

Deloitte yet to audit 1MDB, PAC finds
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Putrajaya has yet to direct international auditor Deloitte to audit the accounts of 1Malaysia Development Berhad (1MDB) for the current financial year despite growing concerns over the state investor's financial health.

Public Accounts Committee (PAC) chairman Datuk Nur Jazlan Mohamed said Deloitte, which last audited 1MDB's accounts for the financial year ending 31 March 2014, has yet to be directed by the Finance Ministry to do so.

The debt-laden state investment firm is owned by the finance ministry and has racked up RM42 billion debts in just six years of operation.

"They wanted to do so but the ministry has not given the go ahead yet. So Deloitte has not been given the instruction to start an audit yet," he told reporters after probing the auditors.

Deloitte is 1MDB's current auditor after taking over from another leading firm, KPMG.

Since its inception, 1MDB has changed auditors three times.

In chiding the ministry, Nur Jazlan said the executive should practise good corporate governance to ensure the accounts are done on time.

He said usually an appointed auditor needed about three months to complete auditing the accounts for the financial year and any more time than that was considered "late".

Nur Jazlan said when the auditor audited the company's 2014 accounts, they had noted that 1MDB was a "going concern".

In financial terms, it means robust business function without any threat of liquidation in the near future.

"The issue here is whether 1MDB has sufficient assets to take of its current liabilities and Deloitte says yes. We asked if government guarantee is needed to support 1MDB and it says no. The accounts itself is good enough as of the financial statement ending March 31, 2014," he said.

He said Deloitte at that time had also viewed the bank statements of 1MDB's funds parked at BSI Bank in Singapore and had verified that there were RM13.4 billion in the account, which they deemed as fair value assets.

Nur Jazlan said the PAC will summon Deloitte's predecessor, KPMG next week as it audited 1MDB's 2011 and 2012 accounts.

The bipartisan committee will next summon 1MDB's president Arul Kanda Kandasamy and its former CEO Datuk Shahrul Azral Ibrahim Halmi in August.

Besides the PAC, the auditor-general is also looking through 1MDB's books, with a preliminary report expected to be submitted to Parliament this month. – June 10, 2015.

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