



**Suruhanjaya Sekuriti**  
Securities Commission  
Malaysia

# **AUDIT OVERSIGHT BOARD HANDBOOK FOR REGISTRATION**

**SC-GL/AOBREG-2010 (R7-2024)**

1<sup>st</sup> Issued : 1 April 2010

Revised : 13 June 2024

## AUDIT OVERSIGHT BOARD HANDBOOK FOR REGISTRATION

Effective Date Upon 1 <sup>st</sup> Issuance	1 April 2010
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### LIST OF REVISIONS

<b>Revision Series</b>	<b>Revision Date</b>	<b>Effective Date</b>	<b>Series Number</b>
1 <sup>st</sup> Revision	28 Feb 2011	28 Feb 2011	SC-GL/AOBREG-2010 (R1-2011)
2 <sup>nd</sup> Revision	22 Nov 2011	22 Nov 2011	SC-GL/AOBREG-2010 (R2-2011)
3 <sup>rd</sup> Revision	25 May 2012	25 May 2012	SC-GL/AOBREG-2010 (R3-2012)
4 <sup>th</sup> Revision	1 June 2013	1 June 2013	SC-GL/AOBREG-2010 (R4-2013)
5 <sup>th</sup> Revision	15 May 2015	15 May 2015	SC-GL/AOBREG-2010 (R5-2015)
6 <sup>th</sup> Revision	13 Nov 2015	13 Nov 2015	SC-GL/AOBREG-2010 (R6-2015)
7 <sup>th</sup> Revision	13 June 2024	13 June 2024	SC-GL/AOBREG-2010 (R7-2024)

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## Chapter 1

### INTRODUCTION

- 1.01 The *Audit Oversight Board (AOB) Handbook for Registration* (Handbook) is issued by the Securities Commission Malaysia (SC) pursuant to section 158 of the *Securities Commission Malaysia Act 1993* (SCMA) and has the effect of a guideline issued by the SC.
- 1.02 Part IIIA of the SCMA establishes the audit oversight framework for Malaysia which seeks to enhance confidence and reliability of audited financial statements.
- 1.03 The AOB, in assisting the SC to discharge its audit oversight functions, is responsible, among others to–
- (a) implement policies and programmes in ensuring an effective audit oversight system in Malaysia;
  - (b) register auditors of public interest entities or schedule funds;
  - (c) direct the Malaysian Institute of Accountants (MIA) to establish and/or adopt the auditing and ethical standards to be applied by auditors;
  - (d) conduct inspections and monitor programmes on auditors to assess the degree of compliance of auditing and ethical standards;
  - (e) conduct inquiries and impose appropriate sanctions against auditors who fail to comply with auditing and ethical standards; and
  - (f) carry out inspections on any person who prepares a report in relation to financial information, required to be submitted under the securities laws, guidelines issued by the SC or the rules of a stock exchange, of a–
    - (i) public interest entity or schedule fund;
    - (ii) non-public interest entity seeking approval to become a public listed company or a corporation listed on the stock exchange; or
    - (iii) non-schedule fund seeking approval to become a schedule fund.

- 1.04 This Handbook sets out the–
- (a) registration regime for auditors who audit financial statements of public interest entities or schedule funds under the SCMA;
  - (b) registration criteria to be met by an audit firm and an individual who audits the financial statements of a public interest entity or schedule fund;
  - (c) conditions attached to the registration; and
  - (d) submission procedure in relation to application for registration and withdrawal.
- 1.05 The AOB may, upon an application, grant an exemption from or a variation to the requirements of this Handbook if the AOB is satisfied that–
- (a) such variation, if granted, is not contrary to the intended purpose of the relevant requirements in this Handbook; or
  - (b) there are mitigating factors which justify the said exemption or variation.
- 1.06 This Handbook is in addition to and not in derogation of any requirements provided for under the securities laws or any other guidelines issued by the SC.

## Chapter 2

### DEFINITIONS

2.01 Unless otherwise defined below, all words used in this Handbook shall have the same meaning as defined in the SCMA. In this Handbook, unless the context otherwise requires—

applicable quality standards	means international quality standards as approved and adopted by MIA;
ARAS	means Auditor Registration Application System;
audit firm	means a partnership or other legal entity who is registered under section 265 of the <i>Companies Act 2016</i> ;
CMSA	means <i>Capital Markets and Services Act 2007</i> ;
engagement quality reviewer	means an individual auditor of the audit firm who performs the quality control review on the audit of financial statements of a public interest entity or schedule fund;
individual auditor	means an approved company auditor under section 263 of the <i>Companies Act 2016</i> ;
monitoring partner	means an individual auditor of the audit firm who is assigned operational responsibility for the monitoring and remediation process in the firm;
recognised auditing, ethical and other assurance standards	means auditing, ethical and other assurance standards adopted by the AOB or MIA and these include by-laws and circulars published by MIA relating to auditing, ethical and other assurance standards.

