

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

**International Ethics Standards Board for Accountants**

***Responding to Non-Compliance with Laws and Regulations***

**Questionnaire**

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The IESBA 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, it will be helpful for the IESBA to be made aware of this view.

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***General Matters***

**Question 1**

Where law or regulation requires the reporting of identified or suspected NOCLAR to an appropriate authority, do respondents believe the guidance in the proposals would support the implementation and application of the legal or regulatory requirement?

**MICPA's Comments:**

The Institute is of the view that the guidance would support the implementation and application of the legal or regulatory requirement in the case where law or regulation requires the reporting of identified or suspected NOCLAR to an appropriate authority.

**Questions 2**

Where there is no legal or regulatory requirement to report identified or suspected NOCLAR to an appropriate authority, do respondents believe the proposals would be helpful in guiding professional accountants (PAs) in fulfilling their responsibility to act in the public interest in the circumstances?

**MICPA's Comments:**

The Institute is of the view that the term "public interest" is very onerous and subjective. In this regard, MICPA is of the view that the proposals are not sufficient to guide PAs in fulfilling their responsibility where there is no legal or regulatory requirement to report identified or suspected NOCLAR to an appropriate authority.

### **Questions 3**

The Board invites comments from preparers (including TCWG), users of financial statements (including regulators and investors) and other respondents on the practical aspects of the proposals, particularly their impact on the relationship between:

- (a) Auditors and audited entities;
- (b) Other PAs in public practice and their clients; and
- (c) PAIBs and their employing organisations

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

The Institute is of the view that the proposals would affect all of the above mentioned relationships in a negative way. However, the negative impact is expected to be more significant in the event when a suspected NOCLAR is reported though not required by law or regulation – this may lead to legal tussles which could sour the above relationships.

### **Questions 4**

Do respondents agree with the proposed objectives for all categories of PAs?

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

The Institute agrees with the proposed objectives for all categories of PAs.

### **Questions 5**

Do respondents agree with the scope of laws and regulations covered by the proposed Sections 225 and 360?

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

The Institute has no objection with the scope of laws and regulations covered by the proposed Sections 225 and 360.

### **Questions 6**

Do respondents agree with the differential approach among the four categories of PAs regarding responding to identified or suspected NOCLAR?

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

The Institute agrees with the differential approach among the four categories of PAs regarding responding to identified or suspected NOCLAR.

## Questions 7

With respect to auditors and senior PAIBs:

- (a) Do respondents agree with the factors to consider in determining the need for, and the nature and extent of, further action, including the threshold of credible evidence of substantial harm as one of those factors?
- (b) Do respondents agree with the imposition of the third party test relative to the determination of the need for, and nature and extent of, further action?
- (c) Do respondents agree with the examples of possible courses of further action? Are there other possible courses of further action respondents believe should be specified?
- (d) Do respondents support the list of factors to consider in determining whether to disclose the matter to an appropriate authority?

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

The Institute agrees with all the proposals above.

## Questions 8

For PAs in public practice providing services other than audits, do respondents agree with the proposed level of obligation with respect to communicating the matter to a network firm where the client is also an audit client of the network firm?

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

The Institute agrees with the proposed level of obligation as set out in paragraph 225.39 and believes that the same level of obligation should apply in the case of a professional accountant performing a non-audit service for an audit client of a network firm.

In this regard, the Institute proposes to change the wordings "shall consider" to "shall communicate" in paragraph 225.40. Alternatively, MICPA suggests that paragraphs 225.39 and 225.40 be combined into one paragraph.

## Questions 9

Do respondents agree with the approach to documentation with respect to the four categories of PAs?

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

The Institute agrees with the approach to documentation with respect to the four categories of PAs.