

## **EXTERNAL AUDITORS : ROLE IN PROMOTING INTEGRITY OF THE FINANCIAL REPORTING PROCESS**

### **PRESS RELEASE**

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KUALA LUMPUR, 24 JUNE – The Malaysian Institute of Certified Public Accountants (MICPA), as the national professional accountancy body of Malaysia as well as a founder member of the International Federation of Accountants, wishes to reiterate that an auditor plays an essential role in providing a check and balance on an entity's financial reporting and in contributing to an efficient and transparent capital market for its many stakeholders.

In the audit of a listed entity, an auditor must be guided by International Standards on Auditing (ISA), the Companies Act 2016 (CA 2016) and the requirements of Bursa Malaysia (Bursa) and Securities Commission (SC). Under Section 320 of the Capital Markets and Services Act 2007 (CMSA 2007), the auditor is required to immediately report to the SC and Bursa if there is a breach which may adversely affect, to a material extent, the financial position of the listed entity that is being audited. ISA 200 '*Overall Objectives of the Independent Auditor and the Conduct of an Audit in Accordance with International Standards on Auditing*' specifically provides guidance on how and why auditors should exercise their professional scepticism during an audit. In addition, Section 266 of the CA 2016 provides that an auditor is required to express an opinion on the financial statements of the public company and is entitled to all information and explanations that are needed for the purposes of an audit.

Any issues that arise in the course of the audit should be resolved to the satisfaction of the auditors. Where the relationship between the listed entity and its auditor is strained, the auditor may need to reconsider its role. That is part of the role of a professional, taking into account all circumstances and issues which impact the role.

MICPA demands the highest standards of ethical behaviour from accountants and auditors through adherence to the fundamental principles of integrity, objectivity, professional competence, due care, confidentiality and professional behaviour, including compliance with laws and regulations. In the pursuit of these values, MICPA appreciates that accountants and auditors continually strive to nurture professional values in upholding the integrity of the accountancy profession as well as demonstrate the 'value of an audit' to the various stakeholders of entities and the general public.