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2022 Budget to Catalyse More Inclusive and Sustainable Nation Building in the COVID-19 New Normal

at-mia.my/2021/10/29/2022-budget-to-catalyse-more-inclusive-and-sustainable-nation-building-in-the-covid-19-new-normal

October 29, 2021

The Malaysian Institute of Accountants (MIA) welcomes the inclusivity and sustainability themes of the 2022 Budget which are aligned with the global momentum of ESG (environment, social and governance) and the 17 UN UN Sustainable Development Goals (SDGs).

“As the regulator and developer of the accountancy profession, the MIA has been emphasising strongly on the adoption of ESG and sustainability among accountancy professionals and our members in order to help drive good governance and support sustainable business and economic development,” stated MIA President Dr. Veerinderjeet Singh in an initial response to the Budget.

Given the size of the Budget which is the largest in the nation’s history, good governance and monitoring will be vital to ensure that desired outcomes are achieved, and leakages plugged. “MIA continually advocates for budgetary governance to ensure that the spending is prudent, without wastage and achieves the desired outcomes,” stressed Dr. Veerinderjeet.

“As finance professionals, accountants especially those in the public sector can play a key role in monitoring the implementation of projects and ensuring the accountability and transparency of public spending,” continued Dr. Veerinderjeet, who welcomed the Budget’s announcement of the public expenditure review in collaboration with the World Bank.

The MIA also praised the Government's efforts to engage inclusively and obtain feedback on the Budget proposals from different quarters. "We are delighted that some of our key proposals were incorporated into the Budget, especially those related to upskilling and ESG advocacy," said Dr. Veerinderjeet. Specifically, MIA's recommendation for increasing the tax relief for professional development and upskilling courses has been incorporated, along with a recommendation for a tax relief on course fees for programmes (including accountancy, finance and ESG) offered by approved professional bodies.

MIA CEO Dr. Nurmazilah Dato' Mahzan also lauded the Budget's focus on sustainability and inclusivity. "The measures outlined in the Budget are clearly meant to stimulate the economy, enhance the wellbeing and growth of diverse stakeholders, and drive long-term sustainable development reforms. In line with our nation building purpose, MIA is ready to deploy its expertise to support the implementation of the Budget proposals. We look forward to contributing especially in the emerging areas of climate change and sustainability, which is aligned with the global accountancy profession's direction as MIA strives to enhance the future relevance of the accountancy profession."

In its preliminary analysis of the Budget, MIA believes that the Institute and the profession will be able to add value in the following areas:

Tax-Related Concessions

To reduce the burden of taxpayers, the Budget has proposed the following:

- Special Voluntary Disclosure Programme by the Royal Malaysian Customs Department (RMCD) to be introduced, with remission of penalty of 100% for phase 1 and 50% for phase 2.
- No real property gains tax on disposal of chargeable assets by individuals, permanent residents and non-corporates from the sixth year of holding the property.

SDG-related: Making Malaysia a Carbon-Neutral Country by 2050

MIA has focussed on positioning the profession as a leader for ESG and climate governance in line with the stance of the International Federation of Accountants. MIA supports the Government's aspiration of making Malaysia a carbon-neutral country by 2050 through the introduction of the following:

- Launch of Voluntary Carbon Market under Bursa Malaysia as a voluntary platform for carbon credit trading between green asset owners and other entities, influencing transition towards low carbon practices.
- The allocation of RM1 billion from Bank Negara Malaysia to match funds from participating financial institutions, facilitating micro, small and medium enterprises (MSMEs) in adopting sustainable and low-carbon practices such as usage of sustainable raw materials and renewable energy.
- Issuance of Sustainable *Sukuk* in Ringgit Malaysia valued up to RM10 billion to be channelled to eligible social or environmental-friendly projects.

Inclusivity for Improved Corporate Performance and Stakeholder Representation

MIA is committed to championing inclusivity through the increased participation of women leaders in C-Suites and corporate boards. MIA supports the gender equality goal whereby the Government through the Securities Commission Malaysia will make it compulsory for public-listed companies (PLCs) to appoint at least one female director to the PLC boards by 1 September 2022.

Education and Upskilling for Higher Value Jobs

The Institute applauds the various initiatives aimed at strengthening the sustainability and future relevance of the nation's talent pool, which will support sustainable economic and social development, namely:

> The allocation of RM6.6 billion for education facilities under MARA, UiTM and Yayasan Peneraju, which among others focuses on upgrading quality of education programmes from Diploma to Degree level as well as producing more Bumiputera professionals.
>
> Tax relief for expenses to upskill has been increased from RM1,000 to RM2,000 until 2023 and those who attend courses related to professional qualifications will be entitled to tax relief of up to RM7,000. The inclusion of approved professional qualifications that include accounting and ESG bode well for the adoption of sustainability within the accountancy profession as well as positioning accountants as climate change and sustainability leaders.
>
> The allocation of RM52.6 billion for the Ministry of Education, which is the largest allocation from the Budget for this year, and the allocation of RM14.5 billion for the Ministry of Higher Education to strengthen education quality. This is critical for future proofing accounting graduates as well as accountancy academicians via Train the Trainer initiatives. In addition, the Institute hopes that the allocations will help to enhance the incorporation of emerging technologies in the programmes offered by higher learning institutions (including the accounting programmes) to ensure that future graduates are equipped with technology knowledge and awareness.

The allocation of RM6.6 billion to further enhance the Technical and Vocational Education and Training (TVET) initiatives will produce more quality graduates who can support the roles and functions of accountants, thereby further improving the ecosystem of the accountancy profession.

The allocation of RM450 million to supply B40 students from Institutions of Higher Learning with a tablet will facilitate them in attending online courses and undergoing online assessments. The digitalisation initiative, which is expected to benefit 600,000 undergraduates from B40 families, is in line with the emphasis on technology adoption and acceleration in the wake of the COVID-19 pandemic and the Industrial Revolution 4.0 (IR4.0).

Capacity Building and Social Responsibility

MIA fully supports the incentives in the Budget that promote capacity building and social responsibility among corporates, including the extension of the scope to all study fields for double deductions to corporates that provide scholarships to students of higher educational institutions. This is in line with the proposal submitted by MIA that corporate contributions to fund professional studies be made eligible for double deduction and/or other tax incentives, to incentivise corporate social responsibility.

Personal Reliefs, Support for Household Wellbeing

In line with the 2022 Budget theme of “A Prosperous Malaysian Family,” the Institute welcomes the generous reliefs and incentives that will alleviate the burden of individuals and households, including:

- Personal relief for employees and tax deduction for employers on the cost of COVID-19 booster shots.

- Tax relief of RM2,500 for the purchase of smartphones, computers and tablets to be extended to 31 December 2022.
- Personal relief for contributions to the Social Security Organisation (SOCSO) to be increased to RM350.

Digital Transformation

Digital transformation especially for smaller-sized organisations will be critical to ensuring their business continuity in an environment of digital disruption. As a firm advocate of digitalisation for the profession and businesses, MIA welcomes the following measures to support digital transformation:

- RM300 million allocated under “Skim Geran Pendigitalan SME dan Geran Automasi” to support automation and modernisation activities.
- RM700 million allocated to enhance digital connectivity which will facilitate digitalisation of SMPs and SMEs.

Incentives and Reliefs Benefiting the SMEs and SMPs

As small and medium practices (SMPs) and small and medium enterprises (SMEs) are a crucial category of the profession and business, MIA welcomes the Budget initiatives that support their financial wellbeing and business continuity, including:

- SMEs allowed to postpone income tax instalments for six months until 30 June 2022.
- Zero interest scheme for informal and micro-SMEs under TEKUN, with a provision for funding of up to RM10,000 with a moratorium of up to 12 months.
- BSN and Agrobank to offer micro financing of up to RM75,000 at zero interest for the first 6 months with a moratorium of up to 6 months.

Conclusion

MIA is committed to supporting the initiatives proposed in the Budget which will strengthen the inclusivity and sustainability of Keluarga Malaysia and the nation for the digital and IR4.0 economy.

A Journey of Digital Transformation: The Mark of a Changing Landscape

at-mia.my/2021/09/20/a-journey-of-digital-transformation-the-mark-of-a-changing-landscape

September 20, 2021

By Zulaikha Nurain

The COVID-19 pandemic has accelerated the need for digital transformation. Many organisations, including Small and Medium Practices (SMPs), are embracing digitalisation to manage their clients and employees remotely.

