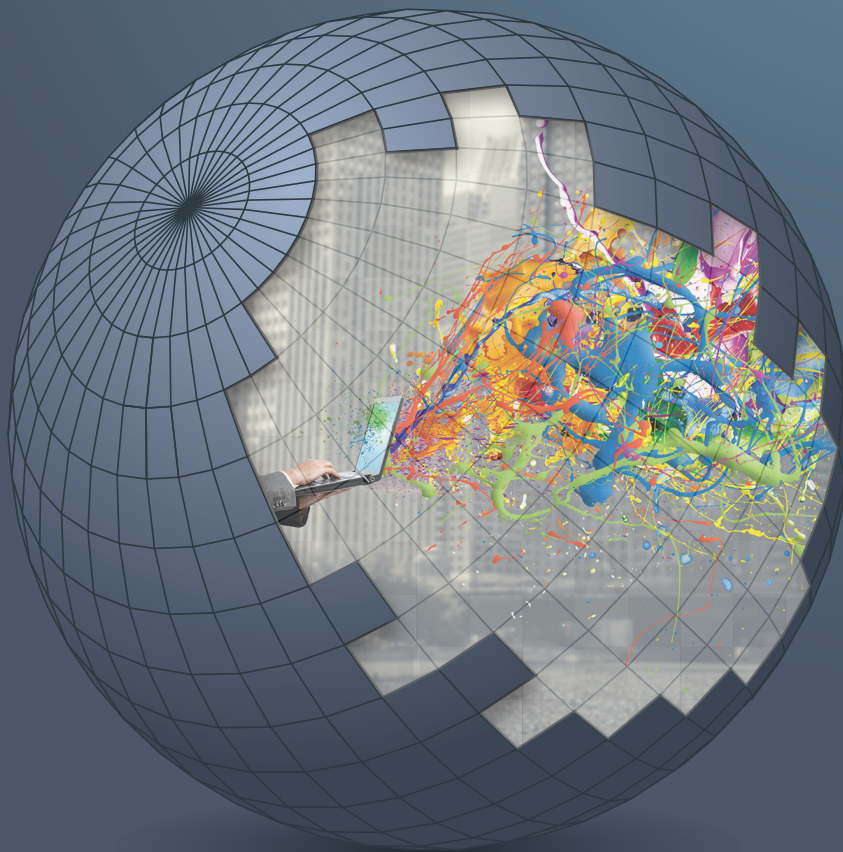


ANNUAL REPORT 2018

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STAYING RELEVANT

VALUES

- COLLABORATION
- COURAGE
- UNITY IN DIVERSITY
- NATIONAL AND REGIONAL MINDSET
- INNOVATION
- INTEGRITY
- SERVICE EXCELLENCE
- RESPECT
- PROFESSIONALISM

ANNUAL REPORT

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VISION, MISSION & OBJECTIVES



Vision

Internal Audit professionals will be recognised as indispensable to effective governance, risk management and control.



Mission

To provide dynamic leadership for the global profession of internal auditing. Activities in support of this mission will include but will not be limited to:

- Advocating and promoting the value that internal audit professionals add to their organisations.
- Providing comprehensive professional educational and development opportunities, standards and other professional practice guidance, and certification programmes.
- Researching, disseminating, and promoting knowledge concerning internal auditing and its appropriate role in control, risk management, and governance to practitioners and stakeholders.
- Educating practitioners and other relevant audiences on best practices in internal auditing.
- Bringing together internal auditors to share information and experiences.



Objectives

- To be the recognised voice for the internal audit profession.
- To develop and sustain the internal audit profession in Malaysia through appropriate infrastructure, coordination, support and communication.
- To provide exceptional service to IIA Malaysia's members.



Motto: "Progress Through Sharing"

The motto of IIA Malaysia is 'Progress Through Sharing'. This marks our commitment to bring the profession to the next level of professionalism and recognition. We are dedicated to helping practitioners grow their knowledge and skills by sharing new trends, latest internal audit techniques, regulatory and statutory requirements and the emerging issues affecting the profession.

NOTICE OF ANNUAL GENERAL MEETING

(Company No. 309740-D) | Company Limited By Guarantee | Incorporated in Malaysia

THE INSTITUTE OF INTERNAL AUDITORS MALAYSIA

NOTICE IS HEREBY GIVEN THAT THE TWENTY-FOURTH (24TH) ANNUAL GENERAL MEETING OF THE INSTITUTE OF INTERNAL AUDITORS MALAYSIA WILL BE HELD AT KRISTAL BALLROOM 1, 1ST FLOOR, WEST WING, HILTON PETALING JAYA, NO.2 JALAN BARAT, PETALING JAYA, 46200 MALAYSIA ON SATURDAY, 27 APRIL 2019 AT 9.30AM TO TRANSACT THE FOLLOWING BUSINESS:-

ORDINARY BUSINESS:-

1. To receive the Audited Financial Statements for the financial year ended 31 December 2018 of the IIAM together with the Governors' and Auditors' Report thereon.
2. To elect members to the Board of Governors:-
 - a. The Governors who retire and are eligible for re-election pursuant to Article 18 of the IIAM's Constitution are:-
 - Ranjit Singh A/L Taram Singh
 - Zainal Akbar Bin S.K MD. Abdul Kader
 - Choo Wei Sin

Choo Wei Sin does not wish to seek for re-election while Ranjit Singh A/L Taram Singh and Zainal Akbar Bin S.K MD. Abdul Kader have offered themselves for re-election.
 - b. Elect new members to the Board of Governors for the year 2019/2020 subject to the approval of the Registrar of Companies.
3. To re-appoint Messrs UHY as Auditors of the IIAM and to authorise the Board of Governors to fix their remuneration.
4. To transact any other business for which due notice has been given in accordance with the Companies Act 2016 and the IIAM's Constitution.

By Order of the Board
WONG WAI FOONG (MAICSA 7001358)
WONG PEIR CHYUN (MAICSA 7018710)
Company Secretary

Kuala Lumpur
5 April 2019

NOTES: -

- Only Fellow Members and Professional Members of the IIAM are entitled to vote at the Annual General Meeting. Associate Members, Audit Committee Members, Honorary Members, Student Members and Nominees of Corporate Members may attend the meeting but shall not have voting rights.
- Any member/members wishing to bring before the Annual General Meeting of the IIAM any business other than the ordinary shall give notice in writing thereof in accordance with Section 323 of the Companies Act 2016.

PROFILE OF THE BOARD OF GOVERNORS 2018/2019



First row from left to right:

1. AFFEIZ ABDUL RAZAK (Honorary Treasurer)
2. ALAN CHANG KONG CHONG (President)
3. DOMINIC CHEGNE HOW KOOI (Honorary Secretary)

Second row from left to right:

1. NASREIN FAZAL SULTAN (Governor)
2. NICKSON CHOO WEI SIN (Governor)
3. CHONG KAH SING (Governor)
4. LUCY WONG KAM YANG (Governor)
5. PHILIP SATISH RAO (Governor)
6. RANJIT SINGH (Governor)

Not in the picture:

1. ZAINAL AKBAR S.K MD. ABDUL KADER (Vice President 1)
2. NORCHAHYA AHMAD (Vice President 2)

PROFILE OF THE BOARD OF GOVERNORS 2018/2019

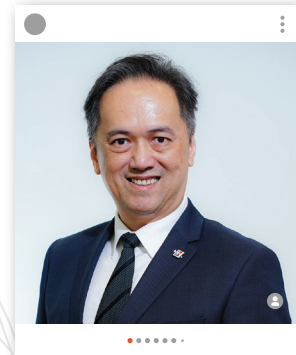
PRESIDENT

ALAN CHANG KONG CHONG *CMIIA, CIA, CFSA, FCPA (Aust.)*

Chartered Banker (Asian Institute of Chartered Bankers, AICB), Certified Credit Professional (AICB), B.Econ (Sydney Uni., Aust.)

He is currently the Chief Internal Auditor (CIA) of Hong Leong Financial Group Bhd and had previously served as CIA of Hong Leong Bank Bhd. He had also worked in Internal Audit of RHB Bank Bhd for 21 years rising to the Senior Vice-President rank. He has over 26 years of internal audit experience specialising in credit, treasury, retail and operational audits of commercial banks.

He currently leads the IIA Malaysia (IIAM) as its President and Chair of IIAM's Board of Governors and Executive Committee. He had previously chaired IIAM's Professional Services and Professional Development Committees. He was the immediate past Chairman of the Chief Internal Audit function Networking Group (CIANG) from 2015 to 2018. CIANG is a formal networking group under AICB which focuses on internal audit matters affecting the Malaysia's financial services industry comprising Chief Internal Auditors and Heads of Internal Audit of 48 commercial, Islamic and investment banks. CIANG has successfully restructured an existing AICB's internal audit certification program for its members to reflect the international standards of the profession by using The IIA's IPPF standard into its certification's study text. AICB is an institute formed by a council comprising of representatives from Bank Negara Malaysia, the Association of Banks in Malaysia, the Association of Finance Companies in Malaysia and the Malaysia Investment Bank Association.

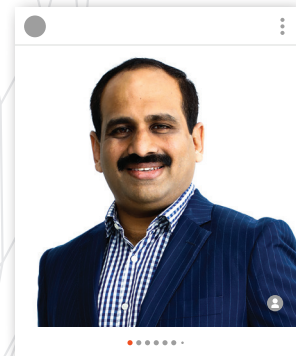


VICE PRESIDENT

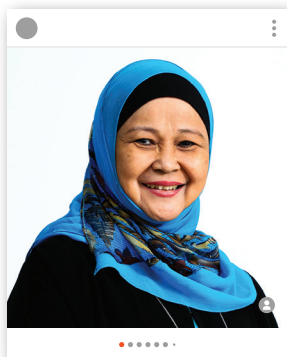
ZAINAL AKBAR S.K MD. ABDUL KADER *CMIIA, CRMA, ASA (Aust)*

Zainal is currently the Assistant General Manager - Group Internal Audit Division of UMW Holdings Berhad. He holds a Bachelor of Commerce (Accounting) degree from Curtin University of Technology, Australia. In 2007, he had successfully completed the prestigious 'The Job of Chief Executive' programme co-organised by IMD Switzerland/Singapore Institute of Management and subsequently in the year 2013 had completed 'The Bullet Proof @ Manager Training Series' at Crestcom International, Colorado USA. He carries 20 years of professional experience in external and internal auditing, group accounting, strategic financial management and enterprise risk management.

Prior to his current position, he was the Vice President, Internal Audit and Secretary of Board Audit Committee at Malaysian Bioeconomy Development Corporation, a government-linked entity fully owned by Ministry of Finance Inc., and a professional agency under Ministry of Science, Technology and Innovation tasked with National Biotechnology Policy to develop the biotechnology industry in Malaysia. From 2005 – 2007 he was the Group Manager, Accounts at TDM Berhad (a main board listed company) where he headed the group accounting and treasury functions. Meanwhile, from 2001 to 2005 he was the Group Manager, Internal Audit at the same company where he was responsible for heading Internal Audit and Enterprise Wide Risk Management functions throughout the Group. He was also the past representative of Federation of Public Listed Companies providing advice on adoption and compliance towards International Financial Reporting Standards. He regularly speaks at various conferences on best practices in finance, internal audit and risk management.



PROFILE OF THE BOARD OF GOVERNORS 2018/2019



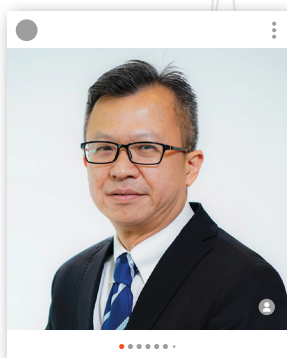
VICE PRESIDENT

NORCHAHYA AHMAD *CMIIA, AMBCI*

Norchahya is currently the Senior General Manager - Group Internal Audit Division of UMW Holdings Berhad (UMW Group). Prior to that she was the Head of Group Risk Management Division at UMW Group where she provided the overall leadership, vision and direction for UMW's Group Enterprise Risk Management (ERM) and Business Continuity Management (BCM) programmes.

Norchahya started her career in Bank Negara Malaysia in the areas of accounting and finance, internal audit and corporate affairs. In the span of more than 20 years, Norchahya has held positions as a Group Internal Auditor, Group Financial Controller and Head of Risk Management of public listed companies and has experience in transformation programmes as well as human resources functions. Depending on the positions, she either had been a permanent invitee or a member both at Board and Management Committee levels.

She is also a speaker in conferences organised by The Institute of Internal Auditors Malaysia and at numerous sharing/networking sessions organised by the Malaysian Association of Risk and Insurance Management and public listed companies.



HONORARY SECRETARY

DOMINIC CHEGNE HOW KOOI *MBA, CIMA*

Dominic is a Partner in the Risk Assurance Services (RAS) unit within PricewaterhouseCoopers (PwC) Kuala Lumpur office. His employment history spans over 19 years of work experience. He also sits as a Governor for the Institute of Internal Auditors Malaysia.

Dominic has taken on several risk & governance leadership role during his tenure in PwC. His portfolio prevails in the jurisdiction of internal audit, risk management, controls, regulation compliances, corporate governance and process reviews/improvements. He previously led the Risk & Governance practice within PwC Consulting and prior to that, Dominic led and grew the internal audit practice for the Kuala Lumpur office.

Dominic currently leads the eGRC practice in PwC Malaysia. His team provides end to end services on eGRC system implementation. This includes providing advisory services to configuration and design of the solution, PMO and change management services for the client. His team works with a number of notable solution providers in the eGRC space.

Dominic's existing portfolio also resides in a large number of Financial Institutions (both local and international) on compliance matters predominantly on AML/CFT and Compliance Risk Assessments (CRA). He has worked on several end-to-end AML/CFT engagements ranging from thematic assessments, gap analysis reviews, implementation design, sustainability testing and KYC file reviews. For CRAs, Dominic provides support to Financial Institutions in applying the risk-based approach in determining and prioritising key regulations and rules that these institutions need to comply with and assisting in the development of the annual compliance plans.

PROFILE OF THE BOARD OF GOVERNORS 2018/2019

HONORARY TREASURER

AFFEIZ ABDUL RAZAK *CFSA, CMIIA, MBCI (UK), CBCI (UK), AICB, ICDM (M)*

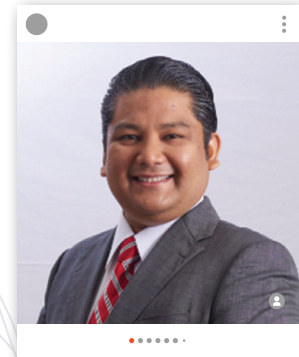
Affeiz Abdul Razak is the Executive Director at AFTAAS Parker Randall Corporate Advisory specialising in Internal Audit (IA), Enterprise Risk Management (ERM), Business Continuity Management (BCM) and Corporate Governance. He has more than 18 years of experience in IA, ERM and BCM, both as consultant and practitioner.

His experience in internal auditing includes working as the General Manager, Internal Audit at Kumpulan Perangsang Selangor Berhad (KPS) and Chief Internal Auditor, Head of Internal Audit at Malaysian Technology Development Corporation (MTDC) as well as working in the Risk Advisory and Internal Audit Services practice at KPMG.

Affeiz currently serves as the Honorary Treasurer at IIA Malaysia and is a member of IIA Malaysia's Board of Governors (BOG) and EXCO. He has also served as IIA Malaysia's Honorary Secretary in 2010/2011 and as a member of the BOG from 2010 to 2013. He was a member of the Professional Services Committee at IIA Malaysia from 2011 to 2013 and a member of the marketing subcommittee of the Host Conference Committee from 2009 to 2011 for the organising of 2011 IIA International Conference in Kuala Lumpur.

In addition, he had served as a member of the International Committee of The Risk Management Society, RIMS (US) in 2017/2018 and as a member of the EXCO of Malaysian Association of Risk and Insurance Management from 2013 to 2015.

Affeiz is a Certified Financial Services Auditor (CFSA), a Chartered Member of IIA Malaysia (CMIIA) and has an accreditation to perform Internal Quality Assessment/Validation for Internal Audit function. He is also a Member of The Business Continuity Institute (UK), Institute of Corporate Directors Malaysia and Associate Member of Association of Certified Fraud Examiners (US), Asian Institute of Chartered Bankers and Institute of Risk Management (UK).



IMMEDIATE PAST PRESIDENT

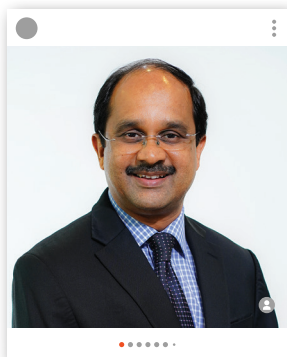
LUCY WONG KAM YANG *CMIIA, CIA, CRMA, FCMA, CGMA, CA (M), MBA (Aust.)*

Lucy is the Chief Internal Auditor of MMC Corporation Berhad. She provides internal auditing services to the MMC Group of Companies, guidance and assistance to Internal Audit Departments, standardisation and harmonisation of internal audit practices, and advice on governance, risk management and control matters. She has over 20 years of working experience in internal auditing.

Prior to joining MMC Corporation Berhad, she has served several companies in operations and also providing internal audit services. The companies are Tenaga Nasional Berhad, UEM Group Management Sdn Bhd, HBN Management Services Sdn Bhd (Renong Berhad), Metacorp Berhad, Metramac Corporation Sdn Bhd and Projek Lebuhraya Utara-Selatan Berhad. She is currently the Honorary Treasurer of the Asian Confederation of the Institute of Internal Auditors. She is a past President and has served in various positions in IIA Malaysia, including as an EXCO member in the positions of Vice President and Honorary Secretary. She was a Public Sector Committee member at IIA Global. She was also a member of the Working Group for Anti Bribery Management System, representing Malaysia in the drafting and review of the International Standard (DIS) of ISO 37001 – Anti Bribery Management System which was issued in 2016.



PROFILE OF THE BOARD OF GOVERNORS 2018/2019



PAST PRESIDENT

PHILIP SATISH RAO *CMIIA, CA (M), CPA (M), CPA (Aust.)*

Philip is currently a Partner with the Risk Advisory Services practice in Ernst & Young (EY) Malaysia, and is also EY's Risk transformation leader for the Asean region. In his 28 years with EY he has served on various external and internal audits, risk management and corporate governance, and corporate finance engagements apart from the experience gained through secondments both overseas and locally. Some of his notable engagements include projects concerning Corporate Governance, Internal Audit and Enterprise Risk Management for some large global MNCs.

He is also the Programme Director for EY Entrepreneur of the Year Award Programme in Malaysia. He is a regular speaker and trainer on topics relating to Risk Management, Corporate Governance and Internal Audit locally and as well as internationally. He was a member of the 2012/2013 Task force for the review for PLCs in respect of the Statement on Internal Control in Malaysia.



PAST PRESIDENT

RANJIT SINGH TARAM SINGH *CFIIA, CIA, CRMA, MBA (UK), CA (M), CPA (M)*

Ranjit is the Group Executive Director of Axcelasia Inc., an integrated professional services firm incorporated in Malaysia and listed on the Singapore Stock Exchange. He holds a Masters Degree in Business Administration (UK) and is a member of the MIA, MICPA, Australian CPA and Association of Certified Fraud Examiners.

Ranjit was the President of the IIA Malaysia for 2013/14 term and the President of Asian Confederation of the Institute of Internal Auditors for the term 2016/2017. He is currently a member of the Board of Governors of IIA Malaysia and a member of the Board of Directors and Audit Committee of Global IIA. Ranjit is also a member of the IIA's International Internal Audit Standards Board and he was a committee member of the Global IIA's Professional Issue Committee. Ranjit is a Certified Internal Auditor (USA) and has a Certification in Risk Management Assurance (USA).



