

Audit
Oversight
Board Malaysia

AUDIT OVERSIGHT BOARD (AOB) 2013

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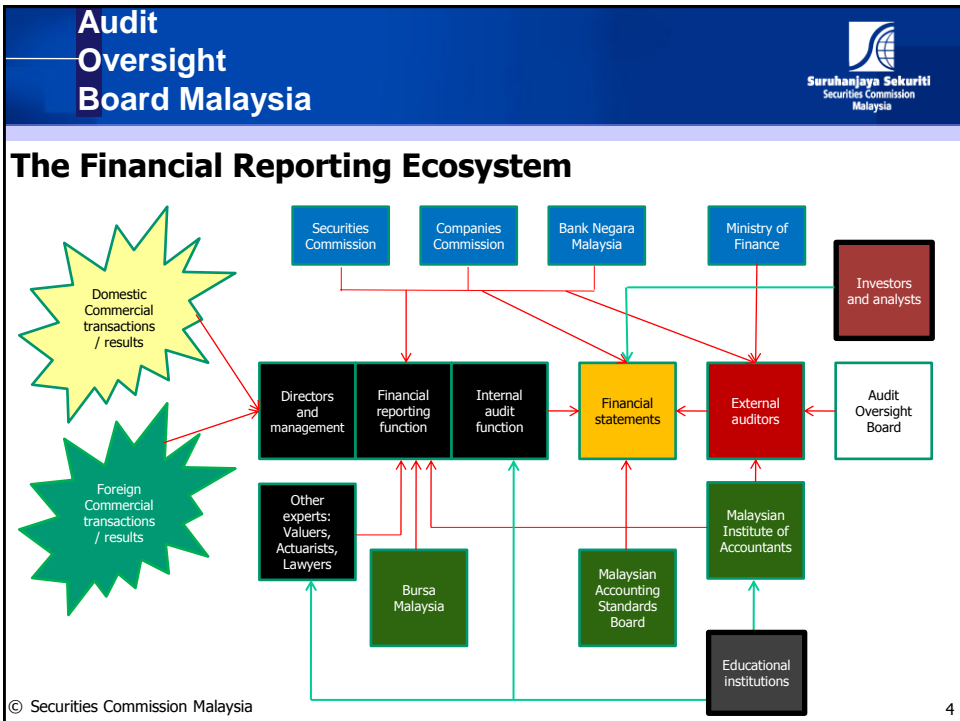
