

July 18, 2014

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  
New York 10017  
United States of America

Via Online Submission

Dear Mr Arnold Schilder

**COMMENTS ON IAASB EXPOSURE DRAFT PROPOSED INTERNATIONAL  
STANDARDS ON AUDITING (ISA) 720 (REVISED),  
THE AUDITOR'S RESPONSIBILITIES RELATING TO OTHER INFORMATION**

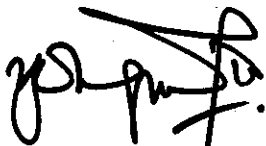
We thank you for the opportunity to comment on IAASB Exposure Draft Proposed International Standards on Auditing (ISA) 720 (Revised), *The Auditor's Responsibilities Relating to Other Information*.

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 PIN (Mr)  
Executive Director

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

**International Auditing and Assurance Standards Board**

**Proposed International Standard on Auditing (ISA) 720 (Revised),  
*The Auditor's Responsibilities Relating to Other Information, Proposed Consequential  
and Conforming Amendments to Other ISAs***

**Questionnaire**

The IAASB welcomes comments on all matters addressed in the exposure draft. Comments are most helpful when they refer to specific paragraphs, include the reasons for the comments, and, where appropriate, make specific suggestions for any proposed changes to wording. When a respondent agrees with proposals in this exposure draft (especially those calling for change in current practice), it will be helpful for the IAASB to be made aware of this view.

**Question 1**

Whether, in your view, the stated objectives, the scope and definitions, and the requirements addressing the auditor's work effort (together with related introductory, application and other explanatory material) in the proposed ISA adequately describe and set forth appropriate responsibilities for the auditor in relation to other information.

**MICPA's Comments:**

While generally we are supportive of the stated objectives, scope and definitions, and the requirements addressing the auditor's work effort in relation to the auditor's responsibilities in relation to other information, the following are exceptions:

- (i) The proposed ISA 720 (Revised) requires the auditor to be alert to indications that other information that the auditor has relevant knowledge of -- beyond the financial statements and the auditor's knowledge obtained for the purposes of the audit - appears to be materially misstated. 'Misstatement' is defined to include an incorrect statement as well as the omission or obscuring of other information that the auditor has relevant knowledge of.

We believe that when considering other information beyond the financial statements and the auditor's knowledge obtained for the purposes of the audit, expecting the auditor to be alert to omissions or obscurity is not reasonable.

- (ii) Certain examples of amounts or other items that may be included in other information (Appendix in relation to para 14, A5) would appear to be onerous upon the auditor, e.g. overview of strategy, contrasts of supply; demand and regulatory circumstances between geographic regions.

We recommend that the IAASB refrains from referring to such items that are typically more distant from the auditor's sphere of knowledge relative to the entity, as examples of what constitutes other information for the purposes of ISA 720 (Revised).

## Question 2

Whether, in your view, the proposals in the ISA are capable of being consistently interpreted and applied.

### **MICPA's Comments:**

The matters we have commented in response to Question 1 above would likely result in inconsistent interpretation and application.

## Question 3

Whether, in your view, the proposed auditor reporting requirements result in effective communication to users about the auditor's work relating to other information.

### **MICPA's Comments:**

1. In relation to paragraph A47, we propose that the auditor should be required to state affirmatively that the auditor did not address other information because the auditor had not obtained other information prior to the date of the auditor's report. The affirmative statement, rather than silence, would remove any ambiguity as to whether the auditor had or had not read other information.

We should highlight that in many jurisdictions, the auditor's report on the financial statements may be issued before the annual report is ready and available to the auditor, in order to meet statutory and legal requirements. Having all auditor's reports in these jurisdictions remain silent in relation to the requirements proposed to be introduced in ISA 720 (Revised) would be unfortunate, given the revisions and enhancements being proposed to be introduced. We recommend, therefore, that the IAASB includes suitable recommendations or application and other explanatory material regarding dual-dating or the issuance of separate reports on Other Information, where allowed by law and regulation.

2. In respect of paragraph A48, we have concerns about the appropriateness of including what is in effect a 'Reading Report' that provides no assurance relative to Other Information within an Auditor's Report that provides a high level of assurance on the financial statements.

## Question 4

Whether you agree with the IAASB's conclusion to require the auditor to read and consider other information only obtained after the date of the auditor's report, but not to require identification of such other information in the auditor's report or subsequent reporting on such other information.

### **MICPA's Comments:**

We agree that the auditor should read and consider other information only obtained after the date of the auditor's report. We also agree that such other information should not be identified in the auditor's report if it has not been provided to the auditor at the date of the auditor's report. However, as stated in our response to Question 3 above, if none of the anticipated other information has been provided at that date, the auditor should be required to state affirmatively that the auditor did not address other information because the auditor had not obtained other information prior to the date of the auditor's report.