



MALAYSIAN INSTITUTE  
OF ACCOUNTANTS

30 May 2019

Mr Matt Waldron  
Technical Director, International Auditing and Assurance Standards Board  
International Federation of Accountants  
529 Fifth Avenue, 6th Floor  
New York, 10017 USA

Dear Matt,

**INTERNATIONAL AUDITING AND ASSURANCE STANDARDS BOARD ("IAASB")  
CONSULTATION PAPER, EXTENDED EXTERNAL REPORTING (EER) ASSURANCE**

The Auditing and Assurance Standards Board ("AASB") of the Malaysian Institute of Accountants ("MIA" or "the Institute") welcomes the opportunity to provide its comments on the International Auditing and Assurance Standards Board ("IAASB") Consultation Paper, *Extended External Reporting (EER) Assurance*.

Appendix 1 sets out our responses to the questions contained in the Consultation Paper.

Please do not hesitate to contact Mr. Simon Tay at [technical@mia.org.my](mailto:technical@mia.org.my) should you require further clarification on the responses.

Thank you.

Yours sincerely,

**MALAYSIAN INSTITUTE OF ACCOUNTANTS**

**DR. NURMAZILAH DATO MAHZAN**  
Chief Executive Officer

Our comments to the questions are as follows:

**Q1. Does the draft guidance adequately address the challenges for practitioners that have been identified as within the scope of the draft guidance developed in phase 1? If not, where and how should it be improved?**

The draft guidance does comprehensively address the challenges for practitioners that have been identified as within the scope of the draft guidance. Nevertheless, we wish to highlight the following for the IAASB's consideration:

a) Materiality:

- The consideration on how materiality should be applied by the practitioner on large scale engagements involving components with multiple locations, sites and entities with cross-border operations.
- Practical guidance on practitioner's selection and setting up of the materiality would be helpful. (Chapter 12)

b) In evaluating the Suitability of Criteria as stated in paragraph 88 of the draft guidance, it may be challenging for a practitioner to identify if the criteria exhibit all five characteristics, specifically, completeness. Further procedures on how to address this will be helpful. (See Q4 for further comments)

c) In "Preparing the Assurance Report" chapter which will be developed in Phase 2, we recommend that the practitioner's work be specifically stated as covering only the specified items in the report and does not cover other non-material items that has been disclosed.

**Q2. Is the draft guidance clear and easy to understand, including through the use of examples and diagrams, and the way terminology is used? If not, where and how should it be improved?**

The draft guidance is generally comprehensible and the examples and diagrams further assist in understanding the expected outcome and roles and responsibilities of preparers and practitioners in relation to assurance engagement on various types of EER Report.

In terms of terminology, we would like to suggest the following:

- The terminology 'materiality process' in Chapter 8 of the draft guidance to be reworded as 'materiality process by preparer' to clearly differentiate this terminology from the general concept of materiality used by practitioners in an assurance engagement and materiality addressed in chapter 12.
- Clarification on what constitutes 'major stakeholders with significant and common interests' as stated in Paragraph 141.

**Q3. Do you support the proposed structure of the draft guidance? If not, how could it be better structured?**

Whilst we support the structure of the guidance which has been segmented into chapters, we would like to suggest the following structure for the proposed guidance as a possible alternative :

Chapter 1: Introduction

Chapter 2: Overview of an EER assurance engagement

Chapter 3: Planning and Engagement

Chapter 4: Execution

Chapter 5: Reporting and Completion

We believe that a structure similar to the IAASB International Standards would assist in understanding the proposed guidance.

**Q4. Do you agree that the draft guidance does not contradict or conflict with the requirements or application material of ISAE 3000 (Revised), and that the draft guidance does not introduce any new requirements?**

In general, we agree that the draft guidance, may not contradict or be in conflict with the requirements or application material of ISAE 3000 (Revised) and does not introduce any new requirements to a certain extent.

However, we noted that Paragraph 88 of the draft guidance states that each of the five characteristics MUST be exhibited in all cases. Although paragraph 24(b)(ii) of ISAE 3000 (Revised) mentions about the five characteristics, it does not explicitly require compliance of all of those criteria in all engagements. As the information being presented can be rather subjective, practitioners may encounter difficulty in complying with such requirements such as the 'completeness' characteristics. (See Q1).

**Q5. Do you agree with the way that the draft guidance covers matters that are not addressed in ISAE 3000 (Revised)?**

We agree with the way the draft guidance covers matters that are not addressed in ISAE 3000 (Revised). We propose that the ISAE 3000 to be updated for consistency with the draft guidance once it is finalised. For example, the term 'phenomenon' which is not widely used in the International Standards on Auditing (ISAs) or International Standards on Assurance Engagement (ISAEs), is explained in the draft guidance but not in ISAE 3000 (Revised).

**Q6. Do you agree that the additional papers contain further helpful information and that they should be published alongside the non-authoritative guidance document?**

We agree that the additional papers are helpful and should be published alongside the non-authoritative guidance document.

**Q7. In addition to the requests for specific comments above, the IAASB is also seeking comments on the matters set out below:**

**a) Stakeholder Perspectives—Respondents representing stakeholders such as preparers (including smaller entities) of EER reports, users of EER reports, and public sector entities are asked to comment on the questions above from their perspective.**

**b) 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, in particular, on any foreseeable difficulties in using the draft guidance in a developing nation environment.**

**c) Translation—Recognizing that many respondents may intend to translate the final guidance for adoption in their own environments, the IAASB welcomes comments on potential translation issues.**

Not applicable.