



**31 Dec 2020**

# Transparency Report

“At the heart of our business  
lies our core values:  
**We care. We share.**  
**We invest. We grow.”**

*Poon Yew Hoe,  
Managing Partner  
Crowe Malaysia*





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# Foreword

by the Managing Partner

Business is a balance between generosity and thriftiness, openness and protection of business secrets, present actions and future plans, people and equipment, failures and successes. Business is not static, it is dynamic and changes as the world, society, environment and internal resources change.

Established since 1983, what Crowe Malaysia practises is a consistent strategic direction so that when winds buffet the firm, we are like a stable ship that continues to sail. Underlying this stability in Crowe is our united management team, our long years of experience, specialisations in our fields of endeavour and the values we subscribe to.

We believe in excellence, trust by our clients, diligence, integrity and co-operation with all parties alike. We also believe that these qualities will elevate our contributions to our stakeholders and society at large. As auditors, tax agents and business consultants, our services directly impact the business community, the Malaysian capital market and the government.

We will continue to strive towards balancing our business and societal goals by providing excellent advice to clients, preserving the trust that the market has placed on us whilst advancing the interest of the government in collecting taxes and enforcement of compliance rules.

With this first issue of our firm's Transparency Report, we hope to share a glimpse of life in Crowe Malaysia and all the factors that go into delivery of services to clients.

**Poon Yew Hoe**  
Managing Partner  
Crowe Malaysia



# Crowe Malaysia at a Glance



5<sup>th</sup>

largest  
accounting  
firm in Malaysia.<sup>1</sup>



15

offices  
nationwide



1,200+

employees

**Crowe Malaysia PLT** (201906000005 & AF 1018) is a limited liability partnership (“LLP”) registered in Malaysia.<sup>2</sup> As a member firm of Crowe Global, a top 10 global accounting network, we are associated with over 200 member firms and business associates around the world. With the leverage of our international network in over 145 countries, we help our clients to reach their growth potential as well as extend their global reach.

The Firm provides a full range of assurance, tax, advisory and risk services. We have a strong and dynamic team of partners, principals and directors managing a portfolio of companies that includes mid to large private, publicly-listed and multinational companies across a wide range of industries. Some of those services are provided through the respective 15 offices by their network firms.<sup>3</sup>

Crowe Malaysia PLT is registered with Malaysia’s Audit Oversight Board (“AOB”) and the Public Company Accounting Oversight Board (“PCAOB”) in the United States. Since 2006, we have been among the top three accounting firms involved in the highest number of initial public offerings (“IPOs”).<sup>4</sup>

1 Source: International Accounting Bulletin Malaysia Survey 2020 and the relevant accounting firms’ websites (based on total staff headcounts).

2 It was registered on 2 January 2019 and with effect from that date, Crowe Malaysia (AF 1018), which was a conventional partnership was converted to a LLP.

3 A firm or entity that belongs to the Crowe network.

4 Source: Bursa Malaysia website at [www.bursamalaysia.com](http://www.bursamalaysia.com)



# Crowe Malaysia Offices

In March 2020, we expanded our strategic plan into Perak, through the opening of a new office in Ipoh. Similarly on 1 March 2021, the Firm also added a new office in Tawau. We now have a total of 15 offices strategically based in key states throughout Malaysia including:

- Kuala Lumpur
- Klang
- Penang
- Melaka
- Muar
- Johor Bahru
- Ipoh
- Kuching (iCom Square)
- Kuching (Brighton Square)
- Sibü
- Bintulu
- Miri
- Labuan
- Kota Kinabalu
- Tawau

## 2.1 The Firm’s Structure\*



\* Further details about the Firm’s structure of Crowe Malaysia can be found on page 57.

# 2.2 Governance

Crowe Malaysia PLT is a member firm of Crowe Global, one of the top 10 international accounting networks in the world\*.

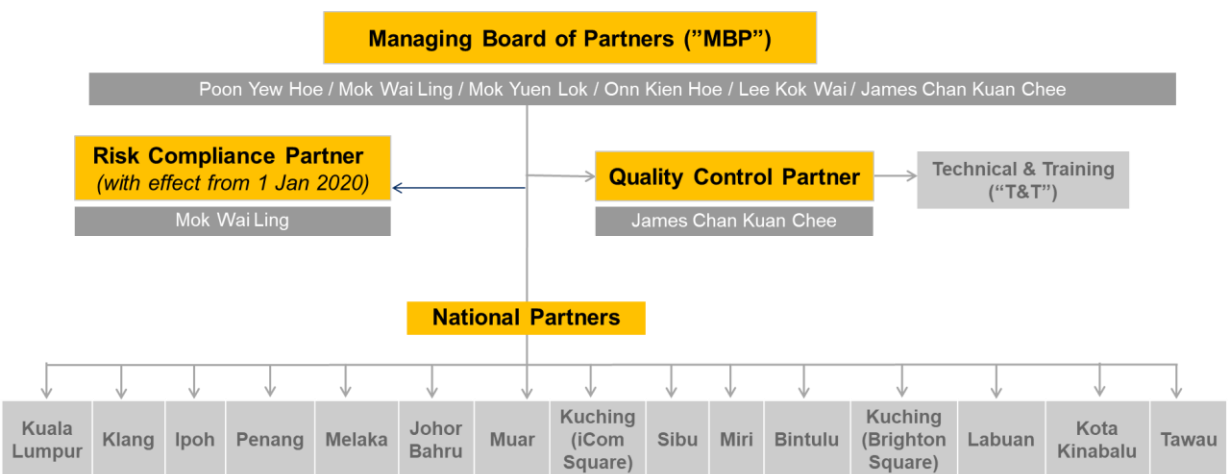
## Governance and management

As the Firm has multi-location offices all over Malaysia, the Firm has a centralised responsibility for the system of quality control in the Kuala Lumpur Office. There are full partner meetings at least twice each year. As of 31 December 2020, there were 41 audit partners in total.

The Managing Board of Partners (“MBP”) is responsible for the governance of Crowe Malaysia PLT. The MBP is charged with overseeing the activities of the Firm, including setting the overall business strategies and policies, risk management policy and procedures as well as monitoring the overall Firm branding.

Mr. Lee Kok Wai is appointed as the Head of Audit of the Kuala Lumpur office to focus on ensuring a consistently high quality service is delivered in the audit practice while other offices are monitored and overseen by the MBP directly.

On engagements, the Firm holds the Engagement Partner (“EP”) and Engagement Quality Control Reviewer (“EQCR”) responsible for the proper review of the engagements.



\*Further details about Crowe Global can be found on page 10.



# The Managing Board of Partners (MBP)



**From left to right:**

James Chan Kuan Chee, Lee Kok Wai, Mok Wai Ling,  
Poon Yew Hoe, Mok Yuen Lok, Onn Kien Hoe



# 2.2 Governance (cont.)

## Family Relationship

The family relationships between partners undertaking leadership roles or holding substantial equity in the partnership with other partners of the Firm are as follows:-

Kuala Lumpur Office	
Poon Yew Hoe	Spouse of Mok Wai Ling and brother-in-law of Mok Yuen Lok
Mok Wai Ling	Spouse of Poon Yew Hoe and sister of Mok Yuen Lok
Mok Yuen Lok	Brother of Mok Wai Ling and brother-in-law of Poon Yew Hoe
Muar Office	
Ng Kim Hian	Brother of Ng Kim Kiat
Ng Kim Kiat	Brother of Ng Kim Hian
Kuching (iCom Square) Office	
Hudson Chua Jain	Brother-in-law of Chai Tze Chek
Chai Tze Chek	Brother-in-law of Hudson Chua Jain

## 2.3 Disclosure on partners with equity in the partnership

No partner of the firm has more than 10% equity share over the total group profits in the partnership. The details about the Firm’s equity structure of Crowe Malaysia PLT can be found on page 62.

## 2.4 The Crowe Global Network

We are a member firm of Crowe Global which is ranked among the top 10 global accounting networks with over 200 independent accounting and advisory services firms in more than 145 countries around the world.

Crowe Global's member firms are committed to impeccable quality service, highly integrated service delivery processes and a common set of core values that guide decisions daily. Each firm is well established as a leader in its national business community and is staffed by nationals, thereby providing a knowledge of local laws and customs which is important to clients undertaking new ventures or expanding into other countries. Crowe Global member firms are known for their personal service to privately and publicly held businesses in all sectors and have built an international reputation in the areas of audit, tax and advisory services.

Crowe Global produces its own Transparency Report that presents the network's commitment to global standards. It is available at [www.crowe.com/global](http://www.crowe.com/global)

### Legal and Constitutional Structure

Crowe Global is an international network of independently owned and managed accounting and advisory firms that may be licensed to use the "Crowe" brand in connection with the provision of accounting, auditing, tax, advisory and other professional services to their clients.

Crowe Global is commercially organized under the laws of Switzerland as a Verein (Association) and is a non-practicing entity and does not provide professional services in its own right.

Crowe Global is wholly owned by its member firms. Crowe Global operates through a wholly-owned subsidiary incorporated under the laws of the State of New York in the United States of America where it is headquartered.

Crowe Global is considered a "network" as defined under the Code of Ethics of the International Ethics Standards Board for Accountants (IESBA) and by virtue of its membership of the Forum of Firms.



## 2.4 The Crowe Global Network (cont.)

### **Leadership, Governance and Management**

The Board of Directors (“Board”) is responsible for the governance of Crowe Global. The Board is charged with overseeing the activities of the network, including setting strategy and policy. With the exception of the Chief Executive Officer, the Board is made up of individuals representing member firms in Crowe Global.

The Management Committee operates according to the responsibilities and authority that is delegated to it by the Board and oversees the daily management of the network’s operations. It consists of the Chief Executive Officer, Chief Operating Officer, the network’s regional executives and the network’s International Accounting & Audit and International Tax Directors.

### **List of Audit Firms**

A list of member firms that provide audit services and their countries can be found on page 59.

### **Revenue from Audit Services**

The revenue from audit services provided by network audit firms was USD1.67 billion in the year to 31 December 2020.

# 3. Our Quality Control System

## A commitment to quality

The Firm's Quality Control System ("QCS") for our Assurance practice is based on International Standards on Quality Control 1 ("ISQC 1") regarding quality control for Firms that perform audits and reviews of financial statements and other assurance and related services engagements and ISA 220 regarding quality control for an audit of financial statements.

ISQC 1 applies to firms that perform audits of financial statements, report in connection with investment circulars and provide other assurance services where they relate to activities that are reported in the public domain and are therefore in the public interest.

The objective of ISQC 1 is for the firm to establish and maintain a system of quality control to provide it with reasonable assurance that:-

- the firm and its personnel comply with professional standards and regulatory and legal requirements; and
- reports issued by the firm or engagement partners are appropriate in the circumstances

The Firm's QCS is based on the six elements of quality control set out in ISQC 1, which are:-

- Leadership responsibilities for quality within the firm;
- Relevant ethical requirements;
- Acceptance and continuance of client relationships and specific engagements;
- Human resources;
- Engagement performance; and
- Monitoring

The Sections below describe how the Firm's QCS incorporates each of the above elements. Certain elements of the firm's internal quality control systems are reviewed by our regulator. The policies and procedures that form our QCS have been documented, and there is a monitoring regime to enable the leadership of our Firm to review the extent to which the policies and procedures are operating effectively. We perform an internal review of the design and operating effectiveness of our QCS regularly. In addition, updates and changes to the Firm's QCS, as well as points needing reinforcement, are communicated to partners and staff via mandatory training and other technical communications.



## 3.1 Leadership & Accountability

The Firm establishes policies and procedures designed to promote an internal culture based on the recognition that quality is essential in performing engagements. Such policies and procedures require the Firm's MBP to assume ultimate responsibility for the Firm's QCS and such that any person or persons assigned operational responsibility for the Firm's QCS by the Firm's MBP have sufficient and appropriate experience and ability, and the necessary authority, to assume that responsibility.

The Firm's detailed quality control procedures are set out in our Quality Control Policies and Procedures Manual on Auditing and Related Services. The policies and procedures are embedded as part of the Firm's day-to-day activities. The policies and procedures that form our QCS have been documented, and there is a monitoring regime to enable the leadership of our firm to review the extent to which the policies and procedures are operating effectively.

# 3.1 Leadership & Accountability (cont.)

## Tone at the Top

The Firm recognises that quality is essential in performing engagements that comply with professional standards and applicable legal and regulatory requirements and issues reports that are appropriate in the circumstances.

The Firm's leadership is to promote an internal culture based on quality by way of, amongst others:-

- Establishing policies and procedures that address performance evaluation, compensation and promotion with regard to its personnel, in order to demonstrate the Firm's overriding commitment to quality;
- Assignment of management responsibilities so that commercial considerations do not override the quality of work performed; and
- Provision of sufficient resources for the development, documentation and support of its quality control policies and procedures.

The Firm has a commitment to a culture of quality, that clear, consistent and frequent actions and messages emphasising quality are made through a variety of mechanisms, such as:-

- Internal communications, mainly via emails by the T&T Department and Corporate Communications Department
- Internal meetings, e.g. annual strategic meetings, management meetings, department meetings, etc
- Appropriate compulsory training
- Adequate controls and checks in place to minimise the likelihood of non-compliance
- Identification of incidents of non-adherence to the quality control policies and procedures and appropriate corrective action taken.





# 3.1 Leadership & Accountability (cont.)

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## Governance Structure

As the Firm has multi-location offices all over Malaysia, the Firm has a centralised responsibility for the system of quality control in the Kuala Lumpur Office.

The MBP assumes the ultimate responsibility for the Firm's overall system of quality control while the respective office's partners assume the responsibility for the respective office's system of quality control.

The Firm's MBP also assigns the operational responsibilities for the Firm's QCS and Risk Management to a Quality Control Partner and a Risk Compliance Partner respectively. Both of them will demonstrate the following criteria:-

- Sufficient and appropriate experience and ability – must be a licensed audit partner with at least 10 years of experience
- Necessary authority – power and authority is given by the MBP to the Quality Control Partner and Risk Compliance Partner to implement the quality control and risk management policies and procedures for the Firm respectively
- Reporting responsibilities to the MBP on a regular basis

On engagements, the Firm holds the Engagement Partner and Engagement Quality Control Reviewer responsible for the proper review of the engagements.



