

No: RES/2021/028

**Council's Resolution on Approval of International Standards on Auditing (ISAs) and Other Pronouncements of International Auditing and Assurance Standards Board (IAASB) in the Maldives, Passed on 23<sup>rd</sup> November 2021**

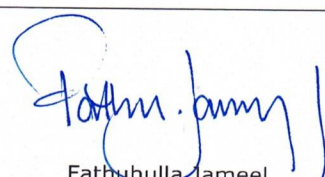
**WHEREAS**, under Section 2(b) of Maldives Chartered Accountants Act (No: 13/2020), Institute of Chartered Accountants of the Maldives was established as a separate legal entity charged with the responsibility of determining rules and processes required to create and develop the accountancy profession and regulate all matters pertaining to the profession;

**WHEREAS**, under section 6(e) of the Maldives Chartered Accountants Act, Institute of Chartered Accountants of the Maldives has the power to determine and enforce the financial accounting and auditing standards to be adopted by the private sector;

**RESOLVED**, to endorse the International Standards on Auditing (ISAs) and other pronouncements of International Auditing and Assurance Standards Board (IAASB) for use in private sector of the Maldives.

We, the undersigned, hereby certify that the Institute of Chartered Accountants of the Maldives is comprised of nine members, of whom nine, were present at a meeting duly and regularly called, noticed, convened and held this 23<sup>rd</sup> Day of November 2021, and that the foregoing Resolution was duly adopted at said meeting by the affirmative vote of nine members and that said Resolution has been duly recorded in the Minute Book and is in full force and effective.

**SIGNED BY:**

 Hussain Niyazy President	 Hassan Mohamed Vice President	 Fathuhulla Jameel Member
 Fathimath Razeena Member	 Ahmed Salih Member	 Fareeha Shareef Member
 Ibrahim Fazeel Member	 Mohamed Haleem Member	 Rifaath Jaleel Member

**Attachment:** ISAs and Other Pronouncements of IAASB Adoption Project

# APPROVAL OF PROJECT

ENDORISING INTERNATIONAL STANDARDS ON  
AUDITING (ISAs) AND OTHER PRONOUNCEMENTS OF  
IAASB IN THE MALDIVES

September 2021

Technical and Standards Committee  
Institute of Chartered Accountants of the Maldives

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## 4. SCOPE

The complete list of International Standards on Auditing (ISAs) and other pronouncements of International Auditing and Assurance Standards Board (IAASB) that are endorsed through this project are set out in the Annex.

## 5. MAJOR ISSUES THAT WILL BE ADDRESSED

As noted in Section 2 (Background), there are various laws and regulations which prescribe auditing standards that are to be followed by that are within the purview of such laws and regulations. However, as it is the responsibility of CA Maldives to formalize and inform stakeholders of the auditing standards that should be applicable in the Maldives, completion of this project would harmonize the auditing practices.

## 6. IMPACT ANALYSIS CONSIDERATIONS

Adopting auditing standards that are already in practice can alleviate the concerns of stakeholders as these standards have already been tried and tested by preparers and users of Financial Statements. Furthermore, developing domestic standards will require significant effort, time and resources.

Following factors that drive the adoption of International Standards on Auditing (ISAs) and other pronouncements of International Auditing and Assurance Standards Board (IAASB) can be considered.

ISAs are considered as important as International Financial Reporting Standards (IFRS) and corporate governance codes in ensuring a sound financial system of a country. This is because financial statements audited under ISAs are considered credible and of good quality and, therefore, gives investors more comfort when making economic decisions.

The World Bank in its Reports on Observation of Standards and Codes (ROSC) emphasize the importance of ISA adoption as a tool to enhance confidence in the financial system of a country. Investors, regulators as well as international agencies such as the International Monetary Fund (IMF), the World Bank (WB), the European Union (EU), the International Auditing and Assurance Board (IAASB), the World Economic Forum (WEF), and the World Trade Organization (WTO) are interested in the auditing standards being followed by auditors while conducting financial statements audit of entities in a country. For example, the WEF uses the adoption of and compliance with ISA by a country as a proxy for the strength of the country's auditing and reporting system, as a national competitive index.