In a recent webinar on Leading a Digital Transformation Journey in Your Practice for the SMPs, organised by the Malaysian Institute of Accountants (MIA), the Institute's CEO, Dr Nurmazilah Dato' Mahzan emphasised the importance of digital transformation to ensure organisations remain relevant and are in line with the Malaysia Digital Economy Blueprint and MyDigital initiative launched by the government in March 2021.

"Many SMEs are going digital. SMPs as their financial advisors must do the same to keep up," said Dr Nurmazilah during her welcome remarks. "SMPs can refer to the MIA Digital Technology Blueprint, which outlines how public practices can adopt technology to retain, reimagine and innovate their practices and services. The MIA Digital Technology Blueprint 3-year operational plan calls for 39 initiatives with more than 200 activities and outputs. Our recent achievements for SMPs include the MPERS e-book, MIA e-library and eConfirm.my."

As technology continues to grow and new innovations emerge, how can SMPs determine if they are ready to embrace digital transformation?

MIA has carried out research in this area and has identified the Digital Competency Maturity Model (DCMM), developed by the European Federation of Accountants and Auditors for SMEs (EFAA) as a suitable tool to meet such a need. The tool, which was presented by Paul Thompson, Director of the EFAA during the webinar, allows SMPs to rate their current level of maturity on digital competency, develop a strategy and identify the resources they need to achieve this transformation.

“Digital adoption is about making our practices future ready, diversifying our service offerings, attracting and retaining the right talent, and also digitalising our work,” said Paul Thompson during his presentation.

Highlights of Paul Thompson’s recommendations to SMPs include:

Making digital transformation a high priority

SMPs can either disrupt themselves or get disrupted. They must stay ahead of technology and be aware of new and emerging technologies available in the market or risk falling behind.

Digital transformation requires a change in mindset and skillset and use of the right tools

Technology adoption should not be adopted blindly, but requires a change in mindset, adaptation of skillsets and the right tools to serve the needs of the SMP.

The three ‘Es’ in digital adoption

The adoption of technology means that SMPs can benefit from doing things more efficiently, effectively and economically in the long run.

Accelerate digital adoption

SMPs can accelerate their digitalisation through various methods. This includes the use of social media and messaging, next generation computing such as Cloud, and data technologies such as big data, analytics and visualisation.

The presentation was followed by a panel discussion moderated by Lim Fen Nee, Chair of the Digital Technology Implementation Committee (DTIC) at MIA, and joined by Paul Thompson, Dato’ Lock Peng Kuan, Managing Partner, Audit and Assurance, Baker Tilly Malaysia and Mahathir Mahzan, Member of the DTIC Public Practice Working Group, MIA.

The panellists discussed the importance of understanding the needs of the SMP before adopting new technology, and the need to be strategic in choosing the right systems.

“Big and complex technologies can sometimes mean inefficient, and small, simpler systems can be beautiful as well,” explained Dato’ Lock Peng Kuan. It is all about the assessment of what technology and systems work for the SMPs. They must identify what they need instead of competing to adopt the latest technology in every aspect of the operation, which may lead to unnecessary cost.”

Mahathir Mahzan further added, “As practitioners, we need to realise that digital transformation and technology adoption is a number one priority and necessary for us to survive. As accounting professionals, the timeliness and quality of financial information and advice we provide to our clients can be enhanced by the adoption of technology.”

Some key points from the discussion include:

The panel concluded that before any transformation process can begin, public practices must be able to assess their current digital competency and identify areas for improvement.

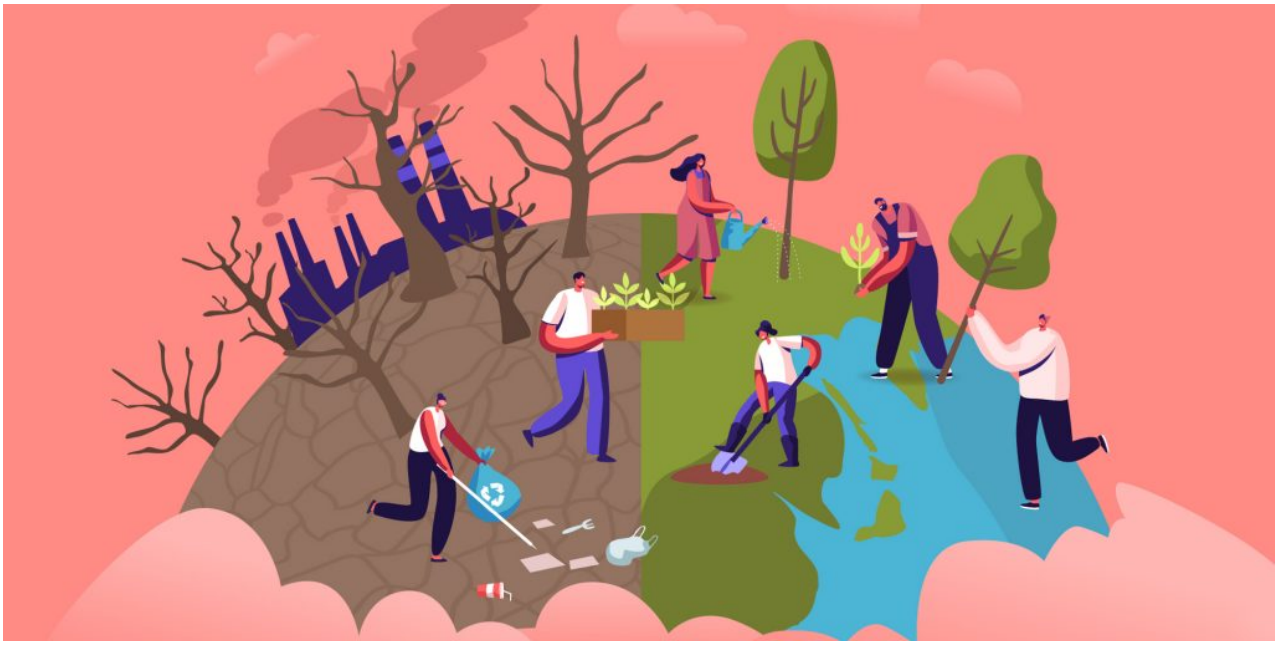
The DCMM can be accessed here and for any enquiries on the tool, please email digitaleconomy@mia.org.my.

Zulaikha Nurain is Manager of the Strategic Communication & Branding, Malaysian Institute of Accountants

Climate Change: From Marginal Risk to Mainstream Global Priority

at-mia.my/2021/09/03/climate-change-from-marginal-risk-to-mainstream-global-priority

September 3, 2021



What do accountants need to know about climate change? Speaking at the inaugural MIA Climate Change & ESG Conference 2021, keynote speaker Tan Sri Abdul Wahid Omar, Chairman of Bursa Malaysia and a leading proponent of ESG and business sustainability, presented the big picture of climate change and what the world and Malaysia are doing about this life-changing crisis. The following are some highlights:

The Global Landscape

- Climate change is now a global priority and tagged as a top risk. Without swift action, further climate crises such as catastrophic flooding, more frequent forest or bush fires, extreme weather, and the widespread extinction of flora and fauna can be expected and are already occurring more frequently globally and locally.

- COP26, the 26th round of the UN global climate change summit known as Conference for the Parties (COP), will bring together more than 190 world leaders and other stakeholders in November 2021 to accelerate progress toward the Paris Agreement and the United Nations Framework Convention on Climate Change goals.

- COP Climate Change goals include achieving Global Net-Zero Emissions by 2050, halving Net Emissions by 2030, and capping Global Warming to an increase of 1.5 degrees Celsius.

- About 127 countries responsible for 63 per cent of global greenhouse gas (GHG) emissions are considering – or have adopted net-zero targets by 2050 or 2060.

- To achieve the global target of net-zero emissions by 2050, strategies that countries must commit to include, among others:
  - Accelerating the phasing-out of coal and encouraging investment in renewable energy
  - Optimising energy demand and accelerating the transition to electric vehicles; and
  - Reducing further deforestation and protecting carbon sinks

The Malaysian Landscape

- As a signatory to the Paris Agreement and the United Nations Framework Convention on Climate Change goals, Malaysia is expected to ramp up its climate ambitions, beyond its current pledge to reduce its greenhouse gas emission intensity by 45 percent by 2030, including setting a clear net-zero target.