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## Partner's Appraisal

A formal partner's performance appraisal shall be conducted on an annual basis and documented in an appraisal form to emphasise quality as their key performance indicator by taking into account the results of the internal and external monitoring reviews. Failure to maintain quality work can result in action to be taken against the partner concerned by the MBP, based on the severity of the sub-standard work.

## 3.2 Relevant Ethical Requirements

The Firm establishes policies and procedures designed to provide it with reasonable assurance that the Firm and its personnel comply with relevant ethical requirements.

The Firm also establishes policies and procedures designed to provide it with reasonable assurance that the Firm, its personnel and, where applicable, others subject to independence requirements (including network firm personnel), maintain independence where required by the By-Laws (On Professional Ethics, Conduct and Practice) of the Malaysian Institute of Accountants (“MIA By-Laws”) and/or the Code of Ethics for Professional Accountants of the International Federation of Accountants (“IFAC Code”).

Such policies and procedures should enable the Firm to:-

- communicate its independence requirements to its personnel and, where applicable, others subject to them; and
- identify and evaluate circumstances and relationships that create threats to independence, and take appropriate action to eliminate those threats or reduce them to an acceptable level by applying safeguards, or, if considered appropriate, to withdraw from the engagement.

The Firm has adopted the MIA By-Laws for local engagements and/or the IFAC Code for international engagements. Where the provisions are found to be more stringent in either rule, the stricter provision shall prevail.



## 3.2 Relevant Ethical Requirements (cont.)

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### Independence and Ethics Policies

Independence shall be maintained throughout the engagement period for all engagements.

If threats to independence cannot be eliminated or reduced to an acceptable level by applying appropriate safeguards, the Firm shall eliminate the activity, interest or relationship that is creating the threat, or refuse to accept or continue the engagement (where withdrawal is not possible).

Instances of non-compliance with the independence requirements shall be reported to the Managing Partner/MBP.

All personnel are encouraged to report to the Quality Control Partner (or the T&T team members) promptly any potential independence threats and breaches of independence requirements identified or a new situation that could pose a threat to independence in the intervening period as soon as they become aware of that situation.

Staff are aware that failure to adhere to ethical principles, or failure to comply with the Firm's policies and procedures, may result in disciplinary action.



## 3.2 Relevant Ethical Requirements (cont.)

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### Independence and Ethics Policies (cont.)

We do not permit any of our partners or employees to hold financial interests in audit clients. All staff and their immediate family members are given 6 months to dispose of the financial interests that they hold in Crowe Malaysia PLT's audit clients, which are listed in the List of Prohibited Investments. This includes transnational clients who are listed overseas and publicly listed holding companies or publicly listed subsidiaries that are not audited by the Firm. Prohibited financial interest includes any direct investments in or loans to/from clients, as well as material indirect interests in clients through intermediary entities as defined in the Companies Act 2016.

A list of prohibited investments is maintained, which identifies all listed companies that we act for and whether they are audit clients. We also notify Crowe Global of our public interest entity ("PIE") clients.

Conflict and independence checks are carried out on new and prospective clients according to independence requirements and the nature of the risk. If appropriate, for example for multinational clients, these will extend to firms in the Crowe Global network.



## 3.2 Relevant Ethical Requirements (cont.)

### Independence and Ethics Policies (cont.)

All new employees complete a statement of independence and confidentiality, which incorporates a 'fit and proper' form, on joining the firm. Each partner and employee should also make an annual declaration by completing a similar form on an annual basis.

This includes the declaration of their financial interests and that of their immediate family members in the clients of the Firm which shares are publicly listed, their other work engagements and the employment details of their immediate family members. Any declarations on those forms that may indicate an issue regarding independence are reviewed and, where appropriate, suitable action is taken.

All members of the engagement team performing audit and audit-related services for a public interest entity must make a declaration of professional conduct and ethics before the commencement of the engagement on the prohibition of their and their immediate family members' financial interests in the public interest entity and employment and other relationships.

The engagement team consists of all individuals participating in the engagement, including those who perform engagement quality control reviews. The team includes the engagement partner, the engagement quality control reviewer, all employees and contractors retained by the Firm who participate in the engagement, irrespective of their functional classification.



## 3.2 Relevant Ethical Requirements (cont.)

### Independence and Ethics Policies (cont.)

#### Audits of Public Interest Entities

In respect of an audit of a public interest entity, an individual shall not act in any of the following roles, or a combination of such roles, for a period of more than seven cumulative years (the “time-on” period):-

- (i) The engagement partner;
- (ii) The individual appointed as responsible for the engagement quality control review; or
- (iii) Any other key audit partner role.

After the time-on period, the individual shall serve a “cooling-off” period.

Below is the Firm’s existing Partner Rotation Rule and the Malaysian Institute of Accountants (“MIA”) transitional provision shall apply accordingly:-

Transition Period (15 Dec 2018 to pre 15 Dec 2023)		
Roles	Time-on Period (years)	Cooling-off Period (years)
Engagement Partner	7	3
EQCR Partner	7	3
Other Key Audit Partner	7	2



## 3.2 Relevant Ethical Requirements (cont.)

### Provision of Non-Assurance Services to Audit Clients

Before the Firm accepts an engagement to provide a non-assurance service to an audit client, a determination shall be made as to whether providing such a service would create a threat to independence

In evaluating the significance of any threat created by a particular non-assurance service, consideration shall be given to any threat that the audit team has reason to believe is created by providing other related non-assurance services. If a threat is created that cannot be reduced to an acceptable level by the application of safeguards, the non-assurance service shall not be provided.

The Firm requires a conflict of interest check via email to be sent out to senior management of the Firm before acceptance of any potential new clients and potential engagements with existing clients for public interest entities and any other sensitive clients determined by the prospective partner/director.

The conflict of interest check shall extend to the global network of firms for any overseas potential clients or engagements. For prospective engagement service to be rendered to Crowe Malaysia PLT's audit client, the prospective engagement team shall obtain consent from the Audit Engagement Partner before the acceptance.

Further evaluation of the provision of any non-assurance services to an audit client shall be evaluated with reference to the clauses stated in the MIA By-Laws and / or IFAC Code.



## 3.3 Client Relationships & Specific Engagements

### Client Acceptance and Retention

We recognise the importance of assessing risk when taking on clients for the first time and on an ongoing basis.

The most important principle to client acceptance and retention is that a prospective/existing client should only be accepted/retained when it has been clearly established that we have the necessary expertise to serve the client, are independent and that the client is worthy of association with Crowe Malaysia PLT and its network firms. Equally important is the conduct of a risk assessment on the prospective client or an existing client in which a rating of high risk has been attached to it. Clients with several of the attributes in the risk management rating form for client acceptance and retention are indications of one that is high risk.

In order to avoid involvement with such high-risk clients, when the Firm is asked to accept/retain an engagement, we should:-

- Establish that the prospective or existing client and its senior officers are of good reputation by conducting background search, inquiries and interviews;
- Ascertain the client's motivation for proposing the engagement and ensure that we have the resources and specific expertise needed to carry out the work, giving full attention to our need to fully understand the client's business;
- Verify that all conditions are met with respect to independence standards and free from conflicts of interest as set out in the MIA By-Laws and/or IFAC Code; and
- Ascertain the reasons for the resignation of the existing auditors and report to the Registrar of Companies in accordance with the Companies Act 2016.

## 3.3 Client Relationships & Specific Engagements (cont.)

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### Client Acceptance and Retention (cont.)

For prospective client which is rated as high risk, the acceptance or non-acceptance of the engagement will be determined by 1 member of the MBP and the risk rating of acceptance shall be concurred by the Risk Compliance Partner. For the prospective engagement with an existing client, the prospective engagement team is required to complete the "Competency Statement". For prospective engagement service to be rendered to Crowe Malaysia PLT's audit client, the prospective engagement team shall obtain consent from the Audit Engagement Partner before the acceptance.

For an existing client who is rated as high risk, the continuance or non-continuance of the engagement shall be determined by the Engagement Partner and concurred by the Risk Compliance Partner.

The Anti-Money Laundering and Anti-Terrorism Financing and Proceeds of Unlawful Activities Act 2001 ("AMLA") Policy sets out the relevant requirements on anti-money laundering and countering the financing of terrorism required by Bank Negara Malaysia that are applicable to Crowe Malaysia PLT and its network firms. The AMLA policy defines the objectives and procedures to be adhered to in conducting customer due diligence procedures when carrying out the Gazetted Activities for the clients, so as to protect our business from being abused by money launderers/terrorist financiers.



## 3.3 Client Relationships & Specific Engagements (cont.)

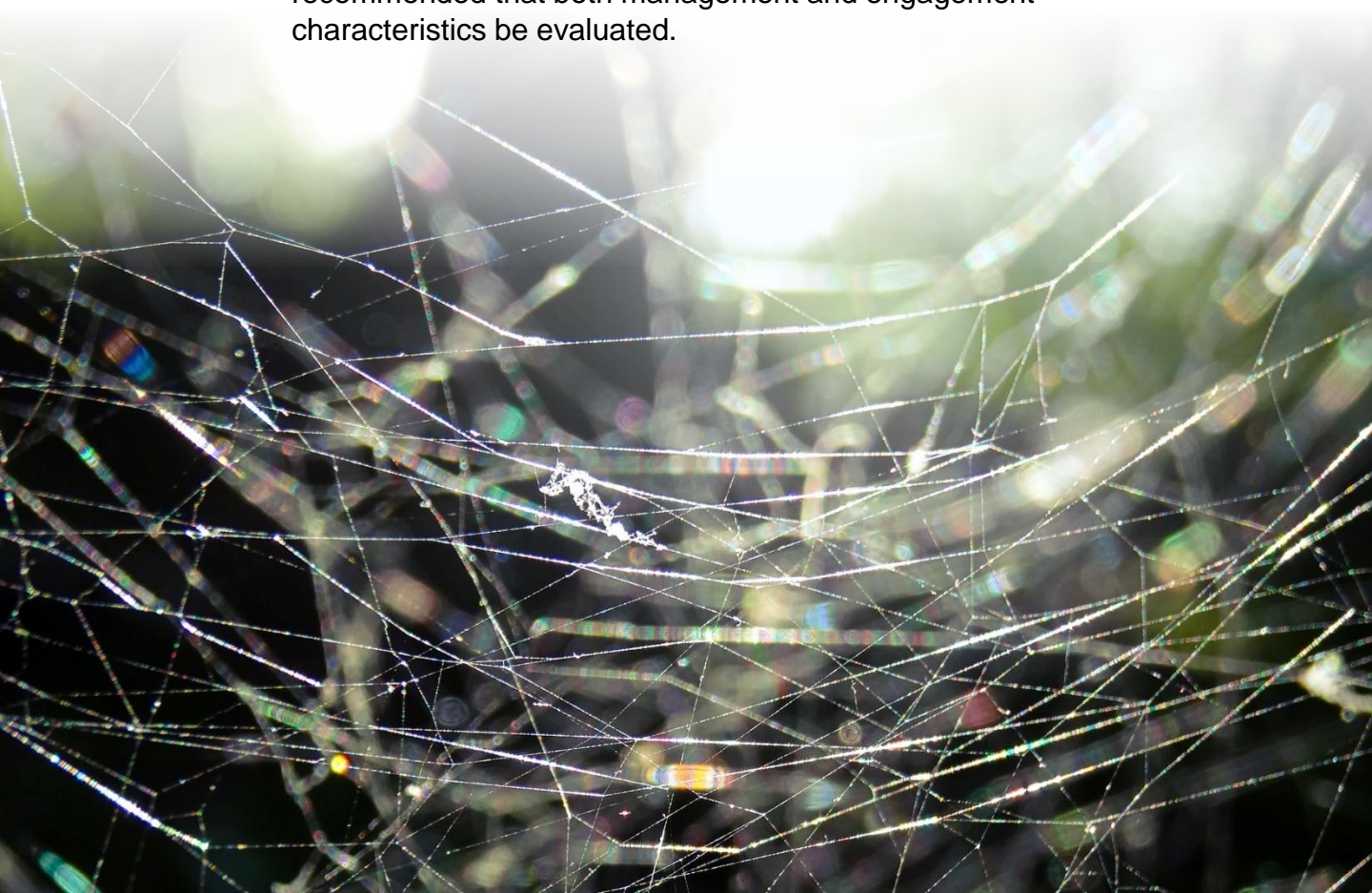
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### Risk Management

Given the litigious nature of society, we must proactively identify, control and wherever possible minimise the risks of litigation.

A coherent application of risk management guidelines should minimise our exposure to claims, thus reducing the impact on future cost and the availability of professional indemnity insurance and reducing the financial losses incurred by Crowe Malaysia PLT and its network firms in relation to such claims, whether due to the settlements themselves, the legal fees paid or the time cost incurred.

Before considering clients for acceptance or retention, it is recommended that both management and engagement characteristics be evaluated.



## 3.4 Human Resources

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### Employment Policy

The personnel employed by the Firm must demonstrate academic capability, possess emotional stability, maturity, integrity and leadership qualities, be competent and have an aptitude for the profession.

The Human Resources Recruitment Policy is laid out in the Human Resources Policies and Procedures Manual.

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### Professional Development

#### Training policy

The Firm is committed to maintain the highest possible standards of technical competence through a continuing professional development programme. Classroom style training courses are held to emphasise accounting and auditing standards as well as specialised technical knowledge. Staff are also trained on soft skills through a people development program.

The formal training is also complemented by on-the-job training where more senior staff is assigned to closely supervise work performed by junior staff. Continuing professional development is also provided through rotation of assignments so that individuals are given varied work to perform in terms of size of engagements, types of industries and nature of work. As the staff progress, they will be assigned additional functions and greater responsibilities.

