

**Order Instituting Disciplinary Proceedings,
Making Findings, and Imposing Sanctions**

In the Matter of Total Asia Associates PLT,

Respondent.

PCAOB Release No. 105-2023-007

June 23, 2023

By this Order Instituting Disciplinary Proceedings, Making Findings, and Imposing Sanctions (“Order”), the Public Company Accounting Oversight Board (“Board” or “PCAOB”) is:

- (1) censuring Total Asia Associates PLT (“TAA,” “Firm,” or “Respondent”);
- (2) revoking the registration of TAA, a registered public accounting firm;¹ and
- (3) imposing a civil money penalty of \$80,000 on TAA.

The Board is imposing these sanctions on the basis of its findings that the Firm violated PCAOB rules and quality control standards by failing to implement and maintain quality control policies and procedures to ensure that its personnel complied with applicable professional standards, regulatory requirements, and the Firm’s standards of quality.

I.

The Board deems it necessary and appropriate, for the protection of investors and to further the public interest in the preparation of informative, accurate, and independent audit reports, that disciplinary proceedings be, and hereby are, instituted pursuant to Section 105(c) of the Sarbanes-Oxley Act of 2002, as amended (the “Act”), and PCAOB Rule 5200(a)(1) against Respondent.

II.

In anticipation of the institution of these proceedings, and pursuant to PCAOB Rule 5205, Respondent has submitted an Offer of Settlement (“Offer”) that the Board has determined to accept. Solely for purposes of these proceedings and any other proceedings

¹ The Firm may reapply for registration after two years from the date of this Order.

brought by or on behalf of the Board, or to which the Board is a party, and without admitting or denying the findings herein, except as to the Board's jurisdiction over Respondent and the subject matter of these proceedings, which is admitted, Respondent consents to the entry of this Order, as set forth below.²

III.

On the basis of Respondent's Offer, the Board finds that:³

A. Respondent

1. **Total Asia Associates PLT** is a partnership organized under the laws of Malaysia and headquartered in Kuala Lumpur, Malaysia. At all relevant times, the Firm was licensed by the Malaysian Institute of Accountants (License No. AF002128). At all relevant times, the Firm was registered with the Board pursuant to Section 102 of the Act and PCAOB rules.

B. Summary

2. This matter concerns the Firm's failure to comply with PCAOB rules and quality control standards. The Firm failed to establish engagement performance and monitoring policies and procedures sufficient to provide it with reasonable assurance that its policies and procedures were suitably designed and effectively applied. During the period related to its year-end audits subject to PCAOB rules and standards from 2017 through 2020, the Firm's system of quality control failed to provide reasonable assurance that the work performed by its engagement personnel met applicable professional standards and regulatory requirements.

3. Additionally, the Firm's system of quality control failed to provide reasonable assurance that appropriate and effective monitoring took place.

² The findings herein are made pursuant to Respondent's Offer and are not binding on any other person or entity in this or any other proceeding.

³ The Board finds that Respondent's conduct described in this Order meets the conditions set out in Section 105(c)(5) of the Act, 15 U.S.C. § 7215(c)(5), which provides that certain sanctions may be imposed in the event of: (1) intentional or knowing conduct, including reckless conduct, that results in a violation of the applicable statutory, regulatory, or professional standard; or (2) repeated instances of negligent conduct, each resulting in a violation of the applicable statutory, regulatory, or professional standard.

C. The Firm Violated PCAOB Quality Control Standards

i. TAA's Quality Control Policies and Procedures Failed to Provide the Firm with Reasonable Assurance that the Work Performed by Engagement Personnel Met Professional Standards and that Personnel Participated in Relevant Training

4. PCAOB rules require registered public accounting firms to comply with the Board's quality control standards.⁴ PCAOB quality control standards, in turn, require each registered firm to effectively design, implement, and maintain a system of quality control in the firm's accounting and auditing practice.⁵ A firm's system of quality control should, among other things, include policies and procedures for engagement performance. A firm should establish policies and procedures to provide the firm with reasonable assurance that the work performed by engagement personnel meets applicable professional standards, regulatory requirements, and the firm's standards of quality.⁶ Quality control policies and procedures for engagement performance should encompass all phases of the design and execution of an engagement.⁷ To the extent appropriate and as required by applicable professional standards, including SEC and PCAOB rules and/or standards, these policies and procedures should also cover planning, performing, supervising, reviewing, documenting, and communicating the results of each engagement. These policies and procedures also should address engagement quality reviews ("EQRs").⁸

5. At all relevant times, the Firm failed to establish policies and procedures to provide reasonable assurance that the Firm used audit methodology, guidance materials, and practice aids ("Audit Methodology") designed to comply with PCAOB auditing standards and other regulatory requirements. For year-end audits subject to PCAOB rules and standards from 2017 through 2020, the Firm's partners, personnel, and engagement quality reviewers used commercially available guidance materials from 2015 for the Firm's Audit Methodology, but the Firm failed to update its Audit Methodology. For example, the Firm's Audit Methodology failed to address the requirements for critical audit matters ("CAMs"), including the required

⁴ See PCAOB Rule 3400T, *Interim Quality Control Standards*.

