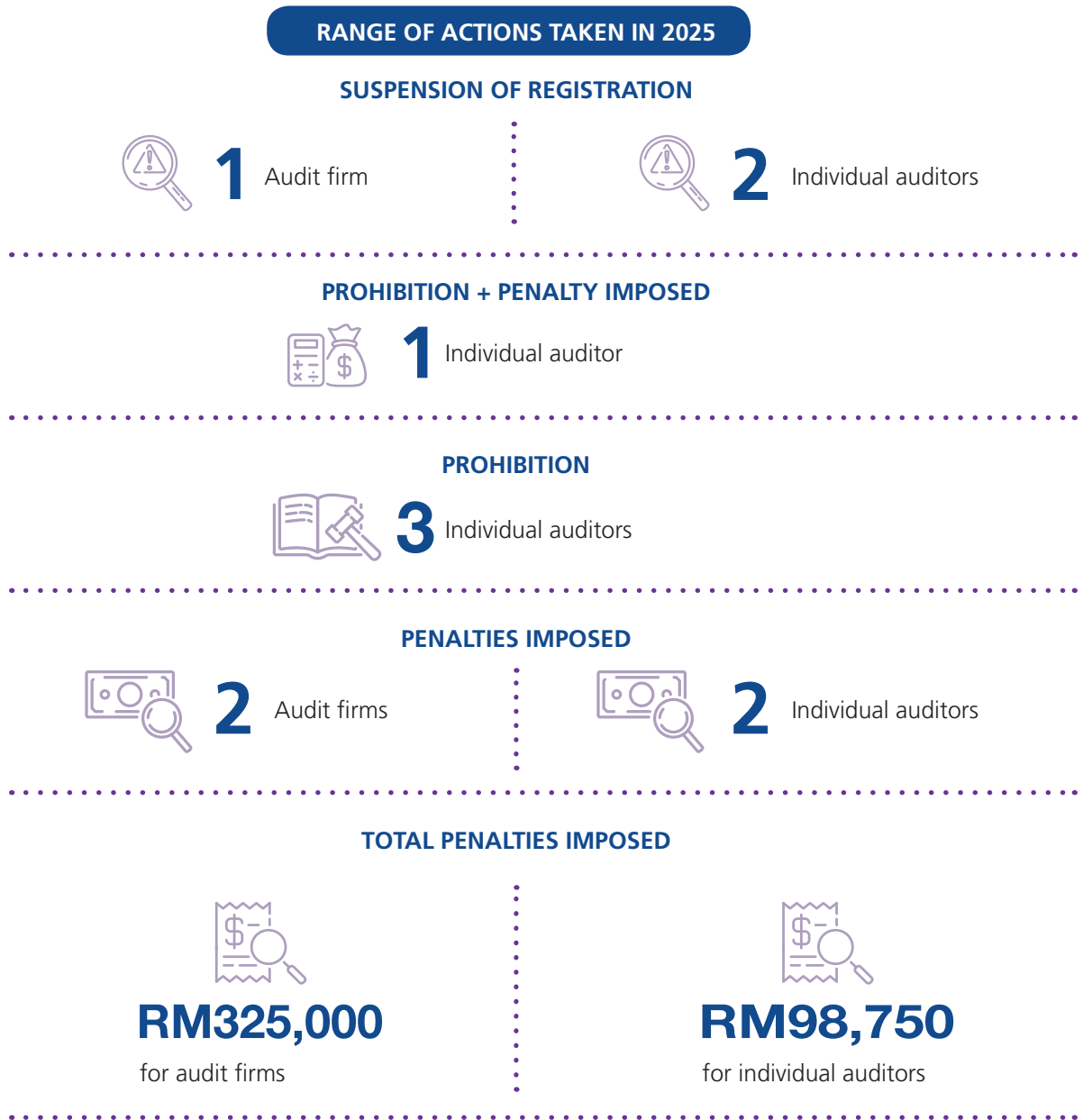


## ENFORCEMENT ON AUDIT FIRMS AND INDIVIDUAL AUDITORS

During the year, the AOB sanctioned three audit firms and eight individual auditors for non-compliance with the requirements of ISQM 1 and ISA. The details of the enforcement actions are highlighted in Diagram 2 below.