Staff are encouraged to participate in external continuing professional development programs, including self-study courses, serve on professional committees, and participate in other professional activities and engage in self-development programmes.

Professional staff are required to attend at least 40 hours of training annually which can be achieved by attending internal and/or external training programmes.

All the Continuing Professional Development (“CPD”) hours granted for the professional staff will be recorded and maintained in the Staff Training Records on a yearly basis.

## 3.4 Human Resources (cont.)

### Technical Resource

The Firm ensures that staff are kept up to date with current developments in the profession by:-

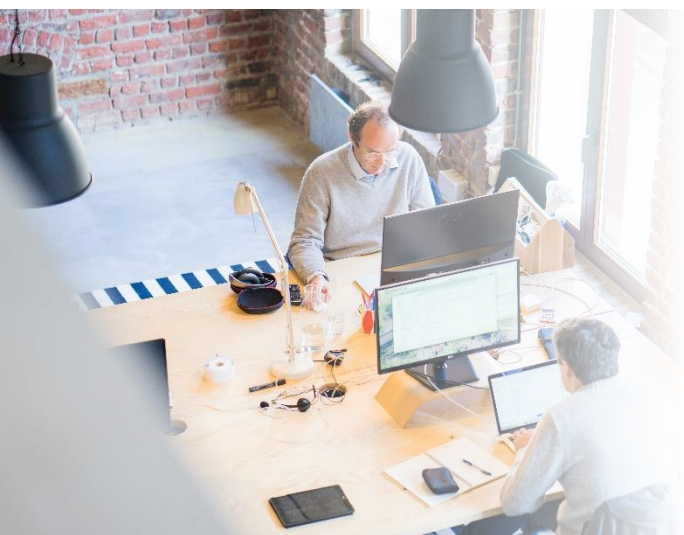
- Issuing of Technical Updates and other email updates to staff;
- Distribution of pronouncements on relevant regulations and statutory requirements;
- Encouraging staff participation in internal and external Technical Committee, Discussion Groups and Working Groups; and
- Setting up a well-equipped Learning Centre and the Learning Portal.

### Staff Progression

Staff are evaluated regularly on their performance. The purposes of the evaluation are to:-

- Determine the efficiency and effectiveness of staff;
- Encourage retention of quality staff and the most effective use of their skills;
- Determine training needs; and
- Determine the compensation, promotion and recognition given.

The Firm's performance evaluation procedures and the relevant performance evaluation forms are set out in the Crowe Malaysia Human Resources Policies and Procedures Manual.





## 3.4 Human Resources (cont.)

### Assignment of Engagement Partners

Each engagement is assigned to an Engagement Partner and the following policies and procedures are adhered to:-

- The identity and role of the engagement partner are communicated to key members of client management and those charged with governance;
- The engagement partner has the appropriate competence, capabilities and authority to perform the role; and
- The responsibilities of the engagement partner are clearly defined and communicated to the partner.

Engagement partners' workload and availability are regularly monitored by the Firm to enable the engagement partners to have sufficient time to adequately discharge their responsibilities.

The Firm's policy is to assign audit work to staff that have the degree of technical training and proficiency required in the circumstances to perform the engagements in accordance with professional standards and applicable legal and regulatory requirements and enable the Firm or the engagement partners to issue reports that are appropriate in the circumstances.

## 3.5 Engagement Performance

As a member of Crowe Global, Crowe Malaysia PLT has access to and uses the Crowe Global Audit Manual which explains Crowe Global's audit methodology, as well as dedicated to the principles of quality embodied in the spirit that guides successful audit professionals of the Firm in meeting the responsibilities to our clients, the public, our colleagues and ourselves. Our client service standards are pillared on our commitment to quality and to work together to deliver impeccable professional services.

“ Understanding, communicating, collaborating and delivering define our professional approach. ”

Crowe Global's audit methodology is based on the International Standards on Auditing (ISAs), with additional Crowe Global policy and guidance provided where appropriate. Crowe Global's policies and procedures are designed to facilitate audits conducted in compliance with all ISA requirements that are relevant to each individual audit engagement.

Our common audit methodology provides the framework to enable Crowe Malaysia nationwide to consistently comply in all respects with applicable professional standards, regulations and legal requirements and that the Firm or the engagement partner issue reports that are appropriate in the circumstances, which include:-

- Matters relevant to promoting consistency in the quality of engagement performance;
- Supervision responsibilities; and
- Review responsibilities.

The Crowe Global Audit Manual along with Crowe Global's audit tools and templates support engagement teams in conducting assurance and related services engagements.

## 3.5 Engagement Performance (cont.)

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### Consistency in the quality of engagement performance

To achieve the above objective, all offices of the Firm shall use the same consistent audit approach and audit tools as mentioned below:-

- Compliance with the Clarified International Standards on Auditing (“ISAs”);
- Adoption of the Crowe Global Audit Manual (details an audit methodology compliant with Clarified ISAs);
- Adoption of the Firm’s Quality Control Policies & Procedures Manual on compliance with International Standards on Quality Control 1 (“ISQC 1”);
- Adoption of audit tools recommended by Crowe Global/Crowe Malaysia PLT;
- Adoption and usage of the same audit documentation within Crowe Malaysia PLT issued by T&T; and
- Other relevant professional pronouncements, requirements, standards and/or tools that are applicable for the performance of the audit engagement.





# 3.5 Engagement Performance (cont.)

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## Supervision of Field Work

The policies and procedures for the supervision of audit engagements are designed to assure that the work performed is in accordance with professional standards and regulatory and legal requirements and meets our specific quality control standards.

Supervision extends from the planning stage to the issuance of our report, covers all levels within our organisational structure and emphasises the involvement of the audit Engagement Partner.

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## The Review Function and Due Professional Care

The audit Engagement Partner has primary responsibility for the exercise of due professional care in the performance of the examination and preparation of the report.

In order to ensure fulfillment of this responsibility, the policy requires the audit Engagement Partner to review the working papers in critical areas and the report prior to releasing it.

The Firm's policy on review responsibility is determined on the basis that the work of less experienced team members is reviewed by more experienced engagement team members. Our review process provides for the review of all reports and supporting working papers by someone other than the preparer.

The extent of review is determined by the nature of the engagement.

# 3.5 Engagement Performance (cont.)

## The Review Function and Due Professional Care (cont.)

### Engagement Quality Control Review

The EQC review entails an objective evaluation of the significant judgments made by the engagement team and the conclusions reached in formulating the report.

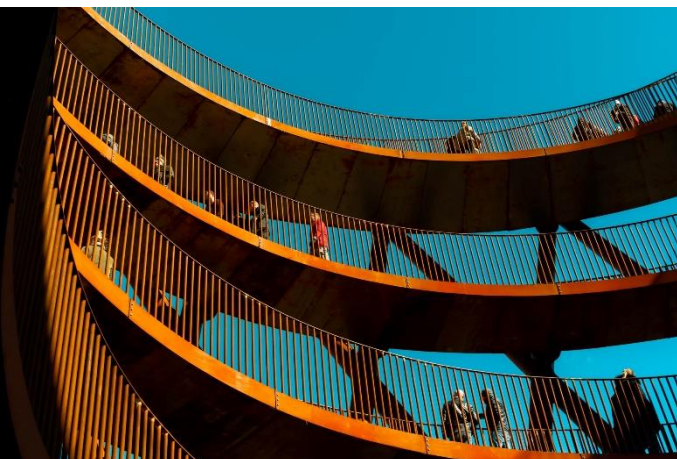
The EQC review should be performed for audits for publicly held companies, public interest entities and other sensitive engagements and should be performed before the audit report is issued.

Policies and procedures for the performance and documentation of engagement quality reviews provide specific guidelines on the nature, timing and extent of the procedures to be performed, and the required documentation evidencing their completion.

Engagement quality reviewers are experienced professionals with significant subject matter knowledge. An audit Partner other than the audit Engagement Partner should perform this review. They are independent of the engagement team and provide an objective evaluation of the significant judgments the engagement team made, and the conclusions reached in formulating the auditor's report.

The benefits of the concurring review can be best realised when the reviewer is designated as early as possible so that he can be available for consultation in connection with the engagement planning, review of interim work and consultation on various accounting and auditing matters as they arise during the conduct of the engagement.

The performance of an engagement quality review, however, does not reduce the responsibilities of the partner in charge of the engagement for the engagement and its performance.



## 3.6 Monitoring

The Firm establishes policies and procedures designed to provide it with reasonable assurance that the policies and procedures relating to the system of quality control are relevant, adequate, operating effectively and complied with in practice.

### Firm-Wide ISQC 1 Review

The firm-wide and each office's ISQC 1 compliances will be monitored by the T&T Department and any deficiencies or comments noted will be reported to the Quality Control Partner and MBP.

An annual review of compliance with ISQC1 by the respective offices will be carried out by T&T, based on a self-assessment checklist completed by the respective office before the review is performed. The results of the assessment and review will be reflected in the annual appraisal form of the Head of Offices in charge of each office and also the partners of the respective office.

The self-assessment checklist is designed into 2 segments as follows:-

- a) Policies and Procedures – Compliance with the requirements in the ISQC1
- b) Firm's practices – In respect of the Firm's documentation required and processes in place to be complied by every office

The MBP shall take disciplinary action on any non-compliance with ISQC 1.

### Engagement File Review

The engagement file review shall include the Internal Quality Assurance Review ("IQAR") performed by the Technical & Training Review Team, the inspections performed by the external reviewers/regulators (e.g. Audit Oversight Board, PCAOB, MIA) and quality assurance reviews performed by Crowe Global.

If the external reviewers or Crowe Global do not provide a rating on the files reviewed, the MBP will recommend a rating for the engagement files considering the nature and potential financial impact of the deficiencies noted.



## 3.6 Monitoring (cont.)

### ***Internal Quality Assurance Review (“IQAR”)***

The objective of the Firm’s IQAR is to evaluate the quality of audit engagements. Quality control procedures require that there be a formal periodic inspection by a Review Team from within our organisation to determine the quality of the work carried out by the Firm and to monitor the continued adequacy and operational effectiveness of the quality control policies and procedures.

The IQAR is designed primarily to:-

- Obtain a reasonable degree of assurance that the work being carried out adheres to Crowe Malaysia PLT’s policies, procedures and standards and requirements. The Crowe Malaysia PLT policies, procedures and standards are drawn up along the lines of approved standards on auditing and other professional auditing pronouncements. Compliance with Crowe Malaysia PLT policies, procedures and standards will result in compliance with the latter;
- Provide practical advice and recommendations to the reviewed engagement team on possible improvements in the areas of deficiency
- Ensure that corrective action and remedial actions are taken for deficiencies noted; and
- Identify the training needs of staff.



## 4.0 Statistics Relating to Indicators of Audit Quality

At Crowe, we focus on providing smart decisions that deliver outstanding value.

In delivering smart decisions, we have an unwavering commitment to quality and serving the public interest. Delivering impeccable professional services enhances the credibility of our client's financial reporting and builds confidence and trust in our independent audit process.

We work hard to streamline, modernise and provide easy access to training for all our people so they are fully equipped to reach the high standard of quality required.

We recognise that a core element of audit quality is to have the right people with the right skills on the right assignments and our policies and procedures are designed to meet that objective.

# 4.1 Audit Partner Workload

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Audit is an essential part of our business and our brand and we will continue to invest in our people, technology, skills, education and talent to ensure we provide relevant audit services which deliver outstanding quality to meet the need of our clients.

The average number of clients per audit partner who undertakes the role of engagement partner (“EP”) may provide an indication of an audit partner’s workload within the Firm.

Each audit EP is allowed to sign off an average number of not more than 6 PIEs listed on Bursa Malaysia in accordance with the Firm’s monitoring control on audit partner workload. However, the MBP has the discretion to approve additional PIEs to an audit partner, where necessary, if the PIE is relatively simple and small in size without many significant risk areas. The Firm also always endeavours to increase the number of licensed audit partners. The Firm will monitor this on an ongoing basis.

Besides the effort to increase the number of licensed audit partners, the Firm is also very selective in accepting new PIEs and continuously strives to re-balance its audit portfolio by monitoring the partners’ workload in order to achieve acceptable audit quality on each audit engagement.



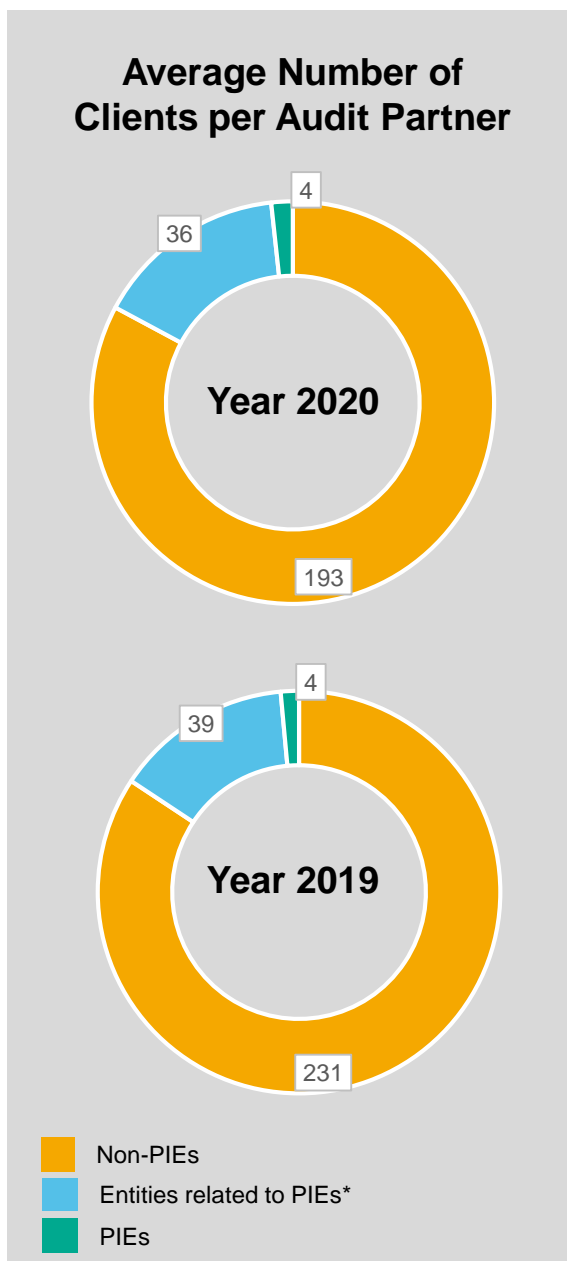


## 4.1 Audit Partner Workload (cont.)

As of 31 December 2020, the Firm has 41 licensed audit partners of which 34 of them are registered with the Audit Oversight Board (“AOB”). The total number of PIEs that we have as of 31 December 2020 is 106. As at to-date, the Firm has endeavoured to have a maximum 6 PIEs for each audit partner. Each AOB registered audit partner of the Firm has consistently handled on average 4 PIEs and an average of 36 entities related to PIEs per calendar year over the last two years.

