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TEKNOLOGI  
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**FACULTY OF ACCOUNTANCY**

**BACHELOR OF ACCOUNTANCY (HONS.)**



**FIELD REPORT (30%)**

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## **ACKNOWLEDGEMENT**

My internship at Kuzaimi & Co. provided me with invaluable experience in my field and helped me develop my skills significantly. This opportunity to contribute as a team member has made me realize how fortunate I am. I'm also grateful that my internship introduced me to so many fascinating and impressive individuals.

I want to start by expressing my gratitude to Puan Diana bt Raoff, my supervisor at Kuzaimi & Co., for offering me the chance to join the company and eventually become part of its team. It has been a fantastic opportunity for me to work as an accountant at Kuzaimi & Co., where everyone is always willing to assist and take the time to explain things to me. I plan to leverage the knowledge and experience gained from this opportunity to further my career.

Additionally, I would like to thank my lecturer, Ms. Naqiah bt Awang, for her support with my internship report and logbook. My sincere appreciation also goes to Madam Raihana, the coordinator for internship students in our faculty. She ensures that my internship runs smoothly and keeps me informed of the latest developments. It would be challenging for me and other students to succeed without her guidance.

Finally, I want to express my heartfelt thanks to my family and friends for their financial and emotional support over the years. I am incredibly privileged to have people in my life who believe in me and support me on my journey.

Thank you.

<b>NO.</b>	<b>CONTENT</b>
<b>1</b>	Acknowledgment
<b>2</b>	[SECTION A] Introduction
<b>3</b>	Company Background
<b>4</b>	Summary of Work Done
<b>5</b>	Strength and Weaknesses (SWOT) analysis
<b>6</b>	Recommendation
<b>7</b>	Self-Reflection
<b>8</b>	[SECTION B] Introduction: The Problems and Ethical Attitudes of Auditors Toward Accounting Errors and Frauds
<b>9</b>	Issues
<b>10</b>	Recommendations and Ways to Prevent
<b>11</b>	Conclusion and Appendices

## **SECTION A : INTRODUCTION AND COMPANY BACKGROUND**

### **1.0 INTRODUCTION**

I selected Kuzaimi & Co for my internship due to its outstanding reputation in the audit and accounting industry. Known for its dedication to excellence and professional development, Kuzaimi & Co provided the perfect environment to gain practical experience and enhance my skills in auditing and accounting. My training period, as outlined in my offer letter, spanned from March 3, 2024, to August 22, 2024, offering ample time to delve into the complexities of auditing and accounting, which perfectly aligned with my educational and professional objectives. Kuzaimi & Co extends numerous benefits to its interns, including an initial allowance of RM250 for the first month, with a subsequent RM50 increase each month. Moreover, the company fosters a supportive work environment that emphasizes learning and growth. Throughout my internship, I had the privilege of collaborating closely with seasoned professionals at Kuzaimi & Co, who were committed to mentoring and guiding interns like myself. This hands-on experience and mentorship significantly enhanced my skills and prepared me for future success in the auditing and accounting industry.




### **2.0 COMPANY'S BACKGROUND**



#### **2.1. Background of the company**



Kuzaimi & Co. is a reputable firm of Chartered Accountants based in Kuala Lumpur, renowned for providing a wide array of high-quality professional services, including auditing, taxation, and business advisory services. Established in 2003, the firm has steadily expanded its operations and influence. The headquarters are located in Setapak, Kuala Lumpur, with additional branches in Kuala Terengganu, Shah Alam, Kemaman, and Ipoh, as well as a network of associates throughout Malaysia. Kuzaimi & Co. is committed to a philosophy of accurate and timely service delivery, ensuring clients can rely on them for peace of mind and confidence in their financial matters. The firm customizes its services to align with each client's specific needs and consistently meets agreed timelines and targets. This client-centric approach has cemented Kuzaimi & Co.'s reputation for excellence and reliability in the industry. In addition to their core services, Kuzaimi & Co. emphasizes continuous professional development and innovation, staying ahead of industry trends and regulatory changes. This commitment to excellence is reflected in their growing client base and the high level of trust they have earned over the years.

## 2.2. Organizational chart

		
<b>Mr. Kuzaimi Bin Abdullah</b> Founder of Kuzaimi & Co	<b>Mr. Firdaus Bin Omar</b> Senior Manager (Kuala Lumpur)	<b>Mrs. Diana Binti Abdul Raoff</b> Branch Manager (Kuala Terengganu)

	
<b>Mrs. Nurul Atiqah Binti Shuhaimi</b> Branch Manager (Ipoh)	<b>Mrs. Nur Hanani Binti Mohd Yusoff</b> Branch Manager (Kemaman)

## 2.3. Vision, Mission & Values

**1) Vision:** “We want to be a reputable Chartered Accountants firm in Malaysia that provides remarkable audit, tax and business advisory services”

**2) Mission:** “To perform and deliver an outstanding service of audit, tax and business advisory to committed entities that value and appreciate the need of proper financial management.”