⁵ Quality Control Standard 20, *System of Quality Control for a CPA Firm's Accounting and Auditing Practice* ("QC § 20"), .01-.02.

⁶ QC § 20.17.

⁷ QC § 20.18.

⁸ *Id.*

disclosure in the audit opinion and related communications to the audit committee.⁹ These CAMs requirements were effective for the Firm for fiscal years ending on or after December 15, 2020.¹⁰ As a result, for multiple 2020 audits, the Firm used outdated audit methodology and failed to comply with the requirements under PCAOB standards relating to CAMs.

6. Policies and procedures should also be established to provide a firm with reasonable assurance that personnel participate in general and industry-specific continuing professional education and other professional development activities that enable them to fulfill their assigned responsibilities.¹¹ During the period related to its 2017-2020 year-end audits, the Firm failed to have effective policies and procedures that provided it with reasonable assurance that personnel assigned to engagements participated in continuing professional education and other professional development activities related to U.S. generally accepted accounting principles (“U.S. GAAP”), PCAOB standards, and SEC reporting requirements, rules, and regulations. In addition, from 2019 through 2020, Firm partners and engagement quality reviewers failed to receive any training in U.S. GAAP, PCAOB standards, and SEC reporting requirements, rules, and regulations. The Firm also failed to ensure that its personnel received training related to the requirements for EQRs and to the requirements under PCAOB standards related to CAMs for audits of fiscal years ending on or after December 15, 2020.

ii. TAA Was Aware of Significant Audit Deficiencies in its EQRs, Yet Failed to Improve its Policies and Procedures

7. A firm should also establish policies and procedures to provide the firm with reasonable assurance that its quality control policies and procedures are suitably designed and are being effectively applied. Monitoring involves an ongoing consideration and evaluation of the (a) relevance and adequacy of the firm’s policies and procedure; (b) appropriateness of the

⁹ See AS 3101.11-.17, *The Auditor’s Report on an Audit of Financial Statements When the Auditor Expresses an Unqualified Opinion*.

¹⁰ Generally, CAM requirements were effective for audits for fiscal years ending on or after June 30, 2019, for large accelerated filers and for fiscal years ending on or after December 15, 2020, for all other companies to which CAM requirements apply. Total Asia’s audits required CAMs for fiscal years ending on or after December 15, 2020.

¹¹ QC § 20.13c; QC § 40.02c.

firm's guidance materials and any practice aid; (c) effectiveness of professional development activities; and (d) compliance with the firm's policies and procedures.¹²

8. Monitoring involves a firm considering and evaluating compliance with its policies and procedures on an ongoing basis.¹³ Monitoring procedures, taken as a whole, should enable the firm to obtain reasonable assurance that its system of quality control is effective.¹⁴ Procedures that provide the firm with a means of identifying and communicating circumstances that may necessitate changes to or the need to improve compliance with the firm's policies and procedures contribute to the monitoring element. Among other things, a firm's monitoring procedures may include inspection procedures, preissuance or postissuance review of selected engagements, determination of any corrective actions to be taken and improvements to be made in the quality control system, communication to appropriate firm personnel of any weaknesses identified, and follow up to ensure that any necessary modifications are made to the quality control policies and procedures on a timely basis.¹⁵

9. As part of the Firm's quality control process, TAA performed postissuance reviews of select audits, or "cold file reviews," beginning in November 2018. TAA's "cold file reviews" generated reports that identified deficiencies related to the Firm's EQRs that indicated noncompliance with the Firm's policies and procedures on EQR documentation and violations of PCAOB standards. Specifically, the Firm's reports noted that in multiple audits for 2016, 2017, and 2018, the Firm's engagement quality reviewer left the review procedures checklist blank and gave no indication that an EQR had been performed, in violation of PCAOB standards.¹⁶ Despite the Firm's awareness of these deficiencies, the Firm's monitoring process did not consider and evaluate the relevance and adequacy of its policies and procedures.¹⁷ The Firm failed to make changes to, or improve, its policies and procedures to address their prior failures to have identified EQR deficiencies.

¹² See QC § 20.20; Quality Control Standard 30, *Monitoring a CPA Firm's Accounting and Auditing Practice* ("QC § 30"), .02.

¹³ See QC § 30.02d.

¹⁴ QC § 30.03.

¹⁵ *Id.*; see also QC §§ 30.04-.08.

¹⁶ AS 1220, *Engagement Quality Review*, .19-.20.