With the increasing complexity of PIE audits and strengthened requirements in auditing and ethical standards, sufficient capacity of the Firm is of paramount importance in upholding audit quality. The MBP believes that our Firm’s current level of capacity to carry out audits of PIEs is continuously well monitored and maintained.

In addition, the licensed audit partners of the Firm who were involved in PIE audits also handled non-PIE audit client portfolios with an average number of 231 and 193 companies per partner in 2019 and 2020 respectively.



**Note:** \*Relate to non-PIEs within the PIE Group which are audited by Crowe Malaysia PLT. Examples include, but are not limited to, subsidiaries, associates and joint ventures of PIEs.

## 4.2 Auditor Independence

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Managing conflicts of interest and maintaining our independence is vital to our ability to service our clients. We are committed to acting with the highest standards of integrity and in accordance with the MIA-By-Laws (on Professional Ethics, Conduct and Practice) and/or IFAC Code.

Our client acceptance and continuance processes are instrumental in ensuring that we only take on engagements where we have the competence and capacity to deliver the standard of work that our clients and profession expect, and where we can comply with our ethical and independence obligations.

All audit firms in Malaysia are required to comply with the relevant provisions under the MIA-By-Laws (on Professional Ethics, Conduct and Practice) with respect to the provision of non-audit services.

Our Prospective Client Acceptance Procedures provide guidance to ensure that we maintain our independence when accepting new non-assurance engagements. In addition, the independence and ethics policies are applicable to all Crowe Malaysia network firms. We take compliance with these ethical requirements seriously and strive to embrace the spirit and not just the letter of those requirements.

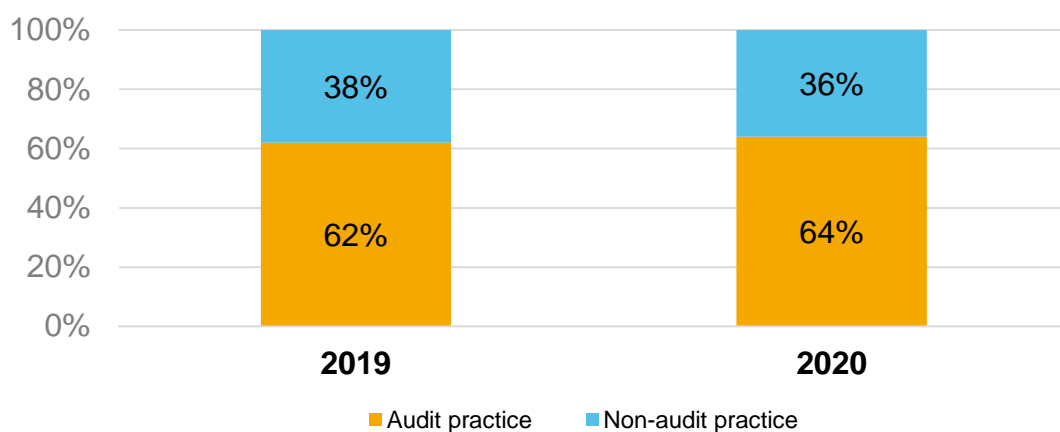
Before the Firm accepts an engagement to provide a non-assurance service to an audit client, a determination shall be made as to whether providing such a service would create a threat to independence with reference to the clauses stated in the MIA By-Laws and/or IFAC Code.

Over the last 2 years, the fee income from audit services continues to be the major contributor to the combined fee income derived from the Firms' audit clients.

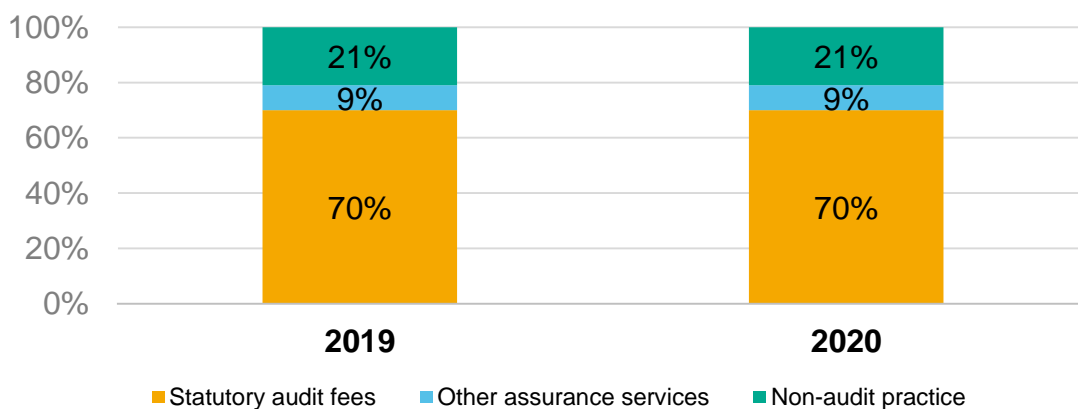
## 4.2 Auditor Independence (cont.)

### Composition of fee income between audit practice and non-audit practice

(i.e. Tax, Corporate Advisory, Consulting)



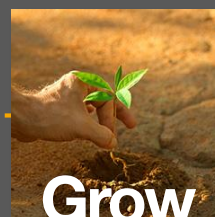
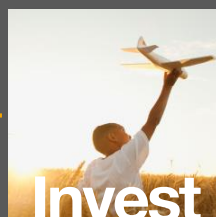
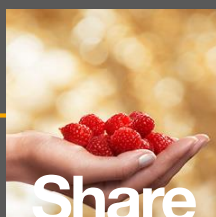
### Composition of fee income derived from audit clients segregated into statutory audit, other assurance services and services provided by the non-audit practice





## 4.3 Capacity & Competence of the Audit Practice

At Crowe, we have four core values that underpin everything that we do:



Recruiting, developing, and retaining professionals are essential to providing audits of consistent quality. Talent retention is important to ensure that an audit firm has sufficient resources to undertake an audit.

Talent retention especially experienced audit personnel, remains the main challenge faced by the audit profession in recent years. The Firm continues to execute measures and initiatives for our talent retention especially experienced audit personnel by offering competitive remuneration, improving staff benefits, offering structured development program for potential leaders, developing coaching cultures to encourage a closer working relationship between management and staff as well as enhancing resource planning for better management of the staff's workload.

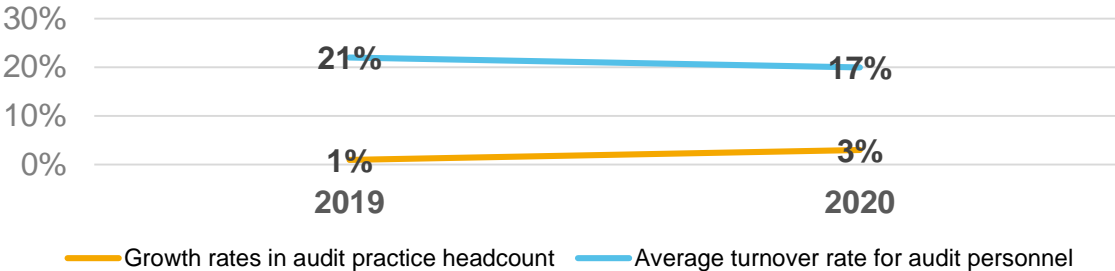
There are also training and development policies for all audit personnel with a variety of programmes delivered and tailored to every individual's level of experience.

The overall staff turnover rate for audit personnel decreased by 4% throughout the COVID-19 pandemic in 2020 as compared to 2019. Nevertheless, we also continued to recruit throughout the global pandemic, onboarding more than 150 staff joining our audit practice. In 2020, the total audit staff headcount had collectively increased by 3%.

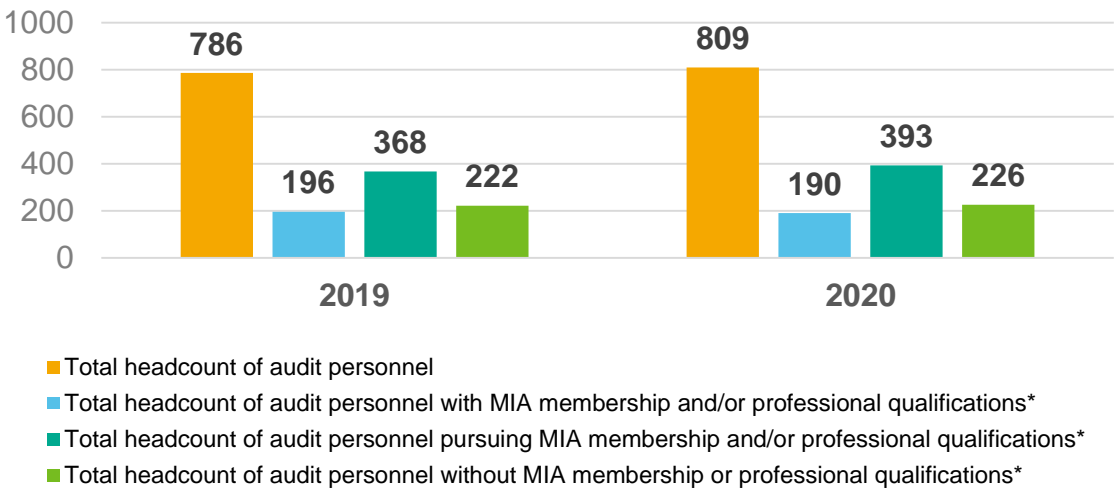
We know that top talent and diversity are essential to delivering audit quality. Crowe provides a positive, inclusive work environment and fulfilling, rewarding careers for our people. We invest in programs designed to develop and retain highly trained, highly qualified auditors and to broaden the diversity of our teams.

# 4.3 Capacity & Competence of the Audit Practice (cont.)

Average audit staff turnover rate and growth rates in the headcount of the audit practice



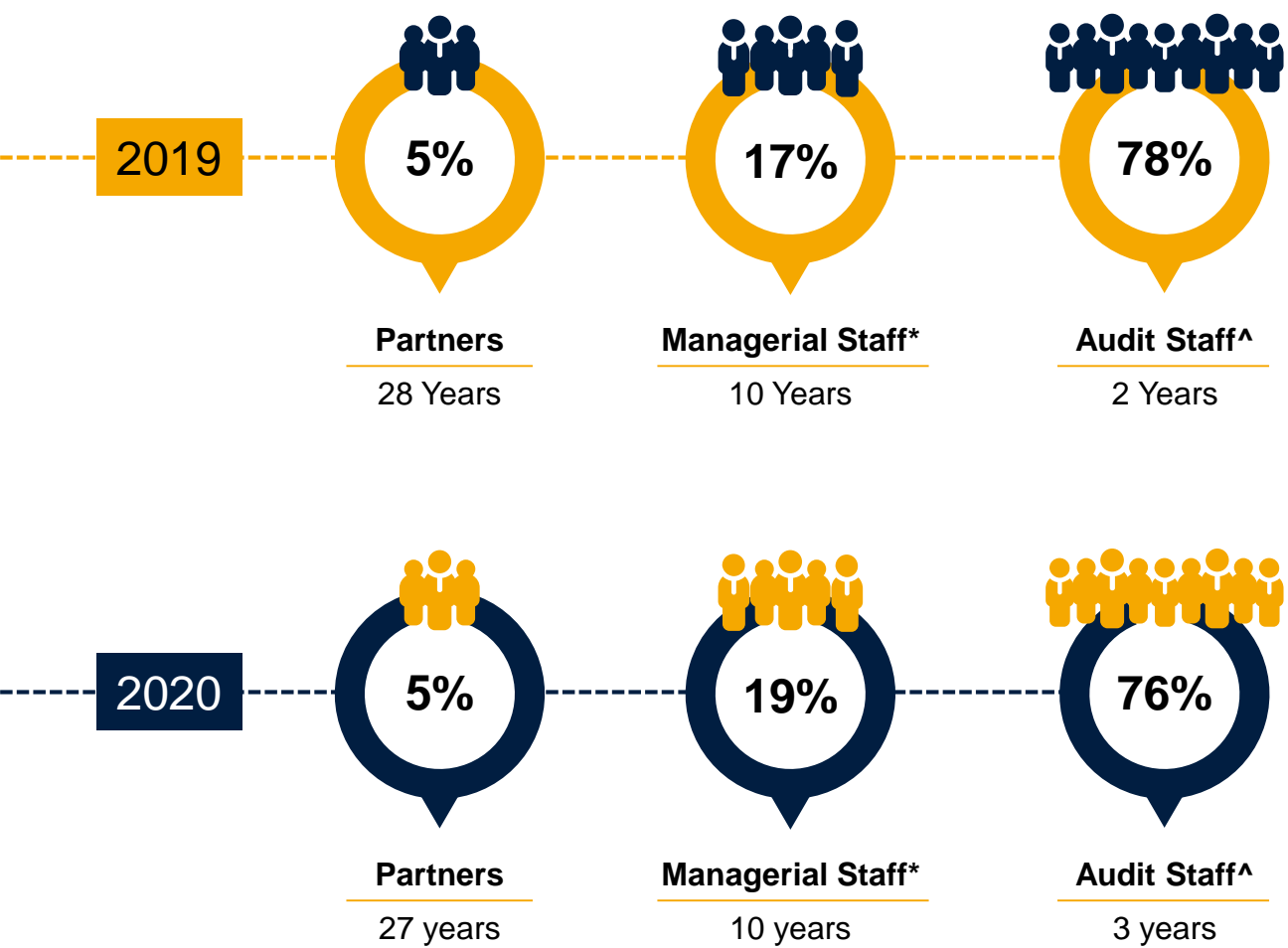
Headcount of audit practice and audit personnel with professional qualifications



**Note:**  
 \* Audit personnel with professional qualifications are staff who are members of any of the recognised bodies specified in Part II of the First Schedule of the Accountants Act 1967 such as The Malaysian Institute of Certified Public Accountants (MICPA), Institute of Chartered Accountants in England and Wales (ICAEW), Association of Chartered Certified Accountants (ACCA), Certified Practising Accountants (CPA) Australia, and Chartered Institute of Management Accountants (United Kingdom) (CIMA).