### 3) Values:

- **Integrity.**

We do the right thing in a responsible way. We won't do something that we are not supposed to do.

- **Punctuality.**

We are committed to complete thing at agreed upon time. We don't promise something that we can't deliver.

- **Efficiency.**

We strive to be efficient in everything we do. We don't wait for tomorrow if we can do it today.

- **Passion.**

We enjoy the thing we do. We won't be satisfied until we produce the best.

## **2.4. Services**

### **1) Auditing & Assurance**

- Statutory Audit
- Financial Statement Review
- Internal Audit and Risk Assessment
- Due diligence audits
- Monitoring audits
- Compliance audits & System audits
- Advice on internal control systems

### **Tax Services**

- Corporate and personal tax compliance
- Sales & Service Tax
- Tax planning and advisory
- Tax audit and Investigation

### **3.0 SUMMARY OF WORK DONE**

During my internship at Kuzaimi & Co, I was part of the accounting and auditing department team, collaborating with senior and junior staff members. Kuzaimi & Co primarily serves small and medium-sized enterprises (SMEs). Throughout my internship, I was under the supervision of Puan Diana, the Manager, who responsible for overseeing and provided oversight for all work there.

During my internship at Kuzaimi & Co, I contributed to several key areas:

#### **Preparation of Monthly or Yearly Accounts:**

I significantly improved my skills in financial data entry, an essential task in accounting. This process involves accurately recording monetary transactions, invoices, receipts, and other relevant data into an organization's accounting software or systems. This meticulous task ensures that the company's financial records are complete, accurate, and up to date. Ensuring the precision and reliability of financial data requires meticulous attention to detail and a thorough understanding of accounting principles during data entry.

#### **Preparation of Audit Working:**

I played a vital role in auditing multiple companies, ensuring that all necessary paperwork was completed and submitted punctually. As a newcomer to the field, I followed detailed instructions and learned the significance of vouchers in the audit working paper process. Vouching is essential for verifying the accuracy of recorded transactions, ensuring comprehensive documentation, authenticating documentary evidence, detecting fraudulent payments, and confirming that only business-related payments are made from company funds. The evidence gathered during audits of financial statements, internal management, and information systems, as well as investigations, was meticulously documented in audit working papers. This process is fundamental to the audit, which systematically collects and evaluates evidence to verify the accuracy of accounting records and their representation of financial activities within the accounting period.

#### **Cross-referencing:**

In cross-referencing, I utilized two distinct documents to ensure accuracy by comparing them with other audit records. For example, if Document A was derived from Working Paper B, it would be marked with a "B" next to its document number, and the same process would apply to Document B. I observed the use of cross-referencing to verify information in financial statements against the accountant's report. My responsibilities included ensuring the

accuracy of financial statements by cross-referencing them with the client's original paperwork and supporting files. When discrepancies in totals were identified, I promptly notified the accountants for further examination.

#### **Preparing Bank Reconciliation:**

I assisted with bank reconciliation, an essential part of the accounting process. This task involved comparing bank statements with the company's records to ensure precision. I meticulously examined each transaction, matching the bank statement's figures, dates, and descriptions with the company's records. Any discrepancies were thoroughly investigated, and corrective actions were taken. This process sharpened my analytical skills and attention to detail. I became proficient in various accounting programs and tools, which streamlined and verified my manual reconciliations. Additionally, I worked closely with the accounting department to resolve issues, such as discrepancies between the company's books and the bank's records. Bank reconciliation was a critical quality assurance step, deepening my understanding of advanced accounting principles and highlighting the importance of accurate record-keeping and reconciling bank statements to protect financial data.

#### **4.0 STRENGTH, WEAKNESS, OPPORTUNITIES, THREAT (S.W.O.T) ANALYSIS OF THE COMPANY**

One of the many positive aspects of my internship experience was the opportunity to gain practical knowledge in accounting and auditing, improving skills that will serve me well in my future career. Interns can gain experience in essential areas such as financial analysis, audit procedures, and compliance, which are not often covered in academic curricula. These experiences allow students to develop industry-specific skills while gaining real-world work experience. Additionally, internships provide a valuable opportunity to expand one's professional network within the accounting and auditing industry. Building connections with experienced accountants, auditors, and financial professionals during an internship can pave the way for future job opportunities and valuable advice. A significant strength I gained during my internship was the ability to work with accounting software and tools, enhancing my technical proficiency. I also developed a strong attention to detail through tasks such as bank reconciliation and financial data entry, which are critical in ensuring the accuracy and reliability of financial records.