## **Chapter 3**

### **REGISTRATION UNDER THE SCMA**

- 3.01 An audit firm and an individual auditor who audit the financial statements of a public interest entity or schedule fund must be registered with the AOB.
- 3.02 In addition, the engagement quality reviewer and monitoring partner must be registered with the AOB.
- 3.03 An audit firm and its individual auditors must be registered with the AOB before accepting any nomination for the appointment or reappointment as auditor of a public interest entity or schedule fund.

### **Tenure of registration**

- 3.04 An AOB registration remains valid unless the registration is revoked or suspended by the AOB or withdrawn by the registered auditor.

## **Chapter 4**

### **REGISTRATION CRITERIA**

#### **Criteria applicable to audit firms**

- 4.01 An audit firm may be registered with the AOB provided that—
- (a) the audit firm is not disqualified under any ground specified under section 31P(1) of the SCMA;
  - (b) the audit firm has a minimum of three registered individual auditors;
  - (c) all of its registered individual auditors are only attached to the audit firm;
  - (d) the audit firm has established a system of quality management and assigned operational responsibility for the monitoring and remediation process to a monitoring partner;
  - (e) the audit firm is able to comply with recognised auditing, ethical and other assurance standards, including compliance with applicable quality standards, in Malaysia; and
  - (f) the registration of the audit firm is not contrary to public interest.
- 4.02 Notwithstanding paragraph 4.01, the AOB in registering the audit firm may also take into consideration whether the audit firm—
- (a) has been subjected to any form of enforcement action, disciplinary proceeding or other actions taken by the SC, AOB, relevant authorities, relevant foreign authority or professional accounting body in or outside Malaysia; or
  - (b) has engaged in or has been associated with any other business practices or otherwise conducted itself in such a way as to cast doubt on its professionalism and bring discredit to the profession.

#### **Criteria applicable to individual auditors**

- 4.03 An individual auditor who seeks to perform any one of the roles referred to in paragraphs 3.01 and 3.02 may be registered with the AOB provided that—
- (a) the individual auditor is not disqualified under any ground specified under section 31P(1) of the SCMA;
  - (b) the individual auditor is only attached to one audit firm;



- (c) the individual auditor is able to comply with recognised auditing, ethical and other assurance standards, including compliance with applicable quality standards, in Malaysia; and
- (d) the registration of the individual auditor is not contrary to public interest.

4.04 Notwithstanding paragraph 4.03, the AOB in registering the individual auditor may also take into consideration whether the individual auditor—

- (a) has been subjected to any form of enforcement action, disciplinary proceedings or other actions taken by the SC, AOB, relevant authorities, relevant foreign authority or professional accounting body in or outside Malaysia; or
- (b) has engaged in or has been associated with any other business practices or otherwise conducted himself in such a way as to cast doubt on his competence, soundness of judgment and professionalism.

## Chapter 5

### CONDITIONS OF REGISTRATION

- 5.01 This chapter sets out the conditions applicable to a registered auditor.
- 5.02 Notwithstanding paragraph 5.01, the AOB may at any time impose any additional conditions deemed appropriate on a registered auditor.
- 5.03 A registered auditor must comply with any condition imposed by the AOB, at all times.
- 5.04 Non-compliance with any condition imposed by the AOB will result in the registered auditor being subject to any one or more actions under the SCMA.

#### Conditions applicable to registered audit firms

- 5.05 A registered audit firm must—
- (a) have adequate controls, policies and procedures to ensure compliance with Part IIIA of the SCMA, regulations made under the SCMA, any relevant guidelines issued by the SC including the requirements imposed under this Handbook, and any other applicable laws that may govern the activities carried out by the audit firm;
  - (b) fulfil the registration criteria specified under Chapter 4 of this Handbook;
  - (c) immediately notify the AOB in writing if it is aware that any of its registered individual auditor is no longer fulfilling the registration criteria specified under Chapter 4 of this Handbook;
  - (d) have a minimum of three individual auditors that are registered with the AOB;
  - (e) subject to paragraph 5.07, have at least one public interest entity or schedule fund audit client;
  - (f) ensure that the engagement quality reviewer is attached to the same audit firm that conducts the audit of the public interest entity and schedule fund;
  - (g) ensure that the firm's registered individual auditor is only attached to the firm or its member firms that are registered with the AOB;
  - (h) exercise reasonable care, skill and diligence in carrying out its audit practice;
  - (i) comply with all recognised auditing, ethical and other assurance standards, including compliance with applicable quality standards in Malaysia;

- (j) ensure that the registered individual auditors comply with the conditions imposed by the AOB;
- (k) ensure that all of its registered individual auditors are appropriately qualified, sufficiently trained and competent;
- (l) provide assistance to the AOB including the provision of any information as the AOB may require for the proper administration of Part IIIA of the SCMA; and
- (m) immediately notify the AOB in writing if the firm ceases to be approved or registered as auditor with relevant authorities and relevant foreign authority.

