

FAQs ON THE GUIDELINES PURSUANT TO SUBSECTION 264(4A) OF THE COMPANIES ACT 2016 FOR A FIRM OF AUDITORS

- 1. Q : What is the effective date of these guidelines, and when do they apply to audit reports?**

A : The guidelines for audit reports prepared pursuant to section 264 of the CA 2016 are effective on or after 1 April 2024

- 2. Q : Is the guideline applicable to the preparation of audit reports before 1 April 2024?**

A : No. The guidelines are only applicable for the preparation of audit reports on or after 1 April 2024.

- 3. Q : What will happen if the appointment of auditors is made before 1 April 2024?**

A : As long as the preparation of the audit report is made on or after 1 April 2024, these guidelines will be applicable regardless of the date of the auditor's appointment.

- 4. Q : Can a firm of auditors continue to audit a company if the spouse of its partner is an officer of the company?**

A : The exception under subsection 264(4A) allows a firm of auditors to continue the audit engagements even if the partners of the firm have spouses who are officers of the audited company or related corporations (except if the spouse is a director or company secretary), provided that the requirements of the guidelines are complied with and the independence of both the auditor and the firm of auditors are not compromised.

- 5. Q : Does a firm of auditors need to apply for an exemption if a partner in the firm of auditors wishes to conduct an audit for a company where his spouse is a director or secretary of the company being audited?**

A : The exemption is not applicable to a firm of auditors where the spouse of the partner of the firm is a director or secretary of the company being audited or any of its related corporation.

6. **Q : Does the firm of auditors need to apply for exemption under subsection 264(4A) if the spouse of a partner of the firm is an employee of the company being audited?**

A : No. However, the firm of auditors is required to comply as follows:

- (i) prepare and lodge a declaration with SSM outlining measures taken to ensure auditor independence and compliance before the commencement of audit;
- (ii) prepare and maintain a register of declarations and kept at the principle address of the firm or at the address of branch of the firm (in cases where clients audit files are handle by branches).

Please refer to paragraphs 7, 8 and 9 of the guidelines.

7. **Q : Is the exemption applicable if the spouse of a partner of the firm is involved in the preparation or the keeping of the accounting and other records in relation to the preparation of the financial statements of the company?**

A : No. The exemption is not applicable for the above situation.

8. **Q : When does the declaration need to be submitted to the Companies Commission of Malaysia (SSM)? Should the declaration be lodged in yearly basis if the auditor remains unchanged for the subsequent year audit?**

A : The declaration under the guidelines must be submitted to SSM prior to the commencement of audit for each financial year even if there are no changes on the auditors' appointment.

9. **Q : Where the audit has commenced before 1 April 2024 but the report has not been prepared, when should the declaration be submitted?**

A : The declaration must be submitted by the firm of auditors prior to the signing of the audit report.

10. **Q : Is there any fee for lodgement of declaration under section 264(4A) to SSM?**

A : No.