

## **Focus turns to PM's son after Deloitte complaint**

**MalaysiaKini.com**

**May 27, 2015**

**By RK Anand**

Following a complaint filed against Deloitte over the 1MDB saga, the focus has now turned to Prime Minister Najib Abdul Razak's son, who is a partner at the international audit firm.

Nizar Najib is an executive director, financial advisory services (FAS) with the firm which has drawn flak over its handling of the 1MDB accounts.

Commenting on this, PKR vice-president Rafizi Ramli, a fierce critic of 1MDB, raised the issue of possible conflict of interest.

"It is a matter of time before the public figures out that Najib's first son - Nizar - is a partner at Deloitte (albeit in a different business unit).

"The issue is whether it is publicly and professionally acceptable for Deloitte to accept the appointment as auditors for 1MDB when there is a serious risk of conflict of interest (at least perceived by the public) arising from this situation," he told Malaysiakini.

Nizar has yet to respond to Malaysiakini's request for comments on this article.

### **Complaint filed against Deloitte**

Earlier today, DAP lawmaker Tony Pua filed a complaint against Deloitte with the Malaysian Institute of Accountants (MIA) in Kuala Lumpur.

He had accused the firm of failing to raise the alarm over 1MDB's financial situation, resulting in its continued borrowings and subsequent inability to repay its debt.

Meanwhile, Rafizi, who is a chartered accountant and member of MIA, believes there is a need for a serious re-look at how the big four firms operate and whether there needs to be tougher safeguards (either through legislation or as standards adopted by MIA) to avoid the present predicament.

Apart from Deloitte, the other major players in the industry are PricewaterhouseCoopers, Ernst & Young and KPMG.

The PKR leader noted that 1MDB is yet another scandal which has further tarnished public confidence in the major audit firms.

"A few of the major scandals of the last one decade including PKFZ (Port Klang Free Zone) and now 1MDB; involved non-qualification audits by major audit firms even though eventually it was proven that these companies were not operating on going-concern basis.

"There is a negative perception against the major audit firms and partly this has to do with the entrenched commercial interest between these firms and government agencies and companies," he said.

Rafizi argued since the government's involvement in business is massive, it is likely that a major portion of these firms' income come from the government and government-linked agencies or companies.

"This will blur the line between audit independence and safeguarding commercial interest.

"Issues such as conflict of interest and 'china wall' - like separation of tasks that should have been practised by audit firms may not be as important in order to grow the assurance business," he added.

Malaysiakini has emailed Deloitte on the matter and is awaiting response.

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Source : <http://www.malaysiakini.com/news/299845>