FREQUENTLY ASKED QUESTIONS

GUIDELINES ON CONTINUING OBLIGATIONS FOR REGISTERED AUDITORS

(Issued: 31 July 2026)

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1. Are all AOB-registered audit firms required to publish an Annual Transparency Report (ATR)?

No. Only AOB-registered audit firms with more than 10 public-interest entity (PIE) audit clients for two consecutive years as at 31 December of each calendar year (hereinafter referred to as the 'two-year criteria') are required to publish an ATR. AOB-registered audit firms that do not meet the two-year applicable criteria are not required to publish an ATR but are encouraged to issue the ATR on a voluntary basis as a means of enhancing transparency and demonstrating commitment to audit quality.

2. When is an AOB-registered audit firm required to prepare and publish its first ATR if it only meets the applicable criteria after the revised *Guidelines on Continuing Obligations for Registered Auditors* (revised AOB Guidelines) takes effect?

An AOB-registered audit firm should assess whether it meets the two-year criteria annually, based on the number of PIE audit clients as at 31 December of each calendar year.

Scenario 1: An AOB-registered audit firm with financial year end (FYE) of 31 December

Assessment date	More than 10 PIE audit clients?	Publication of ATR
31 December 2025	Yes	Yes, firm to prepare first ATR for the FYE 31 December 2026 and publish the ATR by 30 April 2027
31 December 2026	Yes	

Scenario 2: An AOB-registered audit firm with FYE of 30 June

Assessment date	More than 10 PIE audit clients?	Publication of ATR
31 December 2025	Yes	Yes, firm to prepare first ATR for the FYE 30 June 2027 and publish the ATR by 31 October 2027
31 December 2026	Yes	

3. When should an AOB-registered audit firm assess whether it meets the applicable criteria for the requirement to publish an ATR?

An AOB-registered audit firm should assess whether it meets the two-year criteria annually, based on the number of PIE audit clients as at 31 December of each calendar year.

Scenario 1:

Assessment date	More than 10 PIE audit clients?	Audit firm's FYE	Publication of ATR
31 December 2025	No	31 December 2025	Not required, as the revised AOB Guidelines is not effective yet and the audit firm has not met the PIE audit client threshold.
31 December 2026	Yes	31 December 2026	Not required as the audit firm has to demonstrate that it has more than 10 PIE audit clients for two consecutive years.
31 December 2027	Yes	31 December 2027	Yes, audit firms with more than 10 PIE audit clients for two consecutive years as at 31 December of each calendar year are required to publish an ATR. The audit firm is required to publish its ATR by 30 April 2028.
31 December 2028	No	31 December 2028	Yes, as the audit firm is required to continue publishing its ATR for the first calendar year in which it has 10 or less than 10 PIE audit clients.
31 December 2029	No	31 December 2029	As the audit firm has 10 or less PIE audit clients for the second calendar year, the audit firm may continue to publish their ATR on a voluntary basis.

Scenario 2:

Assessment date	More than 10 PIE audit clients?	Audit firm's FYE	Publication of ATR
31 December 2025	No	31 December 2025	Not required, as the revised AOB Guidelines is not effective yet and the audit firm has not met the PIE audit client threshold.
31 December 2026	Yes	31 December 2026	Not required as the audit firm has to demonstrate that it has more than 10 PIE audit clients for two consecutive years.
31 December 2027	Yes	31 December 2027	Yes, audit firms with more than 10 PIE audit clients for two consecutive years as of 31 December of each calendar year are required to publish an ATR. The audit firm is required to publish its ATR by 30 April 2028.
31 December 2028	No	31 December 2028	Yes, as the audit firm is required to continue publishing ATR for the first calendar year in which it has 10 or less PIE audit clients.
31 December 2029	Yes	31 December 2029	Not required as the audit firm has to demonstrate that it has more than 10 PIE audit clients for two consecutive years.

This assessment should be performed in a timely manner to enable compliance with the preparation and publication of the ATR within four months from the audit firm's FYE.

