

Will Deloitte be replaced as 1MDB's auditor, asks Tony Pua
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DAP's Tony Pua has questioned if global auditing firm Deloitte will be replaced following the 1Malaysia Development Berhad's (1MDB) delay in submitting its latest financial statements to regulators.

Pointing to 1MDB's record of changing three auditors since its inception in 2009, the Petaling Jaya federal lawmaker asked if Deloitte had been allowed to start its audit into the state investment firm and if 1MDB had provided its management accounts and trial balance.

"Hence the question that comes to mind is whether Deloitte will become the next audit firm on the chopping block so that a new firm can be subsequently appointed to sign off the books.

"Will history repeat itself for the third time in six years and 1MDB enter the record books as the GLC which has changed the most number of auditors within the shortest possible time?

"We also know that 1MDB has refused to answer questions which I have raised with regards to the above.

"It lends greater credibility to Malaysians' suspicion that it is Arul Kanda's strategy of covering up the shenanigans in 1MDB by perpetually delaying the completion of 1MDB's books until such a time when all the company's assets are stripped to plug the missing billions of ringgit," Pua said in a statement, referring to the company's president and group executive director Arul Kanda Kandasamy.

The Edge Financial Daily reported two days ago that 1MDB had been granted a six-month extension to file its financials by the Companies Commission of Malaysia.

Similarly, 1MDB's two subsidiaries – Edra Global Energy Bhd and 1MDB Real Estate Sdn Bhd – are seeking an extension for up to a month to file their respective annual audited accounts, said Arul Kanda.

The deadline for the three companies to file their audited accounts for the financial year ended March 31, 2015, was September 30.

Deloitte is 1MDB's third auditor.

The company had appointed Ernst & Young but the firm resigned in 2011 without a single audit.

1MDB then appointed KPMG, which stated that it could conclude 1MDB's accounts.

It then appointed Deloitte in December 2013, and the auditing firm had signed off on

1MDB's accounts ending March last year on November 3, stating that the accounts represented a "true and fair view" of the group's financial position then.

Pua said this is the sixth consecutive year since 1MDB's inception that it had failed to submit its accounts on time.

The DAP national publicity secretary added that the audited accounts were delayed often previously because of various financial "shenanigans", which needed to be "covered up".

"For 1MDB's March 2010 financial statements, the delay was a result of a blatant attempt to cover up billions of ringgit misappropriated in its joint venture company with PetroSaudi International Limited.

"Such misappropriation, including a US\$700 million (RM2.6 billion) transferred directly from 1MDB to Good Star Limited, a company controlled by Low Taek Jho.

"Coincidentally, Jho Low is also the official adviser to the chairman of the advisory board of 1MDB, Datuk Seri Najib Razak.

"As a consequence, and to effect the cover up, the then 1MDB auditors, Ernst & Young was sacked in September 2010, nearly six months after the financial year end.

"This allowed 1MDB to fraudulently amend documents and dates, and convert its shares in the 1MDB-PetroSaudi joint venture into a loan.

"The manoeuvre removes the requirements for 1MDB to consolidate the accounts of the joint venture into 1MDB. KPMG was hastily appointed to complete the accounts, which was duly signed, with the doctored documents," Pua said.

He said it was worst for the March 2013 financial statements, when the KPMG was "unceremoniously dumped" in December 2013, nine months past the deadline.

"It has been speculated that KPMG was removed because they were unable to obtain the necessary assurances over 1MDB's US\$2.318 billion investment held in the Cayman Islands.

"Despite the massive delay in the financial audit, Deloitte Malaysia was appointed and the accounts was duly signed off soon after.

"As it turned out KPMG was right to be sceptical because 1MDB has failed to redeem the Cayman funds into cash despite various announcements to the contrary." – October 4, 2015.

Source:

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