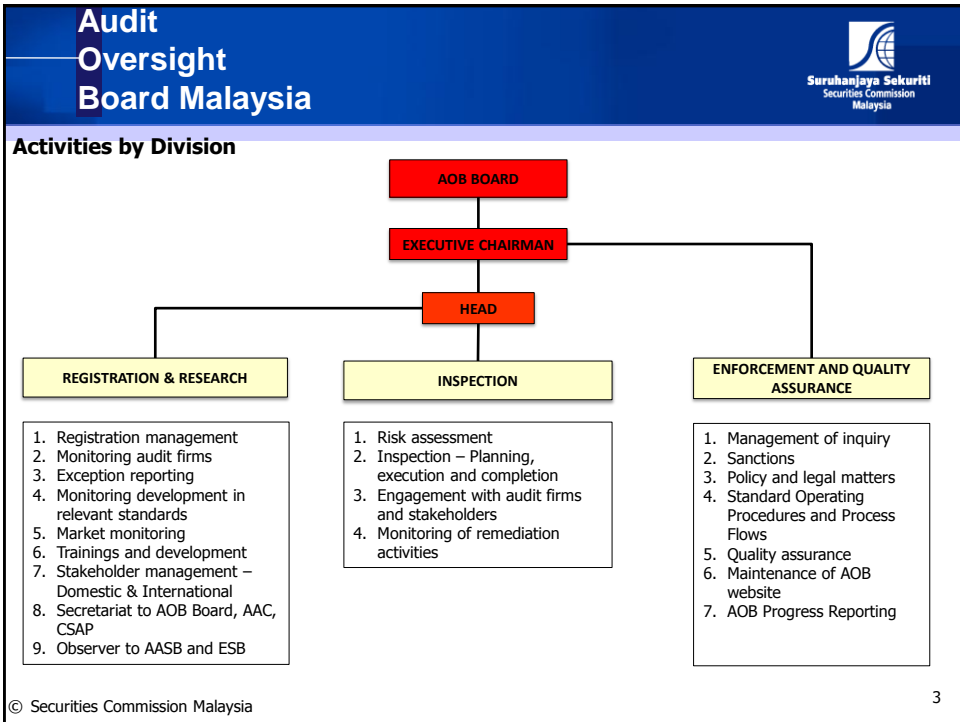
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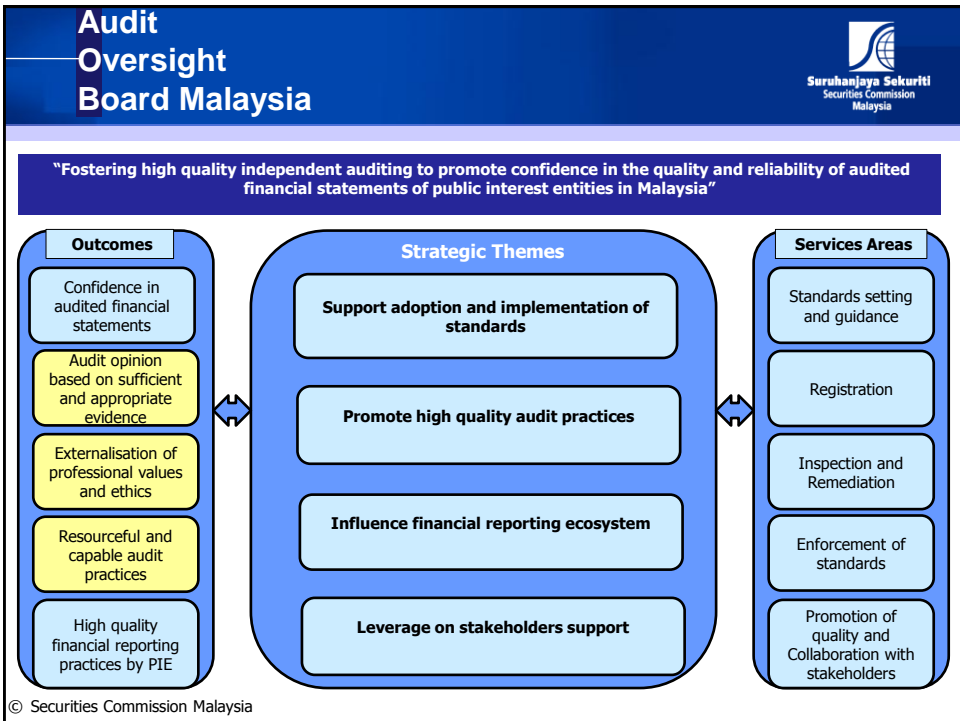
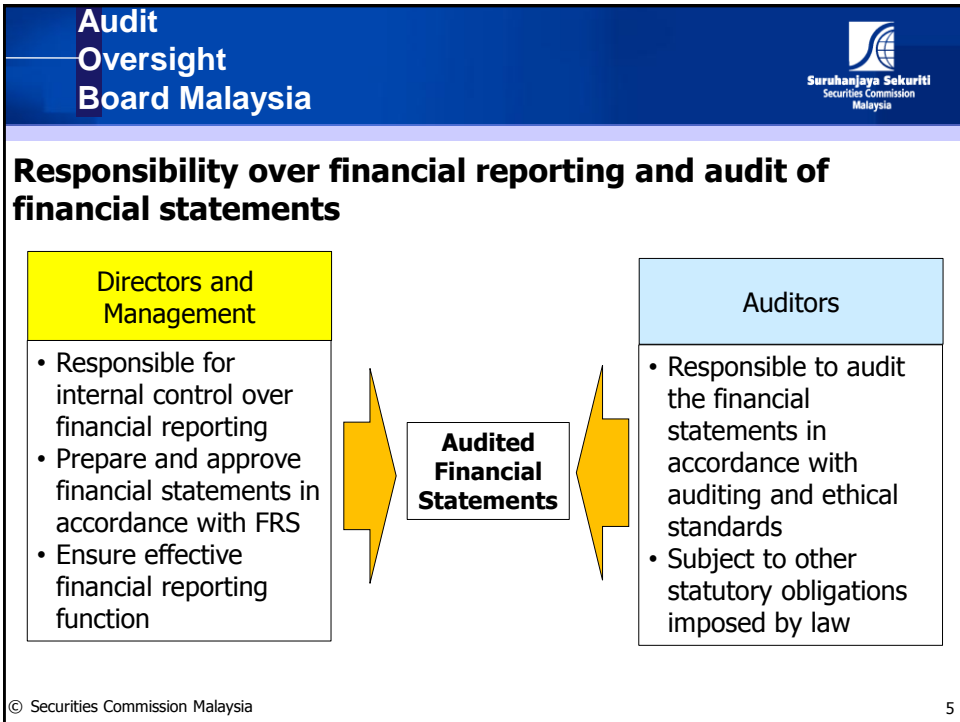
Board Members

