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PREFACE TO MALAYSIAN APPROVED STANDARDS ON QUALITY CONTROL, AUDITING, REVIEW, OTHER ASSURANCE AND RELATED SERVICES

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The Malaysian Approved Standards on Quality Control, Auditing, Review, Other Assurance and Related Services issued by the Malaysian Institute of Accountants (MIA) is based on the International Standards on Quality Control, International Standards on Auditing, International Auditing Practice Statements, International Standards on Review Engagements, International Standards on Assurance Engagements and International Standards on Related Services of the International Auditing and Assurance Standards Board published by the International Federation of Accountants (IFAC).

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1. This preface has been approved by the Council of the Malaysian Institute of Accountants (MIA) in September 2007.
2. The Council has determined that Malaysian Approved Standards on Quality Control, Auditing, Review, Other Assurance and Related Services for members comprise:
 - a) International Standards on Auditing (ISAs) (As adopted)
 - b) International Standards on Review Engagements (ISREs) (As adopted)
 - c) International Standards on Assurance Engagements (ISAEs) (As adopted)
 - d) International Standards on Related Services (ISRSs) (As adopted)
 - e) International Standards on Quality Control (ISQCs) (As adopted)
3. International Standards on Quality Control (ISQCs) are to be applied for all services falling under the Malaysian Approved Standards on Auditing, Review, Other Assurance and Related Services.
4. In addition to these promulgated standards, all statements issued by the Council relating to recommended practices, including guidelines on auditing are to be regarded as opinions on best current practice.
5. Guidance on the application and the compliance procedures in respect of the Malaysian Approved Standards on Quality Control, Auditing, Review, Other Assurance and Related Services is set out in the following sections:
 - I. MALAYSIAN APPROVED STANDARDS ON QUALITY CONTROL, AUDITING, REVIEW, OTHER ASSURANCE AND RELATED SERVICES
 - II. AUTHORITY OF MALAYSIAN APPROVED STANDARDS ON QUALITY CONTROL, AUDITING, REVIEW, OTHER ASSURANCE AND RELATED SERVICES AND PRACTICE STATEMENTS ISSUED
 - III. COMPLIANCE WITH MALAYSIAN APPROVED STANDARDS ON QUALITY CONTROL, AUDITING, REVIEW, OTHER ASSURANCE AND RELATED SERVICES
 - IV. DATE FROM WHICH MALAYSIAN APPROVED STANDARDS ON QUALITY CONTROL, AUDITING, REVIEW, OTHER ASSURANCE AND RELATED SERVICES ARE EFFECTIVE

I. MALAYSIAN APPROVED STANDARDS ON QUALITY CONTROL, AUDITING, REVIEW, OTHER ASSURANCE AND RELATED SERVICES

6. The MIA, as a member of the International Federation of Accountants (IFAC), is committed to the Federation's broad mission to serve the public interest, strengthen the accountancy profession worldwide and contribute to the development of international economies, by establishing and promoting adherence to high quality, professional standards, furthering international convergence of such standards, and speaking out on public interest issues where the profession's expertise is most relevant.
7. In working toward this mission, the IFAC Board has established the International Auditing and Assurance Standards Board (IAASB) to function as an independent standard-setting body under the auspices of IFAC and subject to the oversight of the Public Interest Oversight Board (PIOB).

8. The IAASB develops and issues, in the public interest and under its own authority, high quality standards on auditing, quality control, review, other assurance and related services and facilitates the convergence of international and national standards. IAASB believes that the issuance of such standards will enhance the quality and uniformity of practice throughout the world and strengthening public confidence in the global auditing and assurance profession.
9. As a condition of its membership, the MIA is obliged to support the work of IFAC by notifying its members of all International Standards¹, related Practice Statements² and other papers issued by the IAASB and using its best endeavours to:
 - a) Incorporate the International Standards and related Practice Statements issued by the IAASB into its national standards, or related other pronouncements; and
 - b) Assist in the implementation of International Standards and related Practice Statements, or national standards and related other pronouncements that incorporate International Standards and related Practice Statements.
10. The MIA has determined to adopt the International Standards as the Malaysian Approved Standards on Quality Control, Auditing, Review, Other Assurance and Related Services. Council will prepare an explanatory foreword on the status on each approved standard that is adopted.
11. In the event that a standard contains guidance which is significantly different from Malaysian law or practice, the explanatory foreword to an approved standard will provide guidance on such differences.