- According to 2016 data, the energy and transport sectors account for 75 percent of Malaysia's greenhouse gas emissions, contributing 251mt CO2e out of the total 334mt CO2e. This large proportion attributable to the energy and transport sectors is typical of most developed and developing countries.

- Based on preliminary findings of WWF-BCG study on possible pathways toward net zero, under the current "business as usual" pathway, net carbon emission levels are expected to double from 75mt CO2e in 2016 to 159mt CO2e by 2050. A low carbon emission pathway will potentially reduce carbon emissions by 60 percent in 2050, but achieving net-zero by 2050 will require significant additional efforts.

- For illustration, the most cost-effective path to reach net zero by 2050 will require 59 percent renewables in energy mix, 60 percent in urban public transport modal share, 100 percent EV penetration, retention of 55 percent forest cover or equivalent to 18.1 million hectares in 2050 compared to 18.2 million hectares currently, and deployment of carbon capture utilisation and storage technologies.

- Bank Negara Malaysia has developed the Climate Change and Principle-based Taxonomy.

- Ongoing development of a climate change legal framework by the government will support the implementation of the Malaysian climate change commitments under the United Nations Framework Convention on Climate Change

- The Securities Commission Malaysia has developed the SRI Roadmap, which aims to create a facilitative SRI ecosystem in the Malaysian capital market by integrating SRI and the Islamic capital market.

ESG and Climate Consciousness as a Strategic Differentiator for Businesses

at-mia.my/2021/10/18/esg-and-climate-consciousness-as-a-strategic-differentiator-for-businesses

October 18, 2021

By Nazatul Izma

As financial stewards and advisors, accountants must be aware that ESG and climate matters are being applied as filters by stakeholders, which could result in non-compliant organisations or businesses being sidelined or denied by providers of capital. These stakeholders include investors, financial institutions, insurers and regulators.

One, many fund managers, institutional investors and asset owners are signatories to the UN Principles for Responsible Investment (PRI) that have committed to invest in companies that embrace ESG or sustainability in their business activities. A recent Deutsche Bank/Global Sustainable Investment Alliance analysis projected that ESG-mandated assets are expected to reach USD160 trillion by 2036, implying nearly 100 percent ESG integration in fund management, said Tan Sri Abdul Wahid Omar, Chairman of Bursa Malaysia and a leading proponent of ESG and business sustainability, in his keynote address at the inaugural MIA Climate Change & ESG Conference 2021.

Two, many financial institutions are signatories of the UN Principles for Responsible Banking and they too support the transition towards a low carbon economy. For example, banks such as HSBC have pledged to be net-zero by 2050. HSBC along with Maybank and CIMB have committed to stop funding coal projects.

Importantly, regulators are also prioritising ESG and climate change best practices in support of decarbonisation and sustainability in line with global developments. “Bursa Malaysia’s FTSE4Good Bursa Malaysia Index recognises PLCs that have taken steps to improve their ESG practices and disclosures. Since its launch in 2014, the number of constituents has tripled from 24 in 2014 to 76 stocks following the last review in June 2021," declared Tan Sri Wahid. More recently, on 5 July 2021, Bursa Malaysia launched the FTSE4Good Bursa Malaysia Shariah Index comprising 54 constituents of the FTSE4Good Bursa Malaysia Index that are Shariah-compliant according to the Securities Commission's Shariah Advisory Council's screening methodology.

Apart from introducing ESG-related indices, Bursa Malaysia also played a pioneering role in compelling PLCs to adopt good ESG practices and disclosures, said Tan Sri Wahid. "Since the establishment of the Sustainability Reporting Framework back in 2015, all Malaysian PLCs are now disclosing Sustainability Statements and Reports annually."

Meanwhile, the updated Malaysian Code on Corporate Governance (MCCG) issued by the Securities Commission in April 2021 introduced best practices and guidance to strengthen board oversight and the integration of sustainability considerations in the strategies and operations of companies.

In acknowledgement of these trends, ESG and climate change are understandably being adopted as a key agenda or focus area for Malaysian corporates. Leading corporations such as Petronas, Maybank, and Tenaga Nasional Berhad have stated their net-zero ambitions to address the impacts of climate change, said Tan Sri Wahid who lauded them as excellent role models for sustainability.

Companies that choose to ignore sustainability/ESG considerations in their business do so at their own peril. "(They) will not be sustainable as they will be deprived of both equity and debt financing to fund their projects, be unable to get insurance cover or need to pay higher premiums to underwrite some of their risks, and face difficulty in hiring the human capital talent necessary to drive their business. Nor will they be able to sell their products or be part of the global supply chain as customers become more discerning in buying only sustainable products in the future," warned Tan Sri Wahid.

Future-Proofing Academicians

September 7, 2021

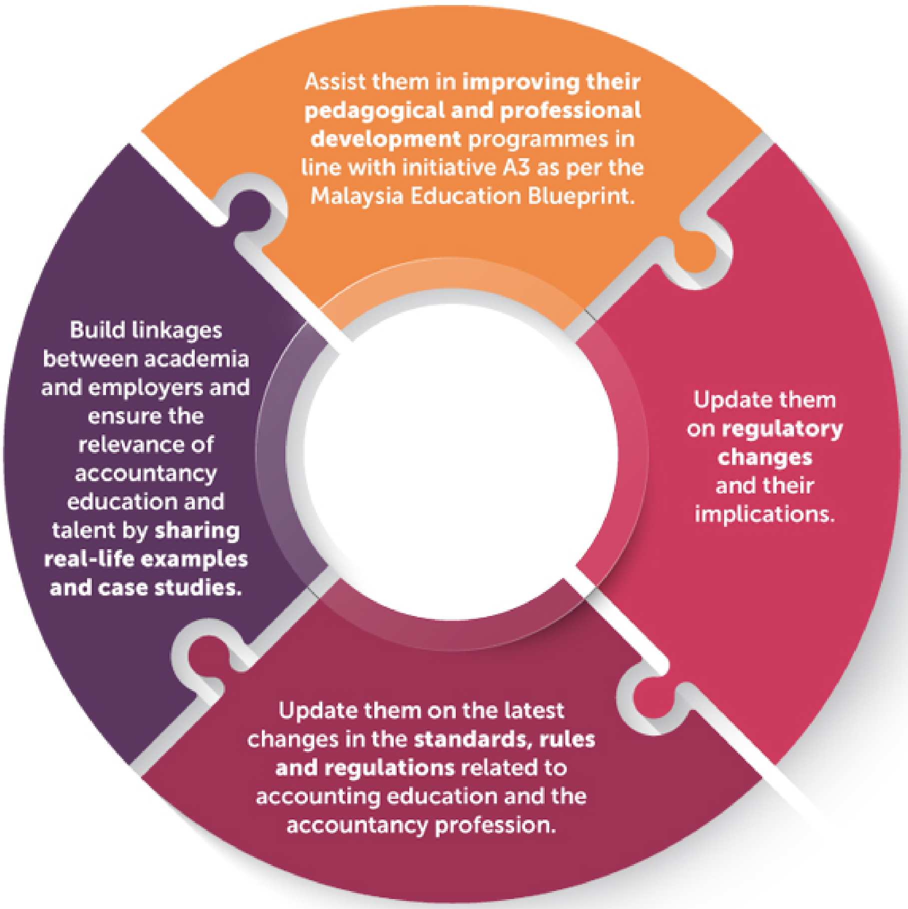
By MIA's Competency Framework and Development Team

Accountancy educators are vital to the future relevance of the accountancy profession as they play an essential role in preparing accountancy talents for the dynamic demands of the workplace.

Hence, MIA as the developer of the accountancy profession strives to engage continuously with accountancy educators to help strengthen their capacity and competencies and enable them to innovate.

“MIA recognises the importance of accountancy educators who are a core segment of the profession. Throughout the years, we have supported academicians in terms of upskilling them on the latest developments, assisting them with digital adoption, and facilitating accountancy research through our collaboration with MAREF,” stated MIA CEO Dr. Nurmazilah Dato’ Mahzan.