GOVERNOR

CHONG KAH SING *MBA (Information System), CMIIA, CIA, CISM, ISMS Lead Auditor*

Kah Sing is currently the Head of IT Audit for Payment Network Malaysia. Prior to this, he has served in various managerial roles with local and foreign banks in Malaysia. He has accumulated over 20 years of internal audit and risk management experiences with specialisations in IT audits and information risk management.

He is a current term member of IIA Malaysia's Board of Governors (BOG) and sits in the Professional Services Committee (PSC) and Certification & Academy Relations Committee (CARC). Previously, he sat in the Financial and Risk Management Committee (FRMC).

Kah Sing is a Certified Internal Auditor (CIA) and as well as a Chartered Member of The Institute of Internal Auditors Malaysia.

PROFILE OF THE BOARD OF GOVERNORS 2018/2019

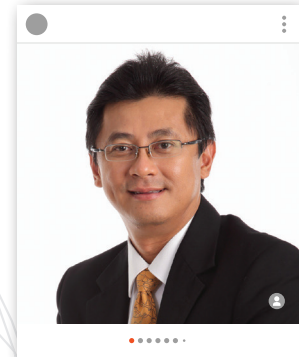
GOVERNOR

NICKSON CHOO WEI SIN *CMAA, CISA, CRISC*

Nickson Choo is currently the CEO of AuditXPRT Asia Sdn Bhd, a company involved in automating compliance and auditing using artificial intelligence (AI) and machine learning. He is an Accounting graduate from University of Malaya and has over 25 years of corporate and professional experience. He started his career in the Internal Audit function of a Fortune 1000 insurance company and has over 12 years of insurance experience working in several life and general insurance companies in various operational positions. Nickson's experiences also includes over 12 years of professional services having worked in two mid-size audit firms and a stint with a Big 4 audit firm.

His diverse professional experience includes performing software compliance reviews, GST project implementation, project management, operational audits, information technology (IT) audits, corporate governance advisory, operational risk and control reviews, fraud investigations and business process improvement reviews of public-listed and multinational companies operating in various industries including manufacturing, plantations, trading, hotels, construction, financial institutions and investment holding companies.

Nickson is a Chartered Member of The Institute of Internal Auditors Malaysia and holds a CISA and CRISC professional certification.

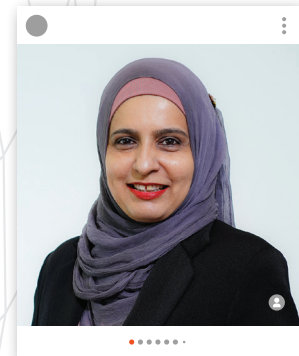


GOVERNOR

NASREIN FAZAL SULTAN *CMAA, CA (M), CRMA*

Nasrein is the General Manager of Risk Management and Compliance of Malaysia Airports Holdings Berhad. She was appointed to her current position on 1 January 2019. Prior to this, she was the General Manager of Internal Audit since 1998. She has over 20 years of working experience in internal auditing including governance, risk management and fraud investigations. The group function included overseeing its overseas subsidiaries internal audit function.

Before joining Malaysia Airports, she was the Finance Manager of a Sime Darby Group subsidiary and prior to that headed the accounting and budgeting function at SIRIM. She holds a Bachelor of Accounting (Hons) from Universiti Kebangsaan Malaysia. She is a Chartered Accountant registered with the Malaysian Institute of Accountants, a Chartered Member of the Institute of Internal Auditors Malaysia and has a Certification in Risk Management Assurance from the Institute of Internal Auditors Incorporated. In June 2018, she was elected as Board of Governor for The Institute of Internal Auditors Malaysia.



MEETINGS AND ATTENDANCES

BOARD OF GOVERNORS 2018/2019

1) The Board of Governors (BOG) attendance are as follows:

Alan Chang Kong Chong, President	8/8
Zainal Akbar S.K MD. Abdul Kader, Vice President	6/8
Norchahya Ahmad, Vice President	6/8
Dominic Chegne How Kooi, Honorary Secretary	4/8
Afeiz Abdul Razak, Honorary Treasurer	7/8
Lucy Wong Kam Yang	7/8
Nasrein Fazal Sultan	7/8
Nickson Choo Wei Sin	7/8
Philip Satish Rao	7/8
Ranjit Singh	8/8
Chong Kah Sing	5/8

COMMITTEE MEETINGS

2) The following members served on the various Committees of the IIAM:

	Meeting Attendance
Professional Development Committee (PDC)	
Norchahya Ahmad	4/4
Dominic Chegne How Kooi	4/4
Lee Jun Xian	4/4
Professional Services Committee (PSC)	
Nickson Choo Wei Sin	3/3
Asmawati Kamarudin	3/3
Chong Kah Sing	3/3
Tan Hoi Ping	2/3
Dr Suresh Kannan	1/3
Karthigayan Supramaniam	1/2

MEETINGS AND ATTENDANCES

COMMITTEE MEETINGS (CONTINUED)

Meeting Attendance

Certification and Academic Relations Committee (CARC)

Lucy Wong Kam Yang	3/3
Chong Kah Sing	2/3
Amos Law	3/3
Chow Hoe Tong	1/3
Chiam Swee Siong	1/3
Tay Boon Hock	2/2

Research & Technical Advisory Committee (RTAC)

Zainal Akbar S.K MD. Abdul Kader	4/4
Affeiz Abdul Razak	2/4
Lee Min On	3/4
Alex Yap Kien Tiong	4/4
Mohamed Farook Nasar	4/4
Tony Lin Choi Foo	2/4

THE SECRETARIAT



From left to right:

- | | |
|---|---|
| 1. AANANTHI KANAN VEDE
(Manager, Finance) | 14. FRANSON WONG GUANG SOON
(Senior Executive, Technical) |
| 2. SITI ARAFAH ABDUL AZIZ
(Manager, Certification and Membership) | 15. SYAMSURAIDA SHAMSUDDIN
(Credit Controller cum Account Executive, Finance) |
| 3. GEETHA KANNY
(Head of Commercial) | 16. SHARIFAH SAMIHAN SYED ALI
(Executive, Membership) |
| 4. BASHEERAH SYED AHMED
(Executive Director) | 17. NOR FAEIZATUL JALALUDDIN
(Executive, Certification) |
| 5. ALYSSA HEW LI MIN
(Head of Technical) | 18. DURRATUL AIN MOHD FAUZI
(Executive, Membership) |
| 6. MUHAMMAD MAHENDRA ABDULLAH
(Manager, Technical) | |
| 7. IRWAN DAHILI
(Manager, Professional Development) | |
| 8. NORASYIAH ABDUL RAHMAN
(Administrative Executive) | |
| 9. JOSIE REBECHI OMILDA
(Executive, Professional Development) | |
| 10. NOOR ADIHA ABU BAKAR
(Senior Executive, Technical) | |
| 11. HAMDANI MOHD SAHIT MASHUD
(Despatch Cum Office Assistant, Corporate Services) | |
| 12. AHMAD REDZUAN MOHAMED TAHIR
(Executive, Finance) | |
| 13. HELMEE ABDUL RAHIM
(Executive, Finance)
(Resigned 25 March 2019) | |

Not in the picture:

1. **JWALITA RAMACHANDRA**
(Senior Executive, Professional Development)
2. **HASLIZAN MOHD ZAINAL**
(Executive, Professional Development)
3. **SHAH SHEZRUDDIN MOHD SALEHUDDIN**
(Head of Finance and Corporate Services)
4. **NURUL MUNIRA MOHD ALI**
(Executive, Professional Development)
5. **ZULFAH MOHAMED SAID ALIAS ZAHID**
(Senior Executive, Corporate Services)
6. **SHAHIRAH KATHIR HASAN KATHIRASAN**
(Executive, Membership)

PRESIDENT'S REPORT 2018/2019



Dear Members,

The Year 2018 proved to be another great year for IIA Malaysia (IIAM) with revenue of RM 6.4 million and a net surplus of RM 406,890.

First and foremost, I would like to take this opportunity to thank our valued members for their continued support and the delegates and trainers for their participation in the conferences, workshops, programmes and seminars organised by IIAM. Secondly, I would like to express my appreciation to the Board of Governors for their time and commitment to the cause. Thirdly, I on behalf of the Board of Governors, would like to sincerely thank the great team at IIAM for all the hard work rendered to achieve this results. IIAM has continued to persevere and will continue to strive to stay relevant in this great profession of Internal Audit.

Our motto of *Progress Through Sharing* remains intact. Our achievements and activities during the year in review are as follows:

Strengthening Good Corporate Governance

We have established our Board Charter, reviewed the sub-committees' terms of references, reviewed our Strategic Plan, Risk Profile and Business Continuity Management. On the policy and procedures, IIAM has also reviewed and revised our Discretionary Authority Limits, Credit and Travel Policies as well as other internal policies and procedures. IIAM will continue to document, review and re-engineer its processes and procedures to stay relevant in serving the profession.

While the Board continues to exercise financial prudence, we are also prepared to invest in resources for the long term benefit of IIAM, and to continue with our strategic goals in driving the development of the profession in our efforts to create and deliver value to our members. We have invested in building capabilities and capacity within the Secretariat function to support and realise these goals. The IIAM recruited its new Executive Director in September 2018 of the financial year to lead a 19 members Secretariat team.

With the surplus generated, IIAM recognises the need to be continually sustainable for the long term by prioritising the key initiatives and projects that we can cautiously build up our resources on a sustainable basis and embark on areas to improve productivity and efficiency. For instance, IIAM has reviewed its own Information Technology's capability and will be addressing various areas to improve our deliverables to our members and equally enabling our staff with the right solutions and technologies to work with.

Professional Development Initiatives

IIAM continues to collaborate with various professional organisations and other corporations to conduct programmes on a wide range of topics, all geared towards further enhancing the knowledge and skill sets of our members and other professionals. A total of 3 Conferences, 40 public workshops and seminars as well as 5 in-house programmes were conducted during the year, generating RM 4.5 million of revenue from the professional development initiatives. Some of the major professional development programmes and activities conducted are listed below:

PRESIDENT'S REPORT 2018/2019

2018 Asian Confederation of Institutes of Internal Auditors (ACIIA) Regional Conference

The theme of the 2018 ACIIA conference: "Staying Relevant in a Digital Landscape" had seen international and local experts in various disciplines sharing their knowledge and experience with close to 1,200 delegates of whom 237 foreign delegates were from 17 countries. The Conference was held in October 2018 and it was attended by Mr. Naohiro Mouri, Chairman of The IIA Global. Mr. Naohiro Mouri, being the first Asian to be the Chair of The IIA's Global Board for 2018-19 had befittingly officiated the opening of 2018 ACIIA conference held in Kuala Lumpur.

On behalf of IIAM, I would like to offer our thanks and appreciation to the Chair and members of the 2018 Organising ACIIA Committee for making the ACIIA conference a success with accolades coming from other IIA affiliates and The IIA Global.

Joint Programmes

IIAM collaborated with the Malaysian Institute of Accountants (MIA) to organise several conferences targeting public sector auditors, Audit Committee members as well as Internal Auditors and Risk Managers. More than 180 delegates attended the 2 conferences jointly organised with the MIA, i.e. Trust & Integrity and Audit Committee Conferences. The success of these two conferences sets the stage for similar collaborations with other professional bodies in the future.

IIAM has continued to work with other professional partners and regulatory bodies such as Bursa Malaysia to organise workshops on a wide range of topics.

Promotion of Certification and Academic Relations

IIAM carried out various activities during the year with the objective of promoting certification amongst internal auditors. These activities include, among others, CIA Briefing which targeted potential/ existing CIA candidates to enable them to better understand the CIA registration and examination scheduling process. Members were also given tips on how to best prepare for their exams. Preview sessions were also held to market other IIA Incorporated's certification programmes. These sessions included public and in-house sessions at major corporations.

A new programme called the CIA Refresher course was introduced in 2017 and continued in 2018. Through this programme, IIAM received feedback from candidates who had been unsuccessful in their exams to gauge their shortcomings and provide them with tips to enable them to improve their chances at passing at subsequent attempts of the CIA exams. As a result of IIAM's efforts, a total of 211 new enrolments to the CIA programme and 413 exam registrations were recorded in 2018. As at December 2018, the total number of members who have completed their CIA exam stood at 906.

At the February 2019's Graduation & Corporate award ceremony, held at Sheraton Imperial Kuala Lumpur Hotel, a total of 112 members had completed their certification programmes where a total of 96 CIAs, 11 CRMAs, 4 CCSAs and 1 CFSA graduates have been certified. IIAM is also pleased to report that there were 6 winners of IIAM's CIA Excellence Awards for the three years of 2016 to 2018, for students who had completed all 3 exam parts of the CIA examination on the first attempt within the period of assessment.

IIAM has consistently engaged with students at institutions of higher learning to promote internal audit as a profession. Career talks were organised at several universities and senior internal audit professionals attached to various top corporations were invited to interact with the students at these sessions. The month of May was declared as the Internal Audit Awareness Month globally. IIAM leveraged on this and has jointly organised a workshop with University Kebangsaan Malaysia (UKM). 145 undergraduate students from UKM, UNITAR International University (UNITAR), University Tunku Abdul Rahman (UTAR) and Infrastructure University Kuala Lumpur (IUKL) participated in the workshop. The event was effective to help raise awareness of the internal audit profession amongst the participants.

PRESIDENT'S REPORT 2018/2019

Membership

IIAM advocates membership growth through various activities i.e. Membership Networking Talks and Previews during Workshops and Meetings. This year, IIAM signed up a total of 371 new individual members and 13 new corporate members bringing the total number of individual members to 2,758 and corporate members to 222 as at 31 December 2018. Efforts to promote new registrations and initiatives to identify and retain members are on-going. IIAM continue to recognise the need to bring value to its members.

Research and Technical Advisory

IIAM played an active role in 2018 in providing technical advice on matters relating to internal audit, corporate governance, risk management and internal controls.

5 issues of e-techline were issued, providing information on various topics, including new publications of Applying on International Professional Practices Framework (IPPF) 4th Edition, Internal Audit Capability Model (IA-CM) for the Public Sector, 2018 Global Perspective and Insights and the Tone at the Top newsletters issued by Global IIA.

ACKNOWLEDGEMENT

I would like to thank all our valued members, professional bodies, regulators, corporations, speakers, sponsors, trainers, vendors and all individuals who have supported and assisted us in delivering the IIAM's conferences, programmes and services.

I also wish to extend my gratitude and sincere thanks again to the Board of Governors and Secretariat team for all our achievements and journeying with the IIAM through the year.

Alan Chang Kong Chong
President 2018/2019

EXECUTIVE DIRECTOR'S REPORT 2018/2019

Dear Members,

The annual general meeting is always a good time to look at what the IIAM has accomplished over the last 12 months – and what to plan and change in the upcoming year.

Despite the challenging year, considerable efforts were expended to achieve the results that we are pursuing, the year witnessed a greater teamwork being fostered between the secretariat and all committee volunteers including Governors. The results are reflected in each of the committee's activity reports enclosed in this Annual Report.

Quoting from one prominent Author - Reed Markham, *"Successful leaders see the opportunities in every difficulty rather than the difficulty in every opportunity."*

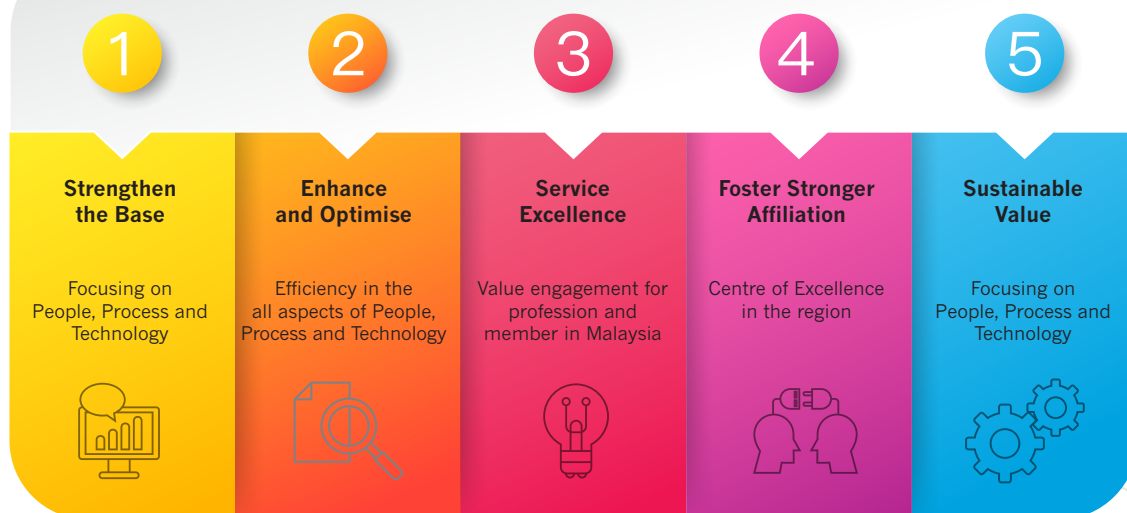


We took these challenging times not to be still but as the stepping stone to leap forward - and felt it was vital for IIAM to explore some smart collaboration within our industry which like all markets is undergoing constant change. With the goal to serve members with current development and best practices of the profession, we initiated collaboration efforts with subject matter experts through meetings, in-depth surveys and tailored workshops. This we hope will open many doors to synergize with the right partners and keep us to stay relevant on the course to champion our profession.

As we surge into the new era of technological advancement - the Secretariat will continue to enhance its procedures and processes, IT platform, resource and competency levels. We look forward to continuing our journey in advancing the internal audit profession and to serve the members better. With that as our vision for the IIAM, let me share with you the IIAM - The Road to Success Framework.

IIAM FRAMEWORK

ROAD TO SUCCESS



EXECUTIVE DIRECTOR'S REPORT

2018/2019

My immediate focus for 2019 is to 'strengthen the base' by focusing on people, process and technology. People are still the key drivers to our success. With the right direction, motivation and tools, it brings opportunities for the staff to upskill and deliver the expected output.

Technology helps people do more innovative work faster – especially in the age of business analytics and artificial intelligence. We hand off rote old school manual and laborious tasks to automation tools in order to free up our time for more creative and cognitive processes. To achieve this objective - we have put in place a plan to enhance and improve the IIAM policy and procedures, IT system and hopefully deploy relevant applications.

Based on www.statista.com, as of January 2019, about 78 percent of Malaysian population are active social media users. We acknowledge the fact that interacting with members on social media is important and hope to build brand awareness, increase the number of new members, and stay engaged with members through these outlets. The IIAM is currently active in Facebook, LinkedIn, Twitter, and Instagram. You are welcome to join us via all the mentioned platforms and create awareness to your own social media contacts about the important role internal audit plays in any business endeavour.

In addition, we are also in the process of identifying and selecting suitable Customer Relations Management Software System to deliver a better experience to all members and increase the secretariat's efficiency in serving its members. For now, we appreciate all the patience and support offered by our members with their on-going experience with IIAM.

In the first quarter of 2019, we organised a Learning Retreat for a group of 23 Chief Audit Executives. It was a successful networking and knowledge sharing platform which we intend to organise regularly in order to touch base and exchange ideas with the members. We also organized a member cocktail event for the first time in March 2019, bringing together members to exchange and brainstorm current pertinent audit matters i.e. anti-corruption, fraud etc.

Corporate Social Responsibility is simply a way for organisations to take responsibility for their social and environmental impacts of their business operations. This program is an opportunity for the IIAM to demonstrate our good corporate citizenship by looking at the whole social and environmental sphere that surrounds the organisation. IIAM plans to take small steps towards contributing actively in this area. We have had some discussions with relevant non-profit organisations and hope to share more details on this matter with our members very soon.