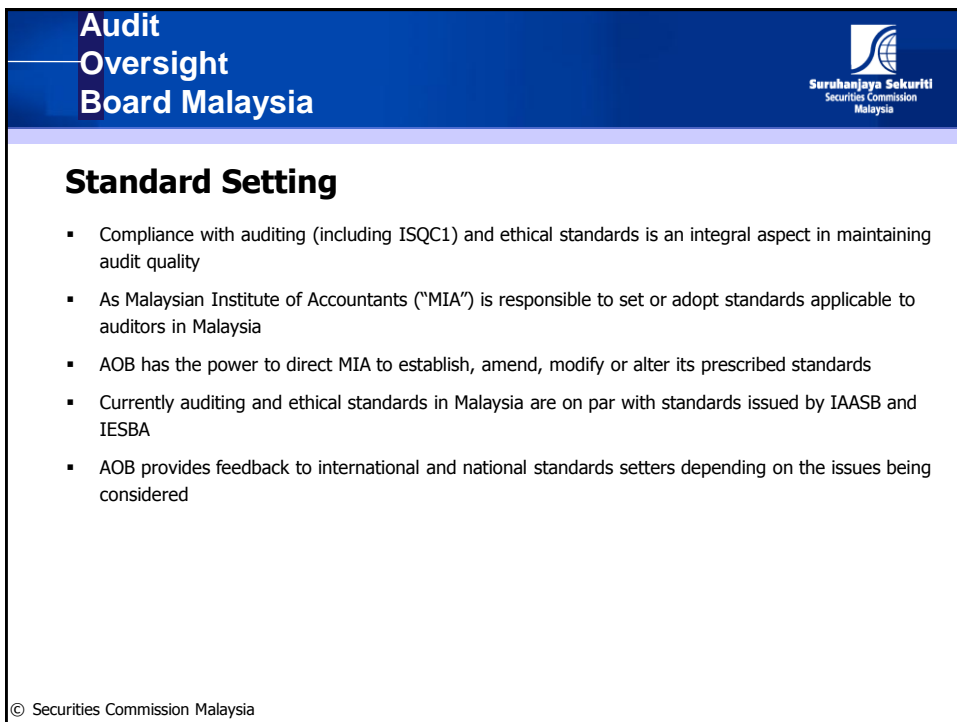
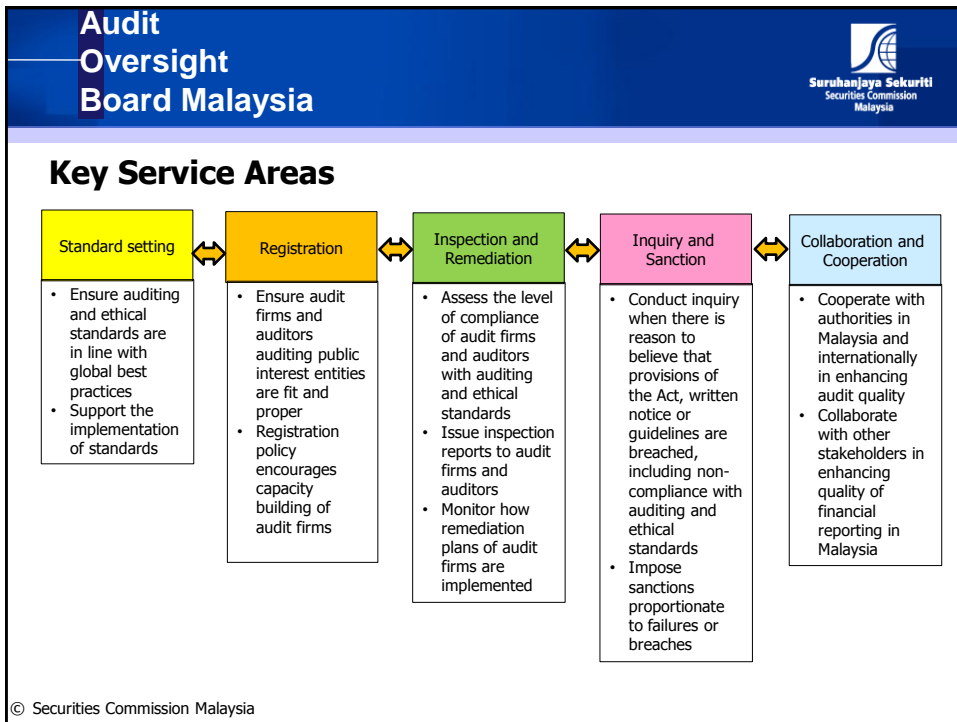
By virtue of section 31C of the Securities Commission Act 1993 (SCA) , Securities Commission Malaysia (SC) shall established the Audit Oversight Board (AOB) which consist an executive chairman and six non-executive members. The seven members of the AOB which had been appointed by the SC are as follows:

Name	Designation
Nik Mohd Hasyudeen Yusoff	Executive Chairman, Audit Oversight Board
Dato' Gumuri Hussain	Chairman, SME Bank
Goh Ching Yin	Executive Director, Securities Commission Malaysia
Datuk Nor Shamsiah Mohd Yunus	Deputy Governor, Central Bank of Malaysia
Cheong Kee Fong	Advocate and Solicitor, Cheong Kee Fong & Co
Chok Kwee Bee	Managing Director, Teak Capital Sdn Bhd
Mohd Naim Daruwish	Chief Executive Officer, Companies Commission Malaysia


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Audit Oversight Board Malaysia




Registration Process : An Overview

The registration and recognition of auditors of the Public Interest Entities process is subjected to the provision under the Division 4, Part IIIA of the Securities Commission Act 1993 (SCA)

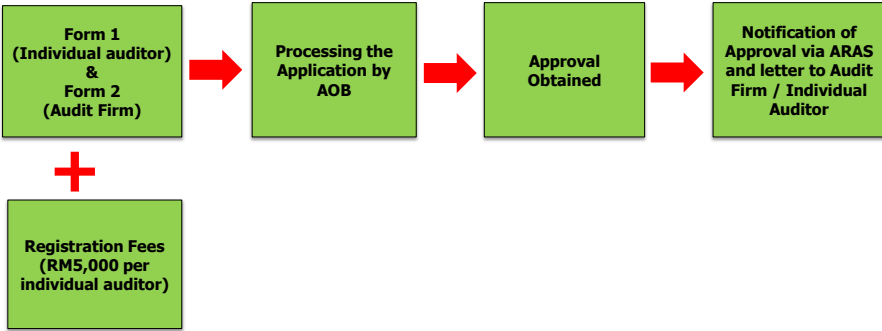
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Audit Oversight Board Malaysia



Registration

Processed Through Auditor Registration Application System (ARAS)