One of the key initiatives specially geared to academicians is MIA’s highly regarded Train the Trainer workshops, which are organised in collaboration with Professional Accountancy Organisations, namely ACCA, MICPA, CA ANZ, ICAEW, CIMA, CPA Australia and AAT UK. This capacity building initiative for lecturers as initiated by MIA is intended to:

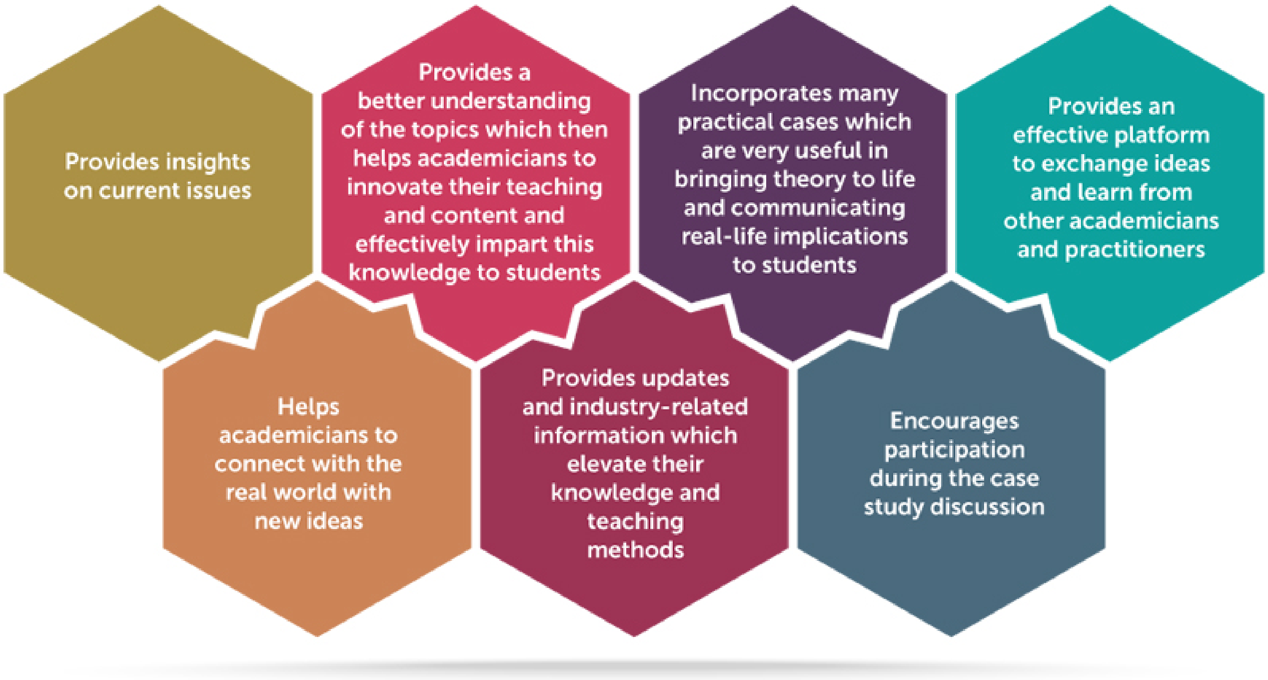


Since 2016, MIA has organised a total of 24 Train the Trainer workshops which have benefited 1,128 academicians who are teaching accountancy programmes.

To ensure diversity and inclusivity, the Train the Trainer initiative has expanded beyond the Klang Valley to reach academicians in the Northern region, East Coast and also East Malaysia.

Positive Feedback and Accolades

MIA has received significant positive feedback on the value of this programme from participants. Overall, the academicians who have participated say that the Train the Trainer programme:



"Overall, I think the Train the Trainer (TTT) workshop organised by MIA has been the best Train the Trainer for accounting that an academician could ask for. I had a great time joining the TTT series. It helps me obtain very new and up to date information on accounting standards. I definitely recommend this to young academicians," shared Cik Nurul Nadiah Ahmad, Universiti Tenaga Nasional.

TTT Session Topics

Since the inception of the Train the Trainer workshops, MIA has ensured that the programme content is benchmarked against global standards and encompasses the latest developments to deliver effective learning. The topics are determined based on the latest changes and updates of the standards, rules and regulations related to the accounting education and the accountancy profession.

Key topics covered by the Train the Trainer programme since 2016 include:

Leveraging on Virtual

Like other MIA initiatives, the Train the Trainer workshop had to be converted to an online platform from a physical platform due to COVID-19 considerations. Since 2020, MIA has successfully conducted 4 Train the Trainer workshops using the Microsoft Teams and ON24 online platforms.

Participants have welcomed these virtual workshops as they are able to keep up with the latest developments and upskill themselves despite constraints and compliance with COVID-19 protocols.

These virtual workshops have also enabled participants to reach out and interact globally as there are no longer any physical or geographical boundaries.

Based on the feedback received, participants welcome the opportunity to exchange ideas, learn and engage with lecturers from different institutions and in different jurisdictions.

Said Dr. Adura Ahmad from Universiti Utara Malaysia: “Thank you so much for conducting this kind of workshop for academicians. It is totally different from the training that I have attended previously. The sharing from international experiences and practice in auditing with regards to the use of technology in audit is really value-added for my teaching.”

Moving ahead, MIA will continue to infuse a spirit of innovation, agility and resilience across all its online offerings, including the Train the Trainer workshops. At the same time, MIA will continue to maintain the high quality and standard associated with all of MIA’s numerous competency development offerings.

How Accountants can Champion ESG and Climate Action for Business Sustainability

at-mia.my/2021/10/15/how-accountants-can-champion-esg-and-climate-action-for-business-sustainability

October 15, 2021

With the growing clamour for businesses to prioritise ESG (environmental, social and governance) matters, it is imperative that accountants especially CFOs and PAIBs (Professional Accountants in Business) step forward to take the lead in the business sustainability space.

MIA as the regulator and developer of the accountancy profession in Malaysia is hence proactively advocating for accountants to upskill on ESG and climate change matters. “These pose a tremendous risk to business sustainability as well as the wellbeing of people and the planet. At the same time, this is an opportunity for accountants to upskill and become more resilient, agile and future relevant in responding to future crises and unexpected scenarios,” said MIA CEO Dr. Nurmazilah Dato’ Mahzan.

Affirming its commitment to ESG and climate governance for business sustainability, MIA recently held its inaugural MIA Climate Change & ESG Conference 2021, which focused on the knowledge and competencies required for accountants to contribute to the global ESG and climate action agenda.

To set the tone for the two-day event, MIA invited Tan Sri Abdul Wahid Omar, Chairman of Bursa Malaysia and a leading proponent of ESG and business sustainability, to deliver the keynote address. The following are some highlights of his address that accountants should note as climate change and ESG matters gain momentum. In particular, Tan Sri Wahid focused on the core competencies and areas that are pertinent for accountants in adding value to their organisations and business.

The Convergence of Accounting and Sustainability Reporting

Sustainability and climate change is not only becoming mainstream on both national and global scales but is also gaining traction within the profession's domain and competencies. Recently, the International Financial Reporting Standards Foundation (IFRS) resolved to enter the international sustainability standard-setting space. "The involvement of the IFRS will definitely galvanise and accelerate the convergence of the plethora of existing international ESG Frameworks – and we eagerly await to see how the accountants will really contribute to the conversation," said Tan Sri Wahid.

Accountants' Unique Competencies and Roles

Accountants can be found in virtually every organisation at all levels of the hierarchy, lending their financial expertise for value creation. "Accountants have the knowledge, understanding, and a profound appreciation of the connection between financial performance, risk management, and ESG/sustainability considerations. Those in leadership positions such as CFOs can provide the critical link between management and stakeholders," declared Tan Sri Wahid.

Enhancing the Quality of Non-Financial Information

Given that the inter-relationship of economic, environmental, and social factors is increasingly material to long-term enterprise value creation, investors and stakeholders now expect companies to report on non-financial issues, risks and opportunities with the same discipline and rigour as financial information. However, it is challenging to capture, measure, analyse and report ESG and climate change information which can be non-linear, qualitative and non-financial in nature. "Accountants can bridge the gap and establish connection between all parts of the business, as well as interpret the numbers meaningfully. More specifically, their rigour in assessing financial information could be extended into the non-financial aspects of the business," said Tan Sri Wahid.

"Ultimately, we should aim for the quality of non-financial reporting to be on the same standard as financial reporting. This is necessary to facilitate comparability of ESG performance across companies and enable investors to apprise ESG risks, value creation potential and future performance," he stressed.