On the certification front, we have established a close link with The Global Certifications Committee to strategically increase the number of certified internal auditors in Malaysia. The Global Committee has given IIAM clearance to offer revision and tuition classes to encourage higher passing rate among our candidates. This is important as a globally accepted credential earns Internal Auditors the recognition of their credibility and respect on their field of work. I would like to urge all internal auditor especially young auditors to take this opportunity to elevate your skills and knowledge to contribute towards your function and organisation goals. As the Secretariat of Asian Confederations of Institutes of Internal Auditors, IIAM will continue to strive and achieve the vision to provide dynamic leadership for Internal Auditors by coordinating the development, enhancement and promotion of the internal auditing profession in the Asian Region.

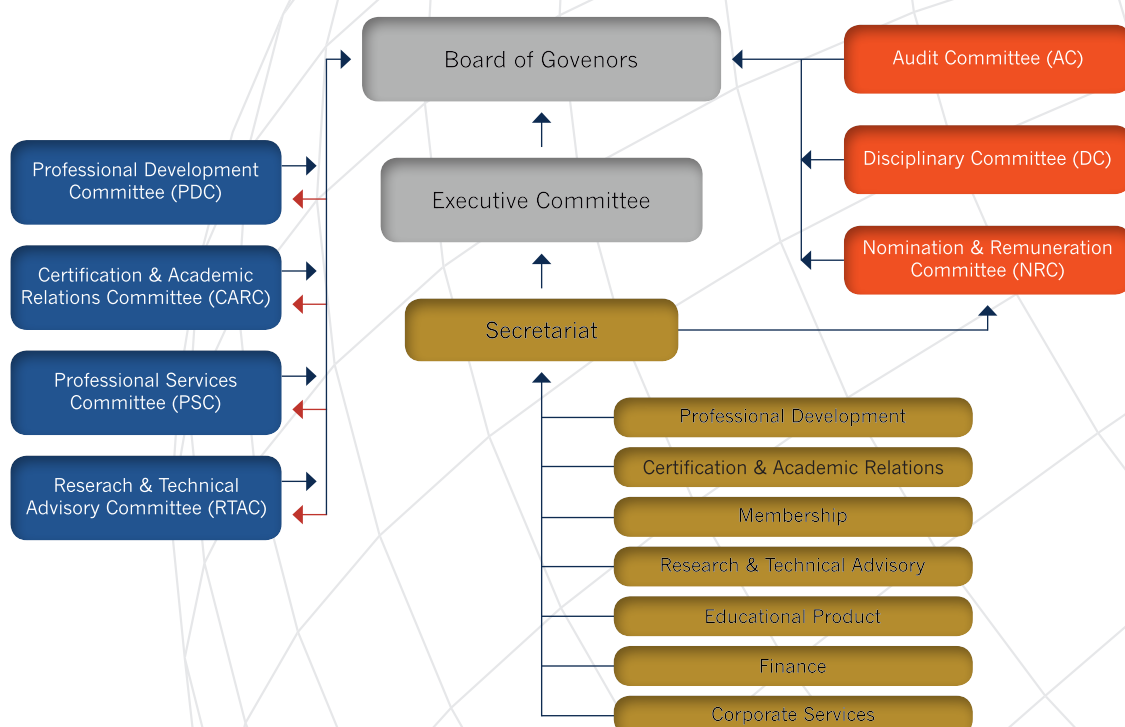
Finally, I would like to thank all our members both individual and corporate for your continued support of IIAM and its mission to grow and support this profession.

Basheerah Syed Ahmed
Executive Director
IIA Malaysia

CORPORATE GOVERNANCE STATEMENT

IIA Malaysia is one of the leading advocates of sound corporate governance landscape in Malaysia. The Board of Governors ("the Board") has implemented the principles set under the Malaysian Code on Corporate Governance 2016 ("the Code") as far as they are relevant to The Institute of Internal Auditors Malaysia ("IIAM") in its commitment to preserving stakeholder's confidence.

Governance Framework



Guiding Principles of Corporate Governance

The Board reviews the organisational structure of the IIAM to ensure that the governance policies, practices and operating framework are aligned to key corporate governance principles annually.

Based on the key principles of good corporate governance, the IIAM has adhered to the that have been put forth.

Principle A: Board Leadership and Effectiveness

Board of Governors

The Board is the principal governing body responsible for the overall governance of IIAM and assumes responsibility for the IIAM's leadership, including providing oversight of the IIAM's financial and organisational matters encompassing policies, business plans, budgets and targets.

The Board currently comprises eleven (11) Non-Executive Independent Directors, termed as Governors. The Governors have no executive role in the daily operations of the IIAM. The appointment of Governors is made at the Annual General Meeting ("the AGM") in accordance with the IIAM's Articles of Association. Every three (3) years, the Governors are required, by rotation, to offer themselves for re-election. At the AGM on 12 June 2018, new Governors were elected and they received information outlining their duties and responsibilities in a formal induction session.

CORPORATE GOVERNANCE STATEMENT

The Board recognises that to be effective and relevant, Governors should be fit and proper, including having attributes and criteria such as relevant internal audit qualifications, professional standing with relevant expertise in financial, legal, business and technical fields. The Governors are drawn from diverse backgrounds and with differing skill sets gained from services in private sector, public sector and regulatory institutions. This brings depth and diversity in expertise and perspectives which facilitate deliberation of issues from a wider aspect.

The profiles of all Governors are detailed in this Annual Report.

Board Responsibilities

The primary responsibilities of the Board include the following:

- Promotes good corporate governance culture within the IIAM;
- Reviews and approves the strategic business plans of the IIAM;
- Represents the IIAM in major strategic sessions invited by regulators, professional bodies or other stakeholders;
- Provide strategic leadership to ensure that there is an effective and sound framework for internal controls and risk management; and
- Oversees the conduct of the IIAM's activities and succession planning of the Secretariat.

Board Independence

The Board is chaired by a President.

The Board is independent of the Secretariat and free from potential conflict of interests which could impair and materially affect the exercise of their independent judgment. Each Governor must disclose any matter which may affect his/her independence as soon as he/she becomes aware of it.

The roles of President and Executive Director ("ED") are clearly defined. There is a clear separation of roles between them which allows for better understanding and distribution of responsibilities and accountabilities, facilitates operational efficiency and expedites decision making.

The ED is primarily responsible for managing the day-to-day operations and is charged with implementing operational decisions in line with the strategic and long-term initiatives of the IIAM. The ED attends Board and various Committee meetings, however the ED is not a Governor and is not entitled to vote.

The Board had established an accountability matrix for the roles of the Board, President and ED in ensuring efficiency and proper check and balance in deriving decisions at the strategic and operational level.

Board Committees

While the Board has oversight on overall control responsibilities and management of the IIAM, it has delegated a range of its responsibilities to its various committees. The committees operate within a clearly defined term of reference which are as follows:

1. Executive Committee ("the EXCO")

The EXCO comprises a President, two (2) Vice Presidents, an Honorary Secretary and an Honorary Treasurer who are among the members of the Board are elected to the office.

The primary responsibilities of the EXCO are:

- To review operational issues with regards to the execution of action plans by following departments: Membership, Certification & Academic Relations, Professional Development, Research & Technical, Educational Product, Finance and Corporate Services;
- To recommend or revise guidelines or policies pertaining to the administration of the IIAM; and
- To review the performance of the Secretariat so as to maintain a high standard of performance in the daily administration of the IIAM.

CORPORATE GOVERNANCE STATEMENT

2. Audit Committee (“AC”)

Audit Committee comprises three (3) members, two (2) of whom are not Board members while the remaining one (1) is a Board member of the IIAM. The Committee is to assist the Board in fulfilling its fiduciary responsibilities, specifically;

- To appoint and remove external/internal auditors;
- To review the annual financial statements; and
- To review the effectiveness of the risk management and internal control system of the IIAM.

For further information, refer to the Audit Committee report as set out on page 24.

3. Disciplinary Committee (“DC”)

Disciplinary Committee comprises a chairperson (designated) and other Governors who would be appointed to address any disciplinary matters pertaining to member’s misconduct as they arise. A specific terms of reference was adopted by the Board to ensure the Committee is independent and has direct reporting to the Board.

4. Nomination & Remuneration Committee (“NRC”)

The NRC which comprises three (3) Governors, has the responsibility to oversee and review the overall composition and balance of the Board; review succession plans; recommend to the Board a compensation and remuneration package for the ED and staff, including reviewing policy matters relating to remuneration and performance management. ED and staff of the IIAM are given key performance indicators which form the basis of their annual performance appraisal.

Governors do not receive any emolument, bonuses or retirement benefits. The fees received by Governors due to training or any other services rendered to the IIAM in lieu of their profession are declared in Note 19(b) of the Financial Statements.

5. Certification & Academic Relations Committee (“CARC”)

CARC comprises two (2) Governors and four (4) co-opted members. The objectives of CARC are to promote the Certified Internal Auditor (CIA) certification as the only professional qualification for internal auditors, internal audit education partnership with local institutions of higher learning and specialty certification programmes promoted by the IIAM as the recognised certifications for practitioners.

6. Professional Development Committee (“PDC”)

PDC comprises two (2) Governors and one (1) other co-opted member and oversees the overall professional development plans of the IIAM such as the training programmes, workshops and conferences that are planned for each year.

7. Professional Services Committee (“PSC”)

PSC comprises two (2) Governors and four (4) co-opted members. The main objectives of PSC are as follows:

- To ensure that the services accorded to members are relevant;
- To create more awareness on the benefits and services of the IIAM; and
- To increase the number of individual, corporate and audit committee members of the IIAM towards increasing the standards of the internal audit profession.

8. Research & Technical Advisory Committee (“RTAC”)

RTAC comprises two (2) Governors and four (4) co-opted members to oversee the development of the profession and the trend through the support of research grants accorded for researches relating to governance, risk and control. The RTAC also ensures that articles which are relevant to the profession are collated and broadcasted to the members through the e-techline or other publications.

CORPORATE GOVERNANCE STATEMENT

Board Meetings

Since the last AGM held on 12 June 2018, the Board met 8 times. The Board reviewed performance reports including analysis of major issues on membership services, academic relations, professional development, professional practices and financial reports. The attendance record at Board meetings is provided in the relevant report. All Governors have access to the Secretariat of the IIAM in order to fulfil their roles and responsibilities as Governors.

The Board receives financial and operational reports from the Management on a bi-monthly basis, which provide a comprehensive review and analysis of the business operations and financial issues. In addition, the minutes of meetings of the Board are tabled and considered by the Board.

Principle B: Effective Audit and Risk Management

The Audit Committee to assist the Board in fulfilling its fiduciary responsibilities, particularly in relating to business ethics, policies and practices, financial management and internal control of the IIAM. The Board also has in place an Enterprise Risk Management (ERM) framework to identify, analyse, evaluate, manage and monitor significant financial and non-financial risks.

Principle C: Integrity in Corporate Reporting and Meaningful Relationship with Stakeholders

The EXCO and the Board hold scheduled meetings on alternate months for the past 12 months. Effectively, the EXCO and the Board were briefed on the financial status and activities of the IIAM as prescribed in the annual plan.

The ED and the Head of Finance submit annual management representation letters to the Board and the external auditor acknowledging that information regarding the financial statements and non-financial information in the Annual Report, including the risk management framework is true and fair in accordance with relevant policies and procedures.

Being a membership driven company, the shareholders are the members. The IIAM has undertaken measures to get connected with the members through the electronic media. Programmes offered to the members for their professional development continued to be of high quality with value for money.

The Board has encouraged for the continuous improvement in the quality of service to the members.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

The Statement on Risk Management and Internal Control of the IIAM is made voluntarily by the Board in line with its objective of leading by example in championing sound governance, risk and internal control practices.

RESPONSIBILITIES OF THE BOARD

The Board acknowledges that it has a responsibility and committed to maintain a sound risk management and internal control system to address all key risks which the IIAM considers relevant and material to its operations while the Secretariat plays an integral role in assisting the design and implementation of the Board's policies on risk and control.

By embedding risk management in business activities via identifying principal risks and ensuring the implementation of appropriate control measures to manage the risks, the Board anticipates that a reasonable level of assurance can be achieved. Nevertheless, in view of the inherent limitations in any such system, the system of risk management and internal controls are designed to manage rather than eliminate the risk of failure to achieve the IIAM's objectives and would therefore provide only reasonable and not absolute assurances against material misstatements or losses.

The review of the risk management and internal control reports and processes is delegated by the Board to the Audit Committee.

RISK MANAGEMENT

The Board confirms that the risk management process has been established to identify, evaluate and manage significant risks to effectively mitigate the risks that may impede the achievement of business and corporate objectives of the IIAM. The development of the ERM framework has enabled the Secretariat to identify and prioritise significant risks and thereafter evaluate the controls to ascertain their effectiveness and efficiency on a periodic basis.

In implementing the risk management process for the IIAM, the Secretariat, which is headed by its Executive Director, is tasked to:-

- Ensure the effectiveness of the risk management process and the implementation of risk management policies;
- Identify risks relevant to the IIAM that may impede the achievement of its objectives; and
- Identify significant changes to risk or emerging risks, take actions as appropriate to communicate to the Audit Committee and the Board.

INTERNAL CONTROL

The following internal control components have been embedded to assist the Board to maintain a sound system of internal control in the IIAM.

Board and Board Committees

The Board and Board Committees provide important oversight function and ascertain the adequacy of the internal control framework in the IIAM. Further details on the workings of the Board and its committees are provided in the Corporate Governance Statement (page 18) and Committee reports (pages 27 to 36).

Issues relating to the operations of the IIAM are highlighted to the attention of the Board/Board Committees. Meetings of the Board and EXCO are held on a bi-monthly basis for Board/EXCO to be apprised of the activities of the IIAM and discuss matters raised by the Secretariat. This includes business and operational matters pertaining to potential risks and control issues.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

Audit Committee and Internal Audit

Independent assurance is provided by the Internal Audit function where the audit reports are deliberated by the Audit Committee. The Audit Committee reviews internal control matters and highlights significant issues to the Board.

The Internal Audit function is outsourced to an independent internal audit service provider which reports directly to the Audit Committee. The primary role of the Internal Audit is to assure the Board, through the Audit Committee, that the systems of internal controls are functioning as intended.

On an annual basis, the internal audit service provider will table its audit plan to the Audit Committee. Based on the approved plan, they will undertake regular and systematic review of the risk management and internal control processes to provide the Audit Committee with sufficient assurance that the systems of internal control are effective in addressing the risks identified.

Further details of the Internal Audit function are set on page 26 in the Audit Committee Report.

ANNUAL BUSINESS PLANS AND PERFORMANCE

An annual budget which includes the financial and operational targets, capital expenditure proposals and performance indicators is also prepared for approval by the Board. Performance and pro forma reports are provided to the Board to facilitate review and monitoring of the financial performance.

Limits of Authority

Delegation of authority including authorisation limits at various levels within the Board and ED are documented and designed to ensure accountability and responsibility.

Human Capital

The IIAM is supported by the Secretariat that is aligned with its business and operational requirements, with clearly defined lines of responsibility and authority levels. Where applicable, the Secretariat reports to the Board and Board Committees, based on their functional roles and responsibilities.

Policies and Procedures

Internal policies and procedures are communicated to the staff. The documented policy manuals are constantly reviewed and revised to meet the changing business and operational needs.

Financial Reporting

Maintenance of proper accounting records, consistent application of appropriate accounting policies supported by reasonable and prudent judgments and estimates and preparation of the financial statements in accordance with the provisions of the Companies Act 2016, applicable approved accounting standards in Malaysia and other regulatory provisions.

Business Continuity Management

Business continuity management is regarded to be an integral part of the risk management process in the IIAM. In this regard, the IIAM has commenced implementation of business continuity plan to minimise business disruptions in the event of potential failures of critical IT systems and operational processes. The documentations of the business continuity plan for the IIAM are in place and are reviewed and updated periodically.

The above statement is made in accordance with the resolutions of the Board in year 2018/2019.

AUDIT COMMITTEE REPORT

The Audit Committee ("AC") was established by the Board of Governors ("Board") in 1997.

The objectives of the AC are to assist the Board in fulfilling its fiduciary responsibilities, particularly relating to business ethics, policies and practices, financial reporting and internal controls of the IIAM.

1. Composition

The AC comprises the following three (3) members, two (2) of whom are not Board members with the remaining one (1) a Board member of the IIAM. The composition of the AC members are as follows:

- Mr Lee Min On, CFIIA, CA(M), CPA(M) (Chairman-Non-Board member)
- Mr Ranjit Singh Taram Singh, CFIIA, CIA, CRMA, MBA(UK), CA(M), CPA(M) (Board member);
- Ms Christine Ong May Ee, CFIIA, CIA, CRMA, CA (M), FCA (ANZ), B. Acc (Hons) (Singapore) (Non-Board member)

2. Attendance of the meetings

During the financial year, the AC held four (4) meetings, which were attended by majority of the members.

3. Terms of reference

a. Composition

The Board shall appoint a minimum of three members to the AC, the majority of whom shall not be members of the Board. At least two members of the AC shall be Fellow members of the IIAM and who are not members of the Board.

The Board shall appoint the Chairman of the AC who is not a member of the Board.

b. Criteria

The criteria for the AC members include financial literacy, understanding of organisation risk and control and contemporary developments in financial reporting.

The term of each member will be two years and subject to re-appointment. The tenure of the AC members shall not exceed a cumulative period of 9 years whilst the position of the AC Chairman shall be rotated once every 4 years.

The performance of the AC and its members shall be assessed annually on a self and peer basis by members of the AC in accordance with its Terms of Reference for submission to the Board.

c. Objectives

The primary objectives of the AC are as follows:

- To assist the Board in fulfilling its fiduciary responsibilities, particularly relating to financial reporting covering business ethics, policies and practices as well as system of internal controls;
- To provide oversight on the audit function by increasing the objectivity and independence of external and internal auditors and providing a forum that is independent of Management; and
- To maintain through regular scheduled meetings a direct line of communication between the Board and the external auditors, internal auditors and Management.

d. Duties and Responsibilities

The duties and responsibilities of the AC are:

- To consider the appointment, resignation or dismissal of the external auditors, the audit fee and recommend to the Board for approval;
- To discuss with the external auditors their Audit Plan, before the commencement of audit;
- To discuss with the external auditors the assistance given by the employees of the IIAM;

AUDIT COMMITTEE REPORT

3. Terms of reference (continued)

d. Duties and Responsibilities (continued)

- iv) To review the draft annual financial statements before recommending to the Board for approval, focusing particularly on:
 - a. Changes in or implementation of major accounting policies and practices;
 - b. Significant matters highlighted, including financial reporting issues, significant judgments made by Management, significant and unusual events or transactions and how these matters are addressed;
 - c. Significant adjustments resulting from the audit; and
 - d. Compliance with financial reporting standards, regulatory and other legal requirements.
- v) To discuss issues arising from the audit and any matters the external auditors may wish to discuss;
- vi) To review with the external auditors, their audit report and evaluation of the system of internal controls;
- vii) To review the internal audit plan, consider the major findings of internal audit, including investigations, if any, and Management's response and ensure, where deemed pragmatic, co-ordination between the internal and external auditors;
- viii) To review the adequacy of scope, competency and resources of the internal audit function and that it has the necessary authority to carry out its work;
- ix) To review the adequacy and effectiveness of internal control system based on feedback and reports from the internal and external auditors;
- x) To review any related party transaction and conflict of interest situation that may arise within the IIAM, including any transaction, procedure or course of conduct that raises questions of Management integrity;
- xi) To recommend to the Board the nomination of a person or persons as external auditor;
- xii) To carry out such other functions as may be agreed by the AC and the Board; and
- xiii) To report to the Board on a periodic basis the activities and work done by the AC, including any recommendations to be made to the Board. The AC Chairman or, in his absence, another AC member shall present this report at the Board meeting.

e. Authority

The AC is authorised by the Board to investigate any activity within its terms of reference. It is authorised to seek any information it requires from any employee or Governor, and all employees and Governors concerned are required to cooperate with any request made by the AC to enable the AC to discharge its duties and responsibilities.

f. Meeting and Minutes

The AC shall hold not less than two (2) meetings a year. The quorum for each meeting shall be two (2) members present in person. In the absence of the AC Chairman, the remaining members shall elect from amongst themselves to chair the meeting.