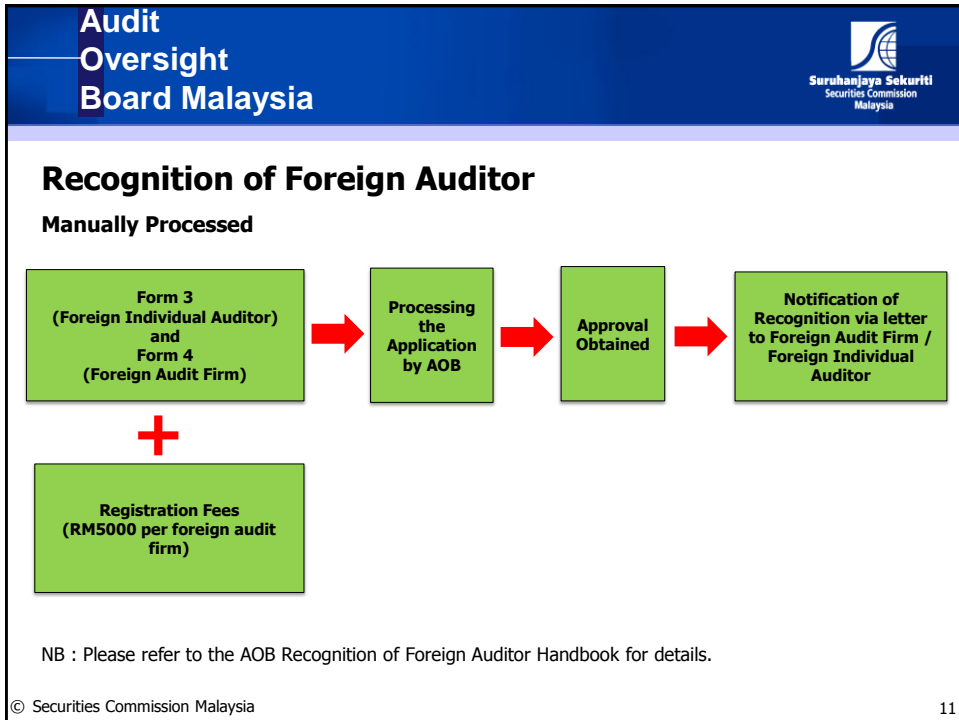


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    graph LR
      A["Form 1 (Individual auditor) & Form 2 (Audit Firm)"] --> B["Processing the Application by AOB"]
      B --> C["Approval Obtained"]
      C --> D["Notification of Approval via ARAS and letter to Audit Firm / Individual Auditor"]
      E["Registration Fees (RM5,000 per individual auditor)"] -.-> A
  
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NB : Please refer to the AOB Registration Handbook for details.

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Audit Oversight Board Malaysia

**Registered Audit Firms and Individual Auditors
as at 30 June 2013**

Profile / Partnership Structure	No of Audit Firms	No of Individual Auditors	Total PIEs
Sole proprietors	7	7	10
Partnerships with 2 - 4 partners	37	88	127
Partnerships with 5 - 9 partners	9	52	197
Partnerships with ≥ 10 partners	6	151	818
Total	59	298	1152

NB : List of Public Interest Entities (PIEs) is specified in Schedule 1.

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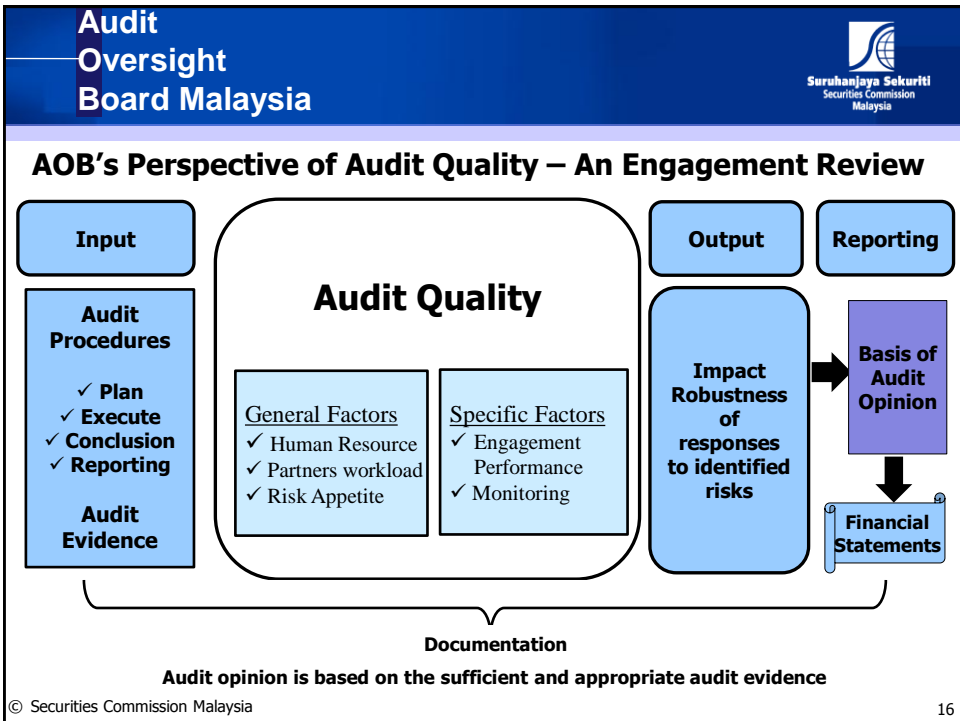
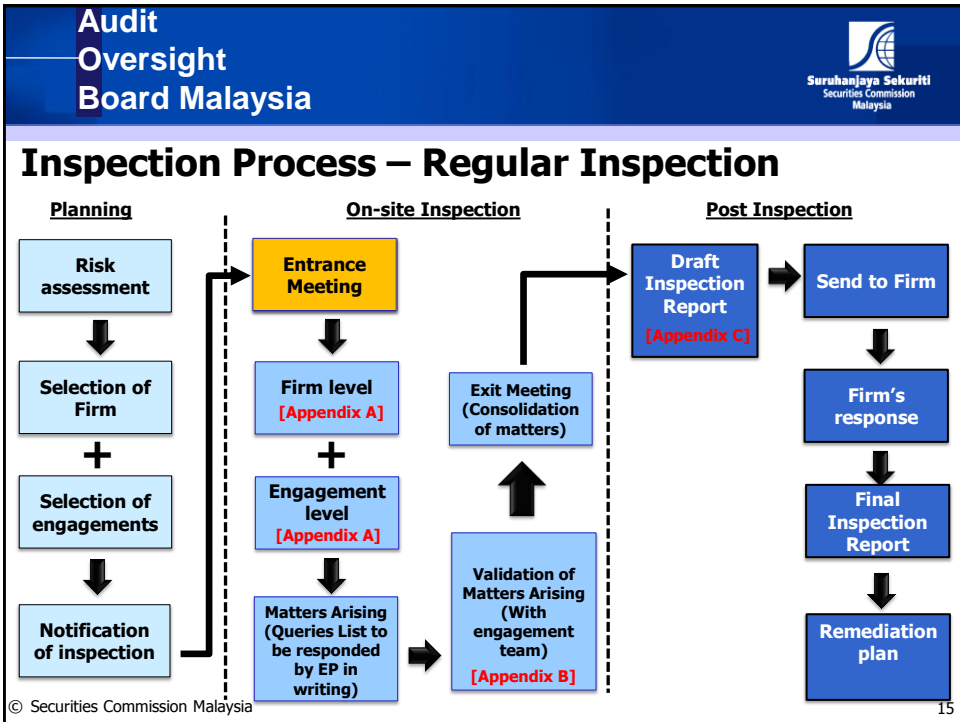
Recognised Foreign Audit Firms and Individual Auditors as at 30 June 2013

