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AOB terms a challenge for accounting firms

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COMPLYING with requirements of the Audit Oversight Board (AOB), which became operational on April 1, will be a challenge for Malaysian accounting firms.

PricewaterhouseCoopers Malaysia partner Loh Lay Choon said there is a big question mark on how AOB, a special independent body set up to monitor auditors, is going to monitor accounting firms, considering the complexity and massive amounts of documentation involved in the Internal Standards on Quality Control.

The international accounting practice, among others, requires accounting firms to carry out a multitude of new processes and documentation.

Accounting firms will also need to produce manuals, templates, checklists and model working papers related to the performance of audits done on public companies.

"It may potentially affect com-



The Audit Oversight Board should be seen as a catalyst in assisting firms, says Johan

mercial arrangements between audit firms and their clients, depending on the outcome of the AOB inspection," Loh said.

In a panel session at the ICAA - Micpa Audit Forum in Kuala Lumpur yesterday, she said another

area that is expected to see an impact is the cost of audit work on public-listed companies.

"We can expect cost to rise considering the amount of work that needs to be done," she said.

Areas expected to see an impact included professional fees, documentation processes, professional training and infrastructure.

The forum, themed "Implications for Public Interest Entities", was jointly organised by Institute of Chartered Accountants Australia and Malaysian Institute of Certified Public Accountants (Micpa).

Also present was AOB executive chairman Nik Mohd Hasyudeen Yusoff.

Meanwhile, Micpa president Datuk Johan Raslan said the AOB should be seen as a catalyst in assisting audit firms to strengthen audit practices and promote investor confidence in the quality and reliability of audited financial statements in the Malaysian capital market.

"A quality audit involves appro-

priate and complete reporting by the auditors which enables the board of directors and audit committee to discharge their roles and responsibilities effectively," he said.

He said all these measures will go a long way towards building a stronger and more resilient financial system and markets.

Johan said in recent years, the public had become more aware of ethical issues that cut across the various professions.

It is equally critical to provide a conducive environment, which guarantees a clean, fair and predictable environment, which attracts companies to the country, stay and do business.

He said a strong culture of governance and ethics will enhance Malaysia's image globally, and attract the investment that it needs.

"By having quality audited financial statements, it could help improve the country's standing as a robust investment destination," he added.