Representatives of the external auditors and/or the internal auditors shall attend meeting(s) where matters relating to the audit of the statutory financial statements or internal control system are to be discussed following the audits. The President, Honorary Treasurer and Executive Director of the IIAM shall be invited to attend the meetings to provide management input to the AC.

Minutes of each meeting shall be prepared for confirmation at every ensuing meeting and kept by the Secretariat after the minutes of meeting have been confirmed by the AC and signed by the AC Chairman. The minutes of meeting shall be presented at the ensuing Board meeting.

AUDIT COMMITTEE REPORT

3. Terms of reference (continued)

- g. Changes to the Terms of Reference
Changes, if any, to the AC's Terms of Reference shall not be valid unless they are approved by the Board.

4. Summary of activities of the AC during the year and up to the date of this Report

The AC carried out its duties in accordance with its Terms of Reference.

The main activities carried out by the Audit Committee for the financial year ended 31 December 2018 and up to the date of this Report are as follows:

- i. Evaluated and proposed the appointment of external auditor for the financial year ended 31 December 2018 and the audit fee;
- ii. Updated the Terms of Reference of the AC which were approved by the Board on 31 January 2019;
- iii. Evaluated the candidates to outsource the internal audit;
- iv. Reviewed the internal audit scope, internal audit report, status of corrective actions taken, and assistance rendered by staff to the internal auditor. At the date of this Report, the internal auditor has completed its internal audit according to the internal audit plan and presented its draft report to the Audit Committee, together with Management's response. The final report is pending sign-off by the internal auditor; and
- v. Deliberated with the external auditors on the draft financial statements for year ended 31 December 2018 in the presence of the President, the Treasurer and the Management of the Secretariat before recommending the same to the Board for approval.

5. Internal audit function

The internal audit function is undertaken by an independent consulting firm, namely Messrs Morison AAC Corporate Solutions Sdn. Bhd. The internal audit team was led by the Associate Director Mr Clement Chong CA (M), CPA (M), MBA, CRP. While Messrs Morison AAC has a total of 15 personnel in its internal audit department, two (2) personnel from the firm were assigned to carry out the task based on the scope given in the engagement letter. Its principal activities are to perform a systematic review of the system of internal controls and provide reasonable assurance that the system of internal controls is adequate and continues to operate effectively in all material aspects. The internal audit deployed a risk-based approach which accorded with the International Professional Practices Framework of The Institute of Internal Auditors in its course of work.

The internal audit function, which reports directly to the AC, covered the following processes for the financial year ended 31 December 2018 and up to the date of this Report according to the internal audit plan approved by the AC:

- Related Party Transaction / Conflict of Interest situations;
- Membership; and
- Financial Control - Procure to Pay.

Suggestions for improvement in internal control systems noted during the internal audit were communicated to Management for remedial measures to mitigate the issues and/or bridge internal control gaps. Concrete remedial action plans have been determined by Management and documented in the report to enable follow-up in subsequent internal audit.

The internal audit service fee for the financial year ended 31 December 2018 amounted to RM 26,000.

The purpose, authority and responsibility of the internal audit function as well as the nature of the assurance activities provided by the function are articulated in the engagement letter.

REPORT ON MAIN COMMITTEE

CERTIFICATION AND ACADEMIC RELATIONS COMMITTEE

CERTIFICATION

2018 has been a fruitful year for certification. More auditors have realised the importance of being professionally certified. The IIAM also increased its efforts in promoting the benefits of the main certification i.e. Certified Internal Auditor (CIA).

In 2018, 55 candidates completed the CIA exam. This included 24 candidates who completed the exam via the CIA ACCA Challenge Exam. The total number of CIAs as at 31 December 2018 was 906.

There was an increase of 36% in enrolment from 2017 to 2018. In total, 211 new candidates enrolled in the CIA program in 2018. With the introduction and implementation of the new CIA syllabus in 2019, many registered candidates rushed to complete the exam in the old syllabus. A total of 413 candidates submitted their exam registration to IIA Global.

As for the specialty programmes:

- 6 candidates passed the Certification in Risk Management Assurance (CRMA), bringing the total number of CRMA holders to 116.
- 4 candidates passed the Certification in Control Self-Assessment (CCSA) bringing the total number of CCSA holders to 61.
- The total number of Certified Financial Services Auditor (CFSA) and Certified Government Auditing Professional (CGAP) holders remained at 30 and 5 respectively.

In 2018, CARC organised the following activities to promote IIA certification programs and assisted candidates to sit for their exams.

- A total of 3 public and 4 in-house previews were held. The in-house preview sessions were conducted at Petronas, Bank Negara, UMW and MARA.
- 5 public CIA Briefing sessions had been conducted to provide candidates with an overview of the CIA Programme. Ms Lim Hooi Hoon, Lecturer, Tunku Abdul Rahman College assisted IIA Malaysia in all the sessions. She provided the candidates study tips and exam techniques to prepare for the CIA exam. 3 in-house sessions were conducted at Bank Negara, Petronas and MARA.
- 1 CIA Refresher session was conducted. During this session, the trainer assisted candidates who had previously taken the exams and are re-attempting it, to analyse exam questions and discuss the best techniques to answer the CIA questions.
- 2 CIA Review Seminars were conducted to help candidates in their final preparation of the CIA exams. IIA Malaysia also organised the in-house CIA Review Sessions for Petronas, Bank Negara and UMW. These companies had demonstrated their support by investing in these seminars to help their staff to prepare and be fully equipped to sit for the exam. Mr Amos Law and Ms Monnie Goh were the trainers who were involved in these in-house sessions.

Graduation and Corporate Award Ceremony

A graduation ceremony was held on 21 February 2019 at Sheraton Imperial Kuala Lumpur Hotel. The ceremony was attended by more than 100 attendees including graduates, guests, award winners and members. A total of 114 members successfully completed the various certifications comprising 96 CIAs, 11 CRMAs, 4 CCSAs and 1 CFSA graduates.

REPORT ON MAIN COMMITTEE

CERTIFICATION AND ACADEMIC RELATIONS COMMITTEE (continued)

CIA Excellence Award

The CIA Excellence Award is an award to recognise the efforts of candidates who completed all 3 parts of the CIA exam in one sitting within the period of assessment. This award was introduced in 2016 to encourage more candidates to complete the CIA examinations in the shortest possible period. In 2018, there were three (3) CIA Excellence Award recipients. The recipients are:

- Ng Peng Keong, Manager, Budget & Reporting, Murphy Sarawak Oil Co. Ltd
- Choong Hor Long, Manager, Group Corporate Assurance, Sime Darby Berhad
- Hoe Yu Li, Executive, Group Corporate Governance, Sime Darby Berhad

The winners were presented with a plaque, a Certificate of Appreciation and complimentary attendance to the 2018 ACIA Conference.

The Committee heartily congratulates the recipients for their outstanding performance!

CIA Application Fees

One of the key areas reviewed by the Committee was the CIA application fees. The CIA application fees was reduced from RM1,500 to RM1,200 effective 1 April 2019. The IIAM hopes this decision will encourage more auditors to enrol in the CIA program.

ACADEMIC RELATIONS

Besides promoting certification activities, IIA Malaysia also continues to strengthen ties with higher learning institutions to promote the internal audit profession and to create Internal Audit awareness to the students. The following activities were conducted in 2018 with the aim to provide insights to the students on career as an Internal Auditor:

Joint collaboration with University Kebangsaan Malaysia (UKM) - Internal Audit Workshop

The event was held on 22 March 2018 at UKM. 145 undergraduate students from UKM, UNITAR International University (UNITAR), Universiti Tunku Abdul Rahman (UTAR) and Infrastructure University Kuala Lumpur (IUKL) participated in the workshop. This is a one-day workshop which covered updates on the emerging issues and latest developments which are impacting the internal audit profession.

During this workshop, the speakers shared interesting insights on the internal audit profession in the areas of governance, risk and control. The following topics were presented by IIA Malaysia members during the workshop:

- Career as an Internal Auditor by Ms Mazliana Mohamed, Director of Group Internal Audit, Bursa Malaysia Berhad
- Data Analytics and BITCOIN by Assoc. Professor Zuriati Ahmad Zukarnain, Faculty of Computer Science and Technology, University Putra Malaysia
- Critical Thinking for Internal Auditors by Mr Zainal Akbar Abdul Kader, Assistant General Manager, Group Internal Audit Division, UMW Corporation Sdn Bhd
- Case Study Sessions which were divided into three sessions. The speakers and titles of sessions were:
 - Mr Amos Law, Director, Risk Advisory, Crowe Horwath Governance Sdn Bhd - Project Management
 - Mr Mohd Hafizam Abdul Halim, Manager, Internal Audit, Boustead Holdings Berhad – Internal Control
 - Mr Osho Manikkam, Executive, Group Corporate Assurance, Sime Darby Berhad - Fraud

REPORT ON MAIN COMMITTEE

CERTIFICATION AND ACADEMIC RELATIONS COMMITTEE (continued)

Career Talks

The IIAM also continued to visit various universities to conduct career talks. The objective of the talks is to promote the IIAM and the Internal Audit profession. A total of 4 sessions were conducted being one each in Universiti Tunku Abdul Rahman (UTAR), Universiti Putra Malaysia (UPM), Universiti Malaya (UM) and Universiti Tenaga Nasional (UNITEN). Mr Tay Boon Hock, Head of Internal Audit, Parkson Holdings Berhad and Mr Zainal Akbar Abdul Kader, Assistant General Manager, Group Internal Audit Division of UMW Corporation Sdn Bhd assisted the IIAM in conducting the talks.

Sponsoring Activities

IIA Malaysia also continued to support the internal audit profession by sponsoring the activities below:

- Universiti Utara Malaysia (UUM) – Northern Accounting & Business Student Industrial Engagement Summit
- Deloitte Risk Intelligence
- Universiti Tunku Abdul Rahman (UTAR) - Accounting Ignition
- Universiti Utara Malaysia (UUM) - International Accounting Youth Camp

I highly appreciate the efforts and commitments of members and individuals who have helped the committee in various Certification and Academic Relations activities. These achievements would not have been possible without your unwavering support.

Lucy Wong Kam Yang

Chairperson

Certification and Academic Relations Committee 2018/2019

REPORT ON MAIN COMMITTEE

PROFESSIONAL DEVELOPMENT COMMITTEE (PDC) REPORT

In keeping abreast with the challenging time and meeting the needs of the profession, the Professional Development team in consultation with the Professional Development Committee (PDC), have been organising value-added professional development programmes for the members of the IIAM. Very much in touch with the emerging issues from the evolving landscape in the field of governance, risks and controls, new programmes were introduced so as to ensure that members and practitioners of internal audit will continue to remain relevant and value-adding in their work. Programmes conducted in 2018 contributed approximately RM 4.5 million to the IIAM's revenue for the financial year ended 31 December 2018.

We highlight the following major professional development programmes and activities held during the year under review:

- **Trust and Integrity Conference**
The IIAM in collaboration with the Malaysian Institute of Accountants (MIA) held the Trust and Integrity Conference on 7 February 2018 at Connexion Conference & Event Centre @ Nexus, Bangsar South, Kuala Lumpur. Approximately 50 delegates, comprising senior management, internal auditors and risk managers participated in the conference which featured six sessions.
- **Audit Committee Conference**
It has become the tradition that this conference is held on annual basis. The IIAM in collaboration with the Malaysian Institute of Accountants (MIA) held the Audit Committee Conference on 27 March 2018 at Connexion Conference & Event Centre @ The Vertical, Bangsar South, Kuala Lumpur. Approximately 130 delegates, comprising directors and audit committee members participated in the conference which featured four plenary sessions.
- **Asian Confederation of Institutes of Internal Auditors Conference 2018**
The 2018 Asian Confederation of Institutes of Internal Auditors Conference was held on 29 & 30 October at the Kuala Lumpur Convention Centre (KLCC). It was officiated by Mr Naohiro Mouri, Chairman of the Board, IIA Global, USA. The conference was attended by more than 1,000 delegates from Malaysia and countries such as Australia, Indonesia, Korea, Japan, China and Hong Kong. More than 25 distinguished speakers shared their experience across 4 plenary sessions, 15 concurrent track sessions and an exclusive Audit Committee Session.
- **Core Audit Training**
The IIAM encountered a challenging situation in 2018. A total of 48 programmes comprising 3 conferences, 40 workshops and seminars and 5 in-house programmes were held throughout the year. Approximately 2,000 individuals were trained under various programmes conducted by the IIAM's training specialists.
- **Collaborations with Regulatory and Professional Bodies**
The IIAM collaborated with regulatory and professional bodies to forge smart and synergistic partnership to bring the profession and industry to the next level. The following joint programmes were conducted for their members, IIA members and the general public.

Collaboration with Bursa Malaysia

- Conference for Directors and Senior Management of Brokers [Participating Organisations ("PO") and Trading Participants ("TP")].
 - The one and a half day Conference was organised for 120 Audit Committees and 80 Chief Audit Executives and Senior Management of the Stockbroking Industry on Governance, Risks and Control with the theme "Embracing the Future". The latest updates on the best practice were shared through 4 sessions specially tailored for the participants.
- International Professional Practice Framework (IPPF) half day workshop for Audit Committee members was held in Bursa Malaysia on 28 August 2018. The session was attended by more than 50 participants and was facilitated by Ms Christine Ong May Ee, Senior Group General Manager – Internal Audit of IGB Berhad.
- A half day workshop titled "Policing to Consulting" for Chief Internal Auditors was held on 27 August and 16 October 2018. Each session had an attendance of more than 50 participants and was facilitated by Ms Lim Tiang Siew, Former Group Chief Internal Auditor of CIMB Group.

REPORT ON MAIN COMMITTEE

PROFESSIONAL DEVELOPMENT COMMITTEE (PDC) REPORT (continued)

- **Collaborations with Regulatory and Professional Bodies (continued)**

- **Collaboration with ACCA Malaysia**
A Workshop titled “Emerging Technologies for Non-IT Auditors” was held in Kuala Lumpur on 12 & 13 November facilitated by Professor Frank Yam.
- **Collaboration with ISACA Malaysia**
A Workshop titled “Applied Data Analytics in Risk, Control and Audit” was held in Kuala Lumpur on 19 & 20 March 2018 facilitated by Mr Mario Bojilov.

The PDC also takes this opportunity to welcome our panel of new speakers and trainers for the year 2018 and express our thanks to all speakers and trainers for their efforts and commitment in raising the knowledge and skills of the internal audit professionals and directors. Our gratitude also goes to all our members and corporate organisations that have looked at the IIAM for their training needs and have been staunch supporters of the IIAM’s programmes and conferences.

The PDC would like to extend our deepest appreciation to the team at Professional Development of the IIAM for their tireless efforts and dedication to serve the ever- growing knowledge needs of the members and the profession.

Lastly, I thank the committee members of the PDC for their practical input, unwavering support and generous contribution of their time in the furtherance of the interest of the IIAM’s motto of “Progress Through Sharing”.

Norchahya Ahmad

Chairperson

Professional Development Committee 2018/2019

REPORT ON MAIN COMMITTEE

PROFESSIONAL SERVICES COMMITTEE (PSC) REPORT

Membership



2,758
individual members



221
corporate members

IIAM's membership grew by 2% to 2,758 individual members. However, there was a reduction to corporate membership by 8% and 221 corporate members were recorded as at 31 December 2018. During the year, the IIAM was able to attract 371 new individual members and 13 new corporate members.

In line with our continuous effort to grow and retain members, the following initiatives were carried out in year 2018:

- **Membership Drive Campaign**

The Membership Drive Campaign continues to be one of the key activities conducted by the IIAM to recruit new members. In year 2018, this campaign was conducted between 20 March to 20 June 2018 where discounts and incentives were offered which attracted a total of 124 individual members.

Other membership initiatives conducted includes:

- Promoting membership and signing up new members during trainings, workshops and conferences;
- Membership drive during the ACIIA Conference where special promotional rates on Membership were given to non-members registered during the conference;
- Career talks at universities to attract student members including Universiti Tunku Abdul Rahman (UTAR), Universiti Putra Malaysia (UPM), Universiti Malaya (UM), Universiti Kebangsaan Malaysia (UKM) and Universiti Tenaga Nasional (UNITEN); and
- Scheduled visits to corporate members' organisation to enhance awareness about Corporate Membership scheme in Private and Public sector.

- **Briefings**

Briefings on IIA Malaysia membership was also conducted in conjunction with the CIA previews, career talks organised by the Certification and Academic Relations Committee (CARC) and trainings conducted by Professional Development Committee (PDC). During the preview and training sessions, audiences were briefed on the different categories of membership, benefits of being a member, membership fee and the process to become a member. In 2018, there were more than 30 membership briefings conducted by IIA Malaysia.

- **Members' Networking Session**

IIA Malaysia organised 5 networking sessions in 2018 of which 4 was in Kuala Lumpur and one in Kuching. A total of 90 attendees attended these networking sessions. The topics shared were:

- "Communication for Investigators";
- "Creating A Collaborative Environment for Successful Audits";
- "From Difficult Auditees to Supportive Auditees";
- "Breaking the Myopic View of Risk Management"; and
- "Lean Six Sigma: Mechanism for Scientific Thinking".

REPORT ON MAIN COMMITTEE

PROFESSIONAL SERVICES COMMITTEE (PSC) REPORT (continued)

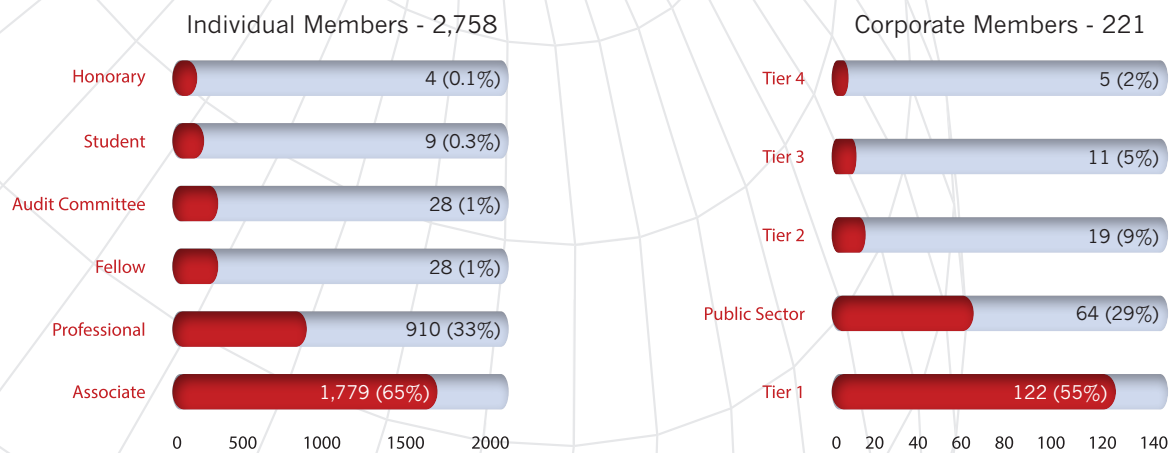
Members' Networking Session (continued)

On 28 November 2018, IIA Malaysia organised a Movie Night for its members at the Pavilion Cineplex. A total of 50 members were treated to a movie - Hunter Killer with popcorn and drinks thrown in. IIA Malaysia will continue to organise more complimentary, fun-filled and social events to facilitate and promote networking opportunities amongst members.