The WB emphasizes the importance of the strength of auditing standards to determine the transparency of financial information in a country. The WTO requires countries to comply with international standards (Al-Akra et al., 2009) before they can obtain membership since such compliance enhances the harmonization of systems and practices among its members, in addition to increasing reliability and transparency of financial information. Also, aids from international agencies such as the IMF and the



## 8. CONSULTATION OF STAKEHOLDER

The consultation paper was brought to the notice of the stakeholders by placing it on the Institute's website and emailing it to some of the institutional stakeholders such as; MIRA, CMDA, MMA, Banks, listed companies, State Owned entities on 12 April 2021 giving a period of 30 days to comment. Further the consultation paper was recirculated on 6 June 2021 giving a 5 days' period to comment.

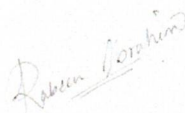
## 9. REVIEW AND CONSIDERATION OF COMMENTS RECEIVED FROM STAKEHOLDERS

Comments were received from two stakeholders in response to endorsement of International Standards on Auditing (ISAs) and other pronouncements of International Auditing and Assurance Standards Board (IAASB). Both the stakeholders did not have any objection for endorsements.

Considering the fact that ISAs, ISRS, ISAE, ISRE, ISQC & ISQM (herein after termed as 'ISAs') have been practiced in the Maldives for long period and reflect the prevailing accepted practice and it is highly unlikely that any other stakeholder (e.g., practitioner, reporting entity, or user) would object and therefore the Committee proceeded with the approval of endorsement.

## 10. APPROVAL BY THE TECHNICAL AND STANDARDS COMMITTEE

Accordingly, the Technical and Standards Committee approved the endorsement of International Standards on Auditing (ISAs) and other pronouncements of the International Auditing and Assurance Standards Board (IAASB) on 30<sup>th</sup> September 2021 and decided to forward to the Council for approval.



Rabeea Ibrahim  
Secretary



Ibrahim Fazeel  
Chairperson



- 1.29 ISA 620: Using the Work of an Auditor's Expert
  - 1.30 ISA 700 (Revised): Forming an Opinion and Reporting on Financial Statements
  - 1.31 ISA 701: Communicating Key Audit Matters in the Independent Auditor's Report
  - 1.32 ISA 705 (Revised): Modifications to the Opinion in the Independent Auditor's Report
  - 1.33 ISA 706 (Revised): Emphasis of Matter Paragraphs and Other Matter Paragraphs in the Independent Auditor's Report
  - 1.34 ISA 710: Comparative Information-Corresponding Figures and Comparative Financial Statements
  - 1.35 ISA 720 The Auditor's Responsibilities Relating to Other Information in Documents Containing Audited Financial Statements
  - 1.36 ISA 720 (Revised): The Auditor's Responsibilities Relating to Other Information
  - 1.37 ISA 800 (Revised): Special Considerations-Audits of Financial Statements Prepared in Accordance with Special Purpose Frameworks
  - 1.38 ISA 805(Revised): Special Considerations-Audits of Single Financial Statements and Specific Elements, Accounts or Items of a Financial Statement
  - 1.39 ISA 810 (Revised): Engagements to Report on Summary Financial Statements
- 2. International Standard of Quality Control (ISQC) and International Standard on Quality Management (ISQM);**
- 2.1 ISQC 1 Quality Control for Firms that Perform Audits and Reviews of Financial Statements, and Other Assurance and Related Services Engagements
  - 2.2 ISQM 1, Quality Management for Firms that Perform Audits and Reviews of Financial Statements, and Other Assurance and Related Services Engagements
  - 2.3 International Standard on Quality Management (ISQM) 2, Engagement Quality Reviews
- 3. International Standard on Review Engagements (ISRE)**
- 3.1 ISRE 2400 (Revised) Engagements to Review Historical Financial Statements
  - 3.2 ISRE 2410 Review of Interim Financial Information Performed by the Independent Auditor of the Entity
- 4. International Standard on Assurance Engagements (ISAE)**
- 4.1 ISAE 3000 (Revised) Assurance Engagements Other Than Audits or Reviews of Historical Financial Information
  - 4.2 ISAE 3400 The Examination of Prospective Financial Information
  - 4.3 ISAE 3402 Assurance Reports on Controls at Service Organization
  - 4.4 ISAE 3410 Assurance Engagements on a Greenhouse Gas Statements
  - 4.5 ISAE 3420 Assurance Engagements to Report of the Compilation of Pro Forma Financial Information Included in a Prospectus