4. If an AOB-registered audit firm ceases to meet the applicable criteria, is it still required to publish an ATR?

Where an AOB-registered audit firm ceases to meet the applicable criteria after previously meeting the criteria for two consecutive years, the firm is required to continue publishing an ATR for the first financial year in which it no longer meets the criteria. Thereafter, the firm may continue to publish an ATR on a voluntary basis for the second and subsequent years in which it does not meet the criteria. Please refer to the scenarios set out in Question 3 above.

5. When do the broadened mandatory disclosure requirements in the ATR take effect for AOB-registered audit firms?

The broadened scope of mandatory disclosures applies to AOB-registered audit firms with financial years ending on or after 31 December 2026.

6. Are AOB-registered audit firms required to retain all relevant supporting documentation that supports the disclosures made in the ATR after the financial year has ended?

AOB-registered audit firms are required to retain all relevant supporting documentation relating to the system of quality management in accordance with the firm's document retention policies, consistent with the requirement in the International Standard on Quality Management 1, and such documentation will be subject to AOB inspection.

7. When must an AOB-registered audit firm publish its ATR?

An AOB-registered audit firm that meets the applicable criteria is required to publish its ATR within 4 months from the end of its financial year by making it publicly available on the audit firm's website.

8. Are AOB-registered audit firms required to submit the ATR to the AOB?

Yes. AOB-registered audit firms that meet the applicable criteria are required to submit to the AOB a copy of their ATRs and the completed Statistics Gathering and Analysis Form (SGA Form) within 4 months from the end of their financial year.

The ATR and SGA Form should be submitted by email to the following addresses:

(a) **ATR:** AOBATR@seccom.com.my
(b) **SGA Form:** AOBSGA@seccom.com.my

9. Do AOB-registered audit firms that do not meet the applicable criteria need to submit the SGA Form to the AOB?

Yes. AOB-registered audit firms that do not meet the applicable criteria must continue to submit the completed SGA Form as at 30 June of each calendar year to the AOB via email (AOBSGA@seccom.com.my) by 15 August of each calendar year.

10. Does the AOB prescribe a standard format for the ATR?

The AOB does not prescribe a standard format for the ATR. However, the revised AOB Guidelines set out minimum content requirements that must be addressed in the ATR. AOB-registered audit firms are expected to ensure that their ATR is clear, comprehensive and sufficiently detailed to meet the objectives of transparency and accountability. The ATR should be tailored to the audit firm's specific circumstances and updated annually to reflect material developments, including changes in governance arrangements, leadership structure, quality management systems and audit practices.

11. What are the consequences for AOB-registered audit firms if they fail to comply with the requirements under the revised AOB Guidelines relating to the ATR?

Any breach or non-compliance with the revised AOB Guidelines on the ATR may result in regulatory action being taken by the AOB. Such actions may include requiring the registered auditor or AOB-registered audit firm to take corrective measures to address the breach or non-compliance.

MAJOR AUDIT FIRMS

12. Which AOB-registered audit firms are required to establish an independent oversight function?

AOB-registered audit firms classified as Major Audit Firms, as defined in the revised AOB Guidelines, are required to establish an independent oversight function. The independent oversight function must be designed in line with the core principles outlined in Chapter 8 of the revised AOB Guidelines (i.e. Governance, Oversight and Authority), which aim to strengthen governance, accountability and audit quality.

While this requirement applies only to Major Audit Firms, other audit firms are also encouraged to adopt similar practices as all audit firms stand to benefit from enhanced oversight, which leads to improved audit performance.

13. Is it mandatory for all Major Audit Firms to adopt the core principles set out in the revised AOB Guidelines in establishing an independent oversight function?

Yes. All Major Audit Firms are required to adopt the core principles (i.e. Governance, Oversight and Authority) in establishing an independent oversight function.

14. Who should be appointed to the independent oversight function and what oversight are they expected to provide?

The independent oversight function should comprise members with appropriate authority and influence within the firm. These members are responsible for exercising independent oversight over executive management regarding both audit and non-audit functions.

