

December 20, 2016

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

Via Online Submission

Dear Mr Arnold Schilder

**COMMENTS ON IAASB DISCUSSION PAPER
SUPPORTING CREDIBILITY AND TRUST IN EMERGING FORMS OF EXTERNAL
REPORTING: TEN KEY CHALLENGES FOR ASSURANCE ENGAGEMENTS**

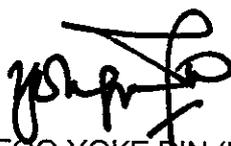
We thank you for the opportunity to comment on IAASB Discussion Paper, *Supporting Credibility and Trust in Emerging Forms of External Reporting: Ten Key Challenges for Assurance Engagements*.

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

Please do not hesitate to contact the undersigned or the Institute's Senior Technical Manager, Ms Hoh Kim Hyan, at +603-2698 9622 should you require any clarification.

Thank you.

Yours faithfully


FOO YOKE BIN (Mr)
Executive Director

THE MALAYSIAN INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS
(INSTITUT AKAUNTAN AWAM BERTAULIAH MALAYSIA)

International Auditing and Assurance Standards Board

Discussion Paper

***Supporting Credibility and Trust in Emerging Forms of
External Reporting: Ten Key Challenges for Assurance Engagements***

Questionnaire

The IAASB welcomes comments on all matters discussed in the questions following Section III, IV and V. The IAASB appreciate that not all respondents will wish to answer all the questions, or all in the same detail.

Credibility and Trust

Question 1

Section III describes factors that enhance the credibility of emerging forms of external reporting (“EER”) reports and engender user trust.

- (a) Are there any other factors that need to be considered by the IAASB?
- (b) If so, what are they?

MICPA’s Comments:

- (a) No, there are no other factors that need to be considered by the IAASB.
- (b) N/A

Question 2

Section II and IV describe different types of professional services that are either currently performed or could be useful in enhancing credibility and trust.

- (a) Are there other types of professional services the IAASB needs to consider, that are, or may in future be, relevant in enhancing credibility and trust?
- (b) If so, what are they?

MICPA’s Comments:

- (a) There are no other type of professional services that are relevant to enhancing credibility and trust.
- (b) N/A

Question 3

Paragraphs 23-26 of Section II describe the responsibilities of the auditor of the financial statements under ISA 720 (Revised) with respect to the other information included in the annual report.

- (a) Is this sufficient when EER information is included in the annual report; or

- (b) Is there a need for assurance or other professional services, or for further enhancement of the responsibilities of the financial statement auditor, to enhance credibility and trust when EER information is in the annual report?

MICPA's Comments:

- (a) Not sufficient. As highlighted in the DP, EER reports generally address a wider range of subject matters. To gain credibility and trusts on EER reports, stakeholders' expectation on auditors' responsibilities and scope are likely to be higher than those described under ISA 720(R).
- (b) Yes due to the reasons above.

Scope of the IAASB's International Standards and Related Guidance

Question 4

Section IV describes the different types of engagements covered by the IAASB's International Standards and Section V suggests that the most effective way to begin to address these challenges would be to explore guidance to support practitioners in applying the existing International Standards for EER assurance engagements.

- (a) Do you agree?
- (b) If so, should the IAASB also explore whether such guidance should be extended to assist practitioners in applying the requirements of any other International Standards (agreed-upon procedures or compilation engagements) and, if so, in what areas?
- (c) If you disagree, please provide the reasons why and describe what other action(s) you believe the IAASB should take.

MICPA's Comments:

Whilst the Institute agrees with the IAASB exploring guidance to support practitioners in applying the existing International Standards for EER purposes, MICPA strongly feels that EER assurance engagements could be beyond what auditors are trained for and that the IAASB should reconsider the appropriateness of its involvement in this area.

Question 5

The IAASB would like to understand the usefulness of subject-matter specific assurance standards. ISAE 3410, a subject matter specific standard for assurance engagements relating to Greenhouse Gas Statements, was issued in 2013.

