



**APPOINTMENT
OF
*AUDITORS IN MALAYSIA***



A company must first obtain **written consent** from the auditor or audit firm before it may appoint them as an auditor.



A person shall not knowingly consent to be appointed and act as an auditor for any company or prepare, for or on behalf of a company, any report if he/she:

1. Is not an approved company auditor

2. Is indebted to the company or its related companies in an amount exceeding RM25k

3. Is:

- i) or his/her spouse is an officer of the company;
- ii) a partner, employer or employee of an officer of the company;
- iii) a partner or employee of an employee of an officer of the company;
- iv) a shareholder or his/her spouse is a shareholder of a corporation whose employee is an officer of the company

6. Has been convicted of any offence involving fraud or dishonesty punishable with imprisonment for 3 months or more.

5. Is an undischarged bankrupt within or outside Malaysia except with leave of the court;

4. Is responsible for, or if he is related to the person responsible for keeping the members register or the register of debenture holders of the company;



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if the firm, resident in Malaysia, consists of partners who are;

A

- i) All approved company auditors; and
- ii) None of them are disqualified from acting as the auditor of the company under any of the **provisions listed earlier from 1 to 6;**

Where the firm is **not registered** as a firm under any law for the time being in force, a return showing the full names and addresses of all the partners of the firm has been lodged with the Registrar of Companies.


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An audit firm **shall not** knowingly consent to be appointed and act as an auditor for any company and shall not prepare, for or on behalf of a company any report unless:


In the case of **public interest entities** such as:

Public Listed Companies (PLCs); and


Schedule Funds e.g. *Approved Private Retirement Schemes*



the **Audit Oversight Board** (AOB) is responsible for the registration of their auditors under the Securities Commission Malaysia Act 1993.



An AOB registration will remain valid until and unless it is revoked, suspended or withdrawn by the AOB.



First Time Appointment of an Auditor for Companies in Malaysia



- For a newly incorporated company, first time appointment must be made not later than **30 days** before the end of the period for the submission of the first financial statements to the Registrar.
- Either the **board of directors** (BOD) will appoint the auditor or in the event that the board fails to do so, the members of the private company shall appoint the auditor through **ordinary resolution**.
- If a private company fails to appoint an auditor, a member of the company may **write to the Registrar** to ask them to do so for the company.
- The auditor **ceases to hold office** 30 days after the company's financial statements are circulated unless he is re-appointed.





Engagement & Subsequent Appointment of an Auditor for Companies in Malaysia

- Auditors of a private company are deemed to be re-appointed unless the shareholders submit an objection at least **30 days** before the company's financial statements are circulated.
- For a public company, the auditor's appointment lasts until the conclusion of the company's next **Annual General Meeting** (AGM).
- **Casual vacancies** due to removal or resignation from office must be filled by the BOD.
- The immediately preceding auditor will not be deemed re-appointed unless he/she was appointed by the BOD or by the law **without objections** from the shareholders.



Resignation

of an Auditor for Companies in Malaysia

- An auditor may resign by giving a **notice of resignation** to the company at its registered office. **21 days** later, his/her term of office will end.
- The auditor of a **private limited company** is required to submit a **statement of circumstances** to the Registrar to explain his/her reasons for resignation within **7 days** of submitting the notice of resignation.
- Auditors of **public listed companies** must also submit an **additional written explanation** to Bursa Malaysia.
- A company that received a resignation notice from its auditor must send a **copy** of the notice to the Registrar within **7 days** from receiving it.



Contact Us



Our team at Ecovis Malaysia is made up of licensed professionals who are both approved by the Ministry of Finance & registered under AOB.

We are 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!

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References

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