Providing Assurance on Sustainability and ESG Data

With technical competencies and recognised expertise in auditing and assurance, accountants are logical choices as providers of assurance on ESG, climate change and sustainability data. “As the availability, quality, and comparability of ESG data becomes more key, accountants can and must take on the role of providing “assurance” in ensuring the credibility and reliability of sustainability data generated,” said Tan Sri Wahid.

Given these requirements, Tan Sri Wahid concluded that the accountancy profession, without a doubt, is best prepared and suited to take on this task of ESG and sustainability reporting and assurance to support informed decision-making and fulfil stakeholder expectations.

Islamic Finance: Latest Developments and Drivers for Growth in a Post-Pandemic World

at-mia.my/2021/10/12/islamic-finance-latest-developments-and-drivers-for-growth-in-a-post-pandemic-world

October 12, 2021

Guided by Islamic values that are aligned with ESG (environmental, social and governance) concerns and the people-first ethos of Islamic finance, Islamic finance organisations and professionals are in a prime position to help support economic recovery and social wellbeing in times of crisis.

The virtual Islamic Finance Conference 2021 from 27 to 28 October will provide further learning and clarity on the pressing issues of financial risk and economic survival that are currently oppressing the welfare of the ummah. Participants will also be updated on the latest developments, tools and technologies in Islamic finance that can be applied to strengthen economic recovery and sustainability, while providing syariah-compliant solutions and respite for those in need.

By attending the conference, participants can look forward to the following content:

- **Trends and prospects of the Islamic Capital Market (ICM) for 2022-2025,** including market risks and solutions, adoption of new technologies and enablers, the legal and tax framework and regulations governing the ICM, and the growing momentum of Green Sukuk and ESG.
- **Fintech Innovations in Islamic Finance,** which explores how the industry can apply fintech to overcome the challenges and impacts of COVID-19, while serving the underbanked communities who are most vulnerable.
- Updates of **Financial Reporting** on Islamic Financial Transactions.
- **Waqf Commercialisation and its Sustainability,** which looks at new methods to utilise, commercialise and sustain Waqf assets which are currently under-utilised. Experts on Waqf will also discuss good governance and management to ensure efficient, transparent and professional management of Waqf assets while sharing success stories from Global Waqf developments.
- **Innovations in Islamic Micro Financing** to reach out and alleviate the challenges facing the underserved, unbanked and severely impacted segments of society during this pandemic and beyond.
- **Tax Developments in Islamic Finance** with emphasis on Digital Finance.

To learn more about this Conference geared to professionals working in Islamic finance, especially accountants and finance professionals, do visit https://bit.ly/2YA8aav

MIA Digital Economy and Reporting Insights (Jul – Sep 2021)

October 22, 2021

By the MIA Digital Economy, Reporting & Risk Team

The MIA Digital Economy and Reporting Insight provides quarterly updates on the areas of digital economy, tax and reporting. The Insight highlights high-value contents and initiatives that members can adopt to help drive transformation and future sustainability.

Leading a Digital Transformation Journey in Your Practice

Following the issuance of the European Federation of Accountants and Auditors for SMEs (EFAA) Digital Competency Maturity Model (DCMM) to members in March 2021, MIA organised a webinar titled 'Leading a Digital Transformation Journey in Your Practice for the SMPs' on 22 July 2021. Paul Thompson – Director of EFAA introduced DCMM which enables SMPs to determine their level of maturity on digital competency. This was followed by a panel discussion moderated by Lim Fen Nee – Chair, Digital Technology Implementation Committee, MIA and joined by Paul Thompson, Dato' Lock Peng Kuan – Managing Partner, Audit and Assurance, Baker Tilly Malaysia and Mahathir Mahzan – Member, MIA DTIC Public Practice Working Group. You can read about the highlights of the webinar HERE.

The DCMM can be accessed HERE.

Data Governance: Why SMEs Should Put in The Effort

With the exponential growth of technology, data has become an increasingly valuable asset which will greatly benefit an organisation's operations and decision-making. This video explains why SMEs (including SMPs) should not underestimate the importance of data governance and how it will help transform their business.

[Watch Video At: https://youtu.be/Jn-UP3J87I4](https://youtu.be/Jn-UP3J87I4)

KHR: An MIA Case Study on Digital Transformation

Many SMPs would benefit from experience shared by others in understanding what they need to do in their digital transformation journey. This video spotlights KHR and how they went about adopting technology to ensure that they would remain relevant in today's competitive world. The video also relates KHR's actions back to the five principles espoused in the MIA Digital Technology Blueprint.

[Watch Video At: https://youtu.be/edf558M3wPA](https://youtu.be/edf558M3wPA)

Digital Funding

Two digital grants were shared with members which are the new round of the Selangor SME Digitalisation Matching Grant and Smart Automation Grant. For details, please refer to Circular No 73/2021 and Circular No 87/2021. The Selangor Grant is still open for application until 12 noon on 31 October 2021.

New Digital Economy Page

The new Digital Economy page serves as a one-stop centre for all the digital economy initiatives and resources of MIA. The new page includes various digital competency assessment tools, guidance, publications and contents on digital technology and its adoption, capacity building as well as the funding available for digital technology adoption. The page can be accessed HERE. *For any enquiries on digital economy matters, please drop an email to digitaleconomy@mia.org.my.*

Tax Advocacy

During the quarter, MIA submitted the following to the tax authorities:

Joint **MIA-MICPA Memorandum** for Budget 2022 Consultation	Joint **MIA-CTIM-MICP** A comments on Draft Guidelines on Income Tax Treatment of Hybrid Instruments	New issues arising from the Customs policies for discussion during the **Customs-Private Sector Consultative Panel Meeting No 2/2021**	Joint **MIA-MICPA** comments to the MOF's Public Consultation Paper – Study of Tax Incentives for 2022 Budget Consultation	Joint **MIA-MICPA** appeal for further extension of time (EOT) to submit Income Tax Return Forms (ITRFs)

- **Joint MIA-MICPA Memorandum for Budget 2022 Consultation** which sets out 65 proposals focusing on fairness and a broader revenue base, incentives for economic development, continuous improvement and efficiency, and enhancing wellbeing of the 'rakyat'.
- **Joint MIA-CTIM-MICPA comments on Draft Guidelines on Income Tax Treatment of Hybrid Instruments**. MIA welcomes such an initiative. In the comments, MIA highlighted that there may be a need for a public ruling on the tax treatment of such instruments and elements of double taxation and mismatch should be avoided.
- **New issues arising from the Customs policies for discussion during the Customs-Private Sector Consultative Panel Meeting No 2/2021** where five issues were highlighted to the Customs mainly on review, dispute and appeal processes as well as the process to refund indirect taxes and costs due to order of the Customs Appeal Tribunal/courts.
- **Joint MIA-MICPA comments to the MOF's Public Consultation Paper – Study of Tax Incentives for 2022 Budget Consultation** which incorporates the Institute's views on improving investment legislation to be investor-friendly in order to attract strategic investments to Malaysia.

- **Joint MIA-MICPA appeal for further extension of time (EOT) to submit Income Tax Return Forms (ITRFs)** in support of MIA members who are tax practitioners facing challenges in obtaining requisite information from their clients for preparation of income tax computations and completion of ITRFs due to the prolonged COVID-19 pandemic. Following the appeal, the Inland Revenue Board informed MIA on relaxation of tax compliance and operational matters during the National Recovery Plan. For more details, please refer to Circular No 82/2021 and Circular No 86/2021.

Tax Resources

Members who are tax practitioners can obtain tax updates and developments at the following links:

- Gazetted Act, Subsidiary Legislations and Federal Constitution
- Tax updates and developments issued and published by the IRB:
-
    - Public Rulings
    - Operational Guidelines
    - Technical Guidelines
    - Practice Notes
    - Tax Cases
    - MCO Frequently Asked Questions and SOP for National Recovery Plan
- Latest announcements by the Customs

A Guide to Understanding Annual Reports: Malaysian Listed Companies

The Guide offers a roadmap of common content in annual reports which will assist in deciphering the content and structure of annual reports to guide decision-making. Similar guidance was issued in 2014. This second edition of the Guide has been updated to include non-financial reporting developments such as the Malaysian Code of Corporate Governance 2021 and Integrated Reporting; the Companies Act 2016; auditor reporting developments; as well as an enhanced guide on the approach to reading financial statements. The Guide is also accompanied by the Guide to Understanding Auditing and Assurance: Malaysian Listed Companies. A webinar on both Guides was held on 27 August 2021. CLICK HERE for the press release on the issuance of the Guides.

