

CHAIRMAN'S MESSAGE



It is my privilege to present the Annual Report of Audit Oversight Board (AOB) for the year ended 31 December 2024.

As of 31 December 2024, the AOB regulates 42 audit firms, and 393 individual auditors. Collectively, these auditors audit 1,304 public interest entities (PIEs) and 1,380 schedule funds.

While the auditing landscape is continuously changing, the emphasis in safeguarding public trust and strengthening investor confidence in the capital market remains constant. In 2024, the AOB continued to promote high quality audit practices through its key oversight activities such as registration, inspection and enforcement.

BUILDING A RESILIENT AUDIT PROFESSION

AOB's enforcement actions reinforced the accountability of registered auditors of PIEs and schedule funds and deter non-compliance with auditing and ethical standards. While the enforcement actions send a strong signal to the auditors on the importance of upholding audit quality, the AOB is mindful of the challenges faced by audit firms in respect of capacity building.

Recognising this, the AOB utilises the monies collected from the penalty imposed to facilitate capacity-building initiatives for registered auditors through collaboration with MICPA. Targeted workshops on AOB's common inspection findings were facilitated by representatives of the AOB's Major Audit Firms. This collaborative effort between the profession, professional accountancy bodies and regulator further emphasised that audit quality in the Malaysian profession is a shared responsibility.

In 2024, the SC announced the *National Sustainability Reporting Framework* (NSRF) and an integral part of the NSRF, is on upskilling accountants on sustainability related matters. The accounting profession, once primarily responsible for financial reporting, is expected to enhance their knowledge to support the sustainability practices of companies and provide assurance services on sustainability information. Acknowledging the needs for accountants to upskill their capability, the AOB subsidised the cost for 100 accountants from AOB-registered audit firms to attend GRI Professional Certification Program which was conducted in October 2024.

GREATER CONSISTENCY ON AUDIT OVERSIGHT

In its efforts to keep abreast with the current and emerging issues on audit and audit oversight, the AOB continues to interact with domestic and international regulators and other stakeholders in the financial reporting ecosystem.

The AOB's membership with the International Forum of Independent Audit Regulators (IFIAR) and the ASEAN Audit Regulators Group (AARG) provides valuable insights on regulatory best practices and allows greater consistency on audit oversight among fellow audit regulators. In addition to being a member of IFIAR's Investor and Other Stakeholders Working Group (IOSWG), in 2024, the AOB was accepted as a member of the IFIAR's Sustainability Assurance Task Force. Involvement in the IFIAR working groups allows the AOB to leverage the experience of other audit regulators at the global level and help drive policy changes locally in Malaysia.

ACKNOWLEDGEMENT

To achieve a sustainable culture of quality in the financial reporting ecosystem, key stakeholders must play their respective roles effectively. Over the years, we have engaged and collaborated with Audit Committees, academicians, investors, preparers of financial statements to strengthen the financial reporting ecosystem.

On 12 June 2024, the Asian Corporate Governance Association (ACGA), in collaboration with CLSA Ltd, released the ASEAN chapter of the *Corporate Governance (CG) Watch 2023* report, titled 'Spectrum of Standards: Regulators Set the Tone on CG Progress'. CG Watch 2023 is based on the ACGA's biennial corporate governance assessment of corporate governance practices across 12 Asia Pacific markets. Malaysia secured first place in the auditors and audit regulators category, showcasing the strength of its audit oversight framework across the region. The ACGA recognises that the AOB plays a key role through regular inspections and transparent enforcement outcomes. This global recognition is an impetus for the AOB to continue its efforts to further improve audit quality.

Lastly, on behalf of the AOB, I would like to extend my gratitude to all stakeholders at both local and international levels for their support and cooperation throughout the year.



Tan Sri Abu Samah Nordin