5.06 If the number of individual auditors registered with the AOB falls below the minimum of three individual auditors as required under paragraph 5.05(d), the audit firm is expected to take the necessary steps fill the position within three months from the date of the vacancy.

5.07 In the event that the audit firm is not able to comply with paragraph 5.05(e), the audit firm has 24 months from the date of—

- (a) its registration by AOB;
- (b) its resignation from its last client; or
- (c) its removal by its last client,

to be appointed as an auditor for a public interest entity or schedule fund.

### **Conditions applicable to a registered individual auditor**

5.08 A registered individual auditor must—

- (a) comply with Part IIIA of the SCMA, regulations made under the SCMA, any relevant guidelines issued by the SC including the requirements imposed under this Handbook, and any other applicable laws that may govern the activities carried out by the individual auditor;
- (b) fulfil the registration criteria specified in Chapter 4 of this Handbook;
- (c) only be attached to one audit firm;

- (d) exercise reasonable care, skill and diligence in carrying out his audit practice;
- (e) comply with all recognised auditing, ethical and other assurance standards, including compliance with applicable quality standards in Malaysia;
- (f) provide assistance to the AOB including the provision of any information as the AOB may require for the proper administration of Part IIIA of the SCMA; and
- (g) immediately notify the AOB in writing if the individual auditor ceases to be approved or registered as an auditor with relevant authorities and relevant foreign authority.

**Condition on compliance with recognised auditing, ethical and other assurance standards including compliance with applicable quality standards in Malaysia**

5.09 Compliance with paragraphs 5.05(i) and 5.08(e) shall be in respect of—

- (a) the performance of the audit of financial statements of a public interest entity or schedule fund; and
- (b) the preparation of a report in relation to financial information, required to be prepared under the securities laws, guidelines issued by the SC or the rules of a stock exchange, of a—
  - (i) public interest entity or schedule fund;
  - (ii) non-public interest entity seeking approval to become a public listed company or a corporation listed on the stock exchange; or
  - (iii) non-schedule fund seeking approval to become a schedule fund.

## Chapter 6

### SUBMISSION PROCEDURE

#### General

- 6.01 All applications for registration must be submitted online via ARAS at <https://esubmissions.seccom.com.my/aras>.
- 6.02 The AOB will only begin processing the application once the submission is complete. A submission is considered complete once the application has been submitted through ARAS **and** payment of registration fee has been made.
- 6.03 This chapter will provide information on the–
- (a) forms to be used for various applications and reporting;
  - (b) application procedures;
  - (c) requisite fees;
  - (d) submission time frames; and
  - (d) withdrawal of registration.
- 6.04 The applicant is responsible to ensure that the information provided in the relevant forms are true, complete and accurate, and that all required supporting information are provided.
- 6.05 The AOB may return any application found to be incomplete or which does not comply with the requirements of this Handbook.

#### Procedures for application for registration

- 6.06 The applicant must complete and submit the relevant application forms to apply for registration under section 31O of the SCMA. These forms are available in ARAS.
- 6.07 In addition, the applicant must submit the relevant supporting documents as set out in Appendix 1 together with the application form.
- 6.08 The registration fee must be paid at the point of submission of the application form.

## **Fees for individual auditor**

6.09 The application fee for registration of an individual auditor payable to the AOB is set out in the *Securities Commission Malaysia (Audit Oversight Board) (Fees) Regulations*.

## **Submission of annual declaration and updates via ARAS**

6.10 A registered audit firm must submit an annual declaration via ARAS to the AOB within seven (7) business days after 30 June of each calendar year.

6.11 The annual declaration must be in relation to the following:

- (a) That the audit firm and its individual auditors registered with the AOB are in compliance with the registration criteria and the conditions of registration set out in this Handbook at all times; and
- (b) That all information and attachments in the annual declaration are true, complete and accurate.

