



AUDITORS IN MALAYSIA



Why Do We Need Auditors and Audit Firms in Malaysia?

Companies Act 2016 Malaysia stipulates that all :-

- ✓ Public listed companies;
- ✓ Private limited companies (except those eligible for audit exemption) and;
- ✓ Other branch offices

incorporated under the Act are required to appoint an **approved auditor** to audit the accounts of the company and report to members of the company every year at the Annual General Meeting (AGM).

(Companies Act, 2016)

**It is MANDATED
by the LAW!**

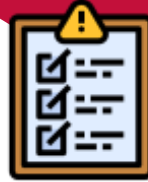


What is Audit?

DEFINITION

A **systematic**, **independent** and **documented** process for obtaining **audit evidence** [*records, statements of fact or other information which are relevant and verifiable*] and evaluating it **objectively** to determine the extent to which the audit criteria [*a set of policies, procedures or requirements*] are fulfilled.

(ISO 19011: 2018)



MAIN OBJECTIVE



Form an **unbiased opinion** to conclude whether :-

- the financial statements have been prepared properly and **in accordance to relevant standards**;
- the financial statements show a **true and fair view** of the financial position of the entity;
- the company's **records are properly maintained** and updated.

Benefits Of Auditing Your Accounts:



Enhance **reliability** of financial reports prepared by company directors.

Provide **assurance** to shareholders that the financial figures show **true and fair view** of the company.

Improve overall stakeholders' **confidence** in the company.

Help **detect weaknesses in internal control** processes

Help ensure that the company is in **compliance** with the relevant policies and regulations



Who Are Exempted From Statutory Audit?

Under the Companies Act 2016, private companies that are:

Dormant companies;

Companies with **Zero Revenue**; or

Companies that are **threshold-qualified**

may elect for audit exemption.

*Revenue
< RM100,000*

*Employees
< 5 person*

*Asset
< RM300,000*

(Companies Act, 2016)



Auditing vs. Accounting



ACCOUNTING

- Process of **recording, maintaining and reporting** daily financial transactions that a company is involved in.

AUDITING

- Process of **verifying the reliability** of those financial statements so that users can be **reasonably assured** that those statements are **free from material misstatements**.

- Process ends with the preparation of the company's financial statements





Who Performs the Audit?

- Only **APPROVED AUDITORS** or **AUDIT FIRMS** may conduct statutory annual auditing of accounts for a company.
- The auditor or audit firm must be **INDEPENDENT** of the audited company

(Companies Act, 2016)



Contact Us



Our team at Ecovis Malaysia is made up of licensed professionals equipped with the knowledge and expertise capable of assisting you in various types of audit engagement services.

Contact us today!
We are pleased to help!

■ Kuala Lumpur (HQ) 吉隆坡

Tel : 03 - 7981 1799
Fax : 03 - 7980 4796
Email : kuala-lumpur@ecovis.com.my

■ Johor Office 柔佛

Tel : 07 - 562 9000
Fax : 07 - 562 9090
Email : johor@ecovis.com.my

■ Penang Office 檳城

Tel : 04-226 7210
Fax : 04-226 2212
Email : penang@ecovis.com.my

■ Sabah Office 沙巴

Tel : 088 - 231 790
Fax : 088 - 266 842
Email : sabah@ecovis.com.my



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International Organization for Standardization.
(2018). *Guidelines for auditing management systems* (ISO Standard No. 19011).