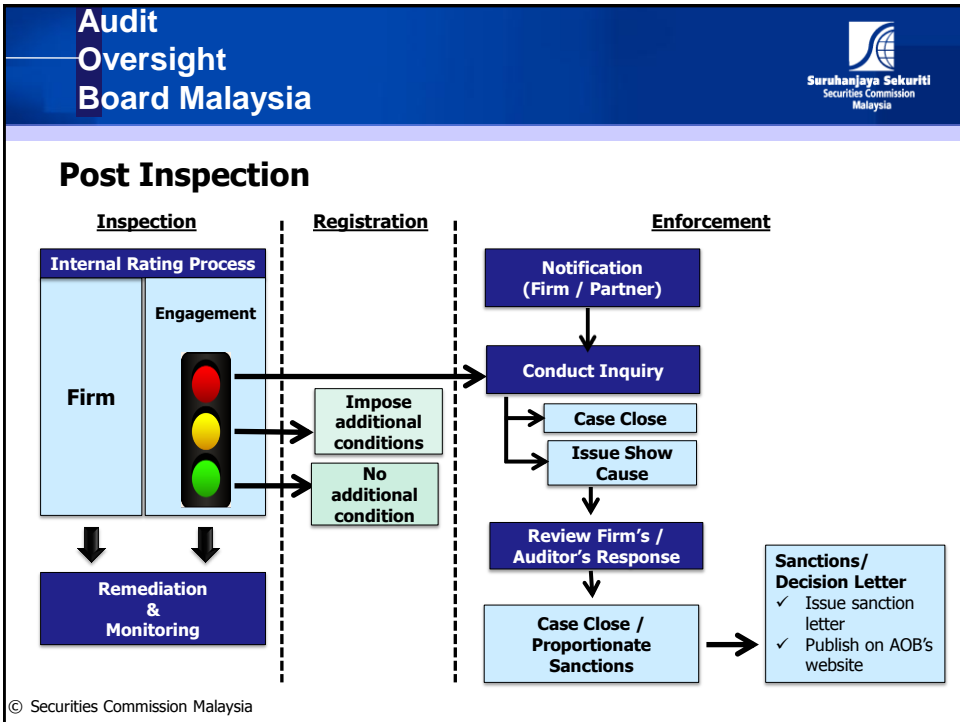
Country Origin of the Audit Firms	No of Audit Firms	No of Individual Auditors	Total PIEs
Singapore	5	10	5
United Kingdom	1	2	1
Hong Kong	1	2	1
Total	7	14	7

NB : List of Public Interest Entities (PIEs) is specified in Schedule 1.