# 4.3 Capacity & Competence of the Audit Practice (cont.)

Audit practice staff by level to total headcount and average years of experience



Notes:  
 \* The managerial staff comprises audit principals, senior managers, managers and assistant managers who support the audit partners in the review and supervision of audit engagements.  
 ^ The audit staff comprises audit senior and audit junior staff (A1-S2).



## 4.4 Audit Engagement Supervision

Audit quality is fundamental to how we reward and promote our people. Attracting and retaining people with diverse skills and perspectives is key to our strategy.

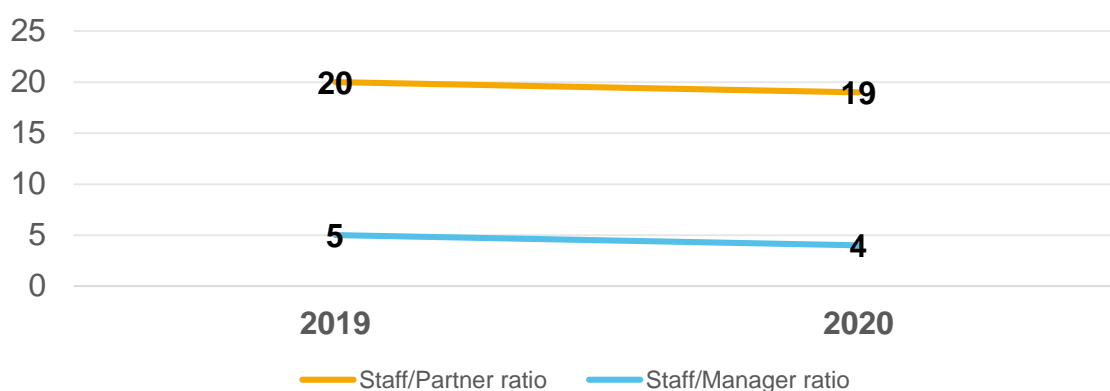
Delivering high-quality audits and continuously improving what we do are fundamental to building a better working world. To do so, we recruit, develop and retain the right people.

The Firm continues to manage attrition rates over the years by intensifying recruitment activities and undertaking measures and initiatives to retain talent.

The average staff to partner and staff to manager ratios present an indication on the capacity of partners and managerial staff to supervise the junior audit team members. A lower ratio indicates that a partner or manager can accord greater attention to supervise an audit engagement team.

The average staff to partner and staff to manager ratios have remained consistent over the past two years. This is an indication that the supervision of audit staff is not compromised.

### Staff to Partner and Staff to Manager Ratio



# 4.5 Audit Firm's Investment to Uphold Audit Quality

In a world with continued political, economic, technological and regulatory changes, we must continue to focus on our people and their professional development.

We recognise that our people are key to delivering exceptional client service and performing high-quality audits and we continue to invest in them to support consistent delivery in an environment that has a culture of the challenge at its heart.

Our people develop technical knowledge and professional skills through practical experience, coaching, and formal and informal learning activities.

Our people demonstrate high standards of technical competency and commitment to the Firm's values and professional standards. In order to ensure that these standards are met, the Firm provides all audit personnel with comprehensive learning and development opportunities, including:

- A structured audit training program which is designed to provide all audit engagement team members with both technical and soft-skills training appropriate to their level of experience
- Alerts to ensure that staff are kept informed of technical and regulatory developments
- Access to a library of local and international technical reference materials on accounting, audit and regulatory development matters
- Participation at Crowe Global conferences and learning events

# 4.5 Audit Firm's Investment to Uphold Audit Quality (cont.)

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## Quality Control Function – Technical & Training Team (T&T)

The major function and role of the T&T are to assist the Quality Control Partner in implementing and monitoring the Firm's system of quality control.

The support provided by the T&T in the Firm comprises staff training, quality assurance reviews, technical consultations, risk management and monitoring of independence.

The T&T also ensures that all professional staff are kept up to date with current developments in the profession by:-

- i. Issuing of Technical Updates and other email updates to professional staff;
- ii. Distribution of pronouncements on relevant regulations and statutory requirements; and
- iii. Setting up a well-equipped Learning Centre and the Learning Portal.

The COVID-19 pandemic presented a particular challenge to the Firm's technical training program in 2020 as a result of the restrictions on travel and face-to-face interaction. With effect from 1 June 2020, all the technical training was changed from classroom-style training to virtual training for all the offices nationwide in line with the social distancing policy.

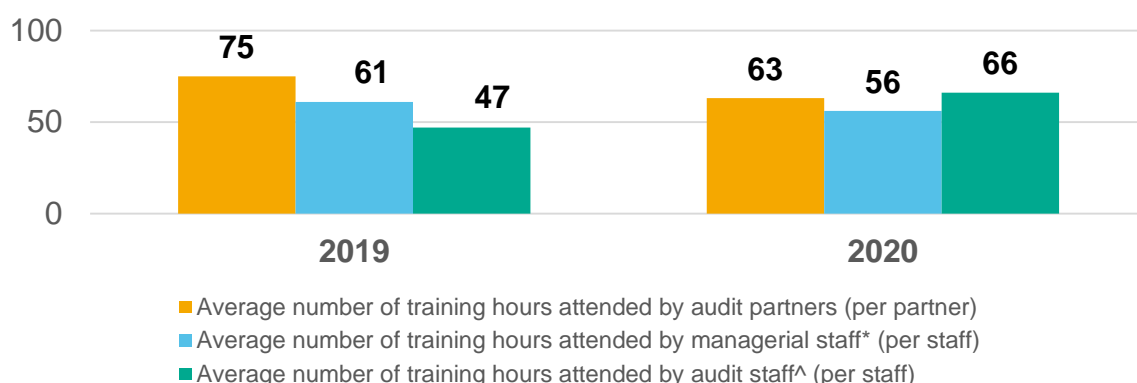
The Firm continues to take efforts to seek suitable and dedicated resources to overcome the higher ratio of staff to headcount of the quality control function of the Firm in 2020 as compared to 2019.

In 2020 & 2019, the average training hours attended by all the audit personnel of the Firm exceeded the minimum 40 CPE hours prescribed by the Firm's ISQC 1 policy on training.



# 4.5 Audit Firm's Investment to Uphold Audit Quality (cont.)

## Average number of training hours attended by audit personnel



Notes:

^ The audit staff comprises audit senior and audit junior staff (A1-S2).

\* The managerial staff comprises audit principals, senior managers, managers and assistant managers.

## Total headcount of quality control function



Note:

# The headcount of the quality control function comprises the head of division who is also involved in the audit operations.

## Average staff to QC headcount



## 4.6 Internal and External Monitoring Reviews

Monitoring and remediation are integral to a framework that seeks to maintain and improve audit quality. We are subject to a comprehensive programme of quality assurance reviews from both external and internal resources.

### External Review



**Audit Oversight Board (AOB)**

**Frequency of inspection**  
Annual

**Report concluded within the period of this Transparency Report**  
Yes

**Last completed inspection**  
2019



**Public Company Accounting Oversight Board**

**Frequency of inspection**  
No set frequency

**Report concluded within the period of this Transparency Report**  
No

**Last completed inspection**  
2010 - 2011



**Malaysian Institute of Accountants**

**Frequency of inspection**  
No set frequency  
(subject to risk based approach)

**Report concluded within the period of this Transparency Report**  
No

**Last completed inspection**  
Nil

### Internal Review



**Technical & Training Department**

**Frequency of inspection**  
Annual

**Report concluded within the period of this Transparency Report**  
Yes

**Last completed inspection**  
2020



**Crowe Global**

**Frequency of inspection**  
Once every three years

**Report concluded within the period of this Transparency Report**  
Yes

**Last completed inspection**  
2019

## 4.6 Internal and External Monitoring Reviews (cont.)

### Regulatory and External Audit Inspections

Our Firm is subject to the inspections performed by the external reviewers / regulators (e.g. Audit Oversight Board, PCAOB, MIA) and quality assurance reviews performed by Crowe Global.

#### (i) Audit Oversight Board (AOB)

The AOB was established under Part IIIA of the Securities Commission Malaysia Act 1993. Its mandate is to assist the Securities Commission in discharging its regulatory function by regulating auditors of public-interest entities (PIEs) and schedule funds to promote confidence in the quality and reliability of the audited financial statements. The AOB also exercises oversight over any person who prepares a report relating to financial information of PIEs and schedule funds, in relation to capital market activities.

To fulfil its mandate, the AOB conducts inspections on registered audit firms and individual auditors of PIEs and schedule funds. Inspections involve an assessment of the degree of compliance by auditors with auditing and ethical standards applicable in Malaysia and the quality of the auditor's reports prepared by the auditors relating to the audited financial statements of PIEs and schedule funds.

The AOB adopts a risk-based approach in its inspections and takes into consideration, among others, public listed companies' (PLCs) market capitalisation and specific areas of concern in its selection of audit engagements to be inspected. In addition, the AOB incorporates annual thematic reviews on certain areas of audits where there are particular market interests or concerns.

At the conclusion of each inspection, the AOB issues a draft inspection report to provide details on findings observed during the inspection. Audit firms are expected to provide their responses within the specific timeframes prescribed by the AOB. The AOB finalises the inspection reports after taking into account representations made by the audit firms. All findings are expected to be remediated by the audit firms within a timeline agreed with the AOB.

## 4.6 Internal and External Monitoring Reviews (cont.)

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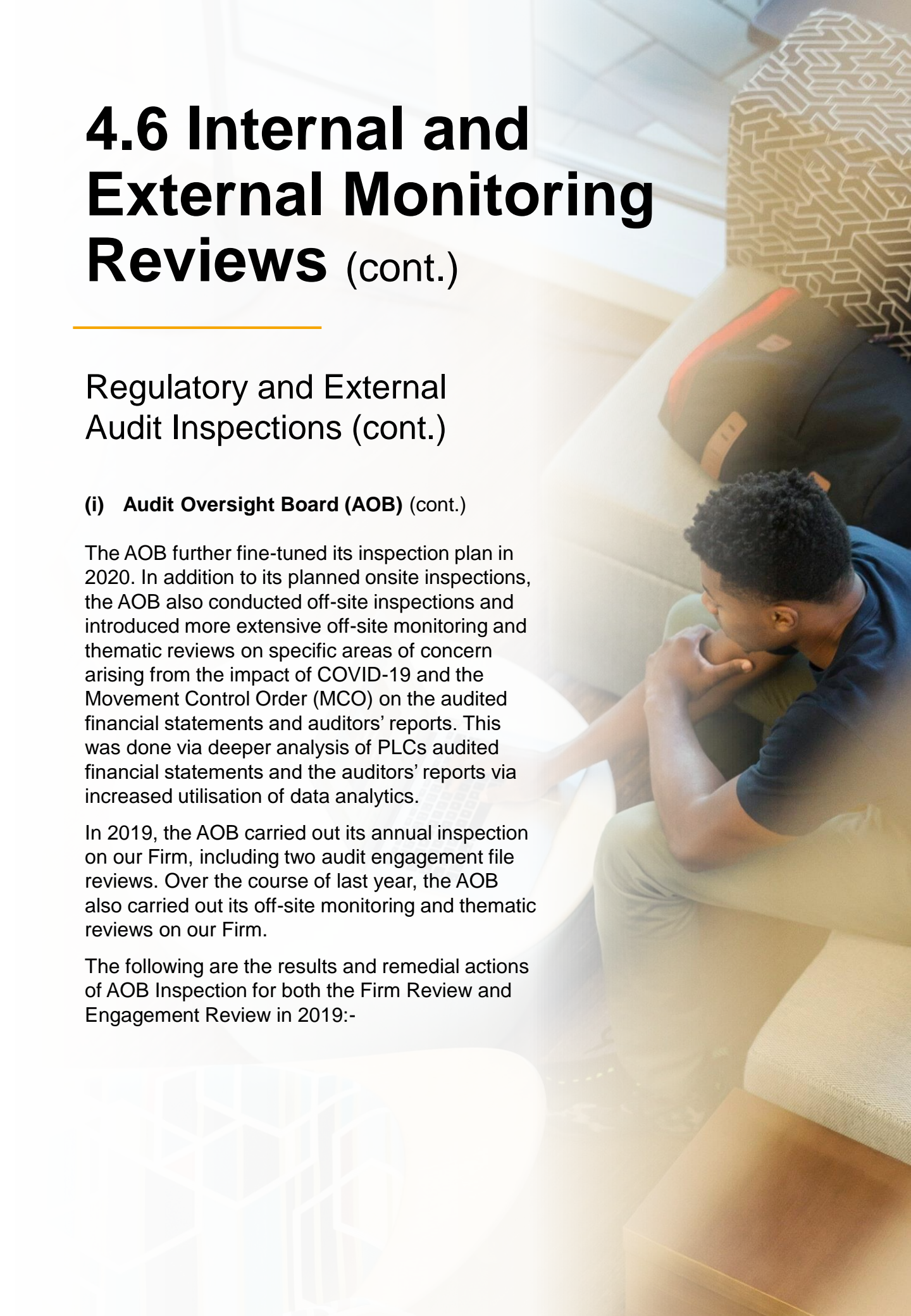
### Regulatory and External Audit Inspections (cont.)