However, there are some weaknesses associated with internships in the accounting and auditing field. One challenge is the limited responsibility given to some interns. In certain situations, interns might not be entrusted with significant tasks or decision-making processes, making it difficult for them to demonstrate their skills and make meaningful contributions. Another



weakness is the variability in mentorship and guidance. While some internships offer excellent mentorship opportunities, not all interns receive consistent direction and support from experienced professionals. Without adequate mentorship, interns may miss out on crucial feedback and personal development opportunities.

Lastly, many internships, particularly in competitive fields like accounting and auditing, offer little to no compensation. This financial challenge can make it difficult for students from less affluent backgrounds to participate in meaningful internship programs, limiting their opportunities for professional growth.

## **5.0 RECOMMENDATION**

As a recommendation, the company should start by giving interns manageable accounting tasks to help them build confidence and understanding before gradually introducing more complex responsibilities. This approach ensures that interns can effectively demonstrate their skills and contribute meaningfully. To enhance mentorship, the company should establish a structured mentorship program where each intern is paired with a dedicated mentor who provides consistent guidance, feedback, and support. This will maximize personal and professional development.

Additionally, the company should ensure fair financial compensation for interns to make the program accessible to students from diverse backgrounds, promoting inclusivity and diversity. Offering comprehensive training on the latest accounting tools and software will further enhance interns' technical proficiency and efficiency. To capitalize on networking opportunities, the company should organize networking events, such as meet-and-greets, seminars, and workshops with industry professionals, helping interns build valuable connections for future job opportunities and mentorship.

To address challenges like disorganized client accounts and poor client cooperation, the company should foster a supportive work environment. Implementing a system for interns and staff to report challenges and seek assistance will help mitigate stress. Training interns in effective client communication and problem-solving can equip them to handle difficult situations better.

Finally, recognizing and rewarding outstanding performance will maintain high morale and productivity. Monthly recognition programs, performance-based incentives, and public acknowledgment of achievements can motivate everyone to strive for excellence, creating a positive and engaging work environment. This approach benefits both employees and employers by fostering higher productivity and a happier workplace.

## **6.0 SELF REFLECTION**

During my internship at accounting and auditing firms, I gained invaluable insights into my personal and professional development. This experience provided me with a deeper understanding of my strengths and areas for improvement. My precision and proficiency with numbers were particularly beneficial in both accounting and auditing tasks. I consistently ensured accurate recording of financial data and meticulous balancing of bank accounts, which helped me become more organized and detail-oriented. Handling large volumes of financial data also honed my ability to maintain systematic and thorough records.

Moreover, I recognized opportunities to enhance my skills by delving into more complex accounting and auditing principles and gaining expertise in in-depth financial analysis and audit procedures. The internship underscored the importance of collaboration and transparent communication in the accounting and auditing profession. Working closely with the accounting and auditing departments, as well as seasoned professionals, provided me with valuable insights into the inner workings of a firm. I learned that clear communication is crucial for resolving financial and audit-related issues and defining roles within a team.

To further improve my skills, I discovered the importance of seeking and valuing feedback from colleagues. This self-reflection highlighted the necessity of building strong professional relationships and fostering effective teamwork to enhance organizational performance.

In conclusion, my internship at the accounting and auditing firms heightened my self-awareness, allowing me to assess my strengths, identify areas for development, and appreciate the critical role of continuous learning and communication. This experience has laid a solid foundation for my future success and motivated me to pursue further knowledge and expertise in the fields of accounting and auditing.

## **SECTION B:**

### **THE PROBLEMS AND ETHICAL ATTITUDES OF AUDITORS TOWARD ACCOUNTING ERRORS AND FRAUD**

#### **1.0 INTRODUCTION**

Fraud is believed to be the most serious corporate problem in the present business environment (KPMG, 2009; Palshikar, 2002; M. Smith, Normah, Syed Iskandar Zulkarnain, & Ithnahaini, 2005) and continues to be a growing problem, particularly in a tight budget situation

(KPMG, 2011). Fraud causes huge losses to organizations, including investigation costs, staff sickness or suspension costs, internal disciplinary costs, external sanction costs, permanent staff replacement costs, and intangible costs of a damaged reputation (Button, Lewis, Blackburn, & Shepherd, 2015). In Malaysia, the country's business community is significantly affected by local fraud cases such as Transmile Group Berhad, Megan Media Holdings Berhad, and Tat Sang Berhad (Normah & Katerina Maria, 2012).

