

■ BY THE SMALL AND MEDIUM PRACTICES (SMP) DEPARTMENT

CPE FOR AUDITOR LICENSE RENEWAL



○ **FREQUENTLY ASKED QUESTIONS (FAQs)** on New CPE requirement for the Renewal of Audit Approval

THE Council of the Institute has on 26 May 2016 approved the amendments to Definitions, Section 410 ‘Continuing Professional Education’ and Appendix V ‘Accredited Structured and Unstructured CPE Learning Activities for Section 410’ of the MIA By-Laws (On Professional Ethics, Conduct and Practice).

Subsequent to the above amendments, a minimum of 10 out of 20 structured CPE hours each year to be completed by members for the purpose of renewal as an approved company auditor, must be related to International Standards on Quality Control (ISQC 1), approved auditing standards and/or approved accounting standards.

Accordingly, Appendix V has been amended to provide guidance on the accredited structured learning activities/programmes that are eligible to be claimed as CPE hours for the

abovementioned purpose.

To help provide clarity to the new requirement, please see the FAQs below. If you need further clarifications, please email the MIA SMP Department at smp@mia.org.my.

What is the objective of the new CPE requirement?

The main objective is to improve audit quality and to be in line with the CPE requirements for license renewal of other professional services¹.

When is the effective date?

The new CPE requirement will take effect from 1 January 2017.

I am not an auditor. Will the new CPE requirement affect me?

No, the new CPE requirement will only affect auditors who would like to renew their audit approval.

Illustrations / Examples

SCENARIO 1

AUDIT APPROVAL EXPIRES BEFORE OR IN YEAR 2017

For audit approval expiring in year 2017 (regardless of the expiry month), the Institute will check the CPE compliance of renewal applicants for the prior two years, i.e. year 2015 and 2016. Hence, the new CPE requirements will not yet be applicable for renewal of audit approval that expires in year 2017.

Likewise for audit approval expiring in year 2016 (regardless of the expiry month), the Institute will check the CPE compliance of renewal applicants for the prior two years, i.e. year 2014 & 2015. Hence, the new CPE requirements will not yet be applicable for renewal of audit approval that expires in year 2016.

Table 1

Audit approval expires in year	Checking of CPE Compliance in year			
	2014	2015	2016	2017
2016				
2017				
2018				New CPE requirement will be applicable starting 2017

Note: New CPE requirement will not be applicable yet.

SCENARIO 2

AUDIT APPROVAL EXPIRES AFTER OR IN YEAR 2018

For audit approval expiring in year 2018 (regardless of the expiry month), the Institute will check the CPE compliance of renewal applicants for

the prior two years, i.e. 2016 and 2017. Hence, the new CPE requirements will be applicable for renewal of audit approval expiring in year 2018 and onwards. Please refer to **Table 1**.

What types of structured courses will be eligible for audit approval renewal

purposes?

In fulfilling the specific CPE requirement for purpose of renewal, all of the following accredited structured activities must be related to ISQC 1, approved auditing standards and / or approved accounting standards (as per Appendix V of MIA By-laws).

CPE courses and conferences organised by the Institute or by the Institute jointly

¹ *Currently there is no specific requirement on the type of CPE to be attended by auditors for renewal of audit approval. This is different from the renewal conditions of tax agent and GST tax agent where only tax / GST-related courses are accepted for renewal purposes.*

We have moved

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CPE FOR AUDITOR LICENSE RENEWAL



with other professional bodies or by other organisations endorsed by the Institute.

CPE courses and conferences organised by the recognised bodies as listed in Part II of the First Schedule to the Act.

Courses and conferences organised by other accredited organisations.

Participation in formal groups and formal self-study programmes designed specifically for members.

Studies undertaken for the purpose of preparing for a post-qualification course.

Studies undertaken after qualification with a view to preparing the member for a postgraduate degree - (for example Masters, PhD, professional qualifications).

Suitable courses run by a university or appropriate institution.

Relevant courses run by a firm in public

practice, an industrial company or other business organisation.

Correspondence courses, audiotape or videotape packages, courses of programmed texts or other individual study programmes that are relevant or related to the accountancy profession, which require participation by the member.

Writing of technical articles, papers or books for publication.

Working as a lecturer, instructor or discussion leader on a structured course will entitle the member to obtain a maximum of 50% of the minimum CPE credit hours (repeat presentations of the course will entitle the member to not more than 30% of

the minimum CPE credit hours for this purpose).

Service as a member of a committee of the Institute and its branches will entitle the member to obtain a maximum of 2 CPE credit hours for each meeting attended by the member in respect of the committee or the branch of the Institute as the case may be.

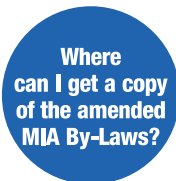
Service as a member of a committee of any one of the recognised bodies as listed in Part II of the First Schedule to the Act and other related bodies, will entitle the member to obtain a maximum of 2 CPE credit hours for each meeting.

Participation in the Institute's activities in the development of standards/guidelines relating to the profession. (A member shall not be entitled to accumulate more than 10 CPE credit hours for participation in the same activity in any one cycle).

Participation as a speaker in conference and seminars. 1 hour of training is equivalent to 1 CPE credit hour.

The new CPE requirement is quite onerous as 10 structured CPE hours are more than a one-day event which is entitled to 8 structured CPE hours. Can MIA develop some special one-day courses that entitle members for 10 CPE hours?

The MIA SMP Committee will consider the above request and all approved special courses will have a special indication in the flyer by the Institute. ■



The above-mentioned amendments to the MIA By-Laws have been uploaded to the Institute's website. Members can download a copy at <http://www.mia.org.my>