

PwC unlikely to see client exodus

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PRICEWATERHOUSECOOPERS (PwC), the auditor for India's scandal-hit outsourcing firm Satyam, is unlikely to see an exodus of clients in Malaysia following that debacle, accountants and chief financial officers said.

PwC Malaysia does audit work for some 100 listed companies.

Malaysian Institute of Accountants' president Nik Mohad Hasyudeen Yusoff pointed out that PwC here, a Malaysian registered company with Malaysian partners, complies with all its requirements. "The decision to continue a professional relationship with the firm should be left to its clients (but) as far as we are concerned, there is no issue," he said.

Satyam's founder and chairman Ramalinga Raju resigned last Wednesday after revealing that company profits had been inflated for years with fictitious assets and non-existent cash.

Debate is ongoing in India as to whether it is Satyam or PwC that is more to blame for what is deemed as India's worst financial scandal.

Furious investors are demanding to know how PwC, one of the world's largest accountancy firms, could have failed to detect the US\$1.5 billion (RM5.37 billion) fraud earlier, news reports said.

PwC Malaysia, when contacted, declined to comment at this early stage of proceedings.

Some of PwC Malaysia's clients contacted by Business Times, like Tenaga Nasional Bhd (TNB), seemed undeterred by the episode, saying they have no plans to drop PwC as their auditor.

"No, absolutely not. Far from it. I have complete faith in PwC Malaysia," said Datuk Izzaddin Idris, TNB's chief financial officer.

PwC is also the auditor for big-name companies like British American Tobacco Malaysia, Telekom Malaysia, Genting and IJM Corp.

The Satyam episode highlights the need for Malaysia to speed up the set-up of an Audit Oversight Board (AOB), a special independent body to monitor auditors.

Sadly, there appears to be no progress on it. It is now at the point where a bill on the AOB needs to be tabled in Parliament as it requires changes to be made to the country's legal framework. "The AOB should really be put forward now as it is for the good of all. It would raise the bar for transparency and accountability for auditors in Malaysia. There'll at least be measures in place to mitigate the risk of fraud," an informed source said.

Advanced countries like the US, UK, Australia and Singapore all have accounting oversight boards.

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