

(i) FIRM OF AUDITORS

1. How to notify/register new firm of auditors with the Registrar?

Answer:

A new firm of auditors shall notify the Registrar by lodgement of form "Registration of Firm of Auditors" as stated in Schedule B of the Practice Directive No. 1/2017 within 30 days from the date of commencement of business.

2. How to update changes of the firm of auditors' information with the Registrar?

Answer:

The firm shall notify the Registrar through lodgement of form "Notification of Change in the Register of Firm of Auditors" as stated in Schedule B of the Practice Directive No. 1/2017 which indicate the relevant alteration/changes within 30 days from the alteration/changes date.

(ii) DEEMED RE-APPOINTMENT OF AUDITORS

1. How would the auditor and shareholders know that the existing auditor has been deemed to be re-appointed under section 270?

Notice of Objection on the deemed re-appointment shall be received by the company at least 30 days before circulation of Audited Financial Statements. How would the members know when will be the circulation date in accordance with section 258(1)? [within 6 months from the FYE for Sdn Bhd; at least 21 days before AGM]. *(updated on 9 June 2017)*

Answer:

A company has the obligation to appoint an auditor for every financial year. In cases where a company has already appointed an auditor, the auditor ceases to hold office 30 days from the circulation of the financial statements unless he is re-appointed.

A casual vacancy as a result of an auditor ceasing in office can be filled by the board of directors or through an actual re-appointment by the shareholders (must be stated in the constitution)

If there is no appointment either by the board or shareholders, the auditor is deemed to be re-appointed unless there is an objection received from the shareholders at least 30 days before the financial statements are circulated. [The auditor ceases to hold office 30 days after the FS circulated].

Based on the timeline above, it should be a matter of best practice for the company to inform the auditors and shareholders that an existing auditor is deemed to be re-appointed if there is no objection received within the timeframe stipulated.

### **(iii) RESIGNATION OF AUDITOR**

**1. What action should be taken by the auditor if you want to resign in a company according to section 281(1) of the Companies Act 2016?**

**Answer:**

The auditor of a company may resign his office by giving a notice in writing at the company's registered office.

**2. What are the responsibilities of the auditor under section 284 of the Companies Act 2016 after notice of resignation was given at the company's registered office?**

**Answer:**

The auditor may submit a statement of circumstances of his resignation to the Registrar within 7 days from the submission of his notice of resignation.

**3. What are the responsibilities of the company after receiving the notice of resignation from the auditor?**

**Answer:**

In accordance with section 282(1), the company shall send a copy of the notice of resignation to the Registrar within seven (7) days from receiving the notice of resignation from the auditor.

4. When is the auditor's term of office end after the notice of resignation given at the company's registered office?

**Answer:**

Based on section 281(2) of the Companies Act 2016, the auditor's term of office end after 21 days from which the notice is given or from the date as may be specified in the notice.

#### (iv) REMOVAL OF AUDITOR

1. What are the documents required to be lodged by the company to the Registrar with regards to removal of auditor from office?

**Answer:**

The company is required to lodge the following documents with the Registrar:

- (a) a copy of the special notice of such intended removal immediately upon receipt of the notice as required under section 277(2) of the Companies Act 2016; and
- (b) a notice of the fact of removal within 14 days from the date the resolution is passed under section 276 of the Companies Act 2016 which is in accordance with section 278(1) of the Companies Act 2016.

#### (v) POWERS AND DUTIES OF AUDITORS

1. Is an auditor who audits the consolidated accounts at the company's group level required to report any fraud or dishonesty he discovered at a foreign subsidiary level? *(updated on 23 June 2022)*

**Answer:**

Subsection 266(9) of the Companies Act 2016 provides that auditors are required to prepare the audit reports at the company's level for companies registered under the Companies Act 2016. A foreign company that is not registered under the Companies Act 2016 need not be audited by an auditor under the Companies Act 2016.

Hence, in the midst of auditing a company, if the auditors discover a fraud has been committed by the company that is being audited, there is an obligation for the auditors to report.

If the auditors are auditing at the group level on the consolidated account, the auditors need not report the discrepancy that occurred in the foreign subsidiary. It is for the auditors of the respective foreign subsidiaries to report fraud accordingly.