6.12 A registered audit firm must also ensure timely and accurate update of information via ARAS. This includes, but is not limited to, the following:

- (a) Profile of the audit firm and each individual auditor registered under the audit firm;
- (b) Status of audit firm and each individual auditor registered under the audit firm in respect of compliance with the registration criteria and the conditions of registrations as set out in this Handbook; and
- (c) Information about the audit firm's clients, including—
  - (i) total audit engagement hours; and
  - (ii) auditor's report.

## **Annual fees for registered individual auditor**

6.13 An annual fee (including late payment fees) payable by a registered individual auditor to the AOB is set out in the *Securities Commission Malaysia (Audit Oversight Board) (Fees) Regulations*.

6.14 The AOB may, at any time, revoke or suspend the registration of an auditor if the auditor fails to pay any fee imposed under Part IIIA of the SCMA.

### **Changes that require notification**

- 6.15 An audit firm or individual auditor must immediately notify the AOB on the occurrence of the following events via ARAS:
- (a) Where the number of individual auditors registered with the AOB falls below the minimum requirement of three individual auditors; or
  - (b) Where the audit firm or individual auditor fails to comply with any requirements of this Handbook including the registration criteria and conditions of registration.
- 6.16 An audit firm or individual auditor must notify the AOB on the following within 10 business days from the occurrence of the event via ARAS:
- (a) Any change in the particulars submitted in the application forms; or
  - (b) Any other material changes.

### **Withdrawal of registration of an audit firm and individual auditor**

- 6.17 An audit firm or individual auditor may withdraw the registered status by notifying the AOB in writing.
- 6.18 The withdrawal of an individual auditor will not affect the registration status of the audit firm that the individual auditor is registered under, unless the number of individual auditors registered with the AOB falls below the minimum requirement of three individual auditors.
- 6.19 The withdrawal of registration of the audit firm will automatically result in the withdrawal of registration of all individual auditors registered under the audit firm.
- 6.20 The notification of withdrawal to the AOB will not take effect until and unless the AOB is satisfied that the audit firm or individual auditor has made adequate arrangements to meet all obligations that are outstanding in relation to its role as an auditor of a public interest entity or schedule fund.
- 6.21 To satisfy the AOB that the audit firm has met the obligations referred to in paragraph 6.20, the audit firm is required to provide the AOB with the necessary documents.
- 6.22 In relation to the obligation referred to in paragraph 6.21, the AOB will consider the following in determining the effective date of the withdrawal of registration in respect of an audit firm or individual auditor:

- (a) Whether AOB has notified in writing that an inspection will be conducted or enforcement proceeding has been initiated;
  - (b) Whether the AOB is conducting an inspection;
  - (c) Whether the AOB has initiated enforcement proceeding; or
  - (d) Whether the audit firm is subjected to any enforcement action or sanction provided for under Part IIIA of the SCMA.
- 6.23 Notwithstanding paragraph 6.22, the AOB has sole discretion in determining the effective date of the audit firm or individual auditor's withdrawal.
- 6.24 In the event of an ongoing inspection or enforcement proceeding as at the effective date of the audit firm or individual auditor's withdrawal, the audit firm or individual auditor is required to provide full, continuous and complete co-operation to the AOB throughout the aforementioned inspection or enforcement proceeding.
- 6.25 Notwithstanding the effective date of withdrawal, the withdrawal does not preclude the AOB from exercising its powers under the SCMA with respect to inquiry as well as requiring information.

#### **Application for extension of time**

- 6.26 Any application for extension of time to comply with any condition of registration as required under Chapter 5 must be submitted to the AOB at least 10 business days prior to the expiry of the stipulated time frame. The application must be accompanied with justifications and relevant supporting documentation for the AOB's consideration.



## APPENDIX 1

### List of supporting documents to be submitted with application for registration

Audit Firm	Individual Auditor
<ol style="list-style-type: none"><li>1. Firm profile issued by the Suruhanjaya Syarikat Malaysia.</li><li>2. A certified true copy of the Certificate of Registration of Firm issued by the Malaysian Institute of Accountants.</li><li>3. Latest inspection report on the firm issued by the Malaysian Institute of Accountants.</li></ol>	<ol style="list-style-type: none"><li>1. A clear and recent passport size photo.</li><li>2. A certified true copy of applicant's NRIC (for Malaysian citizens) or passport (for non-Malaysian citizens).</li><li>3. A certified true copy of applicant's valid Audit Licence issued by Jabatan Akauntan Negara under section 263 of the <i>Companies Act 2016</i>.</li><li>4. A certified true copy of applicant's Practising Certificate issued by the Malaysian Institute of Accountants.</li><li>5. A certified true copy of all applicant's membership certificates issued by any of the recognised bodies specified in Part II of the First Schedule of the <i>Accountants Act 1967</i>.</li></ol>