¹⁷ QC §§ 30.03-.05.

IV.

In view of the foregoing, and to protect the interests of investors and further the public interest in the preparation of informative, accurate, and independent audit reports, the Board determines it appropriate to impose the sanctions agreed to in Respondent's Offer.

Accordingly, it is hereby ORDERED that:

- A. Pursuant to Section 105(c)(4)(E) of the Act and PCAOB Rule 5300(a)(5), TAA is hereby censured.
- B. Pursuant to Section 105(c)(4)(A) of the Act and PCAOB Rule 5300(a)(1), the registration of Total Asia Associates PLT is revoked.
- C. After two years from the date of this Order, Total Asia Associates PLT may reapply for registration by filing an application for registration pursuant to PCAOB Rule 2101.
- D. Pursuant to Section 105(c)(4)(D) of the Act and PCAOB Rule 5300(a)(4), a civil money penalty in the amount of \$80,000 is imposed upon TAA. All funds collected by the PCAOB as a result of these civil money penalties will be used in accordance with Section 109(c)(2) of the Act. Respondent shall pay the civil money penalties within ten (10) days of the issuance of this Order by (1) wire transfer pursuant to instructions provided by Board staff; or (2) United States Postal Service money order, bank money order, certified check, or bank cashier's check (a) made payable to the Public Company Accounting Oversight Board, (b) delivered to the Office of Finance, Public Company Accounting Oversight Board, 1666 K Street, N.W., Washington D.C. 20006, and (c) submitted under a cover letter, which identifies the entity or person as a respondent in these proceedings, sets forth the title and PCAOB release number of these proceedings, and states that payment is made pursuant to this Order, a copy of which cover letter and money order or check shall be sent to Office of the Secretary, Attention: Phoebe W. Brown, Secretary, Public Company Accounting Oversight Board, 1666 K Street, N.W., Washington D.C. 20006. By consenting to this Order, Total Asia Associates PLT acknowledges that a failure to pay the civil money penalty described above may alone be grounds to deny any reapplication for registration pursuant to PCAOB Rule 2101.

1. If timely payment is not made, additional interest shall accrue at the federal debt collection rate set for the current quarter pursuant to 31 U.S.C. § 3717. Payments shall be applied first to post-Order interest.
 2. With respect to any civil money penalty amounts that Respondent shall pay pursuant to this Order, Respondent shall not, directly or indirectly, (a) seek or accept reimbursement or indemnification from any source including, but not limited to, any current or former affiliated firm or professional or any payment made pursuant to any insurance policy; (b) claim, assert, or apply for a tax deduction or tax credit in connection with any federal, state, local, or foreign tax; nor (c) seek or benefit by any offset or reduction of any award of compensatory damages, by the amount of any part of Respondent's payment of the civil money penalty pursuant to this Order, in any private action brought against Respondent based on substantially the same facts as set out in the findings in this Order.
- E. Pursuant to Sections 105(c)(4)(G) of the Act and PCAOB Rules 5300(a)(9), should TAA submit any future application for registration, the Firm is required:
1. prior to the Board's consideration of any such application by the Board, to establish policies and procedures, or revise and/or supplement existing policies and procedures, for the purpose of providing the Firm with reasonable assurance of compliance with applicable PCAOB rules and standards;
 2. prior to the Board's consideration of any such application by the Board, to establish a policy of ensuring training, whether internal or external, on an annual or more frequent regular basis, concerning applicable PCAOB rules and standards, of any Firm audit personnel who participate in any way in the planning or performing of any audit or interim review of an issuer or any SEC Registered Broker-Dealer Engagement (defined to mean an engagement to provide a report—whether an audit report, an examination report, or a review report—required under paragraph (d)(1)(i)(C) of Securities Exchange Act of 1934 Rule 17a-5, 17 C.F.R. § 240.17a-5, as amended);
 3. within ninety days from the date the Board grants any future application of the Firm for registration ("Future Registration Date") and before the Firm's commencement of any audit or interim review of an issuer or

commencement of any SEC Registered Broker-Dealer Engagement, to ensure training pursuant to the policy described in paragraph IV.E.2 above on at least one occasion; and

4. within 120 days from the Future Registration Date, to certify in writing to the Director of the Division of Enforcement and Investigations, Public Company Accounting Oversight Board, 1666 K Street, N.W., Washington D.C. 20006, the Firm's compliance with paragraphs IV.E.1-3 above. The certification shall identify the undertakings, provide written evidence of compliance in the form of a narrative, and be supported by exhibits sufficient to demonstrate compliance. The Firm shall also submit such additional evidence of and information concerning compliance as the staff of the Division of Enforcement and Investigations may reasonably request.

ISSUED BY THE BOARD.

/s/ Phoebe W. Brown

Phoebe W. Brown
Secretary

June 23, 2023