



Summary of IAASB Standards and Pronouncements (SMO 3) Workshop

Presenters:

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Key Takeaways and Questions

A robust, accountable, and comprehensive due process in adopting international auditing standards may include the following steps and actions:

- **Adoption** – Monitor the IAASB's work plan and issuance of its exposure drafts and other consultations. Solicit feedback from stakeholders in your jurisdiction and submit feedback to the IAASB. Upon release of final pronouncement by the IAASB, issue a circular to inform your members on the adoption of the standard. Seek permission from IFAC to reproduce the pronouncement into local version before producing it for local (jurisdictional) use.
- **Implementation** – Provide periodical updates through circulars, website, newsletters, and social media. Provide training solutions and CPD/CPE courses via webinars, seminars, and trainings. Facilitate and respond to inquiries by providing your members with technical support. Facilitate further learning through practical implementation guides, thought leadership pieces, articles, and other resources. Leverage technology and digitalize supporting tools and resources, including using social media, such as LinkedIn and/or Facebook, to hold information sharing sessions and outreach to reach a wider audience.
- **Monitor Compliance** – Understand the separate roles and responsibilities between the PAOs and relevant stakeholders, such as the regulators. Maintain continuous coordination with relevant regulators and monitor and educate members on prevailing laws and regulations.

It is important to understand the environment where the PAO is operating and its mandate and role and responsibilities with respect to relevant stakeholders to ensure an effective audit oversight system in the jurisdiction. PAO may share these responsibilities with relevant stakeholders, such as other PAOs and/or regulators (e.g., ministries of finance, financial services authorities, etc.).

One of the main problems in implementing IAASB standards and other pronouncements is needing to provide practical implementation guidance, including illustrative examples, to help practitioners understand and properly implement the standards. This is even more relevant for small- and medium-sized practices (SMPs). PAOs may consider collaborating with their respective stakeholders to publish local guidance to supplement those published by the IAASB.

Do PAOs find stakeholder engagement challenging, especially in convincing stakeholders to support the latest adoption and implementation of the auditing and assurance standards? What are some of the success (and unsuccessful) stories of PAOs trying to collaborate with the regulators?

The profession in ASEAN is very familial, which is an advantage. There is a strong connection, communication, and coordination between PAOs and regulators. In some other parts of the world, there are issues where regulators and government officials make decisions for the profession without consulting the profession. Regulator buy in is important to establish a strong authority and enforcement. It is important



for PAOs to first build the regulators' awareness and understanding to establish an effective working relationship with the regulators.

In addition to the regulators, it is also important for PAOs to engage with other PAOs in their jurisdiction (if any), maintain a good working relationship and coordination, and understand their respective roles and responsibilities. It is also important for PAOs to encourage regulators to participate in global standard-setters' consultations through, among other means, facilitating jurisdictional outreach activities and submitting comments to discussions/drafts issued by standard setters such as the IAASB.

In recognition of the challenges in implementing International Standard on Quality Management (ISQM) 1, many stakeholders are demanding more practical guidance, with examples and checklists, to be provided to supplement the IAASB's ISQM 1 First-Time Implementation Guide. How should PAOs deal with these demands?

In addition to [guidance issued by the IAASB](#) and other [supporting tools and resources published by IFAC](#), PAOs may leverage each other's resources. An example would be MICPA's practical guidance to implement ISQM 1 in Malaysia. The guidance supplements the IAASB's guide by providing examples, templates, and a checklist based on a sample of case studies of Malaysian practices. MICPA is considering digitalizing guidance to allow for jurisdictional customization (with due care).

IFAC is particularly interested to learn more about how PAOs are utilizing technology to facilitate development, learning, and sharing. In the case of a jurisdiction requiring deferral of implementing standards for certain group of stakeholders (e.g., small- and medium-sized listed entities in Indonesia that find implementation of Key Audit Matters challenging), IFAC will look at a PAO's action plan and progress toward implementation of the standard(s) in its assessment of the PAO's compliance.

Is there an expectation that the reforms to the audit standard-setting process (through the Monitoring Group and the creation of the International Foundation for Ethics and Audit) will impact SMO 3 and other relevant SMOs?

There will be no impact on SMO 3. It remains the same as is and there will be more collaboration between the IAASB, other standard-setting bodies and IFAC to produce materials for PAOs' benefit.