Inspection Process : An Overview

The inspection process is subjected to the provision under the Division 6, Part IIIA of the Securities Commission Act 1993





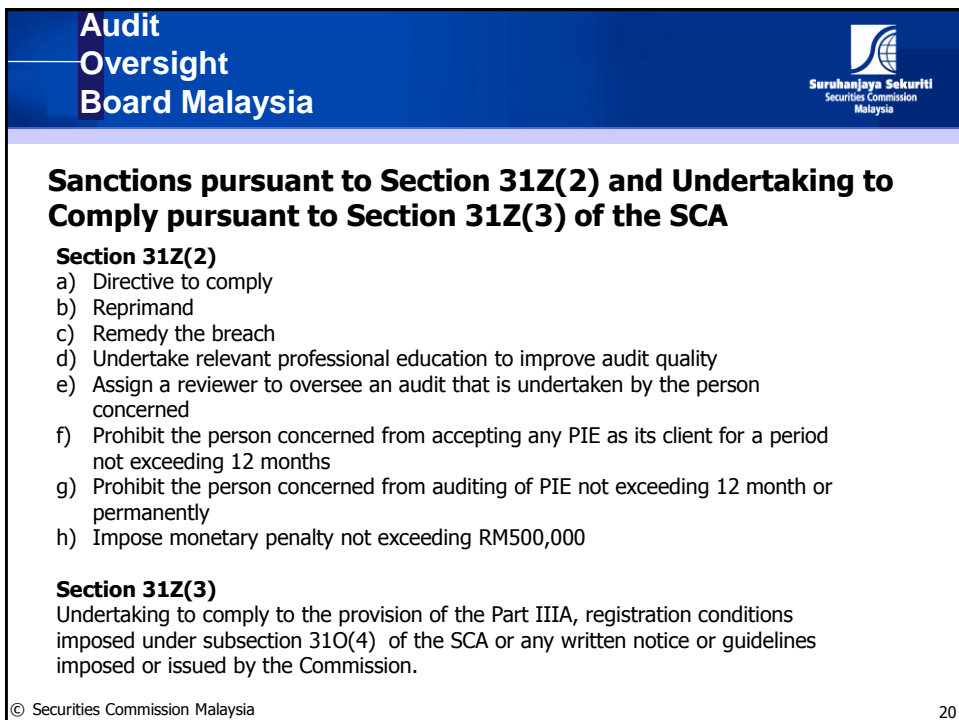
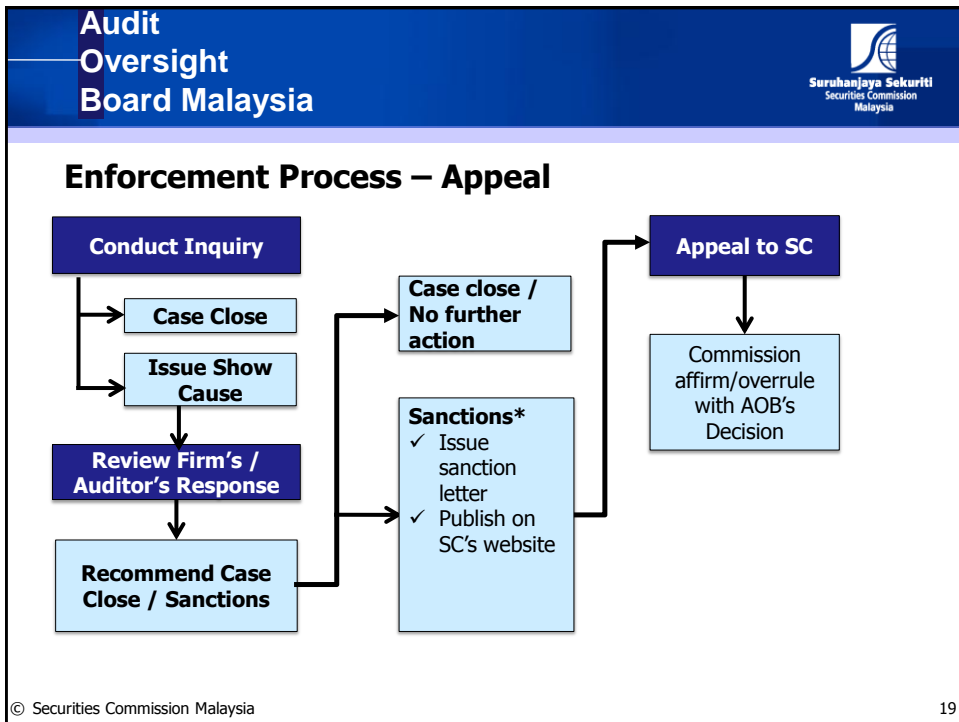
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Inquiry, Sanction and Appeal Process : An Overview