Members Demography details

A) Category

MEMBERSHIP

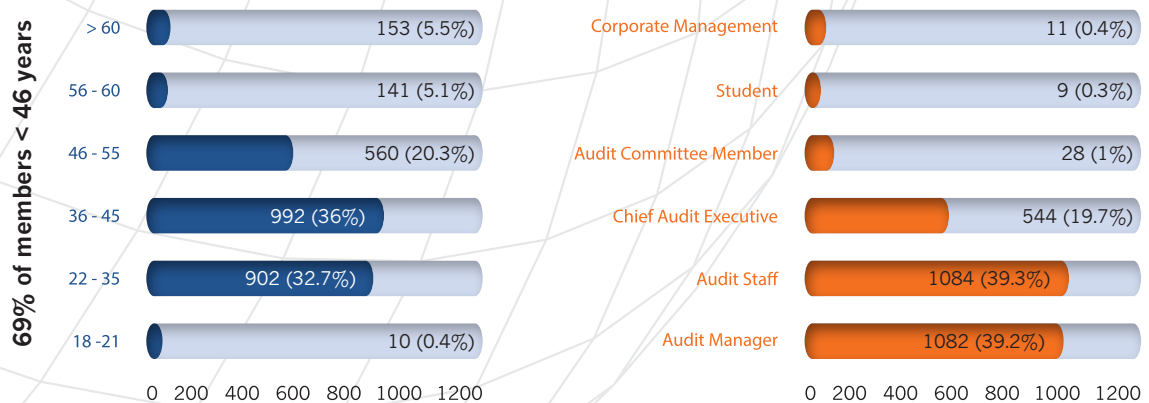


Tier 1 & Public Sector – < 10 auditors, Tier 2 – 10-19 auditors, Tier 3 – 20-50 staff, Tier 4 – > 50 auditors

B) Job Classification

AGE GROUP

JOB CLASSIFICATION



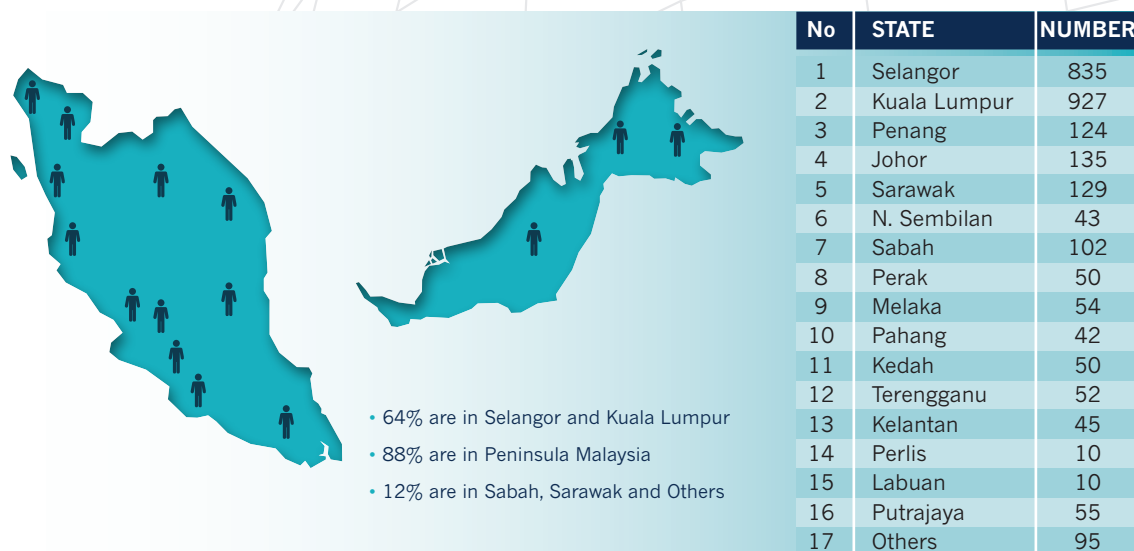
Free lifetime membership for senior members > 60 and 20 years consecutive of membership, fees waived - 38 members

REPORT ON MAIN COMMITTEE

PROFESSIONAL SERVICES COMMITTEE (PSC) REPORT

Members Demography details (continued)

C) Members Location



• Newsletter

The Keeping In Touch (KIT) newsletter continues to be one of the main avenue for communication with members. The KIT provides updates on the latest development in the internal auditing profession, current issues and information on the various programmes and activities organised by IIA Malaysia.

IIA Malaysia produced 4 issues of the KIT in 2018, of which the first three (3) issues were online versions uploaded unto IIA Malaysia's website and the last quarter issue was a bumper issue in the form of hardcopy. IIA Malaysia continues to look forward for members to contribute articles and share thoughts and experiences with the internal audit fraternity.

• Corporate Award

In conjunction with 2016/2017/2018 Graduation Ceremony held on 21 February 2019, the IIAM honoured various organisations by presenting the corporate awards to the following organisations for their support towards IIA Malaysia's professional development and certification programmes.

CATEGORY 1

Organisation that has demonstrated strong commitment to Continuous Professional Development (CPD)

2016

Tier 1	Sunway Berhad
Tier 2	Perusahaan Otomobil Kedua Sdn Bhd
Tier 3	Sime Darby Berhad
Tier 4	Tenaga Nasional Berhad
Public Sector	Lembaga Zakat Selangor

REPORT ON MAIN COMMITTEE

PROFESSIONAL SERVICES COMMITTEE (PSC) REPORT

Members Demography details (continued)

- Corporate Award (continued)

2017

Tier 2	Maxis Broadband
Tier 3	Sime Darby Berhad
Tier 4	Tenaga Nasional Berhad

2018

Tier 3	UMW Corporation Sdn Bhd
Tier 4	Petroliam Nasional Berhad

CATEGORY 2

Organisation that has demonstrated strong commitment to Certification Programmes

2017

1st	Sime Darby Berhad
2nd	Boustead Holdings Sdn Bhd
3rd	Public Bank

2018

1st	UMW Corporation Sdn Bhd
2nd	Tenaga Nasional Berhad
3rd	PETRONAS Nasional Berhad

During the year, the PSC has developed a membership framework to guide the Secretariat in measuring the growth and retention rate of our members and to identify improvement areas and action plans in 2019 to grow the IIAM members beyond the 3,000 level.

I would like to express my gratitude and a big thank you to all my fellow PSC members and the Professional Services team for their continuous support to our members and helping to ensure that IIAM remains as the preferred professional association for internal auditors in the country.

Nickson Choo Wei Sin

Chairperson

Professional Services Committee 2018/2019

REPORT ON MAIN COMMITTEE

RESEARCH AND TECHNICAL ADVISORY COMMITTEE

Publications

The RTAC enhanced its technical advisory role by providing members with periodic technical updates through the Keeping In Touch (KIT) newsletter and e-techline, which is an email update designed to keep members posted of the latest internal audit trends and publications.

During the 2018/2019 term, there were five (5) issues of e-techline, which covered topics such as:

E-Techline Issue No.	Issuance Date	Topics Covered
01/18	27 February 2018	Guidance for an Effective Internal Audit
02/18	2 May 2018	Roles and Responsibilities of Internal Auditor
03/18	29 June 2018	Global Perspectives and Insight: Top risks faced by Chief Audit Executives in 2018
04/18	30 August 2018	Tailoring IPPF Implementation Issued by IIA Global
05/18	12 November 2018	Guidance to Value-Added in Internal Auditing

Research Grant

The Research and Technical Advisory Committee (RTAC) has identified research topics in internal auditing for those interested in applying for research grants. The RTAC will vet through all grant applications, award grants to successful applicants, monitor the progress of research projects, review the final research report and recommend the research report for publication. The research findings will be published in the Keeping In Touch newsletter. All research projects must have findings that will benefit members of the internal audit profession and Malaysian organisations.

Technical Talks

The RTAC member and Head of Technical conducted a series of technical talks at the IIAM training hall to provide technical guidance on the Malaysian (Amendment) Act 2018 and the International Professional Practices Framework (IPPF). A minimal fee was collected from the participants. The topics presented were:

Date	Topic	Speaker	No of Participants	Rating Status
22 November 2018	The Malaysian Anti-Corruption Commission (Amendment) Act 2018: Corporate Liability Provision	Lee Min On CFIIA, CA (M), CPA (M)	19	Excellent
23 November 2018	QAR Talk: Standard 1300 & How does it add value to your organisation?	Alyssa Hew Li Min CMIIA, CA (M), CIA, CPA (Aust)	19	Good

Technical Advisory

The Technical team provides technical support to members via email and phone. There were 19 technical enquiries during the 2018 term. These enquiries were addressed by the Technical team within two (2) working days.

Appreciation

The RTAC would like to encourage more members and educators to participate in internal audit related research projects and thought leadership that will propel internal audit profession to the forefront in the areas of governance, risk and controls. The RTAC would like to thank members, researchers and others who have contributed during the year under review.

Zainal Akbar S.K MD. Abdul Kader

Chairperson

Research and Technical Advisory Committee 2018/2019

REPORT ON MAIN COMMITTEE

CERTIFICATION AND ACADEMIC RELATIONS COMMITTEE (CARC)



PROFESSIONAL DEVELOPMENT COMMITTEE (PDC)



PROFESSIONAL SERVICES COMMITTEE (PSC)



RESEARCH AND TECHNICAL ADVISORY COMMITTEE (RTAC)



ACIIA CONFERENCE 2018

In year 2018, IIA Malaysia had the honour of being the host country for the ACIIA Conference 2018, an annual flagship event organised by the Asian Confederation of Institutes of Internal Auditors (“ACIIA”). With the theme of **“Staying Relevant in a Digital Landscape”**, the conference was attended by more than 1,200 Internal Audit practitioners and experts from 17 countries. The conference took place at the Kuala Lumpur Convention Centre, Malaysia’s most recognisable and popular landmark.

The two-day regional conference gathered policy makers, industry leaders, board members and internal audit professionals from across the region to discuss the growing importance of digital advancements and the critical impact they have on the role of internal auditors. It is the IIAM’s aspiration to empower internal auditors to adapt and utilise innovative technologies and stay abreast of developments in the age of digitalisation.

The conference aimed to raise technological awareness within the profession and challenge internal auditors to be more proactive and efficient in identifying and communicating digital risks in a fast-evolving business environment.

Philip Satish Rao, Chairman of ACIIA Conference 2018 kicked off the Conference with a welcome speech emphasising the significant role played by Asian countries in driving the world economy and digital growth. The conference featured more than 25 distinguished speakers in keynote addresses, panel discussions and track sessions to provide the internal auditors with relevant knowledge and new ideas in performing audit reviews in this digital era.

Naohiro Mouri, Chairman of IIA Global who delivered his keynote address titled ‘Emphasise the Basics, Elevate the Standards’ laid down the essential basics that could help organisations identify risks and discover opportunities as they get attuned to a fast-paced digital environment. “As technology keeps us at the edge of our seats, it is important to take a step back and look at the landscape from a macro point of view, to come to the conclusion that for a business environment to remain competitive, it must first adapt to the rapid technological advancements. The next step is to synergise technology with the business to educate the Audit Committees and Board Members, to thereon improve the oversight of internal audit functions,” said Mouri.

One of the key highlights of the Conference was the Plenary Session conducted by Tan Sri Rafidah Aziz, former Senior Minister in the Malaysian Cabinet, on how Internal Auditors should carry out their roles with “Courage, Conviction and Confidence” as well as Conscience”.



ACIIA CONFERENCE 2018

Plenary Sessions and Tracks

The other Plenary Sessions were conducted by En. Rafizi Ramli, the founder of Invoke Malaysia, with the title “Digital: How It Helped Win an Election” and by Tan Sri Dato’ Setia Hj Ambrin bin Buang, Former Auditor General Malaysia, who shared his story of the investigation and reporting of the 1MDB scandal under the title: 1MDB Audit Report: My Story; My Perspective.

There was a total of 16 tracks conducted by prolific speakers covering both current and future trends that impact governance, risk and control and how internal auditors can remain relevant in the digital era.

1. Audit the Future: Using Audit Analysis to Predictively Manage Future Risks
2. Achieving Greater Efficiencies and Performance in Internal Audit through Data Analytics
3. Preparing Internal Audit for Emergence of Robotics and Automation
4. COSO: Integrating with Strategy and Performance
5. GRC in the Era of Technology & Digitalisation
6. Letting Go to Gain More: Improve Perception of Internal Audit through Simple Psychology
7. Auditing Culture in the Digital Age
8. Auditing Public Sector Projects & Programs
9. Navigating the Internal Audit Activity Transformation through an Effective Quality Assurance and Improvement Program
10. Auditing Social Media & Cyber Threats
11. Social Media to Transform Public Sector Internal Audit
12. Cybersecurity Threats & Countermeasures
13. Gearing your Role to be CEO Potential
14. Internal Audit in the Age of Disruption and How to Transform
15. Sustainability: What Role Can Internal Auditors Play?
16. AC Track: “What Makes an Audit Committee Tick” moderated by Mr. Lee Min On

The conference would not have been a success without the support of our sponsors, exhibitors and supporting bodies. The key sponsors were ACL Services (Platinum), Ernst & Young (Silver), Tenaga Nasional Berhad (Silver), UMW (Silver), TeamMate Asia Pacific (Silver), Deloitte (Bronze) and PETRONAS (Bronze).



PAST PRESIDENTS, HONORARY & FELLOW MEMBERS

Past Presidents

1978/1979	Peter Chieng Ing Mui
1979/1980	Louis Loh Kam Choon
1980/1981	Lum Seng Yip
1981/1982	Cheng See
1982/1983	Lee Siew Kuan
1983/1984	Richard Chieng Ing Ku
1984/1985	Rick Siew
1985/1986	Kay Yew Chye
1986/1987	Margaret Chin Cheng Soon
1987/1988	Jeyaratnam Velupillai
1988/1990	Lynn T Kulasingham
1990/1992	Azhari Mohamed
1992/1993	Abdul Razak Abu Bakar
1993/1994	Stanley Yap Onn Nam
1994/1996	Lim Kien Chai
1996/1997	Vijayam Nadarajah
1997/1998	Mathuraiveran Marimuthu
1998/2000	Wong Yew Sen
2000/2002	Devanesan Evanson
2002/2004	Abd Razak Haron
2004/2006	Wee Hock Kee
2006/2008	Fatimah Abu Bakar
2008/2009	Walter Sandosam
2009/2011	Hashim Mohammed
2011/2013	Datin Josephine Low Suet Moi
2013/2014	Ranjit Singh Taram Singh
2014/2015	Philip Satish Rao
2015/2016	Dato' Shabaruddin Ibrahim
2016/2017	Lucy Wong Kam Yang
2017/2018	Hazimi Kassim - until 23/03/18

Honorary Members

Tan Sri Datuk Dr. Hadenan A. Jalil
 Dato' Mohammed Azlan Hashim
 Dato' Yusli Mohamed Yusoff
 Tan Sri Dato' Setia Haji Ambrin Buang

Fellow Members

- | | |
|-----------------------------|---|
| 1. Jeyaratnam Velupillai | 18. Devanesan Evanson |
| 2. Stanley Yap Onn Nam | 19. Edmund Low Ying Leong |
| 3. Lim Kien Chai | 20. Stanley Y Chang |
| 4. Margaret Chan Cheng Soon | 21. Lou Swee You |
| 5. Kanason Pothiniker | 22. Suresh Maria Alexander |
| 6. Peter Chieng Ing Mui | 23. Jean-Pierre Garitte |
| 7. Mathuraiveran Marimuthu | 24. Dato' Shabaruddin Ibrahim |
| 8. David McNamee | 25. Wee Hock Kee |
| 9. Ho Chai Suan | 26. Woo Yoke Meng |
| 10. Lee Siew Kuan | 27. Walter Sandosam |
| 11. Farid Chia Abdullah | 28. Prof Datin Dr Hasnah Haron |
| 12. Vijayam Nadarajah | 29. Puan Sri Datin Dr Mary Lee Siew Cheng |
| 13. Wong Yew Sen | 30. Ranjit Singh A/L Taram Singh |
| 14. Fatimah Abu Bakar | 31. Christine Ong May Ee |
| 15. Young Tat Yong | 32. Lee Min On |
| 16. Nesarajah A/L Chelliah | 33. Dr. Suresh Kannan |
| 17. Barry Leithhead | |

FINANCIAL REPORT

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GOVERNORS' REPORT

The Governors have pleasure in submitting their report together with the audited financial statements of The Institute of Internal Auditors Malaysia (the "Institute") for the financial year ended 31 December 2018.

Principal Activities

The principal activities of the Institute are to promote and develop the practice of internal auditing in Malaysia and to provide training and development facilities to its members.

There have been no significant changes in the nature of these activities during the financial year.

Financial Results

	RM
Surplus for the financial year	<u>406,890</u>

Reserves and Provisions

There were no material transfers to or from reserves or provisions during the financial year other than as disclosed in the financial statements.

Dividends

In accordance with the Institute's constitution, no dividend is payable to the members of the Institute.

Governors

The Governors in office since the beginning of the current financial year until the date of this report are:

Chang Kong Chong	
Lucy Wong Kam Yang	
Zainal Akbar Bin S.K MD. Abdul Kader	
Norchahya Binti Ahmad	
Choo Wei Sin	
Philip Satish Rao	
Ranjit Singh A/L Taram Singh	
Afeiz Bin Abdul Razak	(appointed on 18.9.2018)
Dominic Chegne How Kooi	(appointed on 18.9.2018)
Chong Kah Sing	(appointed on 18.9.2018)
Nasrein Binti Fazal Sultan	(appointed on 18.9.2018)
Sanjay Sidhu	(resigned on 15.3.2019)
Wong Chiang Meng	(resigned on 16.8.2018)
Walter Sandosam A/L Doss Sandosam	(resigned on 30.7.2018)
Vijayam A/P Nadarajah	(resigned on 27.7.2018)
Hazimi Bin Kassim	(resigned on 23.3.2018)
Mazliana Binti Mohamad	(resigned on 15.3.2018)
Suhailah Binti Mohamed Abdulla	(retired on 12.6.2018)
Renganathan A/L M Narasingham	(retired on 12.6.2018)

GOVERNORS' REPORT

Board of Governors' Interests

The Institute is a company limited by guarantee and thus has no shares in which the Governors could have an interest. Similarly, the Institute has not issued any debentures.

Board of Governors' Benefits

Since the end of the previous financial year, no Governor of the Institute has received or become entitled to receive a benefit by reason of a contract made by the Institute with the Governor or with a firm of which the Governor is a member, or with a company in which the Governor has a substantial financial interest.

Neither during nor at the end of the financial year, was the Institute a party to any arrangement whose object was to enable the Governors to acquire benefits by means of the acquisition of shares in, or debentures of, the Institute or any other body corporate.

Indemnity and Insurance

There was no indemnity given to or insurance effected for any Governors, officers and auditors of the Institute in accordance with Section 289 of the Companies Act, 2016.

Other Statutory Information

- (a) Before the financial statements of the Institute were prepared, the Governors took reasonable steps:
 - (i) to ascertain that action had been taken in relation to the writing off of bad debts and the making of allowance for doubtful debts and satisfied themselves that adequate allowance for doubtful debts had been made and there were no bad debts to be written off; and
 - (ii) to ensure that any current assets which were unlikely to be realised in the ordinary course of business including the value of current assets as shown in the accounting records of the Institute have been written down to an amount which the current assets might be expected so to realise.
- (b) At the date of this report, the Governors are not aware of any circumstances:
 - (i) which would render it necessary to write off any bad debts or the amount of allowance for doubtful debts in the financial statements of the Institute inadequate to any substantial extent; or
 - (ii) which would render the values attributed to the current assets in the financial statements of the Institute misleading; or
 - (iii) not otherwise dealt with in this report or the financial statements of the Institute which would render any amount stated in the financial statements misleading; or
 - (iv) which have arisen which would render adherence to the existing method of valuation of assets or liabilities of the Institute misleading or inappropriate.
- (c) At the date of this report, there does not exist:
 - (i) any charge on the assets of the Institute which has arisen since the end of the financial year which secures the liabilities of any other person; or
 - (ii) any contingent liability in respect of the Institute which has arisen since the end of the financial year.