II. AUTHORITY OF MALAYSIAN APPROVED STANDARDS ON QUALITY CONTROL, AUDITING, REVIEW, OTHER ASSURANCE AND RELATED SERVICES AND PRACTICE STATEMENTS ISSUED

12. The standards contain basic principles and essential procedures together with related guidance in the form of explanatory and other material, including appendices. The basic principles and essential procedures are to be understood and applied in the context of the explanatory and other material that provide guidance for their application. It is therefore necessary to consider the whole text of a standard to understand and apply the basic principles and essential procedures.
13. The nature of the standards requires professional accountants to exercise professional judgment in applying them. In exceptional circumstances, a professional accountant may judge it necessary to depart from a basic principle or essential procedure of an engagement standard to achieve the objective of the engagement. When such a situation arises, the professional accountant should be prepared to justify the departure.
14. Practice Statements are issued to provide interpretive guidance and practical assistance to professional accountants in implementing the standards and to promote good practice.

¹ International Standards issued by the IAASB comprise International Standards on Quality Control (ISQCs), International Standards on Auditing (ISAs), International Standards on Review Engagements (ISREs), International Standards on Assurance Engagements (ISAEs) and International Standards on Related Services (ISRSs).

² Practice Statements comprise International Auditing Practice Statements (IAPs), International Review Engagement Practice Statements (IREPs), International Assurance Engagement Practice Statements (IAEPSs) and International Related Services Practice Statements (IRSPSs).

15. Professional accountants should be aware of and consider Practice Statements applicable to the engagement. A professional accountant who does not consider and apply the guidance included in a relevant Practice Statement should be prepared to explain how the basic principles and essential procedures in the engagement standard(s) addressed by the Practice Statement have been complied with.

III. COMPLIANCE WITH MALAYSIAN APPROVED STANDARDS ON QUALITY CONTROL, AUDITING, REVIEW, OTHER ASSURANCE AND RELATED SERVICES

16. The Council expects members who assume responsibilities as independent auditors to observe Malaysian Approved Standards on Quality Control, Auditing, Review, Other Assurance and Related Services in the conduct of their audits under all reporting frameworks. Reporting frameworks are determined by legislation, regulation and promulgations of the MIA and where appropriate mutually agreed upon terms of reporting.
17. The onus will be on members to use their best endeavours to ensure that such standards are also observed by those persons who assist them in their work.
18. A report issued by a professional accountant should contain a positive statement to the effect that the work performed has been conducted in accordance with applicable Malaysian Approved Standards on Quality Control, Auditing, Review, Other Assurance and Related Services issued by the Malaysian Institute of Accountants. For example, in an audit report, the report should state that the work performed is conducted in accordance with approved standards on auditing in Malaysia. For review work performed, the report should state that the work performed is conducted in accordance with the approved standards on review engagement in Malaysia.
19. The Council has determined that the principles and spirit of the standards must be observed and the application of the standards including the attached appendices in totality is recommended.
20. Malaysian Approved Standards on Quality Control, Auditing, Review, Other Assurance and Related Services apply to material matters. However, an applicable reporting framework may require that materiality be disregarded. Under such circumstances the noncompliance should be reported when observed during the course of the audit.
21. The Council may inquire into apparent failures by members and those persons under their supervision to observe Malaysian Approved Standards on Quality Control, Auditing, Review, Other Assurance and Related Services. Any failure to observe Malaysian Approved Standards on Quality Control, Auditing, Review, Other Assurance and Related Services could be regarded as conduct discreditable to the profession of an accountant and might lead to disciplinary action being taken against the member or members concerned.
22. Members are also advised that a court of law may, when considering the adequacy of the work of an auditor, take into account any pronouncements or publications which it thinks may be indicative of good auditing practice. Malaysian Approved Standards on Quality Control, Auditing, Review, Other Assurance and Related Services are likely to be so regarded.

IV. DATE FROM WHICH MALAYSIAN APPROVED STANDARDS ON QUALITY CONTROL, AUDITING, REVIEW, OTHER ASSURANCE AND RELATED SERVICES ARE EFFECTIVE

23. The effective date from which members are expected to observe Malaysian Approved Standards on Quality Control, Auditing, Review, Other Assurance and Related Services is set out in the 'Contents' page of the 'Malaysian Approved Standards on Quality Control, Auditing, Review, Other Assurance and Related Services' section of the members' handbook and on the explanatory foreword to each standard.