The inquiry, sanction and appeal process is subjected to the provision under the Division 6 and 7, Part IIIA of the Securities Commission Act 1993

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International Affairs

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International Affairs

- Member of the International Forum of Independent Audit Regulators (IFIAR) since 2011. AOB participated in various IFIAR audit inspection workshops on international best practices in audit inspection methodologies and processes.
- AOB is part of the ASEAN Audit Regulators Group (AARG) which includes the audit regulators from Singapore and Thailand. AOB participated and hosted various activities initiated by the AARG.
- AOB formed on official collaboration in audit oversight with the Japan Financial Services Authority (JFSA) and the Japan Certified Public Accountants and Auditing Oversight Board (CPAAOB) through an exchange of letter in October 2012.
- In June 2013, the European Commission adopted a Decision (2013/288/EU), recognising AOB's audit oversight system to be equivalent to that of the European Union (EU) member states. Malaysia is amongst the other nine (9) third countries (including Abu Dhabi, Dubai International Financial Center, Taiwan and Thailand) to gain this recognition.

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APPENDICES

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Appendix A

Inspection process – Focus of inspection

<p>Firms quality control system</p> <div style="background-color: black; color: white; padding: 5px; text-align: center;">Firm review (ISQC1 and MIA by-laws)</div> <table border="1" style="width: 100%; border-collapse: collapse; text-align: center;"> <tr><td>Leadership</td></tr> <tr><td>Ethical requirements</td></tr> <tr><td>Client acceptance and continuance</td></tr> <tr><td>Human resources</td></tr> <tr><td>Engagement performance</td></tr> <tr><td>Monitoring</td></tr> </table>	Leadership	Ethical requirements	Client acceptance and continuance	Human resources	Engagement performance	Monitoring		<p>Compliance with auditing and ethical standards</p> <div style="background-color: black; color: white; padding: 5px; text-align: center;">Engagement review (ISA)</div> <table border="1" style="width: 100%; border-collapse: collapse; text-align: center;"> <tr><td>Planning</td></tr> <tr><td>Risk assessment and response</td></tr> <tr><td>Audit evidence</td></tr> <tr><td>Documentation</td></tr> <tr><td>Compliance with regulations</td></tr> <tr><td>Communication</td></tr> </table>	Planning	Risk assessment and response	Audit evidence	Documentation	Compliance with regulations	Communication
Leadership														
Ethical requirements														
Client acceptance and continuance														
Human resources														
Engagement performance														
Monitoring														
Planning														
Risk assessment and response														
Audit evidence														
Documentation														
Compliance with regulations														
Communication														
		<p>Reliable Audited Financial Statements</p>												

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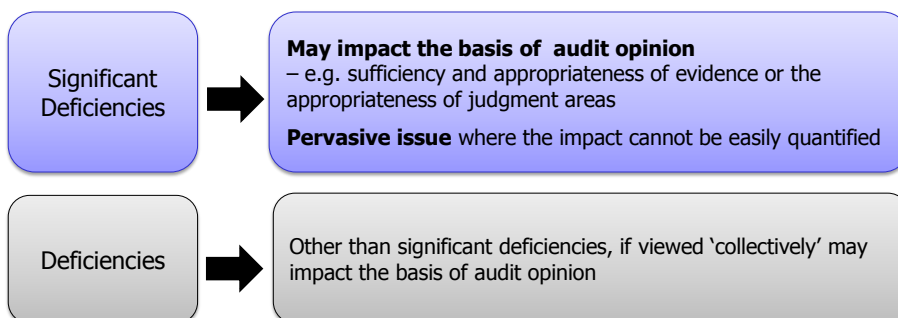
Appendix B

Inspection Process – Validation of Matters Arising

- All matters arising will be discussed during the validation meetings with engagement partners and engagement team members
- All matters arising from the firm and engagement reviews will be consolidated and presented at the exit meeting
- The exit meeting is a formal process informing your firm that AOB's on-site inspection is completed, issues have been validated prior to reporting and/or AOB may require follow up on certain documents which were not provided to us due to certain circumstances
- AOB do not expect any material changes in the firm's formal/written response

Appendix C

Inspection Process – Type of Deficiencies



- NB: a) It is still a deficiency in the firm's quality control system even if that failure did not result in an insufficiently supported audit opinion.
b) If deficiencies are not remediated within the timeline stipulated, AOB may publish the final inspection report in accordance with s.31V(7) of the SCA.

THE END