGEMENTS  
3000, ASSURANCE ENGAGEMENTS OTHER THAN AUDIT OR REVIEW OF HISTORICAL  
FINANCIAL INFORMATION**

In response to your invitation to provide comments on the above, we are pleased to submit our response and feedback on the proposed standard, as given in the **Attachment**.

Should you require further clarification, kindly contact me, Nik Mohd Hasyudeen Yusoff or Ms. Lim Fen Nee at +60 3 2091 0666.

Thank you.

Yours sincerely,

**Nik Mohd Hasyudeen Yusoff**  
Executive Chairman,  
Audit Oversight Board, Malaysia.

### **Request for Specific Comments**

1. Do respondents believe that the nature and extent of requirements in proposed ISAE 3000 would enable consistent high quality assurance engagements while being sufficiently flexible given the broad range of engagements to which proposed ISAE 3000 will apply?

**No comment**

2. With respect to levels of assurance:

- (a) Does proposed ISAE 3000 properly define, and explain the difference between, reasonable assurance engagements and limited assurance engagements?

**The standard may provide a clear difference between reasonable assurance and limited assurance to practitioners. However, as the levels of assurances are differentiated by the level of risks from engagements, it may not be easily understood by unsophisticated users. In this respect, the attainment of assurance "meaningful to the intended user" should be approached from the user's perspective.**

- (b) Are the requirements and other material in proposed ISAE 3000 appropriate to both reasonable assurance engagements and limited assurance engagements?

**Additional guidance on ensuring the assurance is meaningful to the intended user may be required.**

- (c) Should the proposed ISAE 3000 require, for limited assurance, the practitioner to obtain an understanding of internal control over the preparation of the subject matter information when relevant to the underlying subject matter and other engagement circumstances?

**We believe it would be appropriate for the practitioner to obtain an understanding of key internal control elements (which address the risks assessed) over the preparation of the subject matter information.**

3. With respect to attestation and direct engagements:

- (a) Do respondents agree with the proposed changes in terminology from "assurance-based engagements" to "attestation engagements" as well as those from "direct-reporting engagements" to "direct engagements"?

**Agreed**

- (b) Does proposed ISAE 3000 properly define, and explain the difference between, direct engagements and attestation engagements?

**Yes**

- (c) Are the objectives, requirements and other material in the proposed ISAE 3000 appropriate to both direct engagements and attestation engagements? In particular:

- (i) In a direct engagement when the practitioner's conclusion is the subject matter information, do respondents believe that the practitioner's objective in paragraph 6(a) (that is, to obtain either reasonable assurance or limited assurance about whether the subject matter information is free of material misstatement) is appropriate in light of the definition of a misstatement (see paragraph 8(n))?

**Yes**

Attachment

- (ii) In some direct engagements the practitioner may select or develop the applicable criteria. Do respondents believe the requirements and guidance in proposed ISAE 3000 appropriately address such circumstances?

**Yes**

4. With respect to describing the practitioner's procedures in the assurance report:

- (a) Is the requirement to include a summary of the work performed as the basis for the practitioner's conclusion appropriate?

**This is very important to enable users to understand how the engagement was performed as the requirement of ISAE 3000 could be applied to a wide range of areas**

- (b) Is the requirement, in the case of limited assurance engagements, to state that the practitioner's procedures are more limited than for a reasonable assurance engagement and consequently they do not enable the practitioner to obtain the assurance necessary to become aware of all significant matters that might be identified in a reasonable assurance engagement, appropriate?

**This will provide a clear signal of the difference in the level of assurance although unsophisticated users may find difficulty to differentiate between the two assurance levels**

- (c) Should further requirements or guidance be included regarding the level of detail needed for the summary of the practitioner's procedures in a limited assurance engagement?

**No comment**

5. Do respondents believe that the form of the practitioner's conclusion in a limited assurance engagement (that is, —based on the procedures performed, nothing has come to the practitioner's attention to cause the practitioner to believe the subject matter information is materially misstated) communicates adequately the assurance obtained by the practitioner?

**Agreed. However, the quality of the conclusion is dependent on the scope of the engagement and the procedures performed in arriving at the conclusion.**

6. With respect to those applying the standard:

- (a) Do respondents agree with the approach taken in proposed ISAE 3000 regarding application of the standard by competent practitioners other than professional accountants in public practice?

**Yes, provided they comply with the other requirements made mandatory in the standard.**

- (b) Do respondents agree with proposed definition of —practitioner?

**Yes**

### **Comments on Other Matters**

The IAASB is also interested in comments on matters set out below.

- Public Sector*—Recognizing the applicability of proposed ISAE 3000 to many assurance engagements in the public sector, the IAASB invites respondents from this sector to comment on the proposed ISAE, in particular on whether, in their opinion, the special considerations in the public sector environment have been dealt with appropriately in the proposed ISAE.

#### **No comment**

- Small-and Medium-Sized Practices (SMPs) and Small-and Medium-Sized Entities (SMEs)*—Recognizing the applicability of proposed ISAE 3000 to assurance engagements on historical financial information in a SME context or by SMPs, the IAASB invites respondents from this constituency to comment on the proposed ISAE, in particular on the scalability of requirements.

#### **No comment**

- Developing Nations*—Recognizing that many developing nations have adopted or are in the process of adopting the International Standards, the IAASB invites respondents from these nations to comment on the proposed ISAE, in particular, on any foreseeable difficulties in applying it in a developing nation environment.

#### **No comment**

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

#### **No comment**

- Effective Date*—The IAASB believes that an appropriate effective date for the final ISAE 3000 would be 12–15 months after approval of the final standard but with earlier application permitted. The IAASB welcomes comment on whether this would provide a sufficient period to support effective implementation of the ISAE.

#### **No comment**