GOVERNORS' REPORT

Other Statutory Information (Cont'd))

(d) In the opinion of the Governors:

- (i) no contingent liability or other liability has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which will or may affect the ability of the Institute to meet its obligations as and when they fall due;
- (ii) the results of the operations of the Institute during the financial year were not substantially affected by any item, transaction or event of a material and unusual nature; and
- (iii) there has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely to affect substantially the results of the operations of the Institute for the financial year in which this report is made.

Auditors' Remuneration

The details of the auditors' remuneration are disclosed in Note 16 to the financial statements.

Auditors

The Auditors, Messrs. UHY, have expressed their willingness to continue in office.

Signed by the Board of Governors in accordance with a resolution of the Governors dated 2 April 2019.



CHANG KONG CHONG



**ZAINAL AKBAR BIN S.K
MD. ABDUL KADER**

KUALA LUMPUR

STATEMENT BY GOVERNORS

Pursuant to Section 251(2) of the Companies Act, 2016

We, the undersigned, being two of the Governors of the Institute, do hereby state that, in the opinion of the Governors, the financial statements set out on pages 48 to 80 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 2016 in Malaysia so as to give a true and fair view of the financial position of the Institute as at 31 December 2018 and of its financial performance and cash flows for the financial year then ended.

Signed on behalf of the Board of Governors in accordance with a resolution of the Governors dated 2 April 2019.



CHANG KONG CHONG



**ZAINAL AKBAR BIN S.K
MD. ABDUL KADER**

KUALA LUMPUR

STATUTORY DECLARATION

Pursuant to Section 251(1)(b) of the Companies Act, 2016

I, Affeiz Bin Abdul Razak, being the Governor primarily responsible for the financial management of The Institute of Internal Auditors Malaysia, do solemnly and sincerely declare that to the best of my knowledge and belief, the financial statements set out on pages 48 to 80 are correct and I make this solemn declaration conscientiously believing the same to be true and by virtue of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by the)
abovenamed at Kuala Lumpur in the)
Federal Territory on 2 April 2019)



AFFEIZ BIN ABDUL RAZAK

Before me,



Level 9, Menara Bangkok Bank
Berjaya Central Park
No. 105, Jalan Ampang
50450 Kuala Lumpur



COMMISSIONER FOR OATHS

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF THE INSTITUTE OF INTERNAL AUDITORS MALAYSIA

Opinion

We have audited the financial statements of The Institute of Internal Auditors Malaysia, which comprise the statement of financial position as at 31 December 2018 of the Institute, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows of the Institute for the financial year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 48 to 80.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Institute as at 31 December 2018, and of its financial performance and its cash flows for the financial year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 2016 in Malaysia.

Basis for Opinion

We conducted our audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence and Other Ethical Responsibilities

We are independent of the Institute in accordance with the By-Laws (on Professional Ethics, Conduct and Practice) of the Malaysian Institute of Accountants ("By-Laws") and the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the By-Laws and the IESBA Code.

Information Other Than the Financial Statements and Auditors' Report Thereon

The Governors of the Institute are responsible for the other information. The other information comprises the annual report but does not include the financial statements of the Institute and our auditors' report thereon.

Our opinion on the financial statements of the Institute does not cover the annual report and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements of the Institute, our responsibility is to read the annual report and, in doing so, consider whether the annual report is materially inconsistent with the financial statements of the Institute or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of the annual report, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Governors for the Financial Statements

The Governors of the Institute are responsible for the preparation of financial statements of the Institute that give a true and fair view in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 2016 in Malaysia. The Governors are also responsible for such internal control as the Governors determine is necessary to enable the preparation of financial statements of the Institute that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements of the Institute, the Governors are responsible for assessing the Institute's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Governors either intend to liquidate the Institute or to cease operations, or have no realistic alternative but to do so.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF THE INSTITUTE OF INTERNAL AUDITORS MALAYSIA

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements of the Institute as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with approved standards on auditing in Malaysia and International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

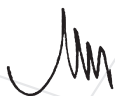
As part of an audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements of the Institute, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Institute's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Governors.
- Conclude on the appropriateness of the Governors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Institute's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Institute or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Institute to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements of the Institute, including the disclosures, and whether the financial statements of the Institute represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Governors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Other Matters

- (1) The financial statements of the Institute for the financial year ended 31 December 2017 were audited by another auditor who expressed an unmodified opinion on those statements on 21 May 2018.
- (2) This report is made solely to the members of the Institute, as a body, in accordance with Section 266 of the Companies Act, 2016 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.



UHY
Firm Number: AF 1411
Chartered Accountants

KUALA LUMPUR
2 April 2019



LIM BEE PENG
Approved Number: 03307/06/2019 J
Chartered Accountant

STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2018

	Note	2018 RM	2017 RM
ASSETS			
Non – current asset			
Property, plant and equipment	4	4,850,677	5,057,640
Current assets			
Inventories	5	52,298	90,454
Trade receivables	6	404,158	548,050
Other receivables	7	230,781	154,990
Tax recoverable		-	237,724
Fixed deposits with licensed banks	8	1,034,409	1,033,359
Cash and bank balances	9	2,784,425	719,878
		4,506,071	2,784,455
		9,356,748	7,842,095
Total assets			
EQUITY			
Research fund	10	138,158	123,587
Accumulated funds		7,621,252	7,242,448
Total equity		7,759,410	7,366,035
LIABILITIES			
Non-current liabilities			
Deferred tax liabilities	11	15,224	22,992
Current liabilities			
Trade payables	12	1,133,870	79,541
Other payables	13	406,169	373,527
Tax payable		42,075	-
		1,582,114	453,068
Total liabilities		1,597,338	476,060
Total equity and liabilities		9,356,748	7,842,095

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

	Note	2018 RM	2017 RM
Revenue	14	6,401,341	6,120,417
Direct costs	15	(3,441,322)	(2,843,264)
Gross surplus		2,960,019	3,277,153
Other income		419,728	582,116
Administrative expenses		(2,842,086)	(2,768,889)
Surplus before tax	16	537,661	1,090,380
Taxation	17	(130,771)	(154,521)
Surplus for the financial year, representing total comprehensive income for the financial year		406,890	935,859

STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

	Note	Research Fund RM	Accumulated Funds RM	Total Equity RM
At 1 January 2017		123,457	6,321,919	6,445,376
Surplus for the financial year, representing total comprehensive income for the financial year		-	935,859	935,859
Utilised during the financial year	10	(15,200)	-	(15,200)
Transfer from accumulated funds	10	15,330	(15,330)	-
At 31 December 2017		<u>123,587</u>	<u>7,242,448</u>	<u>7,366,035</u>
At 1 January 2018, as previously reported		123,587	7,242,448	7,366,035
Effects of adopting MFRS 9 <i>Financial Instruments</i>	2(a)	-	(13,515)	(13,515)
At 1 January 2018, as restated		123,587	7,228,933	7,352,520
Surplus for the financial year, representing total comprehensive income for the financial year		-	406,890	406,890
Transfer from accumulated funds	10	14,571	(14,571)	-
At 31 December 2018		<u>138,158</u>	<u>7,621,252</u>	<u>7,759,410</u>

STATEMENT OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

	Note	2018 RM	2017 RM
Cash Flows From Operating Activities			
Surplus before tax		537,661	1,090,380
Adjustments for:			
Depreciation of property, plant and equipment		243,389	225,859
Deposit written off		424	-
Impairment losses on trade receivables		99	98,975
Inventories written down		421	-
Inventories written off		-	12,831
Gain on disposal of non-current assets held for sale		-	(433,873)
Interest income		(44,143)	(18,338)
Reversal of impairment losses on trade receivables		(71,918)	-
Unrealised gain on foreign exchange		(114,776)	(1,538)
Operating surplus before working capital changes		551,157	974,296
Change in working capital:			
Inventories		37,735	4,797
Trade receivables		208,532	195,571
Other receivables		(76,215)	92
Trade payables		1,054,329	(460,384)
Other payables		32,642	13,795
		1,257,023	(246,129)
Cash generated from operations		1,808,180	728,167
Tax paid		(32,482)	(210,050)
Tax refund		173,742	6,723
		141,260	(203,327)
Net cash from operating activities		1,949,440	524,840
Cash Flows From Investing Activities			
Purchase of property, plant and equipment	4	(36,426)	(43,611)
Proceeds from disposal of non-current asset held for sale		-	850,000
Interest received		44,143	18,338
Withdrawal/(Placement) of fixed deposits		100,000	(50,000)
Research fund utilised	10	-	(15,200)
Net cash from investing activities		107,717	759,527
Net increase in cash and cash equivalents		2,057,157	1,284,367
Effects of exchange translation differences on cash and cash equivalents		108,440	-
Cash and cash equivalents at the beginning of the financial year		1,603,237	318,870
Cash and cash equivalents at the end of the financial year		3,768,834	1,603,237
Cash and cash equivalents at the end of the financial year comprise:			
Fixed deposits with licensed banks		1,034,409	1,033,359
Cash and bank balances		2,784,425	719,878
		3,818,834	1,753,237
Less: Deposits not for short term funding requirement		(50,000)	(150,000)
		3,768,834	1,603,237

The accompanying notes form an integral part of the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

1. Corporate Information

The Institute is a company limited by guarantee, incorporated and domiciled in Malaysia.

The principal activities of the Institute are to promote and develop the practice of internal auditing in Malaysia and to provide training and development facilities to its members. There have been no significant changes in the nature of these activities during the financial year.

The registered office and principal place of business of the Institute is located at 1-17-07, Menara Bangkok Bank, Berjaya Central Park, 105, Jalan Ampang, 50450 Kuala Lumpur.

2. Basis of Preparation

(a) Statement of compliance

The financial statements of the Institute have been prepared in accordance with Malaysian Financial Reporting Standards ("MFRSs"), International Financial Reporting Standards ("IFRS") and the requirements of the Companies Act, 2016 in Malaysia.

The financial statements of the Institute have been prepared under the historical cost convention, unless otherwise indicated in the significant accounting policies below.

Adoption of new and amended standards

During the financial year, the Institute has adopted the following new MFRSs, new Interpretation and Amendments to MFRSs issued by the Malaysian Accounting Standards Board ("MASB") that are mandatory for current financial year:

MFRS 9	Financial Instruments (IFRS 9 issued by IASB in July 2014)
MFRS 15	Revenue from Contracts with Customers
IC Interpretation 22	Foreign Currency Transactions and Advance Consideration
Amendments to MFRS 2	Classification and Measurement of Share-based Payment Transactions
Amendments to MFRS 15	Clarifications to MFRS 15
Amendments to MFRS 140	Transfers of Investment Property

Annual Improvements to MFRSs 2014 - 2016 Cycle:

- Amendments to MFRS 1
- Amendments to MFRS 128

The adoption of the new MFRSs, new Interpretation and Amendments to MFRSs did not have any significant impact on the financial statements of the Institute, except for:

(i) MFRS 9 Financial Instruments (IFRS 9 issued by IASB in July 2014)

The adoption of MFRS 9 resulted in changes in accounting policies and adjustments to the financial statements.

The accounting policies that relate to the recognition, classification, measurement and derecognition of financial instruments and impairment of financial assets are amended to comply with the provisions of this Standard, while the hedge accounting requirements under this Standard are not relevant to the Institute.

The Institute applied MFRS 9 retrospectively, and has elected not to restate the comparative periods in the financial year of initial adoption as permitted under MFRS 9 transitional provision. The impact arising from MFRS 9 adoption were included in the opening retained earnings at the date of initial application, 1 January 2018.

NOTES TO THE FINANCIAL STATEMENTS

2. Basis of Preparation (Cont'd)

(a) Statement of compliance (Cont'd)

Adoption of new and amended standards (Cont'd)

The adoption of the new MFRSs, new Interpretation and Amendments to MFRSs did not have any significant impact on the financial statements of the Institute, except for: (Cont'd)

(i) MFRS 9 Financial Instruments (IFRS 9 issued by IASB in July 2014) (Cont'd)

(a) Classification of financial assets and liabilities

Financial assets

MFRS 9 contains three (3) principal classification categories for financial assets:

- (i) measured at amortised cost ("AC");
- (ii) fair value through other comprehensive income ("FVOCI"); and
- (iii) fair value through profit or loss ("FVTPL").

The standard replaces the existing MFRS 139 Financial Instruments: Recognition and Measurement categories of loans and receivables, held-to-maturity and available-for-sale. Classification under MFRS 9 is generally based on the business model in which a financial asset is managed and its contractual cash flows characteristics.

Financial liabilities

MFRS 9 largely retains the existing requirements in MFRS 139 for the classification of financial liabilities. There were no changes to the classification and measurements of financial liabilities to the Institute.

(b) Impairment

MFRS 9 requires impairment assessments to be based on an Expected Credit Loss ("ECL") model, replacing the incurred loss model under MFRS 139. The Institute is required to record ECL on all of its debt instruments, loans and receivables, either on a 12-month or lifetime basis.

The Institute applies the simplified approach and records lifetime expected losses on all receivables. Based on readily information as at the date of this report, the Institute does not expect any significant increase in impairment losses.

NOTES TO THE FINANCIAL STATEMENTS

2. Basis of Preparation (Cont'd)

(a) Statement of compliance (Cont'd)

Adoption of new and amended standards (Cont'd)

The adoption of the new MFRSs, new Interpretation and Amendments to MFRSs did not have any significant impact on the financial statements of the Institute, except for: (Cont'd)

(i) MFRS 9 Financial Instruments (IFRS 9 issued by IASB in July 2014) (Cont'd)

(c) Effect of changes in classification and measurement of financial assets on 1 January 2018

	As at 31.12.2017 RM	Remeasurement RM	MFRS 9 measurement category - Amortised cost RM
MFRS 139 measurement category			
Financial assets			
<u>Loan and receivables</u>			
Trade receivables	548,050	(13,515)	534,535
Other receivables which are financial assets	47,039	-	47,039
Fixed deposits with licensed bank	1,033,359	-	1,033,359
Cash and bank balances	719,878	-	719,878
	<u>2,348,326</u>	<u>(13,515)</u>	<u>2,334,811</u>

(d) Effect of impairment loss on 1 January 2018

	RM
Impairment loss on financial assets	
Balance under MFRS 139 as at 31 December 2017	138,530
Impairment loss on trade receivables	13,515
Balance under MFRS 9 as at 1 January 2018	<u>152,045</u>

(e) Impact arising from adoption of MFRS 9 on the Institute's financial statements:

Statement of Financial Position

	As at 31.12.2017 RM	MFRS 9 adjustment RM	As at 1.1.2018 RM
Current asset			
Trade receivables	548,050	(13,515)	534,535
Equity			
Accumulated funds	7,242,448	(13,515)	7,228,933

NOTES TO THE FINANCIAL STATEMENTS

2. Basis of Preparation (Cont'd)

(a) Statement of compliance (Cont'd)

Adoption of new and amended standards (Cont'd)

The adoption of the new MFRSs, new Interpretation and Amendments to MFRSs did not have any significant impact on the financial statements of the Institute, except for: (Cont'd)

(ii) MFRS 15 Revenue from Contracts with Customers

MFRS 15 establishes a five-step model that will apply to recognition of revenue arising from contracts with customers, and provide a more structured approach in measuring and recognising revenue. Revenue is recognised when a customer obtains control of a good or service and thus has the ability to direct the use and obtain the benefits from the good or service. The core principle in MFRS 15 is that an entity recognises revenue to depict the transfer of promised goods or services to the customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services.

The Institute adopted MFRS 15 using the modified retrospective method of adoption with the date of initial application of 1 January 2018. Under this method, MFRS 15 can be applied either to all contracts at the date of initial application or only to contracts that are not completed at this date.

The adoption of MFRS 15 has no material financial impact other than the disclosures made in the financial statements.

Standards issued but not yet effective

The Institute has not applied the following new MFRSs, new Interpretation and Amendments to MFRSs that have been issued by the MASB but are not yet effective for the Institute:

		Effective dates for financial periods beginning on or after
MFRS 16	Leases	1 January 2019
IC Interpretation 23	Uncertainty Over Income Tax Treatments	1 January 2019
Amendments to MFRS 9	Prepayment Features with Negative Compensation	1 January 2019
Amendments to MFRS 119	Plan Amendment, Curtailment or Settlement	1 January 2019
Amendments to MFRS 128	Long-term Interests in Associates and Joint Ventures	1 January 2019
Annual Improvements to MFRSs 2015 - 2017 Cycle:		
• Amendments to MFRS 3		1 January 2019
• Amendments to MFRS 11		1 January 2019
• Amendments to MFRS 112		1 January 2019
• Amendments to MFRS 123		1 January 2019
Amendments to References to the Conceptual Framework in MFRS Standards		1 January 2020
Amendments to MFRS 3	Definition of a Business	1 January 2020
Amendments to MFRS 101	Definition of Material	1 January 2020
MFRS 17	Insurance Contracts	1 January 2021
Amendments to MFRS 10 and; MFRS 128	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Deferred until further notice

The Institute intends to adopt the above new MFRSs, new Interpretation and Amendments to MFRSs, if applicable, when they become effective.

NOTES TO THE FINANCIAL STATEMENTS

2. Basis of Preparation (Cont'd)

(a) Statement of compliance (Cont'd)

Standards issued but not yet effective (Cont'd)

The initial application of the abovementioned new MFRSs, new Interpretation and Amendments to MFRSs are not expected to have any significant impacts on the financial statements of the Institute except as mentioned below:

MFRS 16 Leases

MFRS 16, which upon the effective date will supersede MFRS 117 Leases, introduces a single lessee accounting model and requires a lessee to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. Specifically, under MFRS 16, a lessee is required to recognise a right-of-use asset representing its right to use the underlying leased asset and a lease liability representing its obligation to make lease payments. Accordingly, a lessee should recognise depreciation of the right-of-use asset and interest on the lease liability, and also classifies cash repayments of the lease liability into a principal portion and an interest portion and presents them in the statement of cash flows. Also, the right-of-use asset and the lease liability are initially measured on a present value basis. The measurement includes non-cancellable lease payments and also includes payments to be made in optional periods if the lessee is reasonably certain to exercise an option to extend the lease, or not to exercise an option to terminate the lease. This accounting treatment is significantly different from the lessee accounting for leases that are classified as operating leases under the predecessor standard, MFRS 117.

In respect of the lessor accounting, MFRS 16 substantially carries forward the lessor accounting requirements in MFRS 117. Accordingly, a lessor continues to classify its leases as operating leases or finance leases, and to account for those two types of leases differently.

The impact of the new MFRSs, amendments and improvements to published standard on the financial statements of the Institute is currently being assessed by management.

(b) Functional and presentation currency

The financial statements are presented in Ringgit Malaysia ("RM"), which is the Institute's functional currency. All financial information is presented in RM and has been rounded to the nearest RM except when otherwise stated.

(c) Significant accounting judgements, estimates and assumptions

The preparation of the Institute's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities at the reporting date. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amounts of the assets or liabilities affected in the future.

Judgements

There are no significant areas of critical judgement in applying accounting policies that have significant effect on the amounts recognised in the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

2. Basis of Preparation (Cont'd)

(a) Statement of compliance (Cont'd)

Key sources of estimation uncertainty

The key assumptions concerning the future and other key sources of estimation or uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next reporting period are set out below:

Useful lives of property, plant and equipment

The Institute regularly reviews the estimated useful lives of property, plant and equipment based on factors such as business plan and strategies, expected level of usage and future technological developments. Future results of operations could be materially affected by changes in these estimates brought about by changes in the factors mentioned above. A reduction in the estimated useful lives of property, plant and equipment would increase the recorded depreciation and decrease the value of property, plant and equipment. The carrying amount at the reporting date for property, plant and equipment is disclosed in Note 4.