#### (i) Audit Oversight Board (AOB) (cont.)

The AOB further fine-tuned its inspection plan in 2020. In addition to its planned onsite inspections, the AOB also conducted off-site inspections and introduced more extensive off-site monitoring and thematic reviews on specific areas of concern arising from the impact of COVID-19 and the Movement Control Order (MCO) on the audited financial statements and auditors' reports. This was done via deeper analysis of PLCs audited financial statements and the auditors' reports via increased utilisation of data analytics.

In 2019, the AOB carried out its annual inspection on our Firm, including two audit engagement file reviews. Over the course of last year, the AOB also carried out its off-site monitoring and thematic reviews on our Firm.

The following are the results and remedial actions of AOB Inspection for both the Firm Review and Engagement Review in 2019:-





## 4.6 Internal and External Monitoring Reviews (cont.)

### Regulatory and External Audit Inspections (cont.)

#### (i) Audit Oversight Board (AOB) (cont.)

##### ***Firm Review***

We have received the final inspection report dated 19 August 2019 issued by AOB with the findings identified in relation to the Firm review which reflected gaps in the Firm's quality control systems under the engagement performance element of ISQC 1.

Year 2019	Results	Remedial Actions
Compliance with the requirements of ISQC 1	Two (2) findings in relation to engagement performance	<ul style="list-style-type: none"><li>• Enhancement of Firm's Quality Control Policies and Procedures on the process for the assignment of EQCR; and</li><li>• Establishment of additional policies and procedures relating to the safeguard of the integrity of audit engagement documentation.</li></ul>

##### ***Engagement Review***

Based on the final inspection report dated 19 August 2019 issued by AOB, no findings were noted from the engagement reviews on the two selected audit engagement files.

#### **(ii) Public Company Accounting Oversight Board (PCAOB)**

We are registered with the PCAOB in the US. We do not conduct audits of companies listed on US markets but do audit some group components of such companies. As a result, the Firm comes within the remit of the PCAOB for audit inspection where the size and nature of that component mean that the firm has a 'substantial role' on the audit of a US-listed company.

There has been no audit inspection conducted by PCAOB on our Firm since the last completed inspection in 2011.

## 4.6 Internal and External Monitoring Reviews (cont.)

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### Regulatory and External Audit Inspections (cont.)

#### **(iii) Malaysian Institute of Accountants (MIA)**

The MIA is a regulatory body for the accountancy profession in Malaysia. This role is mandated by Section 6 of the Accountants Act, 1967 which states the functions of MIA. In upholding this mandate, the Practice Review Committee of MIA is specifically tasked to carry out surveillance activities on audit firms registered with MIA to ensure that audit practitioners are adhering to international auditing standards, legal and regulatory requirements when they perform their audit work. It is appropriate to add that MIA is required to set up a quality assurance programme in Malaysia to comply with its membership obligations of IFAC.

The Practice Review programme is conducted pursuant to Part B Section B250: Quality Assurance and Practice Review of the By-Laws (On Professional Conduct, Ethics and Practice) of MIA. The practice review framework requires all audit firms to submit to the practice review. The basis of practice review is based on the risk approach with reasonable frequency and consequently, the selection of an audit firm for practice review is determined by a number of risk factors which are embedded in the profile of the practitioner and his audit firm as well as risks arising from other sources such as external parties who may have been afflicted and as a result suffered loss or damages through reliance on the work of auditors.

No audit inspection has been conducted by MIA on our Firm as of the publication date of this Transparency Report.



## 4.6 Internal and External Monitoring Reviews (cont.)

### Internal Monitoring Reviews

#### (i) Technical & Training Department

The Firm carries out an annual Firm-Wide ISQC 1 Review and Internal Quality Assurance Review (IQAR) respectively, led by the Quality Control Partner and run by the T&T Review Team.

The internal monitoring reviews include both reviews of individual audit files and whole firm procedures, including independence and ethical matters. The review also includes monitoring the progress on delivering action plans agreed with its external reviewers.

The COVID-19 pandemic presented a particular challenge to the internal monitoring review program in 2020 as a result of restrictions on travel and face-to-face interaction. All the reviews were eventually completed remotely by T&T throughout the year.

#### ***Firm-Wide ISQC 1 Review***

The firm-wide and each office's ISQC 1 compliances will be monitored by the T&T and any deficiencies or comments noted will be reported to the Quality Control Partner and the MBP.

The following are the results of the Firm-Wide ISQC 1 Review conducted by T&T in 2020 and 2019 respectively:-

Overall Grade	Satisfactory	Acceptable with limited improvement required	Improvements required	Significant improvement required
Description	Compliance for the requirements of ISQC 1 was of a good standard	Compliance for the requirements of ISQC 1 was of an acceptable standard with limited improvements required	Compliance for the requirements of ISQC 1 was of an acceptable standard overall with improvements required	Compliance for the requirements of ISQC 1 was below an acceptable standard
2020	One(1) office	One(1) office	One(1) office	-
2019	-	Three(3) offices	One(1) office	-

## 4.6 Internal and External Monitoring Reviews (cont.)

### Internal Monitoring Reviews (cont.)

#### (i) Technical & Training Department (cont.)

##### ***IQAR***

The grading of the IQAR shall be based on the outcome of issues and deficiencies noted from the review. The scoring system shall consider both the quantitative and qualitative aspects of the deficiencies. A checklist covering the following areas is used:-

- Part I – Planning
- Part II – Reviewing the cycles
- Part III – Engagement overview
- Part IV – Compliance and general matters
- Part V – Supervision and review

The IQAR review team shall conduct a root-cause-analysis with the engagement team and a remedial plan is required to address the deficiencies noted.

As required, the IQAR review team shall perform a follow-up review in the next audit cycle. The scope of follow-up review shall focus on areas in which deficiencies were noted in the previous review. The IQAR team shall have the discretion to decide whether an extended scope is required.





## 4.6 Internal and External Monitoring Reviews (cont.)

### Internal Monitoring Reviews (cont.)

#### (i) Technical & Training Department (cont.)

##### ***IQAR (cont.)***

The following are the results of IQAR conducted by T&T in 2020 and 2019 respectively:-

Overall Grade	Satisfactory	Acceptable with limited improvement required	Improvements required	Significant improvement required
Description	File was of a good standard	File was of an acceptable standard with limited improvements required	File was of an acceptable standard overall with improvements required	File was below an acceptable standard
2020	-	Four(4) PIE files	-	-
2019	Two(2) PIE files	One(1) PIE file	-	-

The commitment to quality is core to our assurance strategy. The quality objective is always one of the key performance indicators in the current appraisal system for the partners, principals and audit managers. T&T is dedicated to developing audit tools and practical templates to support and monitor the audit quality of all offices.

# 4.6 Internal and External Monitoring Reviews (cont.)

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## Internal Monitoring Reviews (cont.)

### **(ii) Crowe Global**

It is the policy of Crowe Global to conduct Quality Assurance Reviews (QARs) on the audit practices of member firms approximately every three years. The Crowe Global Audit QAR programme is directed and led by the International Accounting & Audit Director.

The objective of an audit QAR is to determine whether the policies and procedures applied in a firm's audit practice comply with ISQC 1 and whether a firm conducts its audits in accordance with national regulation and International Standards on Auditing ("ISAs"). The audit QAR also considers the effectiveness of the working between a member firm and other member firms, and provides constructive feedback on the management and efficiency of the firm's audit practice.

The last QAR was conducted by Crowe Global in April 2019 and the overall results for both the Firm Review (compliance with ISQC 1 requirements) and Engagement Review (two audit files selected) on the Firm are satisfactory.

# 5.0 Compliance with Legal Requirements

The Code of Ethics and Conduct of Crowe Malaysia provides clear guidance about the Firm's actions and business conduct. Crowe Malaysia PLT and its network firms ("Crowe Malaysia Group") comply with the relevant applicable laws and regulations in Malaysia, and the Firm's values underpin our commitment to doing the right thing. This important commitment is supported by a number of policies and procedures, explained in the paragraphs below.

## 5.1 Anti-money Laundering

The Anti-Money Laundering and Anti-Terrorism Financing and Proceeds of Unlawful Activities Act 2001 Policy of Crowe Malaysia ("AML Policy") sets out the relevant requirements on anti-money laundering and countering the financing of terrorism required by Bank Negara Malaysia that are applicable to Crowe Malaysia PLT and its network firms.

The AML Policy defines the objectives and procedures to be adhered to in conducting customer due diligence procedures when carrying out the Gazetted Activities for the clients, so as to protect our business from being abused by money launderers or terrorist financiers.

Furthermore, the AML Policy also provides clear guidance about the procedures in performing the employee screening procedures so as to protect against the involvement in, or furtherance of, money laundering and terrorism financing by the Firm or its personnel.



# 5.0 Compliance with Legal Requirements (cont.)

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## 5.2 Anti-bribery and Anti-corruption

The Anti-Bribery and Anti-Corruption Policy of Crowe Malaysia (“ABAC Policy”) sets out the policy statements and other relevant parameters approved by the MBP against bribery and corrupt practices by the Partners and Employees of Crowe Malaysia PLT and its network firms, as well as persons performing services for or on behalf of the Crowe Malaysia Group (“Service Providers”) in accordance with the Malaysian Anti-Corruption Commission Act 2009 requirements.

In addition, the ABAC Standard Operating Procedures (“SOP”) set out the guidance to the Partners, Employees and Service Providers on how to deal with common forms of bribery and corrupt activities which may arise or which might be encountered in the course of operating Crowe Malaysia Group’s businesses. The ABAC SOP shall be read in conjunction with the ABAC Policy, the Code of Conduct and the Policy and Procedures on Whistleblowing of the Crowe Malaysia Group.

## 5.3 Data Privacy

The Privacy Policy governs the online information collection practices of Crowe Malaysia Group. Specifically, it outlines the principles to be applied to the collection, use and protection of personal data, including that relating to current, past and prospective personnel, clients, suppliers and business associates.

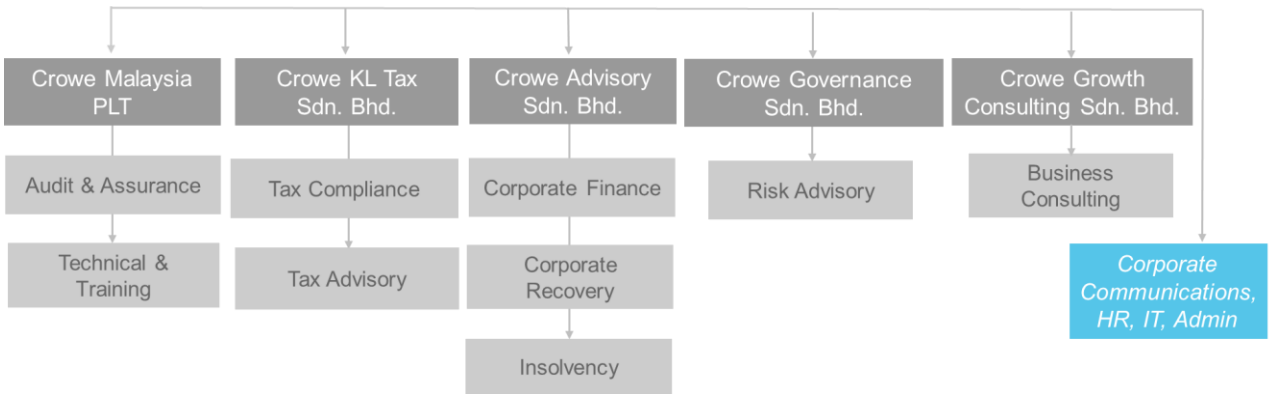
Crowe Malaysia is a member of Crowe Global, a Swiss verein. Each member firm of Crowe Global is a separate and independent legal entity. Crowe Malaysia and its affiliates are not responsible or liable for any acts or omissions of Crowe Global or any other member of Crowe Global.