The publications can be accessed at:

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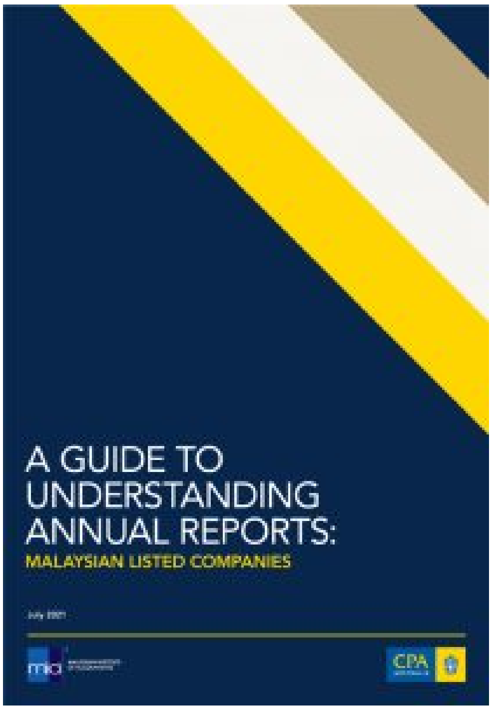
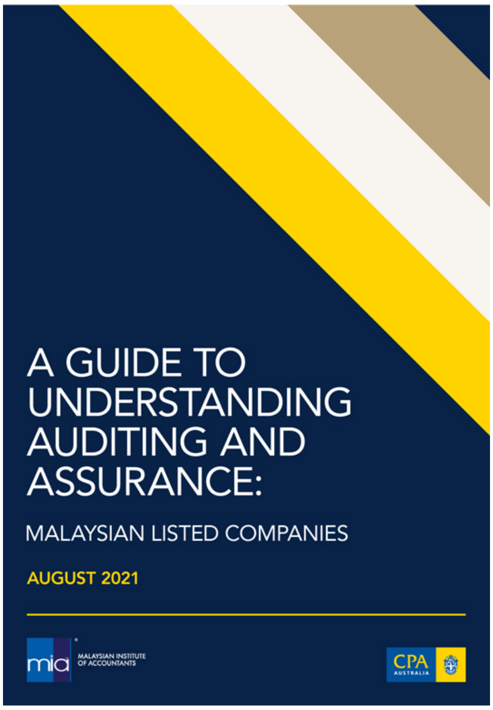
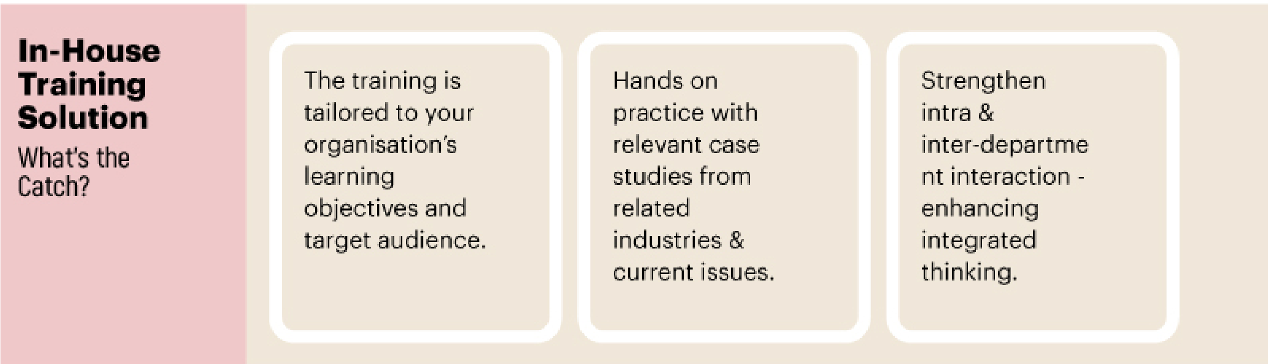




Customised Learning

MIA offers in-house training programmes which can be tailored to an organisation's learning objectives. An extensive selection of topics from MIA public programmes can be adapted including digital technology such as data analytics, integrated reporting, financial reporting standards and taxation, among others. In addition, new topics can be explored utilising our wide range of experienced trainers.

Customised training programmes are designed to focus on the need of the organisations. Quizzes and assessments can be arranged by our experienced trainers for the programmes to be interactive. *For more information, email us at customisedlearning@mia.org.my.*



MIA Practice Review – Key Findings on Elements of ISQC 1 – Monitoring

at **at-mia.my**/2021/09/22/mia-practice-review-key-findings-on-elements-of-isqc-1-monitoring

September 22, 2021

By MIA Practice Review Team

Annually, MIA's Practice Review Department (PRD) issues its Practice Review (PR) report to provide an overview of PRD's assessment of the audit firms (firms) and share new initiatives and ongoing developments affecting the profession. Such information helps firms and public accountants understand the key areas for improvement in order to meet the requirements of the professional standards.

This article focuses on some of the key findings related to the monitoring process, gathered from the reviews conducted during the period from 1 Jul 2020 to 30 Jun 2021. Monitoring is one of the six elements of International Standard on Quality Control 1 (ISQC 1). This element covers the policies and procedures which a firm should establish to provide the firm with reasonable assurance that the policies and procedures relating to the system of quality control are relevant, adequate and operating effectively.

The findings enumerated in this article are not meant to be an exhaustive list of all the findings from PRD's reviews during this period, but instead will highlight the pertinent areas specifically on the monitoring process that require attention from the firms. Further, the PRD wishes to emphasise that the findings raised below are meant to only serve as guidance to help members understand some of the monitoring requirements to be implemented within their firms in compliance with relevant professional standards and applicable legal and regulatory requirements, as well as in achieving quality audit.

<table>
<tr><th>KEY FINDINGS</th><th>RECOMMENDATIONS</th></tr>
<tr><td>1. No monitoring policies and procedures had been established by the firm to review the firm's overall quality control policies and procedures.</td><td rowspan="3">Pursuant to ISQC 1 (48), the firm shall establish a monitoring process designed to provide it with reasonable assurance that the policies and procedures relating to the system of quality control are relevant, adequate and operating effectively.

The monitoring process should cover a firm's overall review of policies and procedures and this evaluation of the firm's system of quality control should be done on an ongoing basis.

This should also include a periodic review of a selection of completed engagements by the firm's personnel who are not involved in performing the engagement or engagement quality control review.

Pursuant to ISQC 1 (57), the firm shall establish policies and procedures requiring appropriate documentation to provide evidence of the operation of each element of its system of quality control.

Appropriate documentation relating to monitoring includes, for example:

• Monitoring procedures, including the procedures for selecting completed engagements to be inspected

• A record of the evaluation of:
~ Adherence to professional standards and applicable legal and regulatory requirements;
~ Whether the system of quality control has been appropriately designed and effectively implemented; and
~ Whether the firm's quality control policies and procedures have been appropriately applied, so that reports that are issued by the firm or engagement partners are appropriate in the circumstances.

• Identification of the deficiencies noted, and evaluation of their effect and the basis for determining whether and what further action is necessary.</td></tr>
<tr><td>2. The firm had established formal monitoring policies and procedures to ensure the firm's system of quality control is relevant, adequate and operating effectively. However, there was no documentation or record to evidence the performance of the monitoring procedures.</td></tr>
<tr><td>3. The firm has written policies and procedures for the monitoring process to ensure the firm's system of quality control is relevant, adequate and operating effectively. However, the following deficiencies were identified:

(i) It was stated in the Manual that the Managing Partner will conduct the ISQC 1 compliance review (including the review of the engagement files). However, it might impair its effectiveness and defeat the purpose of the review especially when he inspects the engagement files that are signed off by him; and
(ii) There was no evidence of performance of review on the firm's overall quality control policies and procedures, including inspection of completed engagement files.</td></tr>
<tr><td>4. The audit firm has evaluated the quality control system of the audit firm on an annual basis. A qualified staff was assigned to review the ISQC 1 Compliance Reports by branches and its result was communicated accordingly, as evidenced in the minutes of the Board of Partners meeting. The cold review was conducted on completed engagements for each partner of the audit firm annually. However, there was no conclusion drawn from the findings identified during the inspection of the engagements and there was no evidence that necessary communication and recommendations</td><td>Pursuant to ISQC 1 (49), the firm shall evaluate the effect of deficiencies noted as a result of the monitoring process and determine whether they are either:

(a) Instances that do not necessarily indicate that the firm's system of quality control is insufficient to provide it with reasonable assurance that it complies with professional standards and applicable legal and regulatory requirements, and that the reports issued by the firm or engagement partners are appropriate in the circumstances; or
(b) Systemic, repetitive or other significant deficiencies that require prompt corrective action.