Inventories valuation

Inventories are measured at the lower of cost and net realisable value. The Institute estimates the net realisable value of inventories based on an assessment of expected sales prices. Demand levels and pricing competition could change from time to time. If such factors result in an adverse effect on the Institute's products, the Institute might be required to reduce the value of its inventories. Details of inventories are disclosed in Note 5.

Impairment of receivables

The Institute reviews the recoverability of its receivables at each reporting date to assess whether an impairment loss should be recognised. The impairment provisions for receivables are based on assumptions about risk of default and expected loss rates. The customer's credit worthiness is evaluated by reviewing, amongst others, the Institute's historical collection experience.

The carrying amounts at the reporting date for trade receivables are disclosed in Note 6.

Determination of transaction prices

The Institute is required to determine the transaction price in respect of each of its contracts with customers. In making such judgement the Institute assesses the impact of any variable consideration in the contract, due to discounts or penalties, the existence of any significant financing component and any non-cash consideration in the contract.

There is no estimation required in determining the transaction price, as revenue from sale of goods and services is based on invoiced values. Discounts are not considered as they are only given in rare circumstances.

Income taxes

Judgment is involved in determining the provision for income taxes. There are certain transactions and computations for which the ultimate tax determination is uncertain during the ordinary course of business.

The Institute recognises liabilities for tax based on estimates of whether additional taxes will be due. Where the final tax outcome of these tax matters is different from the amounts that were initially recognised, such differences will impact the income tax and/or deferred tax provisions in the period in which such determination is made. As at 31 December 2018, the Institute has tax recoverable and tax payable of RMNil and RM42,075 (2017: RM237,724 and RMNil) respectively.

NOTES TO THE FINANCIAL STATEMENTS

3. Significant Accounting Policies

The Institute applies the significant accounting policies set out below, consistently throughout all periods presented in the financial statements unless otherwise stated.

(a) Foreign currency transactions and balances

Transactions in foreign currency are recorded in the functional currency of the Institute using the exchange rates prevailing at the dates of the transactions. At each reporting date, monetary items denominated in foreign currencies are retranslated at the rates prevailing on that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items or on translating monetary items at the reporting date are included in profit or loss. Exchange differences arising on the translation of non-monetary items carried at fair value are included in profit or loss for the reporting period.

(b) Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses. The policy of recognition and measurement of impairment losses is in accordance with Note 3(i)(i).

(i) Recognition and measurement

Cost includes expenditures that are directly attributable to the acquisition of the asset and any other costs directly attributable to bringing the asset to working condition for its intended use, cost of replacing component parts of the asset, and the present value of the expected cost for the decommissioning of the assets after its use. The cost of self-constructed asset also includes the cost of materials and direct labour. For qualifying assets, borrowing costs are capitalised in accordance with the accounting policy on borrowing costs. All other repair and maintenance costs are recognised in profit or loss as incurred.

When significant parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Property, plant and equipment are derecognised upon disposal or when no future economic benefits are expected from their use or disposal. Gains or losses arising on the disposal of property, plant and equipment are determined as the difference between the disposal proceeds and the carrying amount of the assets and are recognised in profit or loss.

(ii) Subsequent costs

The cost of replacing part of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Institute and its cost can be measured reliably. The costs of the day-to-day servicing of property, plant and equipment are recognised in the profit or loss as incurred.

NOTES TO THE FINANCIAL STATEMENTS

3. Significant Accounting Policies (Cont'd)

(b) Property, plant and equipment (Cont'd)

(iii) Depreciation

Depreciation is recognised in the profit or loss on straight line basis to write off the cost of each asset to its residual value over its estimated useful life.

Property, plant and equipment are depreciated based on the estimated useful lives of the assets as follows:

Freehold premises	2%
Air conditioners	20%
Computers and software	20% - 33.33%
Furniture and fittings	20%
Office equipment	20%
Office renovation	20%

The residual values, useful lives and depreciation method are reviewed at the end of each reporting period to ensure that the amount, method and period of depreciation are consistent with previous estimates and the expected pattern of consumption of the future economic benefits embodied in the property, plant and equipment.

(c) Leases

The determination of whether an arrangement is, or contains, a lease is based on the substance of the arrangement at the inception date, whether fulfillment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset, even if that right is not explicitly specific in an arrangement.

Operating leases

Leases, where the Institute does not assume substantially all the risks and rewards of ownership are classified as operating leases and, except for property interest held under operating lease, the leased assets are not recognised on the statement of financial position. Property interest held under an operating lease, which is held to earn rental income or for capital appreciation or both, is classified as investment property and measured using fair value model.

Payments made under operating leases are recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives received are recognised in profit or loss as an integral part of the total lease expense, over the term of the lease. Contingent rentals are charged to profit or loss in the reporting period in which they are incurred.

(d) Financial assets

Policy applicable from 1 January 2018

Financial assets are recognised on the statement of financial position when, and only when, the Institute becomes a party to the contractual provisions of the financial instrument.

When financial assets are recognised initially, they are measured at fair value, plus, in the case of financial assets not at FVTPL, directly attributable transaction costs.

The Institute determines the classification of its financial assets at initial recognition, and the categories include trade and other receivables.

NOTES TO THE FINANCIAL STATEMENTS

3. Significant Accounting Policies (Cont'd)

(d) Financial assets (Cont'd)

Policy applicable from 1 January 2018 (Cont'd)

Financial assets at amortised cost

The Institute measures financial assets at amortised cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at amortised cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

The Institute has not designated any financial assets at FVOCI and FVTPL.

Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace concerned. All regular way purchases and sales of financial assets are recognised or derecognised on the trade date, i.e., the date that the Institute commits to purchase or sell the asset.

A financial asset is derecognised where the contractual right to receive cash flows from the asset has expired. On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received for financial instrument is recognised in profit or loss.

Policy applicable before 1 January 2018

Financial assets are recognised on the statement of financial position when, and only when, the Institute becomes a party to the contractual provisions of the financial instrument.

Financial assets are initially recognised at fair value plus transaction costs except for financial assets at fair value through profit or loss, which are recognised at fair value. Transaction costs for financial assets at fair value through profit or loss are recognised immediately in profit or loss.

The Institute classifies its financial assets depending on the purpose for which the financial assets were acquired at initial recognition, into loans and receivables.

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for those maturing later than 12 months after the end of the reporting period which are classified as non-current assets.

After initial recognition, financial assets categorised as loans and receivables are measured at amortised cost using the effective interest method, less impairment losses. Gains and losses are recognised in profit or loss when the loans and receivables are derecognised or impaired, and through the amortisation process.

Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace concerned. All regular way purchases or sales of financial assets are recognised and derecognised on the trade date, i.e. the date that the Institute commits to purchase or sell the asset.

A financial asset is derecognised when the contractual rights to receive cash flows from the financial asset has expired or has been transferred and the Institute has transferred substantially all risks and rewards of ownership. On derecognition of a financial asset, the difference between the carrying amount and the sum of consideration received and any cumulative gains or loss that had been recognised in equity is recognised in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

3. Significant Accounting Policies (Cont'd)

(e) Financial liabilities

Policy applicable from 1 January 2018

Financial liabilities are recognised when, and only when, the Institute becomes a party to the contractual provisions of the financial instruments. All financial liabilities are recognised initially at fair value plus, in the case of financial liabilities not at fair value through profit or loss, directly attributable transaction costs.

After initial recognition, financial liabilities that are not carried at fair value through profit or loss are subsequently measured at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the liabilities are derecognised, and through the amortisation process.

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in profit or loss.

Policy applicable before 1 January 2018

Financial liabilities are classified according to the substance of the contractual arrangements entered into and the definition of financial liabilities.

Financial liabilities are recognised on the statement of financial position when, and only when, the Institute becomes a party to the contractual provisions of the financial instrument.

The Institute classifies its financial liabilities at initial recognition, into financial liabilities measured at amortised cost.

The Institute's financial liabilities comprise trade and other payables.

Trade and other payables are recognised initially at fair value plus directly attributable transaction costs and subsequently measured at amortised cost using the effective interest method.

Gains and losses on financial liabilities measured at amortised cost are recognised in profit or loss when the liabilities are derecognised, and through the amortisation process.

A financial liability is derecognised when, and only when, the obligation specified in the contract is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in profit or loss.

(f) Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if, and only if, there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

NOTES TO THE FINANCIAL STATEMENTS

3. Significant Accounting Policies (Cont'd)

(g) Inventories

Inventories, which mainly comprise the publications and books from the Institute are stated at the lower of cost and net realisable value.

Cost of publications and books comprises cost of purchase and other costs incurred in bringing them to their present location and the condition is determined on a first-in-first-out basis.

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated cost of completion and the estimated costs necessary to make the sales.

(h) Cash and cash equivalents

Cash and cash equivalents comprise cash in hand, bank balances, demand deposits and highly liquid investments that are readily convertible to known amount of cash and which are subject to an insignificant risk of changes in value. For the purpose of the statement of cash flows, cash and cash equivalents are presented net of pledged deposits, if any.

(i) Impairment of assets

(i) Non-financial assets

The carrying amounts of non-financial assets (except for inventories) are reviewed at the end of each reporting period to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated.

For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or cash-generating units. The recoverable amount of an asset or cash-generating unit is the greater of its value-in-use and its fair value less costs of disposal. In assessing value-in-use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or cash-generating unit.

An impairment loss is recognised if the carrying amount of an asset or cash-generating unit exceeds its estimated recoverable amount. Impairment loss is recognised in profit or loss. Impairment losses recognised in respect of cash-generating units are allocated to reduce the carrying amounts of the assets in the cash-generating unit (group of cash-generating units).

Impairment losses recognised in prior periods are assessed at the end of each reporting period for any indications that the loss has decreased or no longer exists. An impairment loss is reversed only if there has been a change in the estimates used to determine the recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation or amortisation, had no impairment loss been recognised for asset in prior years. Such reversal is recognised in the profit or loss.

(ii) Financial assets

Policy applicable from 1 January 2018

The Institute recognises an allowance for expected credit losses ("ECLs") for all debt instruments not held at FVTPL. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Institute expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

NOTES TO THE FINANCIAL STATEMENTS

3. Significant Accounting Policies (Cont'd)

- (i) Impairment of assets (Cont'd)
- (ii) Financial assets (Cont'd)

Policy applicable from 1 January 2018 (Cont'd)

ECLs are recognised in two stages. For credit exposures for which there have not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months ("a 12-month ECL"). For those credit exposures for which there have been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default ("a lifetime ECL").

For trade receivables and other receivables, the Institute applies a simplified approach in calculating ECLs. Therefore, the Institute does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Institute has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

Policy applicable before 1 January 2018

All financial assets, other than those categorised as fair value through profit or loss are assessed at each reporting date whether there is any objective evidence of impairment as a result of one or more events having an impact on the estimated future cash flows of the asset.

Financial assets carried at amortised cost

To determine whether there is objective evidence that an impairment loss on financial assets has been incurred, the Institute considers factors such as the probability of insolvency or significant financial difficulties of the receivable and default or significant delay in payments. For certain categories of financial assets, such as trade receivables, assets that are assessed not to be impaired individually are subsequently assessed for impairment on a collective basis based on similar risk characteristics. Objective evidence of impairment for a portfolio of receivables could include the Institute's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period and observable changes in national or local economic conditions that correlate with defaults on receivables.

If any such evidence exists, the amount of impairment loss is measured as the difference between the assets' carrying amount and the present value of estimated future cash flows (excluding future expected credit losses that have not yet been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account and the amount of impairment loss is recognised in the profit or loss. Receivables together with the associated allowance are written off when there is no realistic prospect of future recovery.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised in profit or loss, the impairment loss is reversed, to the extent that the carrying amount of the asset does not exceed what the carrying amount would have been had the impairment not been recognised at the date the impairment is reversed. The amount of reversal is recognised in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

3. Significant Accounting Policies (Cont'd)

(j) Employee benefits

(i) Short term employee benefits

Wages, salaries, bonuses and social security contributions are recognised as an expense in the reporting period in which the associated services are rendered by employees of the Institute. Short term accumulating compensated absences such as paid annual leave are recognised when services are rendered by employees that increase their entitlement to future compensated absences. Short-term non-accumulating compensated absences such as sick and medical leave are recognised when the absences occur.

The expected cost of accumulating compensated absences is measured as additional amount expected to be paid as a result of the unused entitlement that has accumulated at the end of the reporting period.

(ii) Defined contribution plans

As required by law, companies in Malaysia contribute to the state pension scheme, the Employee Provident Fund ("EPF"). Such contributions are recognised as an expense in the profit or loss as incurred. Once the contributions have been paid, the Institute has no further payment obligations.

(k) Revenue

(i) Revenue from contracts with customers

(1) Revenue from operations

Revenue from seminars, conferences, workshops, Quality Assessment Review ("QAR") and certification income is recognised in the reporting period in which the services are performed.

Revenue from examination fees is recognised when candidates registered and sat for the examination.

Entrance fees and membership subscriptions are recognised as revenue on a cash basis for the fees received in respect of the year. However, where the subscriptions are received in advance for the following year's subscription, they would be recorded as a current liability as contract liability.

(2) Sales of publications

Income from sales of publications is recognised when control of the publications is transferred, being at the point the customer purchases the publications.

(ii) Interest income

Interest income is recognised on accruals basis using the effective interest method.

(l) Income taxes

Tax expense in profit or loss comprises current and deferred tax. Current tax and deferred tax are recognised in profit or loss except to the extent that it relates to items recognised directly in equity or other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the financial year, using tax rates enacted or substantively enacted by the end of the reporting period, and any adjustment to tax payable in respect of previous years.

NOTES TO THE FINANCIAL STATEMENTS

3. Significant Accounting Policies (Cont'd)

(l) Income taxes (Cont'd)

Deferred tax is recognised using the liability method for all temporary differences between the carrying amounts of assets and liabilities in the statement of financial position and their tax bases. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax is based on the expected manner of realisation or settlement of the carrying amount of the assets and liabilities, at the end of the reporting period. Deferred tax assets and liabilities are not discounted.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised. Deferred tax assets are reviewed at the end of each reporting period and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

(m) Goods and Services Tax ("GST")

Revenues, expenses and assets are recognised net of the amount of GST except:

- (i) where the GST incurred in a purchase of assets or services is not recoverable from the taxation authority, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- (ii) receivables and payables are recognised inclusive of GST.

The net amount of GST being the difference between output and input of GST, payable to or receivable from the authority at the reporting date, is included in other payables or other receivables in the statement of financial position.

NOTES TO THE FINANCIAL STATEMENTS

4. Property, Plant and Equipment

	Freehold premises RM	Air conditioners RM	Computers and software RM	Furniture and fittings RM	Office equipment RM	Office renovation RM	Total RM
2018							
Cost							
At 1 January 2018	4,828,564	6,840	398,762	189,453	119,010	318,030	5,860,659
Additions	-	-	35,646	-	780	-	36,426
At 31 December 2018	4,828,564	6,840	434,408	189,453	119,790	318,030	5,897,085
Accumulated depreciation							
At 1 January 2018	160,952	2,280	339,791	81,782	112,204	106,010	803,019
Charge for the financial year	96,571	1,368	46,298	32,302	3,244	63,606	243,389
At 31 December 2018	257,523	3,648	386,089	114,084	115,448	169,616	1,046,408
Carrying amount							
At 31 December 2018	4,571,041	3,192	48,319	75,369	4,342	148,414	4,850,677
2017							
Cost							
At 1 January 2017	4,828,564	6,840	355,151	189,453	119,010	318,030	5,817,048
Additions	-	-	43,611	-	-	-	43,611
At 31 December 2017	4,828,564	6,840	398,762	189,453	119,010	318,030	5,860,659
Accumulated depreciation							
At 1 January 2017	64,381	912	311,709	49,480	108,274	42,404	577,160
Charge for the financial year	96,571	1,368	28,082	32,302	3,930	63,606	225,859
At 31 December 2017	160,952	2,280	339,791	81,782	112,204	106,010	803,019
Carrying amount							
At 31 December 2017	4,667,612	4,560	58,971	107,671	6,806	212,020	5,057,640

The strata title of freehold premises with a net carrying amount of RM4,571,041 (2017: RM4,667,612) is pending issuance by the relevant authorities.

NOTES TO THE FINANCIAL STATEMENTS

5. Inventories

	2018 RM	2017 RM
Books and journal	52,298	90,454
Recognised in profit or loss:		
Inventories recognised as cost of sales	255,420	205,750
Inventories written down	421	-
Inventories written off	-	12,831

6. Trade Receivables

	2018 RM	2017 RM
Trade receivables	429,528	686,580
Less: Accumulated impairment losses	(25,370)	(138,530)
	404,158	548,050

Generally, sales are on cash term save for certain customers who are given credit terms of 30 to 60 days (2017: 30 days). Trade receivables mainly comprise conferences, seminars, trainings and other events fees receivables. The Institute maintains an ageing analysis in respect of trade receivables only.

Movement in the allowance for impairment losses are as follows:

	Lifetime allowance RM	Credit impaired RM	Loss allowance RM
At 1 January 2018	-	138,530	138,530
Effect of MFRS 9 <i>Financial Instruments</i> adoption [Note 2(a)]	13,515	-	13,515
Impairment losses recognised	99	-	99
Impairment losses reversed ⁽¹⁾	-	(71,918)	(71,918)
Amount written off	-	(54,856)	(54,856)
At 31 December 2018	13,614	11,756	25,370
At 1 January 2017	-	39,555	39,555
Impairment losses recognised	-	98,975	98,975
At 31 December 2017	-	138,530	138,530

⁽¹⁾ Impairment losses reversed during the financial year when the related amounts were collected.

NOTES TO THE FINANCIAL STATEMENTS

6. Trade Receivables (Cont'd)

The loss allowance account in respect of trade receivables is used to record loss allowance. Unless the Institute is satisfied that recovery of the amount is possible, the amount considered irrecoverable is written off against the receivable directly.

The aged analysis of trade receivables at the end of the reporting period is as follows:

	Gross amount RM	Loss allowance RM	Net amount RM
2018			
Neither past due nor impaired	15,037	(104)	14,933
Past due not impaired:			
1 to 30 days	72,765	(772)	71,993
31 to 60 days	154,510	(3,147)	151,363
More than 60 days	175,460	(9,591)	165,869
	402,735	(13,510)	389,225
Credit impaired			
Individually impaired	11,756	(11,756)	-
	429,528	(25,370)	404,158
2017			
Neither past due nor impaired	97,047	-	97,047
Past due not impaired:			
1 to 30 days	161,181	-	161,181
31 to 60 days	178,595	-	178,595
More than 60 days	111,227	-	111,227
	451,003	-	451,003
Credit impaired			
Individually impaired	138,530	(138,530)	-
	686,580	(138,530)	548,050

Trade receivables that are neither past due nor impaired are creditworthy receivables with good payment records with the Institute.

As at 31 December 2018, the Institute has trade receivables amounting to RM389,547 (2017: RM451,003) which were past due but not impaired. These relate to a number of independent customers with slower repayment records.

The trade receivables of the Institute that are individually assessed to be impaired amounting to RM11,756 (2017: RM138,530), relate to customers that are in financial difficulties, and have defaulted on payment. These balances are expected to be recovered through the debts recovery process.

The foreign currency exposure profile is as follows:

	2018 RM	2017 RM
United States Dollar (USD)	192,714	9,711

NOTES TO THE FINANCIAL STATEMENTS

7. Other Receivables

	2018 RM	2017 RM
Other receivables	72,799	24,927
Deposits	22,828	22,112
Prepayments	129,044	107,951
GST receivable	6,110	-
	<u>230,781</u>	<u>154,990</u>

Included in other receivables is an amount due from Asian Confederation of Institutes of Internal Auditors amounting to RM51,412 (2017: RM8,103) which is non-trade in nature, non-interest bearing, unsecured and repayable on demand.