The pressure to perform well has increased in competitive environments. Particularly in the auditing industry, all parties strive to perform well and leave a positive impression on their employers and colleagues. Consequently, many auditors turn to unethical practices to keep their jobs or derive some benefits for their companies (Labich, 1992). In addition, twenty out of 204 (ACFE, 2012) occupational fraud cases in the Asia region occurred in Malaysia during the period between January 2010 and December 2011, and ten out of 129 (ACFE, 2014) between January 2012 and December 2013.

In recent years, the integrity of financial reporting in Malaysia has come under intense scrutiny due to numerous accounting errors and fraud cases, raising significant concerns about the role of auditors. In this report, I will explore the problems and ethical attitudes of auditors in Malaysia regarding accounting errors and frauds. I will examine the pressures faced by auditors from management and stakeholders, issues related to inadequate ethical training and awareness, and the conflict of interest that have occurred within the company. These topics are crucial for understanding the complexities auditors encounter and their implications for ethical decision-making in the auditing profession, particularly in light of past fraudulent activities observed within my internship company.

## **2.0 ISSUES**

### **Issue 1: Pressure from Management and Stakeholders**

Accounting professionals often face significant pressure from management and stakeholders to present financial results that meet specific targets. This pressure, driven by the desire to portray a company's financial health favorably to investors, creditors, and market analysts, can lead to the manipulation of financial statements. Accountants might resort to creative accounting practices or outright manipulation of financial data to meet these expectations.

In my role, I observed firsthand the intense pressure from management and stakeholders to present a favorable financial picture, leading to unethical practices such as

manipulating financial statements. Research by Sweeney and McGarry (2011) indicates that auditors frequently face coercion from clients to engage in fraudulent reporting to meet financial targets or expectations, which aligns with my experience of altering account figures to attract investors and creating fake account transactions to lower the client's taxable income. Using UBS Software, I recorded fictitious expenses that reduced the overall profit, thereby decreasing the amount of tax owed. While this practice provided immediate financial relief for the client, it raised significant ethical concerns.

According to the International Federation of Accountants (IFAC), such manipulations violate the principles of integrity and transparency, which are fundamental to the accounting profession (IFAC, 2020). Maintaining ethical standards and professional integrity is crucial for auditors. My internship experience underscored the difficulty of upholding these values in the face of conflicting interests. The American Institute of CPAs (AICPA) Code of Professional Conduct emphasizes the importance of objectivity and independence, yet personal relationships, like the one I observed between the manager and a client, can compromise these principles (AICPA, 2018). This experience taught me the importance of vigilance and ethical resolve in maintaining the credibility of financial reporting.

## **Issue 2: Inadequate Ethical Training and Awareness**

Many accounting professionals lack sufficient training in ethics, which is crucial for navigating complex situations involving potential errors or fraud. This deficiency often arises from the insufficient emphasis on ethical education in academic programs and ongoing professional development.

During my internship at Kuzaimi & Co, I encountered the implications of inadequate ethical training within the auditing profession. Assigned to adjust financial statements to minimize clients' tax liabilities, I utilized UBS Software to create fictitious transactions, artificially reducing taxable income to meet client demands. This practice raised significant ethical concerns under professional accounting standards, highlighting the consequences of inadequate ethical preparation. It underscored the challenge of balancing client expectations with ethical standards, emphasizing the critical role of robust ethical education in equipping accountants to navigate such dilemmas effectively. This aligns with research advocating for enhanced ethical training to empower accounting professionals in upholding integrity in financial reporting and maintaining trust in the auditing process.

My internship experience illustrated how insufficient ethical training can impact audit practices, potentially leading to oversights in conflicts of interest or ethical considerations in financial reporting. This reflects broader challenges in ethical awareness among auditors, as

highlighted in O'Leary and Serafeim's (2014) study published in the Journal of Financial Economics, which identifies a correlation between inadequate ethical training and increased likelihood of unethical practices among auditors, thereby jeopardizing audit quality and professional integrity.

### **Issue 3: Conflict of Interest**

A conflict of interest occurs when an accounting professional's personal interests interfere with their duty to act in the best interest of their employer or clients, compromising their objectivity and leading to unethical decisions. Donaldson and Davis (2019) highlight the significant impact of conflicts of interest on auditors' professional judgment and ethical behavior, influencing audit outcomes and stakeholders' perceptions.

