



MALAYSIAN INSTITUTE
OF ACCOUNTANTS

28 June 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”)
EXPOSURE DRAFT, INTERNATIONAL STANDARD ON QUALITY MANAGEMENT 2,
ENGAGEMENT QUALITY REVIEWS**

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”) Exposure Draft, International Standard on Quality Management 2 (ISQM 2), *Engagement Quality Reviews*

Appendix 1 set out our responses to the questions contained in the proposed ISQM 2.

Please do not hesitate to contact Mr. Simon Tay at 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

Response Template: Proposed ISQM 2

Note to respondents:

- The questions below are from the exposure draft of proposed International Standard on Quality Management (ISQM) 2, *Engagement Quality Reviews*, which is available at www.iaasb.org/quality-management.
- Respondents are asked to respond separately to each of the exposure drafts and the overall explanatory memorandum.
- We request that comment letters do not include tables as they are incompatible with the software we use to help analyze respondents' comments.

General Comments on Proposed ISQM 2

Questions

- 1) Do you support a separate standard for engagement quality reviews? In particular, do you agree that ED-ISQM 1 should deal with the engagements for which an engagement quality review is to be performed, and ED-ISQM 2 should deal with the remaining aspects of engagement quality reviews?

Response:

We do support the approach taken by IAASB in developing a separate standard for engagement quality reviews in view of the importance placed on the role of the engagement quality review by stakeholders and that the separate standard could help address scalability issues by providing a simpler mechanism for elaborating the requirements and application material for engagement quality reviews.

- 2) Are the linkages between the requirements for engagement quality reviews in ED-ISQM 1 and ED-ISQM 2 clear?

Response:

Paragraphs 1 to 8 for ED-ISQM 2 clearly provide the linkage between the requirements of ED ISQM 1 and 2.

- 3) Do you support the change from “engagement quality control review/reviewer” to “engagement quality review/reviewer?” Will there be any adverse consequences of changing the terminology in respondents’ jurisdictions?

Response:

The change is consistent with the change in approach from “quality control” to “quality management”. We do not anticipate any adverse consequences.

- 4) Do you support the requirements for eligibility to be appointed as an engagement quality reviewer or an assistant to the engagement quality reviewer as described in paragraphs 16 and 17, respectively, of ED-ISQM 2?

Response:

We do support the eligibility requirements of an engagement quality reviewer as set out in the ED.

- (a) What are your views on the need for the guidance in proposed ISQM 2 regarding a “cooling-off” period for that individual before being able to act as the engagement quality reviewer?

Response:

We see no need for the specific guidance in ISQM 2 on a “cooling-off” period for that individual before being able to act as the engagement quality reviewer as it is dealt with in the IESBA’s Code.

- (b) If you support such guidance, do you agree that it should be located in proposed ISQM 2 as opposed to the IESBA Code?

Response:

Not applicable

- 5) Do you agree with the requirements relating to the nature, timing and extent of the engagement quality reviewer’s procedures? Are the responsibilities of the engagement quality reviewer appropriate given the revised responsibilities of the engagement partner in proposed ISA 220 (Revised)?

Response:

We agree with the requirements relating to the nature, timing and extent of the engagement quality reviewer’s procedures and we are of the view that the responsibilities of the engagement quality reviewer are appropriately given in the revised responsibilities of the engagement partner in proposed ISA 220 (Revised).

- 6) Do you agree that the engagement quality reviewer's evaluation of the engagement team's significant judgments includes evaluating the engagement team's exercise of professional skepticism? Do you believe that ED-ISQM 2 should further address the exercise of professional skepticism by the engagement quality reviewer? If so, what suggestions do you have in that regard?

Response:

We do agree that the engagement quality reviewer's evaluation of the engagement team's significant judgments should include evaluating the engagement team's exercise of professional skepticism.

- 7) Do you agree with the enhanced documentation requirements?

Response:

We agree with the enhanced documentation requirement in this standard, where required.

- 8) Are the requirements for engagement quality reviews in ED-ISQM 2 scalable for firms of varying size and complexity? If not, what else can be done to improve scalability?

Response:

Yes, the requirements for engagement quality reviews in ED-ISQM 2 are scalable for firms of varying size and complexity.

Editorial Comments on Proposed ISQM 2

Not applicable.