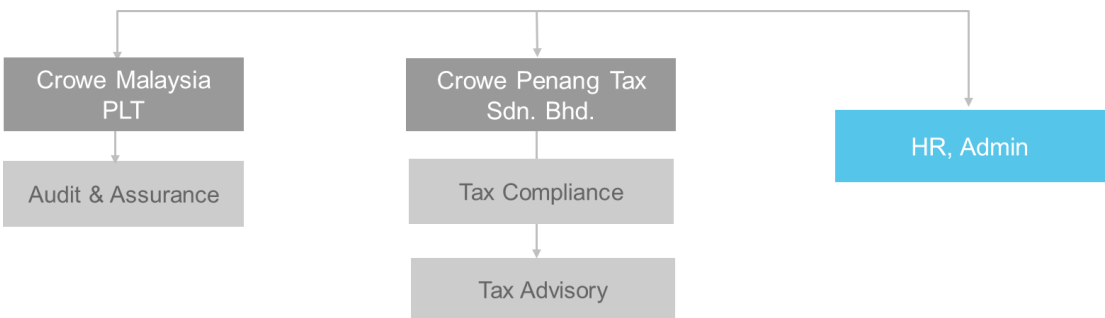
# Appendix 6.1

## The Firm's Structure

### Kuala Lumpur, Klang & Ipoh Offices

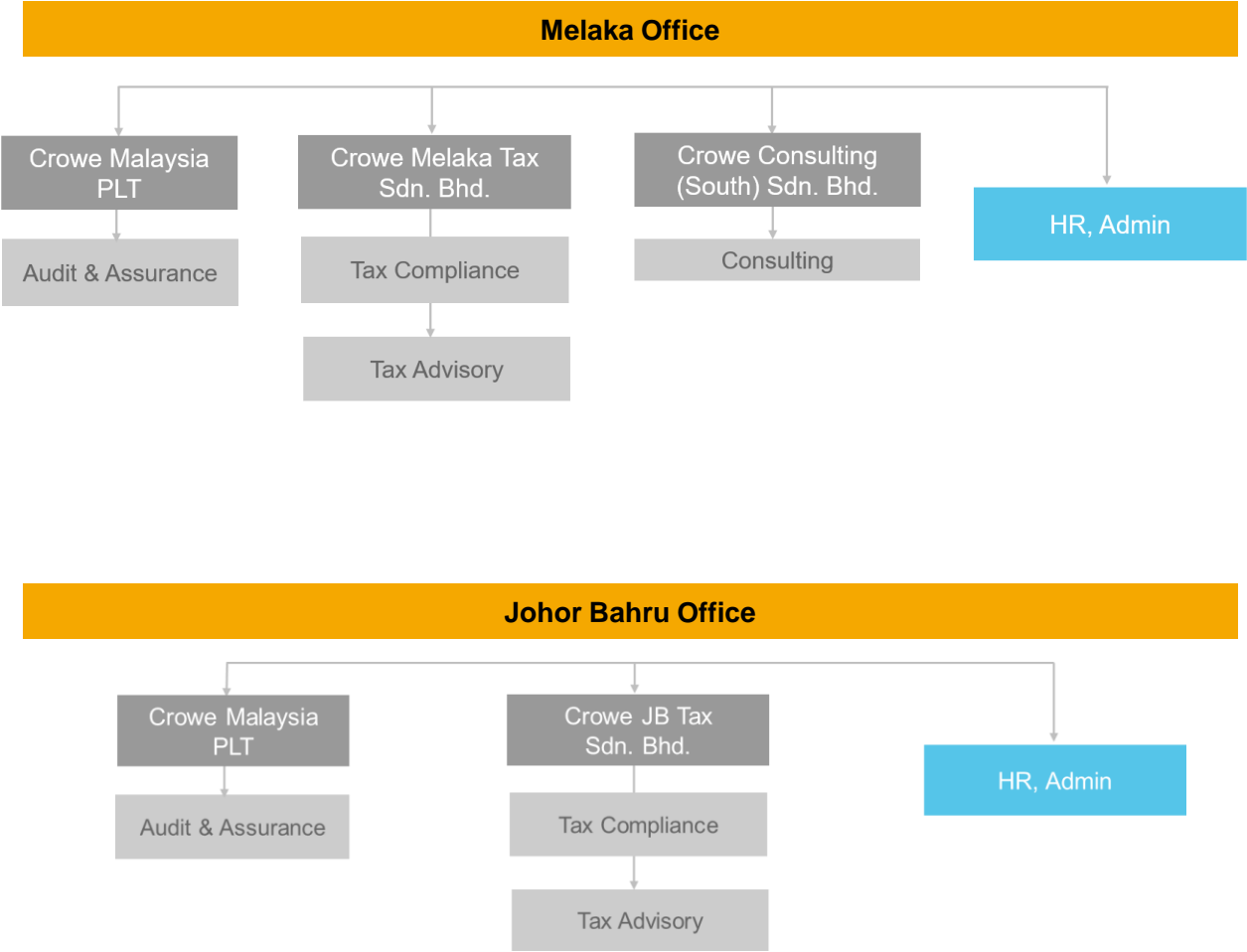


### Penang Office



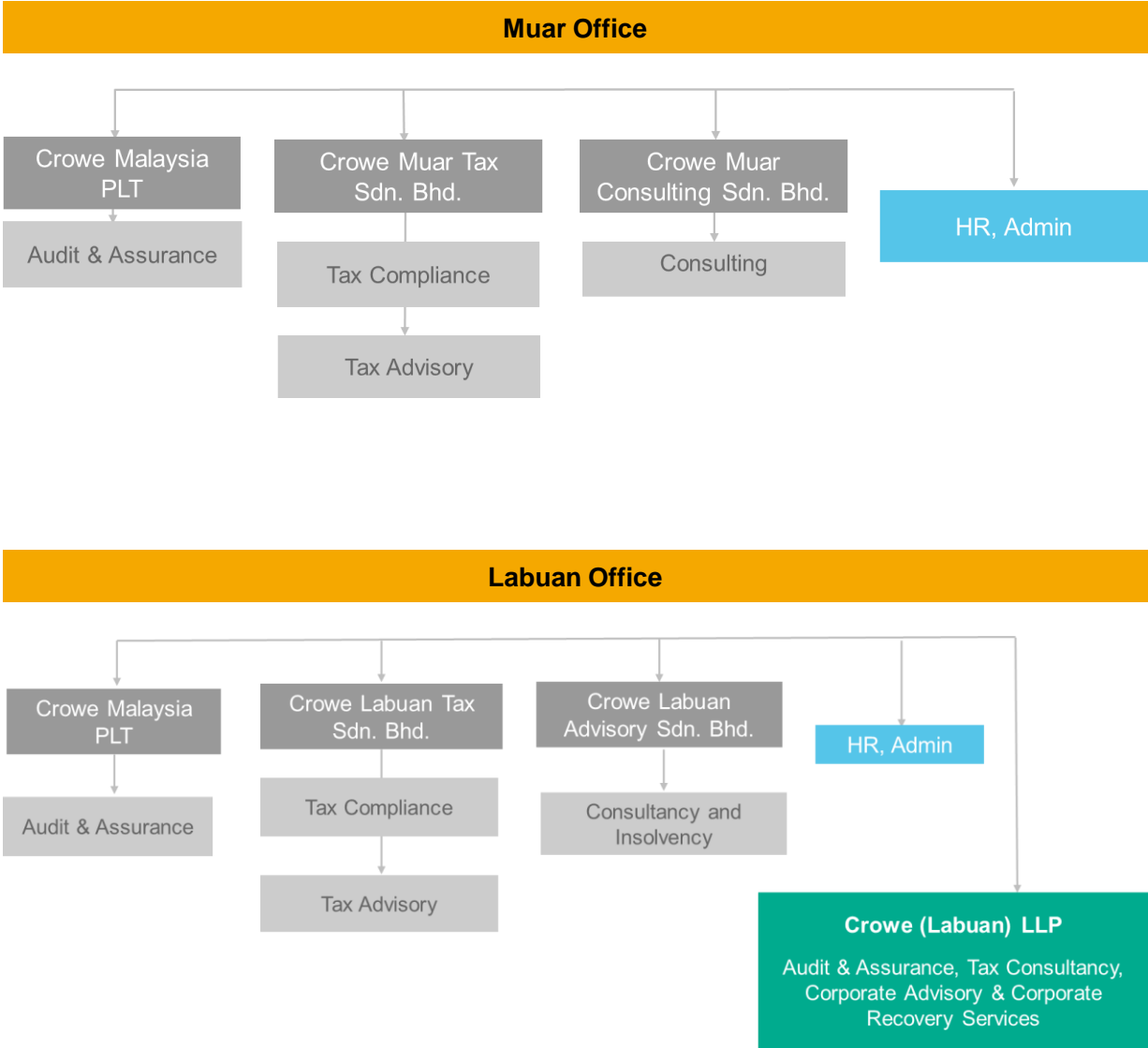
# Appendix 6.1

## The Firm's Structure (cont.)



# Appendix 6.1

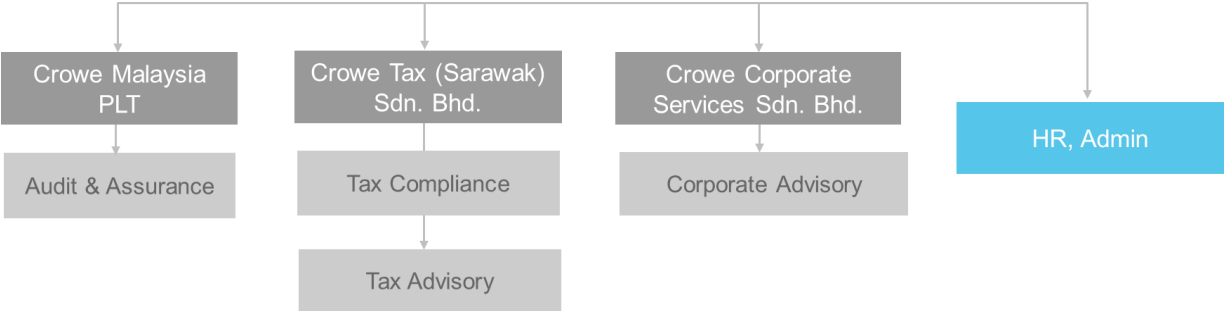
## The Firm's Structure (cont.)



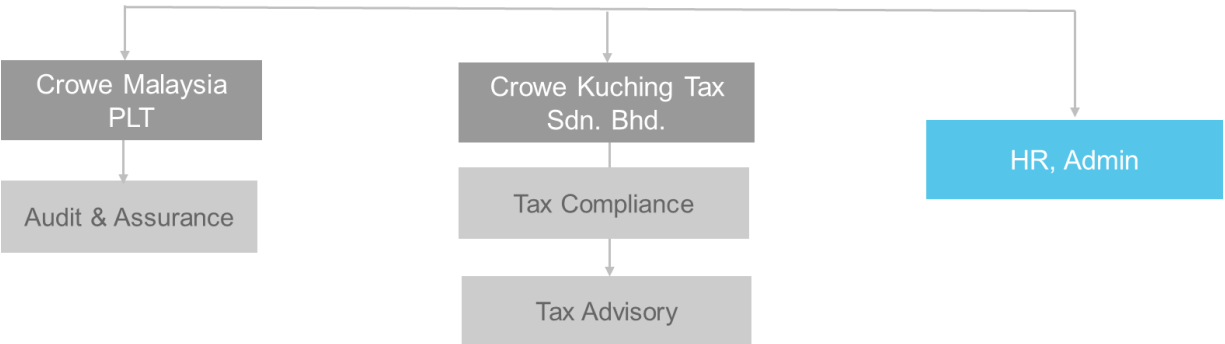
# Appendix 6.1

## The Firm's Structure (cont.)

### Kuching (iCom Square), Miri, Sibul & Bintulu Offices



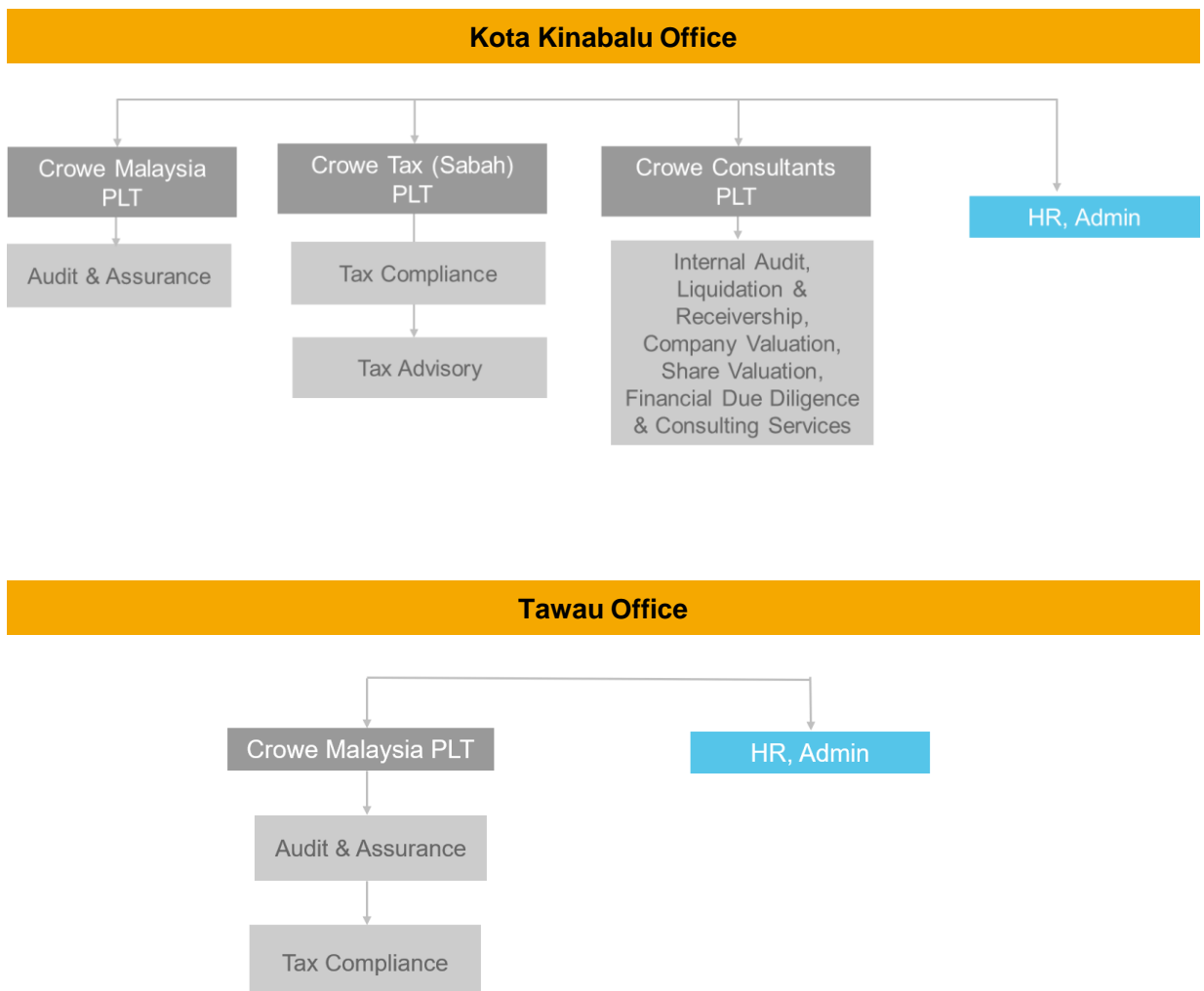
### Kuching (Brighton Square) Office





# Appendix 6.1

## The Firm's Structure (cont.)



# Appendix 6.2

## Disclosure on Partners with Equity in the Partnership

Offices	No. of Partners with Range of Equity Shares Held (%)			
	1% - 10%	11% - 20%	41% - 50%	91% - 100%
Kuala Lumpur, Klang & Ipoh	9	3	-	-
Muar	-	-	2	-
Johor Bahru & Melaka	1	2	1	-
Penang	-	-	-	1
Sarawak (Kuching(iCom) Square), Sibu, Miri & Bintulu)	7	2	-	-
Kuching (Brighton Square)	-	-	-	1
Labuan	-	-	-	1
Kota Kinabalu	-	-	-	1
Tawau	-	-	-	1



# Appendix 6.3

## List of Major Public Interest Entities Audited

The table below lists the entities we audit who were PIEs or otherwise listed on a recognised exchange, where we carried out audit work in the year ended 31 December 2020.