It is also imperative that the firm communicate to relevant engagement partners and other appropriate personnel deficiencies noted as a result of the monitoring process and</td></tr>
</table>

for remedial action plan was made subsequently.	recommendations for appropriate remedial action in accordance to ISQC 1 (50).

There are various measures for SMPs to implement the monitoring process effectively. The firm may consider designating suitably qualified external parties (not the engagement quality control reviewer) to support its monitoring process. In particular, the firm may enrol in the Quality Assessment Programme (QAP), a voluntary structured review programme by MIA in collaboration with The Malaysian Institute of Certified Public Accountants (MICPA), which could support the firm in identifying potential deficiencies in compliance with ISQC 1 and the gaps in compliance with the auditing standards in respect of an audit engagement. It also will assist firms in formulating specific action plans to improve the quality of the engagements. The QAP programme can be one of the monitoring controls of the firm. For more information about the QAP, please visit MIA's website.

Conclusion

While this article focuses on findings for monitoring, practitioners are advised to study all relevant professional standards and reviews available supporting implementation guidance in order to have a full understanding of the entire text of all the relevant professional standards and regulations, including their application. Further, practitioners are recommended to refer to PR Reports published by MIA for a more holistic view on the findings observed by the PRD.

While the PRD opined that establishment of the ISQC 1 manual is a good starting point, this does not automatically validate that the firms comply with ISQC 1. The firms have to ensure that the established policies and procedures in the ISQC 1 manual of the firm are being effectively adopted and executed with appropriate documentation to demonstrate the compliance of each and every element in ISQC 1.

*Reminder to audit firms: Firms are advised to study the requirements of the three new quality management standards approved by the International Auditing and Assurance Standards Board (IAASB), which will be effective from 15 December 2022. The standards, namely International Standards on Quality Management, ISQM 1, ISQM 2, and the International Standard on Auditing, ISA 220 Revised, are aimed at a more robust System of Quality Management for firms using the IAASB's standards, and mark an evolution from a traditional, more linear approach to quality control. The new standards introduce a robust, scalable, and proactive approach to audit quality management which is central to ensuring trust and sustainability in the audit profession.

SMP Forum 2021 – Building Resilience, Creating Value

at-mia.my/2021/10/20/smp-forum-2021-building-resilience-creating-value

October 20, 2021

Small and Medium Practitioners (SMPs) are an essential segment of the accountancy profession and an important category of MIA members. Currently, there are 2,880 SMPs registered with MIA, excluding firms registered with the Audit Oversight Board (AOB). There are 3,260 MIA members who are public practitioners (i.e. PC Holders) and about 71% (2,330) of them are sole practitioners. (Do refer *to the <u>MIA Integrated Report 2021</u> for a comprehensive yet succinct focus on SMPs and MIA's initiatives to develop SMPs*).

MIA is committed to assisting SMPs to build up their capacity and competencies, through initiatives such as the annual MIA SMP Forum. This is critical not only to ensure SMPs' agility, resilience and business continuity, but to support the fledgling economic recovery and the health of businesses, especially the Micro, Small and Medium Enterprises (MSMEs) that account for nearly 40% of Malaysia's GDP and are struggling in the pandemic economy.

SMPs today face the challenge of operating within an increasingly complex environment as the COVID-19 pandemic health crisis evolves and governments continue to take unprecedented actions to manage its spread. To navigate through uncertainty and thrive, SMPs must become more innovative, agile and resilient.

The programme of the MIA SMP Forum 2021, to be held from 16-17 November 2021, has been specially curated to boost the all-round capacity and capabilities of public practitioners. This will enable them to not only influence and support business, but forward-looking public practitioners will also be able to influence positive changes within their own practices through their strategic leadership.

The following are the highlights of the Forum:

- **Understanding Audit of Less Complex Entities (LCE)** – which will discuss the global call for action to address issues of complexity, length, understandability, scalability, and proportionality related to using the International Standards on Auditing (ISA) and ISA for LCE Exposure Draft. As smaller entities dominate the Malaysian economy quantitatively, the LCE standard is expected to have a tremendous impact on the audit of SMEs in Malaysia and points of contention such as assurance level and exclusion of group audits.
- **Fiscal Challenges in Government Revenue Collections –** which will discuss the government's upcoming efforts to enhance revenue collection and how SMPs and their clients might be affected.
- **Cash flow management during a crisis –** which will cover SMP fees and collection processes, as well as the use of technology, other tools and techniques to boost cash flow management.
- **M&A of accounting firms in Malaysia –** which assesses the urge to merge and the pandemic's impact on the market for M&A.
- **Developing a technology adoption strategy for SMPs –** which discusses the factors that should be considered in developing such a strategy and the elements that can make or break a technology adoption initiative.
- **Selecting solutions for your practice –** which explains the care and planning that SMPs need in implementing any technology adoption and highlights several factors that SMPs must consider in making their selection, based on the guidance issued by MIA in May 2021 on selecting software.
- **Funding for Future-Proofing –** which examines the various funding and fiscal assistance schemes available to SMPs to improve their business efficiency and reroute for future success, including applying for change management grants, funding of technology adoption and comparison of various methods in adopting technology (i.e. SAAS, PaaS and IaaS)
- **Capitalising on your digital appearance/visibility –** build your digital brand in this timely session that recommends employing various methods/tools such as developing a website and using social media, website and podcast to create and enhance one's digital appearance/visibility for maximum impact.

To register for this life-changing forum for SMPs, please click HERE.

Starting Out in Technology for SMPs: Taking Your First Step Post-pandemic

at-mia.my/2021/10/01/starting-out-in-technology-for-smps-taking-your-first-step-post-pandemic

October 1, 2021

By MIA Professional Practices & Technical Team

COVID-19 has helped organisations around the world to achieve in a short period what might have taken years in a non-pandemic world: accelerate their adoption of digital solutions and processes. A McKinsey study has suggested that this is the equivalent of five years of consumer and business digital adoption compressed into months. Beyond dealing with immediate challenges, the pandemic has also made clear to many businesses that digital transformation will be key to sustaining long-term growth in an increasingly volatile operating environment ahead. But, have our Small and Medium Practices (SMPs) caught on?

With vaccination rollouts gaining traction in Malaysia, Malaysians are hopeful that herd immunity could be achieved soon. Thus, as the economy slowly staggers out of the nationwide lockdown or movement control orders, it is apt for practitioners to start charting their course after the pandemic.