- (a) Please indicate the extent to which assurance reports under ISAE 3410 engagements are being obtained, issued or used in practice by your organisation.
- (b) If not to any great extent, why not and what other form of pronouncement from the IAASB might be useful?

MICPA's Comments:

ISAE 3410 engagements are currently not applicable in our country.

Question 6

Section V suggests it may be too early to develop a subject-matter specific assurance engagement standard on EER or particular EER frameworks due to the current stage of development of EER frameworks and related standards.

Do you agree or disagree and why?

MICPA's Comments:

MICPA agrees that it may be too early to develop a subject-matter specific assurance engagement standard on EER or particular EER frameworks due to the current stage of development of EER frameworks and related standards. The IAASB should defer such development until EER frameworks are more developed / established.

Ten Key Challenges in Relation to EER Assurance Engagements

Question 7

Section V describes assurance engagements and the Ten Key Challenges we have identified in addressing EER in such engagements and suggests that the most effective way to begin to address these challenges would be to explore guidance to support practitioners in applying the IAASB's existing International Standards to EER assurance engagements.

- (a) Do you agree with our analysis of the key challenges?
- (b) For each key challenge in Section V, do you agree that guidance may be helpful in addressing the challenge?
- (c) If so, what priority should the IAASB give to addressing each key challenge and why?
- (d) If not, why and describe any other actions that you believe the IAASB should take.
- (e) Are there any other key challenges that need to be addressed by the IAASB's International Standards or new guidance and, if so, what are they, and why?

MICPA's Comments:

- (a) Yes, MICPA agrees with the IAASB's analysis of the key challenges.
- (b) Yes, MICPA agrees that guidance for each key challenge may be helpful in addressing the challenge.
- (c) Priority should be given to the following areas :
 - (i) Guidance in determining the scope of assurance engagement. As highlighted in the DP, EER reports generally include wider range of subjects and the costs of a full scope assurance engagement may exceed its benefits.
 - (ii) Guidance in communicating effectively in the assurance report.
 - (iii) Guidance in obtaining assurance with respect to future-oriented information.
 - (iv) Guidance in obtaining assurance with respect to narrative information. Currently there are no specific standards for addressing narrative information in an assurance engagement.
- (d) N/A
- (e) MICPA has not identified any other key challenges that need to be addressed by the IAASB's International Standards or new guidance.

Potential Demand for Assurance Engagements and Other Professional Services

Question 8

The IAASB wishes to understand the impact on potential demand for assurance engagements, if the Ten Key Challenges we have identified can be addressed appropriately, and in particular whether:

- Doing so would enhance the usefulness of EER assurance engagements for users
 - Such demand would come from internal or external users or both
 - There are barriers to such demand and alternative approaches should be considered.
- (a) Do you believe that there is likely to be substantial user demand for EER assurance engagements if the key challenges can be appropriately addressed?
- (b) If so, do you believe such demand:
- (i) Will come from internal or external users or both?
 - (ii) Will lead to more EER assurance engagements being obtained voluntarily or that this outcome would require legal or regulatory requirements?
- (c) If not, is your reasoning that:
- (i) EER frameworks and governance will first need to mature further?
 - (ii) Users would prefer other type(s) of professional services or external inputs?
 - (iii) There are cost-benefit or other reasons (please explain)?

MICPA's Comments:

- (a) Yes, MICPA believes that there is likely to be substantial user demand for EER assurance engagements if the key challenges can be appropriately addressed.
- (b) (i) External users
(ii) Demand would likely arise as a result of regulatory requirements
- (c) N/A

Other

Question 9

The IAASB would like to understand stakeholder views on areas where the IAASB should be collaborating with other organisations in relation to EER reporting.

For which actions would collaboration with, or actions by, other organisations also be needed?

MICPA's Comments:

Given the key challenges faced by auditors, collaboration with local stock exchanges and the investors' fraternity may be necessary in determining the auditors' scope of work and their responsibilities which are acceptable in relation to EER reporting.