### Kuala Lumpur Office

#### Public Listed Companies

Advancecon Holdings Berhad	Gadang Holidngs Berhad	MY E.G Services Berhad
Amalgamated Industrial Steel Berhad	Gagasan Nadi Cergas Berhad	MyKris International Berhad
Apex Equity Holdings Berhad	GDB Holdings Berhad	OCR Group Berhad
Asia Poly Holdings Berhad	Green Packet Berhad	Only World Group Holdings Berhad
Boilermech Holdings Berhad	HCK Capital Group Berhad	Opcom Holdings Berhad
Carimin Petroleum Berhad	HLT Global Berhad	Oversea Enterprise Berhad
Censof Holdings Berhad	iCapital.biz Berhad	Pan Malaysia Corporation Berhad
Coastal Contracts Berhad	IDB Technologies Berhad	Pan Malaysia Holdings Berhad
Complete Logistic Services Berhad	JF Technology Berhad	Pasukhas Group Berhad
Dagang NeXchange Berhad	JM Education Group Berhad	Prestariang Berhad
Datasonic Group Berhad	Kelington Group Bhd	Protasco Berhad
D&O Green Technologies Berhad	KYM Holdings Berhad	Radiant Globaltech Berhad
DPI Holdings Berhad	LKL International Berhad	Redplanet Berhad
FajarBaru Buidar Group Berhad	Malayan United Industries Berhad	Resintech Berhad
Favelle Favco Berhad	MCOM Holdings Berhad	SBC Corporation Berhad
Focus Dynamics Group Berhad	Mega First Corporation Berhad	Signature International Berhad
Freight Management Holdings Berhad	Muhibbah Engineering (M) Berhad	UMS-Neiken Group Berhad
Frontken Corporation Berhad	MUI Properties Berhad	Vortex Consolidated Berhad

#### Schedule Funds

Apex Asian (Ex Japan) Fund	Golden Touch All Weather Fund	Opus Enhanced Income Fund
Apex Dana Al-Faiz-1 Fund	ICD Global Sustainable Fund	Opus Fixed Income Fund
Apex Dana Al-Kanz	KSC Alpha Tactical Fund	Opus Income Plus Fund
Apex Dana Al-Sofi-1	KSC Asian Renewable Energy & Environment Fund	Opus Institutional Income Fund
Apex Dana Aman	KSC Demeter Fund	Opus Institutional Income Fund 2
Apex Dana Aslah Fund	KSC High Yield Fund	Opus Money Plus Fund
Apex Dynamic Fund	KSC Incrementum Fund	Opus Shariah Cash Extra Fund
Apex Malaysia Growth Trust	KSC Prime Fund	Opus Shariah Income Fund
Apex Quantum Fund	KSC Strategic Fund 3	Singular Asia Flexible Fund
Asean Equity Fund	Opus Cash Extra Fund	Singular Value Fund
Fortress Absolute Return Fund	Opus Dynamic Income Fund	

#### Capital Markets Services Licence Holders

Apex Investment Services Berhad	Kumpulan Sentiasa Cemerlang Sdn Bhd
Atrium REIT Managers Sdn Bhd	Opus Asset Management Sdn Bhd
Capital Dynamics Asset Management Sdn Bhd	Saturna Sdn Bhd
Golden Touch Asset Management Sdn Bhd	Singular Assets Management Sdn Bhd
JF Apex Securities Berhad	



# Appendix 6.3

## List of Major Public Interest Entities Audited (cont.)

### Klang Office

#### Public Listed Companies

Analabs Resources Berhad  
CB Industrial Product Holding Berhad  
ES Ceramics Technology Berhad  
Malaysian Genomics Resource Centre Berhad  
Notion Vtec Berhad  
Hextar Global Berhad  
TSR Capital Berhad

### Penang Office

#### Public Listed Companies

Astino Berhad  
FoundPac Group Berhad  
GUH Holdings Berhad  
Kobay Technology Berhad  
Master-Pack Group Berhad  
RGT Berhad  
Tong Herr Resources Berhad  
Vitrox Corporation Berhad

### Melaka Office

#### Public Listed Companies

Binasat Communications Berhad  
BP Plastics Holding Berhad  
Jaycorp Berhad  
Kotra Industries Berhad  
Matrix Concepts Holdings Berhad  
Oriental Food Industries Holdings Berhad  
Ornapaper Berhad  
TPC Plus Berhad  
White Horse Berhad

### Johor Bahru Office

#### Public Listed Companies

Ge-Shen Corporation Berhad  
MB World Group Berhad  
MCE Holdings Berhad  
SDS Group Berhad  
SIG Gases Berhad  
Solid Automotive Berhad  
Xin Hwa Holdings Berhad

### Muar Office

#### Public Listed Companies

Homeritz Corporation Berhad  
Johore Tin Berhad  
Poh Huat Resources Holdings Berhad  
Success Transformer Corporation Berhad  
Superlon Holdings Berhad  
Wegmans Holdings Berhad  
YBS International Berhad

### Kuching (iCom Square) Office

#### Public Listed Companies

Hubline Berhad  
Pansar Berhad  
Sarawak Consolidated Industries Berhad  
Supreme Consolidated Resources Berhad  
Zecon Berhad

### Sibu Office

#### Public Listed Companies

CCK Consolidated Holdings Berhad  
Rimbunan Sawit Berhad  
Subur Tiasa Holdings Berhad



# Appendix 6.4

## Crowe Global Network Firms

The following firms within the Crowe Global network provide statutory audit services.

Afghanistan	Crowe Horwath - Afghanistan
Albania	Crowe AL SHPK
Algeria	Cabinet D'Audit Hamza et Associes
Andorra	Alfa Capital Assessors I Auditors SL
Angola	Crowe Angola - Auditores e Consultores, S.A.
Argentina	Canepa, Kopec y Asociados
Australia	Crowe Horwath (Australasia) Pty. Ltd.
Austria	Crowe SOT
Azerbaijan	Crowe Baltic Caspian Audit LLC ABAK-Az Crowe Ltd.
Bahamas	Crowe Bahamas
Bahrain	Crowe BH
Bangladesh	Ahmed Mashuque and Co.
Barbados	Crowe BDS SRL
Belgium	Callens, Pirenne & Co.
Brazil	Crowe Consult Consultoria Empresarial Crowe Macro Auditoria e Consultoria Ltda. Crowe Consult Auditores Independentes
British Virgin Islands	Crowe (BVI) Limited
Bulgaria	Crowe Bulgaria Audit EOOD
Cameroon	Okalla Ahanda & Associes
Canada	Crowe BGK LLP Crowe MacKay LLP Crowe Soberman LLP
Cayman Island	Crowe Horwath Cayman Limited
Chile	Crowe Auditores Consultores Ltda.
China	Ruihua Certified Public Accountants
Colombia	Crowe Co S.A.S.
Costa Rica	Crowe Horwath CR, S.A.
Cote d'Ivoire	Uniconseil
Croatia	Crowe Hrvatska
Curacao	ACC & Partners B.V.
Cyprus	Crowe Cyprus Limited
Czech Republic	Crowe Advartis
Denmark	Crowe Statsautoriseret Revisionsinteressentskab
Dominican Republic	Sotero Peralta & Asociados
Ecuador	Romero y Asociados Cia. Ltda.
Egypt	Crowe Dr A.M. Hegazy & Co
El Salvador	Integrity Auditing Group, Ltda. de C.V.
Estonia	CDNW Group Ltd
Finland	DHS Oy Audit Partners

France	Avvens Management Becouze & Associes Cifralex Cogefis Associes Crowe Reunion Dauge Fideliance Dupouy & Associes Fideliance Fiduroc Gineste & Associes Groupe Ficorec Crowe HAF RSA SAS Groupe Rocard Sogec
French Polynesia	Horwat Tahiti
Georgia	Crowe GE LLC
Germany	Dr. Kleeberg and Partners GmbH Möhrle Happ Luther Wirtschaftsprüfungsgesellschaft mbH HSA Frankfurt GmbH RWT Crowe GmbH Wirtschaftsprüfungsgesellschaft Steuerberatungsgesellschaft
Ghana	Veritas Associates
Greece	Crowe SOL
Guatemala	Vertice Financiero S.A.
Honduras	Horwath Central America, S. de R.L. de C.V.
Hong Kong	Crowe (HK) CPA Ltd.
Hungary	Crowe FST Consulting Kft
India	V.P. Thacker & Co JDNT & Associates
Indonesia	Kosasih Nurdyaman Mulyadi Tjahjo & Rekan
Ireland	Crowe Ireland
Isle of Man	Crowe Isle of Man LLC
Israel	Ovadia Pick Kriehli And Co.
Italy	Crowe AS SpA
Japan	Crowe Toyo & Co.
Jordan	Ibrahim Yaseen & Partners Co. – Professional Auditors Al-Tillawi, Al-Khateeb Company & Partner Co.
Kazakhstan	Crowe Kazakhstan
Kenya	Crowe Erastus & Co.

# Appendix 6.4

## Crowe Global Network Firms (cont.)

Kuwait	Crowe Al Muhanna & Co.
Latvia	Crowe DNW SIA
Lebanon	Crowe Professional Auditors LV
Liberia	Crowe Liberia LLC
Liechtenstein	Crowe Treuhand AG
Lithuania	UAB Crowe LT
Luxembourg	C-CLERC S.A.
Malawi	Crowe J&W
Malaysia	Crowe Malaysia
Maldives	Maldives
Mali	Inter Africaine d'Audit et d'Expertise (IAE-SARL)
Malta	Horwath Malta
Mauritius	Crowe Horwath ATA
Mexico	Gossler SC
Morocco	Horwath Maroc Audit
Nepal	B. K. Agrawal & Co.
Netherlands	Crowe Foederer B.V.
	Crowe Peak B.V.
New Zealand	Crowe Australasia
Nigeria	Crowe Dafinone
Norway	Vidi Revisjon AS
Oman	Crowe Mak Ghazali LLC
Pakistan	Crowe Hussain Chaudhury And Co.
Panama	Moreno And Moreno Cpa
Paraguay	J.C. Descalzo & Asociados
Peru	Roncal, D'Angelo y Asociados S. Civil De R.L.
Philippines	Ramon F. Garcia & Company CPAs
Poland	Atwick Sp Z.o.o
Portugal	Horwath & Asociados, SROC, Lda.
Puerto Rico	Crowe PR PSC
Qatar	Adib Al Chaa & Co Chartered Accountants
Romania	Boscolo & Partners Consulting
Russia	Crowe Russaudit LLC
	Crowe Expertiza LLC
	ACC Crowe Audex LLC
Saudi Arabia	Al-Azem & Al-Sudairy Certified Public Accountants
Senegal	Max Consulting Group (MCG)
Serbia	Crowe RS doo
Singapore	Crowe Horwath First Trust LLP
Slovakia	Crowe Advartis

South Africa	Crowe HZK
	Crowe JHB
South Korea	Hanul LLC
Spain	Crowe Auditores España S.L.P
	Crowe Servicios de Auditoria S.L.P.
Sri Lanka	Gajma and Co.
Suriname	Crowe Burgos Accountants N.V.
Sweden	Sydrevisjoner Vast AB
	Kindberg Revision AB
	Sydrevisjoner Aktiebolag
	Crowe Osborne AB
	Crowe Västerås AB
	Nyström & Partners Revision KB
	Crowe Tonnerviks Revision AB
	Tonnerviks Horwath Revision Skane AB
Switzerland	Alfa Treuhand- und Revisions AG
	Curator And Horwath AG (Tax)
Taiwan	Crowe Horwath (TW) CPAs
Tajikistan	Crowe ACG
Tanzania	Crowe Tanzania
Thailand	ANS Audit Company Limited (to change to Crowe ANS)
Tunisia	Cabinet Zahaf et Associes
	Horwath ACF
Turkey	Kavram Bağımsız Denetim ve Danışmanlık A.Ş.
	Crowe Horwath Olgu Bağımsız Denetim ve YMM A.S.
	Mert 1 YMM ve Bağımsız Denetim A.S.
	Crowe HSY AB
Uganda	Crowe AIA
Ukraine	Inter-Audit Crowe LLC
	AC Crowe Ukraine
	Crowe Audit & Accounting Ukraine LLC
United Arab Emirates	Crowe Mak
United Kingdom	Crowe U.K. LLP
United States	Crowe LLP
	TRUSTA, An Accountancy Corporation
Uruguay	Stavros Moyal y Asociados SRL
Uzbekistan	Crowe TAC
Venezuela	SC Marquez Perdomo & Asociados
Vietnam	Crowe Vietnam Co., Ltd.
Yemen	Crowe AHFAD
Zimbabwe	Crowe Zimbabwe



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## About us

### **About Crowe Malaysia**

Crowe Malaysia is the 5th largest accounting firm in Malaysia and an independent member of Crowe Global. The firm in Malaysia has 15 offices, employs over 1,200 staff, serves mid-to-large companies that are privately-owned, publicly-listed and multinational entities, and is registered with the Audit Oversight Board in Malaysia and the Public Company Accounting Oversight Board in the US.

### **About Crowe Global**

Crowe Global is one of the top 10 accounting firms with over 200 independent accounting and advisory firms in more than 145 countries. For almost 100 years, Crowe has made smart decisions for multinational clients working across borders. Our leaders work with governments, regulatory bodies and industry groups to shape the future of the profession worldwide. Their exceptional knowledge of business, local laws and customs provide lasting value to clients undertaking international projects.

[www.crowe.my](http://www.crowe.my)