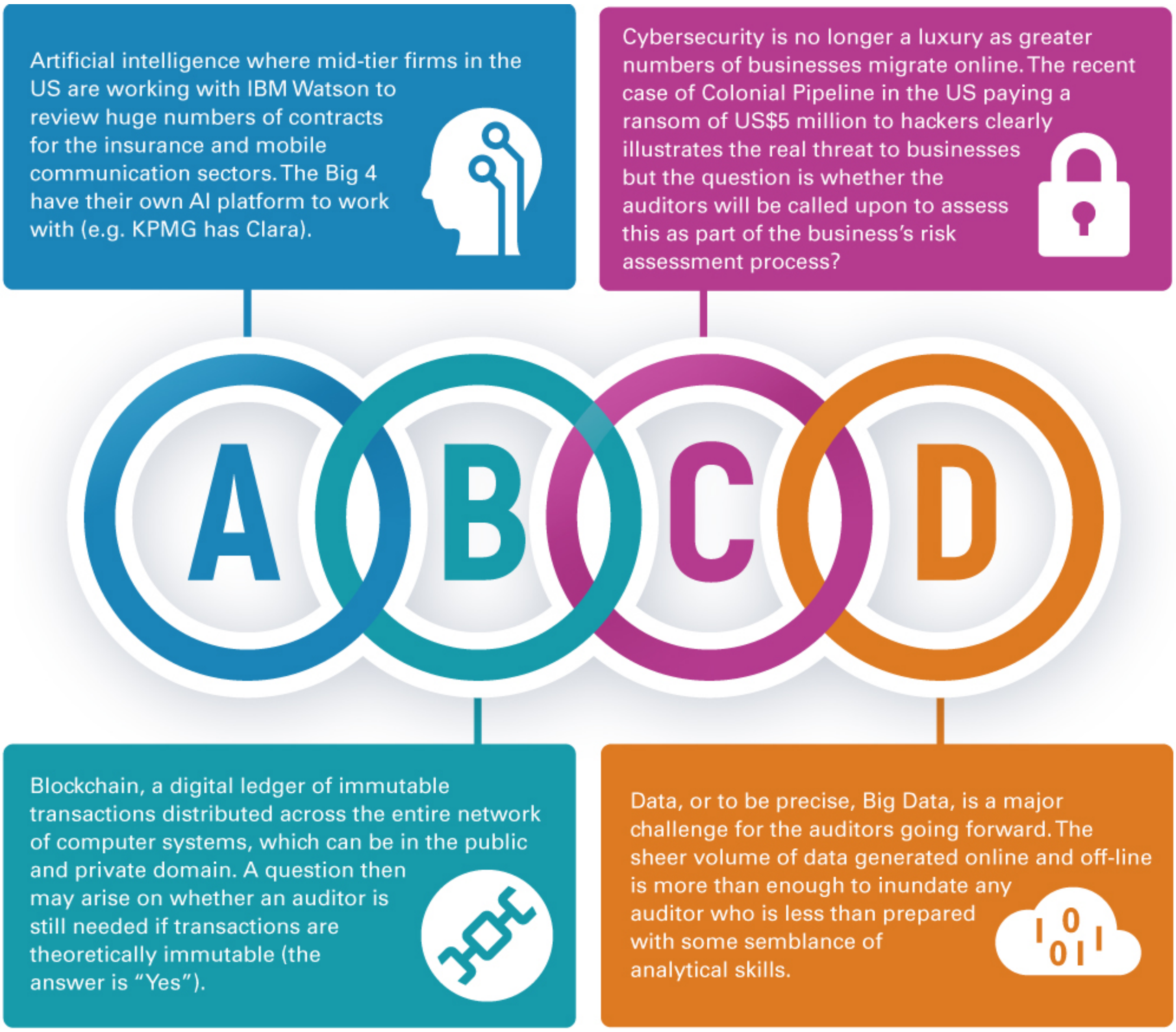
Now could be the best time for SMPs to start thinking about their own raison d' étre or purpose of existence. Would they want to revert to pre-pandemic 2019 behaviour or could there be a new path, a new reset for the firms? The problem with getting back to 2019 is that so much has changed since – the era when working from home (WFH) was a novelty, electronic commerce was mainly a B2B model, contactless payment was the limited domain of large corporations, and Bitcoin, to many, was seen as a get-rich-quick scheme for some computer experts.

If moving back in time is not an option, should SMPs then be thinking about moving forward as a strategy?

Take auditing, as an example. It has hardly evolved over the past 20 to 30 years. Audit firms' investment in technology in the past may have been limited to the replication of paperwork and upgrading of record filing. Today however, vast volumes of data, shifts in business models, and increased expectations for a more proactive approach to auditing means that auditors will need to re-examine their approach to work. Whilst it is not the pandemic crisis that triggered the need to evolve, undeniably, it has accelerated these trends.

The ABCD Phenomenon

For many smaller firms, the challenge will be about having a clear sense of direction of where the starting lines are because many of these changes are seismic in nature. On technology alone, the audit profession is faced with the "ABCD Phenomenon" as described below:



When pivoting to technology, what would then be the best area for an SMP to invest in? Among the options available, data analytics is a clear choice. In dealing with data, auditors are faced with the speed at which data is being generated nowadays (mostly in real time) and its sheer volume. Added to this, a lot of the transaction trails are now in electronic form or digital images.

Data Analytics – The Starting Point

There are three good reasons for SMPs to start here:

- It enables firms to understand the data and interpret its application to the clients' business and operations, helping to drive both efficiency gains and audit quality;
- Firms can use the data to create industry benchmarks and dashboards, fortifying their industry/ client knowledge and eventually, building up their specialised skillsets; and
- Firms can offer tailored services to better service clients in the long-term with minimal risk of running foul of the Institute's By-Laws and Code of Ethics.

Fortunately, most audit software in the market is already equipped with data analytics functionalities. In other cases, software houses and other service providers offer data conversion services (known as data ingestion) that assist clients to digitalise their database, thus enabling analytics software to be deployed across all clients, even for those that still maintain paper records or a hybrid of paper and non-integrated IT platforms. While this type of demand is still a novelty in Malaysia, such analytics can offer compelling insights into the clients' operations, allowing auditors to exercise more than a healthy dose of professional judgement and professional skepticism when challenging management's possible biases or applying the ratio analysis test. For those looking to invest in audit software with data analytics capability, a useful article to read is the recent publication by MIA – "Guidance on Software & Software Vendor Selection" and its companion manual, the "Software Vendor Database".

Other Technology Tools to Consider

While SMPs (at least in Malaysia) may not be in a hurry (or still do not feel the urge) to invest in AI in the near future, **small manageable steps** with a fairly visible return on investment can still be taken by progressive SMPs starting on their technology journey, aside from investing in data analytics capability as mentioned above. Among others, they are:

Electronic Bank Confirmation (eConfirm.my)

eConfirm.my, an electronic bank confirmation platform, was developed as part of the Institute's technology initiatives in addressing several issues and risks pertaining to the manual bank confirmation requests faced by the audit firms. Launched in June 2020, eConfirm.my replaces the manual paper-based confirmation process with several significant benefits for auditors, audit clients, banks and the greater economy:

- Provides a secure process with the necessary audit trails to obtain the required bank confirmations.
- Achieves greater efficiency and cost savings at the firm level.
- Eliminates duplications and loss of confirmations, and expedites confirmation replies to the auditors.
- Mitigates the risk of confidential information being wrongly sent to other parties through postal services.
- Expedites confirmation and reduces delays in clearance of audited financial statements which benefits the overall business environment.
- Enhances compliance with approved standards on auditing, financial reporting deadlines and practice review requirements.
- Reduces the risk of fraud which may potentially go undetected by auditors whilst protecting the interest of stakeholders that rely on audited financial statements. The recent Wirecard scandal is a good cautionary example.
- Supports protocols for health and wellness in the COVID-19 new normal, as the EBC platform minimises human contact and promotes physical distancing through a technology platform.

As of early June 2021, 730 audit firms and 20 banks have signed up with eConfirm.my. Further information pertaining to this platform is available at www.econfirm.my .

Client or Practice Management Portal (also known as Project Management Portal)

File sharing and remote review of audit files have been in vogue in many parts of the world but in Malaysia there is still an adoption gap. Many of these could be stand-alone systems or usually, are embedded as part of the audit software, depending on vendors. Apart from project management functionalities such as “deadline” and/or budget or time-cost management, it is a useful tool to track staff scheduling and the status of documents requested from clients but still pending as the audit progresses. In some instances, the functionalities can be further programmed to send out standard reminders on a timely basis while others can be used to generate clients’ engagement letters, management’s representations, and even billings. A mid-tier firm found the roll-over of the audit file for the next audit cycle to be so much more systematic and efficient with the use of such a portal. In the era of WFH, such portals are powerful tools for audit managers in managing their audit teams and clients from anywhere, and in a real time environment. Most of these systems are highly secure, allowing clients to transmit sensitive information at ease – a much needed facility during the current pandemic.

SMPs can also use certain functionalities in these management portals to evaluate the adequacy of resources at the planning stage as required by the new quality management standards (the ISQM 1) that will be coming into effect by the end of 2022.

Conclusion

While investing in technology will be the new pivot for progressive SMPs post-pandemic, one must always remember that technology is only an enabler. It is still the people, the firms’ human capital, that represent the most critical element in delivering high-quality audits and in protecting the public interest. The collective skills and competencies of a diverse audit team will ultimately support the greater judgement and decision-making capabilities required for an audit in a complex and constantly changing environment. Thus, these firms are also constantly looking for audit staff equipped with a variety of competencies due to the increased complexities of doing business and the ever-present business risks.

In the meantime, SMPs will need to start assembling the right team and equipping them with proper technology-based tools post-pandemic if they are serious about “coming back better”.