15. What factors should Major Audit Firms consider when appointing members of the independent oversight function?

Major Audit Firms should be able to demonstrate how the independent oversight function achieves its intended objectives and operates effectively. To achieve this, Major Audit Firms may consider the following factors when appointing members of the independent oversight function:

(a) When appointing members from within the Major Audit Firm or its network firms, the Major Audit Firm may consider, among others, the following in assessing the independence and objectivity of members:

- (i) The extent of the member's involvement in the management and operational matters of the Major Audit Firm or network firm;
- (ii) The member's involvement in the audit and non-audit services of the Major Audit or network firm;
- (iii) The reporting lines of the member within the Major Audit Firm and network firm; and
- (iv) The nature and extent of any relationships between the prospective member with the Major Audit Firm (e.g. whether the prospective member has any financial, business or family relationships which may impair the member's independence).

(b) When appointing external members, the Major Audit Firm may consider, among others, the following in assessing the independence and objectivity of members:

(i) The nature and extent of any relationships between the prospective member with the Major Audit Firm (e.g. whether the prospective member has any business, client or family relationships which may impair the member's independence); and

(ii) The member's past involvement in management or operational decision-making within the Major Audit Firm or network firm.

16. What does 'network firm' refer to in Question 15?

A network firm refers to a firm that belongs to a larger structure of firms that share certain characteristics and operate under a common umbrella. For example, ABC Malaysia and ABC Singapore are the network firms of ABC.

17. Why is it important to consider the reporting lines of the member within the Major Audit Firm and network firm when appointing members from within the Major Audit Firm or its network firms?

The reporting lines of the member within the Major Audit Firm and network firm refer to the reporting structures between the Major Audit Firm and its network firm. For example, ABC Audit Malaysia and ABC Audit Singapore are the network firms of the Major Audit Firm, ABC Audit.

In assessing a member's suitability for appointment, consideration should be given to whether the member has reporting obligations or reporting relationships with the Major Audit Firm or its network firms, as such reporting lines may affect the member's independence and objectivity. For example, where a member is appointed from a network firm, the member's independence may be affected if the member has a reporting line to the Major Audit Firm. Similarly, where a member is appointed from within the Major Audit Firm (e.g. from its tax division), the member's independence and objectivity may be impaired if the member reports to the management of the Major Audit Firm. Thus, it is important to consider whether such reporting lines may impair the independence of members if they are appointed from within the Major Audit Firm or network firm.

18. Is there a minimum number of members required for the independent oversight function?

No. The revised AOB Guidelines do not prescribe a minimum number of members for the independent oversight function. Instead, Major Audit Firms are expected to demonstrate that the independent oversight function effectively achieves its intended outcomes, as set out in Chapter 8 of the revised AOB Guidelines.

19. Are Major Audit Firms required to disclose in their ATRs how they have complied with the core principles in establishing an independent oversight function?

Yes. Major Audit Firms are required to disclose in their ATRs how they have complied with the core principles in establishing an independent oversight function.

20. When are Major Audit Firms required to comply with the requirement to publish an ATR in accordance with the revised ATR disclosure requirements?

Major Audit Firms are required to comply with this requirement for financial years ending on or after 31 December 2026 and must publish the ATR within four months from the end of their financial year by making the ATR publicly available on the firm's website.

Major Audit Firm's FYE	Publication of ATR
31 December 2026	30 April 2027
31 May 2027	30 September 2027
30 June 2027	31 October 2027

21. What are the key expectations for Major Audit Firms in implementing the independent oversight function in support of effective governance?

Major Audit Firms are expected to establish a clear framework and safeguards to support the effective operation of their independent oversight function. In this regard, as a minimum, Major Audit Firms are expected to—

(a) establish terms of reference that serve as guidance for the Major Audit Firm to clearly define and communicate the framework within which the independent oversight function operates. The terms of reference should include, among others, the purpose, scope, objectives, tenure, roles of individuals and responsibilities of the independent oversight function; and

(b) develop and maintain policies and procedures to ensure independence in accordance with the principles and scope of the independent oversight function. These policies act as safeguards against conflicts of interest, reinforce objectivity, and protect the integrity of the oversight process.