ADOPTION OF CLARIFIED INTERNATIONAL STANDARD OF AUDITING (ISAs) AND INTERNATIONAL STANDARD OF QUALITY CONTROL (ISQC) IN SMALL AND MEDIUM PRACTICE (SMP) IN MALAYSIA

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FACULTY OF BUSINESS AND ACCOUNTANCY
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ABSTRACT

Recently, adoption of the Clarified International Standard of Auditing (Clarified ISAs) and International Standard of Quality Control (ISQC) have gain steady attention from various accounting practitioners and academicians. This Clarity project began in 2004 and was completed in February 2009. After 2 years of adoption of Clarified ISAs and ISQC, it is time for the practitioners to provide the feedback to the International Auditing and Assurance Standard Board (IAASB) on post implementation review of Clarified ISAs and ISQC. The study seeks to survey the internal resource preparedness of the Small and Medium Practice (SMP) for adoption of Clarified ISAs and ISQC by applying resource-based view theory. Further, impact of Clarified ISAs and ISQC on timeliness on audit report had been investigated. Standard multiple regression was used to analyse data from 115 respondents from Small and Medium Practice (SMP) in Malaysia. Based on the result of analysis, the study evidenced that the organizational resources and intellectual resources preparedness lead to the adoption of Clarified ISAs and ISQC among SMP in Malaysia. Besides, the adoption of Clarified ISAs and ISQC also affects the timeliness of audit report. Nevertheless, there are no significant association found between financial resource preparedness, human resource preparedness and the adoption of clarified ISAs and ISQC. Findings from the study have implications for academicians, regulatory bodies, auditing standard setters, professional accounting bodies, audit firms and auditees toward the adoption of Clarified ISAs and ISQC.

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LIST OF ABBREVIATIONS

ACCA	= Association Chartered Certified Accountant
AGAASB	=Australian Government Auditing and Assurance Standard Board
AGM	= Annual General Meeting
AOB	=Audit Oversight Board
APB	= Auditing Practices Board
CAATs	= Computer Assisted Audit Technique
CCM	=Companies Commission of Malaysia
FRC	= Financial Reporting Council
FA	=Factor Analysis
GAS	= Generalized Audit Software
IAASB	= International Auditing and Assurance Standard Board
IAGs	=International Auditing Guideline
IAPC	= International Auditing Practice Committee
ICAEW	=Institute of Chartered Accountants in England and Wales
IFAC	= International Federation of Accountant
ISAs	= International Standard of Auditing
ISQC	= International Standard of Quality Control
KMO	=Kaiser-Meyer-Olkin
MCCG	= Malaysia Code of Corporate Governance
MIA	=Malaysia Institute of Accountant
MICPA	=Malaysian Institute of Certified Public Accountant
MSA	= Malaysia Standard of Auditing
PCA	= Principal Component Analysis
PIE	= Public Interest Entities
RBV	= Resource based view of the firm
RMB	= Reminbi
SC	= Securities Commission

SME	=Small and Medium Enterprise
SMP	=Small & Medium Practice
VIF	= Variance Inflation Factor
US GAAS	=United States General Accepted Auditing Standard