

COMPANY AUDITORS' - THE EXTENT
OF THEIR RIGHTS, DUTIES AND
LIABILITIES UNDER THE MALAYSIAN
COMPANIES ACT 1965

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PREFACE

Audits have imposed rigorous training schedules on all professional staff from partners down to juniors; they have upgraded their audit procedures and techniques by adopting more scientific criteria for determining (and hence justifying) sample sizes; they have improved the efficiency of their methods by relating audit effort to audit risk; they have sought and achieved a more secure foundation for their audit opinions by learning from each other's experiences and errors, and by pooling research resources; they have formulated and imposed auditing standards, as well as codes of professional conduct, and established the disciplinary machinery necessary to maintain the credibility of both standards and ethics in the public mind.

How might this normally be explained? could it be argued that this entire prodigious effort, on the evidence of the rising tide of negligence claims, was in fact been misplaced?

It could indeed be so argued - but such a negative conclusion would be misconceived. The true inference is rather that, but for the unstinting efforts of this recent period. There would have been no profession at all's nor none, at least, as we now know it.

Over the same ten-year period the work of the profession has come under critical scrutiny, much of it lacking in understanding

and objectivity; external economic factors have forced tens of thousands of business into liquidation, and many more to re-trench their activities drastically in order to survive, while those affected by the consequent financial seige have, often unreasonably, sought a scapegoat - a role to which the auditor seems (at least in the eyes of his accusers) uniquely suited.

In any harsh economic climate the incidence of business malpractice and fraud tends to escalate, matters for which the audit is usually regarded as the natural antidote. Furthermore, novel developments in Statute Law have placed new invigilatory and reporting duties upon auditors, the full dimensions of which most are still unaware.

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It should be emphasized, however, that final responsibility for the views and information contained in this work is borne by the student alone.