This issue underscores how personal interests can undermine an accountant's obligation to prioritize the best interests of their clients or employers, resulting in ethical dilemmas. Biased reporting may arise, where financial statements are manipulated to benefit personal financial gain, such as bonuses tied to financial performance or maintaining favorable client relationships. During my internship at Kuzaimi & Co, I encountered instances where conflicts of interest affected audit assignments. For example, an audit manager's personal relationship with a client executive compromised the audit's objectivity, leading to certain findings being downplayed in the final audit report, potentially misleading stakeholders.

In conclusion, my internship experiences highlighted how conflicts of interest can compromise audit integrity, thereby impacting the accuracy and reliability of financial reporting. Addressing conflicts of interest is essential to upholding ethical standards in auditing practices and maintaining trust with stakeholders.

## **3.0 RECOMMENDATIONS & WAYS TO PREVENT**

### **1) Strengthening Ethical Training**

In light of the ethical challenges observed during my internship, particularly regarding conflicts of interest leading to biased reporting and compromised audit integrity, it is crucial to prioritize comprehensive ethical training for auditors. By incorporating robust ethics education into accounting curricula and ongoing professional development programs, auditors can develop a deeper understanding of ethical principles and their practical application in auditing practices. This training should not only cover theoretical frameworks but also include case studies and simulations that simulate real-world scenarios, such as managing conflicts of interest effectively.

Moreover, regular updates to training programs are essential to keep auditors informed about current ethical challenges and best practices in the industry. This proactive approach not only enhances auditors' ethical decision-making capabilities but also fosters a culture of integrity within auditing firms.

## 2) Enhancing Internal Controls

Effective internal controls are paramount in mitigating the risks associated with accounting errors and fraud, as observed during my internship. Implementing robust internal control systems that are tailored to the specific risks and operational environment of the organization can significantly strengthen audit processes. These systems should include stringent procedures for financial reporting, transaction monitoring, and segregation of duties to detect and prevent potential errors or fraudulent activities. Regular audits and reviews of these controls are essential to ensure their effectiveness and adherence to established standards. By maintaining a proactive stance on internal controls, auditors can uphold the highest standards of accuracy and transparency in financial reporting, thereby enhancing stakeholder trust and confidence in audit outcomes.

## 3) Managing Conflicts of Interest

The issue of conflicts of interest emerged prominently in my internship experience, highlighting the need for clear policies and procedures to address and mitigate such risks. Auditing firms should implement transparent and comprehensive policies that identify potential conflicts of interest at various stages of the audit process. These policies should include guidelines for disclosing conflicts to relevant stakeholders and establishing protocols for recusal or independent review when necessary. By fostering a culture of transparency and accountability, auditors can navigate potential conflicts of interest responsibly, thereby safeguarding audit objectivity and professional integrity. Regular training and awareness programs on conflict management should complement these policies to ensure all team members are equipped to recognize and address conflicts ethically and effectively.

## **5.0 CONCLUSION**

The exploration into the ethical attitudes of auditors toward accounting errors and fraud has highlighted significant challenges within the auditing profession, particularly regarding conflicts of interest and inadequate ethical training. During my internship, I witnessed firsthand how personal relationships between auditors, managers, and clients often compromised audit objectivity, undermining the accuracy and trustworthiness of financial reporting. These conflicts not only jeopardize the integrity of audit outcomes but also erode stakeholder confidence in the

reliability of audit findings. The imperative to prioritize client interests at the expense of ethical standards underscores the critical need for robust policies and ethical frameworks to effectively manage and mitigate such risks.

Furthermore, the pervasive issue of inadequate ethical training emerged as a fundamental concern impacting audit practices and ethical decision-making. Without comprehensive education and ongoing training on ethical principles and best practices, auditors may struggle to navigate ethical dilemmas, leading to potential biases and ethical lapses in reporting. Addressing this gap through enhanced training programs and continuous professional development is essential to cultivate a culture of integrity and ethical leadership within auditing firms. Collaborative efforts between auditing firms and regulatory bodies are crucial in implementing stringent internal controls, transparent conflict management policies, and comprehensive ethics education. These proactive measures not only safeguard against accounting errors and fraud but also reinforce stakeholder confidence in the credibility and accountability of audit processes.

In conclusion, while conflicts of interest and inadequate ethical training pose significant challenges for auditors, they also present opportunities for industry-wide improvement. By embracing continuous learning, promoting ethical awareness, and adhering to rigorous standards, auditors can uphold their role as custodians of financial integrity and trusted advisors to stakeholders worldwide.

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