



The Society of Accountants in Malawi

Comments on the Draft Revised SMOs

We have gone through the Revised draft SMOs. We commend IFAC for a very good effort. The SMOs are much clear now and give very good guidance to PAOs

There are a few areas that may be improved or clarified

1. Why is IFAC proposing reviews for ALL audits including audits not for PIEs? A brief citation of the justification in the text might help PAOs to convince members; otherwise the thinking has always been in the opposite direction.
2. SMO 1 requires either Partner review or firm review. We think it should require both as a minimum. This will help jurisdictions to assure quality at both levels as well as achieve regime uniformity across jurisdictions
3. SMO 1 paragraph 57 outlines what an Assurance Review Team should be like. What if the mechanism is sub-contracted like it is in most of East, Central and Southern Africa? How can the PAO ensure all these requirements?

Again is it possible for the SMO 1 to acknowledge that subcontracting is an acceptable possibility? This is very ideal

in most jurisdictions with small professional bodies

4. SMO 1 paragraph 63 is not very clear. Is it suggesting that audit firms can be used to perform quality assurance? We suggest that there should be more clear explanation on exactly what it means.
5. SMO 6 Paragraph 20-23. The SMO needs to acknowledge anonymous complaints as a source for initiating proceedings. This nature of complaint is very common in Africa. We have had cases where PAOs failed to pursue a matter because the complaint was anonymous and people felt that these are not covered by SMOs
6. Apart from submissions of Action Plans by PAOs, how will IFAC assure itself that PAOs are really doing what they say they are doing? Can the SMOs include some kind of quality assurance system for PAOs?

Thank you very much for an opportunity to comment. This has been commendable work

Yours truly,

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Chief Executive