



THE TYPES OF AUDIT COMMITTEE AND ITS
INFLUENCE ON MALAYSIA'S LIFE INSURANCE
COMPANIES SPECIFIC CHARACTERISTICS

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DECLARATION OF ORIGINAL WORK



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I, Nik Nur Aini bt Nik Mustapha,

Hereby, declare that,

- This work has not previously been accepted in substance for any degree, locally or overseas and is not being concurrently submitted for this degree or any other degree.
- This project paper is the result of my independent work and investigation, except where otherwise stated
- All verbatim extracts have been distinguished by quotation marks and sources of my information have been specifically acknowledged

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All praise to Allah S.W.T, the sustainer of the world and may there be His blessings to all messengers and His last messenger, the Prophet Muhammad S.A.W and his family, companions, followers and all the believers till the end of time.

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Lastly, I hope this report meet the requirements and expectations of the faculty and the university.

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Yours sincerely,

NIK NUR AINI NIK MUSTAPHA

ABSTRACT

Audit committees serve many important functions, including giving advice to directors on legal responsibilities, strengthening the independence of auditors and non-executive directors, and increasing public confidence in the credibility and objectivity of published financial statements (Guthrie and Turnbull, 1995). The audit committee is anticipated to ensure that the firm has sufficient internal controls, proper accounting policies, and independent external auditors that will prevent the incidence of fraud and promote high quality and timely financial statements. The audit committee's existence is predicted to influence the firm size, leverage, cash and management expenses. Audit Committee is important to life insurance firms since they can gain an insight on how important audit committee is to be established in a firm and how the types of their audit committee can influence their firm's specific characteristics and thus this can improve the financial and management aspect of their firms. The variables of cash and management expenses are significant in relation to audit committee. The existence of types audit committee will increase the amount of cash in flows of the life insurance firms. This is true when the existence of an audit committee, is said to improve financial statements' credibility and reliability through providing assurance on the objectivity of financial statements to shareholders. Whereas the existence of audit committee also will increase the management expenses since the firm has to pay a lot of expenses such as the management fees, and shareholders fees. The variables of firm size and leverage were not statistically significant. Audit committee plays no significant role on growth of firm size as well as growth of firm's leverage. Therefore, the growth of size and leverage of firms does not depend on audit committee in a firm.

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