DIAGRAM 2



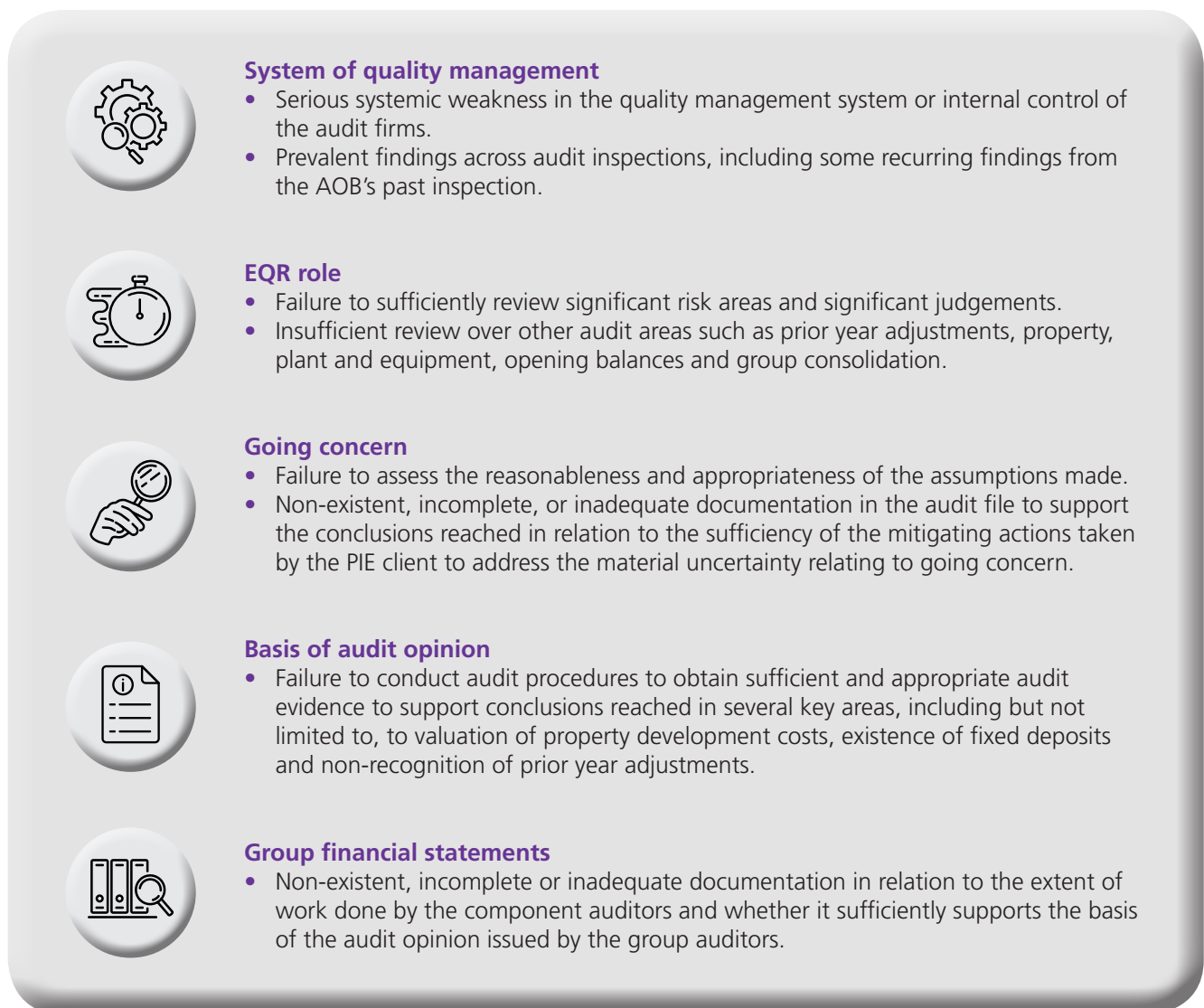
In 2025, the AOB imposed a range of enforcement actions on individual auditors, engagement quality reviewers and audit firms. These actions were determined based on an enforcement framework which considers the nature and severity of the matter, mitigating and aggravating consideration and impact to the capital market. During the year, the AOB suspended the registration of an audit firm together with two individual auditors for a period of two years. Part of the consideration for the suspension was the auditors’ failure to demonstrate improvements in overall audit quality from previous inspection results.

The AOB’s enforcement actions are intended to send a strong signal to the profession that serious breaches of standards, ethics, or regulatory requirements will be taken seriously. It serves as a strong deterrent but also provides audit firms and individual auditors the opportunity to reassess their practices and strengthen their capacity to undertake future audits of PIEs and schedule funds.

## ENFORCEMENT OBSERVATIONS

Figure 1 below lists the observations with respect to enforcement in 2025.

FIGURE 1



## ONGOING CASES UNDER INQUIRY

All enforcement actions are subject to robust challenge and undertaken in accordance with the approved enforcement framework. While timely completion is critical for enforcement actions to achieve the intended impact and deterrent effect, equal emphasis is placed on careful deliberation of each referral. Auditors are afforded the opportunity to explain, challenge, and provide additional information to address the AOB's findings. In circumstances where enforcement actions are required, the AOB prioritises cases based on their potential risk to the capital market which means that certain cases are fast tracked.

Below are the number of outstanding cases as of 31 December 2025.

**TABLE 2**  
Number of enforcement cases in progress and pending completion

Year	No. of referrals for enforcement proceedings	No. of cases completed prior to 2025	No. of cases completed in 2025	No. of cases-in-progress as at 31 December 2025
2023	8	3	3	2
2024	5	-	1	4
2025	4 <sup>1</sup>	-	1	2
<b>TOTAL</b>	17	3	5 <sup>2</sup>	8

Notes:

<sup>1</sup> A referral received in 2024 is being assessed together with a referral received in 2025 as it involves the same audit firm.

<sup>2</sup> The AOB completed six cases in 2025, including one referral from 2022.

Read more on the AOB's Enforcement Actions at  
<https://www.sc.com.my/aob/aobs-sanctions>