8. Fixed Deposits with Licensed Banks

	2018 RM	2017 RM
Deposit with tenures of less than 3 months	984,409	883,359
Deposit with tenures of more than 3 months	50,000	150,000
	<u>1,034,409</u>	<u>1,033,359</u>

The interest rates and the maturities of the fixed deposits range from 2.95% to 3.90% (2017: 2.70% to 4.18%) per annum and 30 to 365 days (2017: 30 to 365 days) respectively.

9. Cash and Bank Balances

The currency profile of the cash and bank balances are as follows:

	2018 RM	2017 RM
Ringgit Malaysia	2,356,772	606,095
United States Dollar	427,653	113,783
	<u>2,784,425</u>	<u>719,878</u>

NOTES TO THE FINANCIAL STATEMENTS

10. Research Fund

	2018 RM	2017 RM
At 1 January	123,587	123,457
Transfer from accumulated funds	14,571	15,330
Utilised during the financial year	-	(15,200)
At 31 December	138,158	123,587

The objectives of the research fund are:

- (i) To participate in research activities in the area of internal auditing with members, corporate bodies, the public, institutions of higher learning and other professional bodies;
- (ii) To avail to interested parties (members, the public, institutions of higher learning, etc.) resource materials for research at the IIA Secretariat. These resources can be in the form of journals, articles, audio-visual media, etc.; and
- (iii) To make available research grants or assistance to interested parties to carry out research to promote the internal audit profession.

11. Deferred Tax Liabilities

	2018 RM	2017 RM
At 1 January	22,992	-
Recognised in profit or loss (Note 17)	(7,768)	22,992
At 31 December	15,224	22,992

The net deferred tax liabilities and assets shown on the statement of financial position after appropriate offsetting are as follows:

	2018 RM	2017 RM
Deferred tax liabilities	24,153	22,992
Deferred tax assets	(8,929)	-
	15,224	22,992

NOTES TO THE FINANCIAL STATEMENTS

11. Deferred Tax Liabilities (Cont'd)

The components and movements of the deferred tax liabilities and assets are as follows:

	Accelerated capital allowances RM	Total RM
Deferred tax liabilities		
At 1 January 2018	22,992	22,992
Recognised in profit or loss	(8,256)	(8,256)
Under provision in prior year	9,417	9,417
At 31 December 2018	24,153	24,153
At 1 January 2017	-	-
Recognised in profit or loss	15,170	15,170
Under provision in prior year	7,822	7,822
At 31 December 2017	22,992	22,992
	Other temporary differences RM	Total RM
Deferred tax assets		
At 1 January 2018	-	-
Recognised in profit or loss	(7,375)	(7,375)
Under provision in prior year	(1,554)	(1,554)
At 31 December 2018	(8,929)	(8,929)

12. Trade Payables

The normal trade credit terms granted to the Institute is 60 days (2017: 60 days) based on the terms of the contracts.

NOTES TO THE FINANCIAL STATEMENTS

13. Other Payables

	Note	2018 RM	2017 RM
Other payables	(a)	12,578	134,449
Accruals	(b)	347,634	222,929
Contract liability	(c)	45,957	6,476
GST payable		-	9,673
		<u>406,169</u>	<u>373,527</u>

- (a) Included in other payables is an amount incurred by Governors of the Institute amounting to RMNil (2017: RM3,508) which has yet to be reimbursed to them in performing the functions of representing the Institute in global and regional meetings.
- (b) Included in accruals is an amount in relation to the accrual for bonus amounting to RM76,090 (2017: RM134,449). The bonus was subsequently paid in February 2019.
- (c) Contract liability represents advance subscription received from members and examination fees received from candidates registered for examination. The contract liability will be recognised as revenue in the year of subscription and when candidates sit for the examination respectively.

14. Revenue

	2018 RM	2017 RM
Revenue from contracts with customers		
Entrance fees and subscriptions	913,458	971,829
Seminars and conferences income	4,534,496	4,296,932
Examination fees	452,828	405,567
Quality Assessment Review fees	500,559	446,089
	<u>6,401,341</u>	<u>6,120,417</u>

15. Direct Costs

	2018 RM	2017 RM
Members' activities	366,472	290,585
Seminars and conferences	2,796,491	2,303,800
Examination	124,537	110,154
Quality Assessment Review	153,822	138,725
	<u>3,441,322</u>	<u>2,843,264</u>

NOTES TO THE FINANCIAL STATEMENTS

16. Surplus before Tax

Surplus before tax is derived after charging/(crediting) amongst other, the following items:

	2018 RM	2017 RM
Auditors' remuneration		
- Current year	25,000	28,000
- Under provision in prior year	3,000	3,000
Depreciation of property, plant and equipment	243,389	225,859
Deposit written off	424	-
Impairment losses on trade receivables	99	98,975
Inventories written down	421	-
Inventories written off	-	12,831
Loss/(Gain) on foreign exchange		
- Realised	4,896	2,632
- Unrealised	(114,776)	(1,538)
Rental of office equipment	8,542	6,382
Rental of storage space	3,717	4,333
Gain on disposal of non-current asset held for sale	-	(433,873)
Fixed deposits interest income	(44,143)	(18,338)
Reversal of impairment losses on trade receivables	(71,918)	-

17. Taxation

	2018 RM	2017 RM
Tax expenses recognised in profit or loss		
Malaysian income tax:		
Current tax provision	124,741	137,122
Under/(Over) provision in prior years	13,798	(15,153)
	138,539	121,969
Real property gain tax	-	9,560
Deferred tax (Note 11):		
Relating to origination or reversal of temporary differences	(15,631)	15,170
Under provision in prior years	7,863	7,822
	(7,768)	22,992
	130,771	154,521

The Institute is considered as a "Trade Association" under section 53(3) of the Income Tax Act 1967 under which its income is taxed at scale rates.

NOTES TO THE FINANCIAL STATEMENTS

17. Taxation (Cont'd)

A reconciliation of income tax expenses applicable to surplus before tax at the statutory tax rate to income tax expense at the effective income tax rate of the Institute is as follows:

	2018 RM	2017 RM
Surplus before tax	537,661	1,090,380
At Malaysian statutory tax rate of 24% (2017: 24%)	129,039	261,691
Tax effects on scale rates	(9,746)	(9,160)
Income not subject to tax	(103,580)	(176,818)
Expenses not deductible for tax purposes	93,397	76,579
Real property gain tax	-	9,560
Under/(Over) provision of taxation in prior years	13,798	(15,153)
Under provision of deferred tax in prior years	7,863	7,822
Tax expense for the financial year	130,771	154,521

18. Staff Costs

	2018 RM	2017 RM
Salaries, wages and other emoluments	1,406,146	1,252,838
Defined contribution plans	187,820	210,957
Social security contributions	15,031	16,328
Other benefits	253,194	264,680
	1,862,191	1,744,803

19. Related Parties Disclosure

(a) Identifying related parties

For the purposes of these financial statements, parties are considered to be related to the Institute if the Institute has the ability, directly or indirectly, to control or jointly control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Institute and the party are subject to common control or common significant influence. Related parties may be individuals or other entities.

Related parties also include key management personnel defined as those persons having authority and responsibility for planning, directing and controlling the activities of the Institute either directly or indirectly. The key management personnel comprise the Governors and management personnel of the Institute, having authority and responsibility for planning, directing and controlling the activities of the Institute directly and indirectly.

NOTES TO THE FINANCIAL STATEMENTS

19. Related Parties Disclosure (Cont'd)

(b) Significant related party transactions

Related party transactions have been entered into in the normal course of business under negotiated terms. In addition to the related party balances disclosed elsewhere in the financial statements, the related party transactions of the Institute are as follows:

	2018 RM	2017 RM
Fees paid to Governors or to a company in which the Governor has substantial financial interest for services rendered in income generating projects	12,500	58,000
Members' annual subscription fees paid by Governors	5,498	5,640

(c) Compensation of key management personnel

Remuneration of other members of key management are as follows:

	2018 RM	2017 RM
Short-term employee benefits	628,667	547,403
Post-employment employee benefits	74,970	61,052
	703,637	608,455

NOTES TO THE FINANCIAL STATEMENTS

20. Financial Instruments

(a) Classification of financial instruments

Financial assets and financial liabilities are measured on an ongoing basis either at fair value or at amortised cost. The principal accounting policies in Note 3 describe how the classes of the financial instruments are measured and how income and expenses including fair value gains or losses are recognised.

The following table analyses the financial assets and liabilities in the statement of financial position by the class of financial instruments to which they are assigned and therefore by the measurement basis:

	Financial assets at amortised cost RM	Financial liabilities at amortised cost RM	Total RM
2018			
Financial Assets			
Trade receivables	404,158	-	404,158
Other receivables *	95,627	-	95,627
Fixed deposits with licensed banks	1,034,409	-	1,034,409
Cash and bank balances	2,784,425	-	2,784,425
	<u>4,318,619</u>	<u>-</u>	<u>4,318,619</u>
Financial Liabilities			
Trade payables	-	1,133,870	1,133,870
Other payables #	-	360,212	360,212
	<u>-</u>	<u>1,494,082</u>	<u>1,494,082</u>
	Loans and receivables RM	Financial liabilities at amortised cost RM	Total RM
2017			
Financial Assets			
Trade receivables	548,050	-	548,050
Other receivables *	47,039	-	47,039
Fixed deposits with licensed banks	1,033,359	-	1,033,359
Cash and bank balances	719,878	-	719,878
	<u>2,348,326</u>	<u>-</u>	<u>2,348,326</u>
Financial Liabilities			
Trade payables	-	79,541	79,541
Other payables #	-	357,378	357,378
	<u>-</u>	<u>436,919</u>	<u>436,919</u>

* Excluding prepayments and GST receivable

Excluding contract liability and GST payable

NOTES TO THE FINANCIAL STATEMENTS

20. Financial Instruments (Cont'd)

(b) Financial risk management objectives and policies

The Institute's financial risk management policy is to ensure that adequate financial resources are available for the development of the Institute's operations whilst managing its financial risks, including credit, liquidity, foreign currency and interest rate risks. The Institute operates within clearly defined guidelines that are approved by the Board and the Institute's policy is not to engage in speculative transactions.

The following sections provide details regarding the Institute's exposure to the abovementioned financial risks and the objectives, policies and processes for the management of these risks.

(i) Credit risk

Credit risk is the risk of a financial loss to the Institute if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Institute's exposure to credit risk arises principally from its receivables from customers and deposits with licensed banks and financial institutions. There are no significant changes as compared to prior periods.

The Institute has adopted a policy of only dealing with creditworthy counterparties. Management has a credit policy in place to control credit risk by dealing with creditworthy counterparties and deposit with banks and financial institutions with good credit rating. The exposure to credit risk is monitored on an ongoing basis and action is taken for long outstanding debts.

At each reporting date, the Institute assesses whether any of the receivables are credit impaired.

The gross carrying amounts of credit impaired trade receivables are written off (either partial or full) when there is no realistic prospect of recovery. This is generally the case when the Institute determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. Nevertheless, trade receivables that are written off could still be subject to enforcement activities.

The carrying amounts of the financial assets recorded on the statement of financial position at the end of the reporting period represent the Institute's maximum exposure to credit risk.

At the end of the reporting period, the Institute's credit exposure is concentrated mainly on 2 debtors (2017: 2 debtors), which accounted for 43% (2017: 26%) of the total trade receivables.

(ii) Liquidity risk

Liquidity risk refers to the risk that the Institute will encounter difficulty in meeting its financial obligations as they fall due. The Institute's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities.

The Institute's funding requirements and liquidity risk is managed with the objective of meeting business obligations on a timely basis. The Institute finances its liquidity through internally generated cash flows.

All financial liabilities of the Institute are assessed as current and correspondingly, no detailed maturity analysis is deemed necessary.

NOTES TO THE FINANCIAL STATEMENTS

20. Financial Instruments (Cont'd)

(b) Financial risk management objectives and policies (Cont'd)

(iii) Market risk

(a) Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

The Institute is exposed to foreign currency risk on transactions that are denominated in currency other than the functional currency of the Institute. The currency giving rise to this risk is primarily United States Dollar ("USD").

The carrying amounts of the Institute's foreign currency denominated financial assets at the end of the reporting period are as follows:

	Denominated in USD	
	2018 RM	2017 RM
2018		
Financial assets		
Trade receivables	192,714	9,711
Cash and bank balances	427,653	113,783
	<u>620,367</u>	<u>123,494</u>

Foreign currency sensitivity analysis

The following table demonstrates the sensitivity of the Institute's surplus before tax for the financial year to a reasonably possible change in the USD exchange rate against RM, with all other variables held constant:

	Changes in currency rate RM	2018 Effect on surplus before tax RM	Changes in currency rate RM	2017 Effect on surplus before tax RM
USD	Strengthened 10% Weakened 10%	62,037 <u>(62,037)</u>	Strengthened 10% Weakened 10%	12,349 <u>(12,349)</u>

NOTES TO THE FINANCIAL STATEMENTS

20. Financial Instruments (Cont'd)

(b) Financial risk management objectives and policies (Cont'd)

(iii) Market risk (Cont'd)

(b) Interest rate risk

The Institute's fixed rate deposits placed with licensed banks are exposed to a risk of change in their fair value due to changes in interest rates.

The Institute does not utilise interest swap contracts or other derivative instruments for trading or speculative purposes.

The carrying amount of the Institute's financial instruments that are exposed to interest rate risk is as follows:

	2018 RM	2017 RM
Fixed rate instruments		
Financial asset		
Fixed deposits with licensed banks	1,034,409	1,033,359

Interest rate risk sensitivity analysis

The Institute does not account for any fixed rate financial assets at fair value through profit or loss. Therefore, a change in interest rates at the end of the reporting period would not affect profit or loss.

(c) Fair value of financial instruments

The carrying amounts of short term receivables and payables and cash and cash equivalents approximate their fair value due to the relatively short term nature of these financial instruments and insignificant impact of discounting.

As the financial assets and financial liabilities of the Institute are not carried at fair value by any valuation method, the fair value hierarchy analysis is not presented.

21. Capital Management

The Institute regards the accumulated funds as capital. The objectives of the Institute in managing capital are:

- (i) To be the recognised voice for the internal audit profession;
- (ii) To develop and sustain the internal audit profession in Malaysia through appropriate infrastructure, coordination, support and communication; and
- (iii) To provide exceptional service to its members.

The Institute regularly reviews and manages its capital to ensure adequacy for both operational and capital needs. All surpluses are transferred to the accumulated funds for future operational needs. For the purpose of capital disclosure, the Institute regards the accumulated funds as capital of the Institute.

There were no changes in the Institute's approach to capital management during the financial year.

NOTES TO THE FINANCIAL STATEMENTS

22. Comparative Figures

- (a) The financial statements of the Institute for the financial year ended 31 December 2017 were audited by another auditor who expressed an unmodified opinion on those statements on 21 May 2018.
- (b) The following reclassifications were made to the financial statements of prior year to be consistent with current year presentation.

	As previously stated RM	Reclassification RM	As restated RM
Statement of Financial Position			
<i>Current Assets</i>			
Fixed deposits with licensed banks	-	1,033,359	1,033,359
Cash and bank balances	1,753,237	(1,033,359)	719,878
<i>Current Liabilities</i>			
Other payables	367,051	6,476	373,527
Contract liability *	6,476	(6,476)	-
Statement of Profit or Loss and Other Comprehensive Income			
Other income	563,778	18,338	582,116
Finance income	18,338	(18,338)	-
Statement of Cash Flows			
Cash Flows From Operating Activities			
Change in working capital			
Decrease/(Increase) in receivables	195,663	(195,663)	-
(Decrease)/Increase in payables	(446,589)	446,589	-
Trade receivables	-	195,571	195,571
Other receivables	-	92	92
Trade payables	-	(460,384)	(460,384)
Other payables	-	13,795	13,795

23. Date of Authorisation for Issue

The financial statements were authorised for issue by the Board of Governors in accordance with a resolution of the Governors on 2 April 2019.

PARTNERSHIP

EMERGING TECHNOLOGIES FOR NON-IT AUDITORS WORKSHOP

OVERVIEW

This workshop is designed to provide participants with the latest insights into the emerging technologies that are shaping the audit landscape. It will focus on the practical application of these technologies in the audit process, and how they can be used to enhance the efficiency and effectiveness of the audit. The workshop will be held in a state-of-the-art venue, and will feature a series of interactive sessions, including a panel discussion with leading experts in the field.

OBJECTIVES

- To provide participants with a comprehensive overview of the emerging technologies that are shaping the audit landscape.
- To explore the practical application of these technologies in the audit process.
- To discuss the challenges and opportunities associated with the use of these technologies.
- To provide participants with the tools and resources they need to stay up-to-date with the latest developments in the field.

OUTLINE

- Introduction to Emerging Technologies
- The Role of Emerging Technologies in the Audit Process
- Challenges and Opportunities
- Case Studies
- Panel Discussion
- Q&A Session

ADMINISTRATIVE DETAILS

DATE: 11 JULY 2018

VENUE: PULLMAN KUALA LUMPUR CITY CENTRE HOTEL AND RESIDENCES

TIME: 9:00AM - 1:00PM

CONFERENCE FOR MEMBERS OF THE AUDIT COMMITTEE / RISK MANAGEMENT COMMITTEE OF PARTICIPATING ORGANISATIONS AND TRADING PARTICIPANTS

GOVERNANCE, RISK AND CONTROL - EMBRACING THE FUTURE

DATE: 11 JULY 2018

VENUE: PULLMAN KUALA LUMPUR CITY CENTRE HOTEL AND RESIDENCES

TIME: 9:00AM - 1:00PM

INTERNATIONAL PROFESSIONAL PRACTICES FRAMEWORK FOR AUDIT COMMITTEE (AC)

VENUE: Conference Room, Bursa Malaysia Bhd

DATE: 28 August 2018 (Thursday)

TIME: 9:00 am to 1:00 pm (Registration starts at 8:00AM)

WHO SHOULD ATTEND: Audit Committee Members of Public Listed Companies

ADVOCACY

THE EDGE MARKETS
MAKE BETTER DECISIONS


Highlight

Ex-auditor general Ambrin calls 1MDB a disgrace

Supriya Surendran

theedgemarkets.com

October 30, 2018 23:00 pm +08



KUALA LUMPUR (Oct 30): Calling the audit of 1Malaysia Development Bhd (1MDB) the most "challenging task" in his more than 10 years of service as the country's auditor general, Tan Sri Ambrin Bung today referred to the strategic investment firm as a "disgrace".

Ambrin, the auditor-general from February 2006 to February 2017, made this statement when addressing a roomful of auditing professionals at the Asian Confederation of Institutes of Internal Auditors Conference 2018, where he posed this question to the room: Is 1MDB a scandal or a wrong business model?

"Whether it's a scandal or a wrong business model, you can't run away from the question of who is to blame. If it is a scandal, let the criminal investigators prove it in court.

"And if it is a business model, the question is: Why so much of recalcitrance in the company? Why so little due diligence done.

"[For example] for an or...

"Why not Khazanan had good governance, with d controls? This is something

Bernama.com Get It Right

Internal auditors can instill ethical workplace culture - Rafidah

Last update: 30/10/2018

By Mard Khairul Idham Amran

KUALA LUMPUR, Oct 30 (Bernama) — Internal auditors play an important role in supervising business management and instilling the culture of working competently and ethically, says AirAsia's Chief Compliance Officer, Tan Sri Rafidah Aziz.

"Internal auditors are the ones who supervise the way the rest of the people (do things) and if they are very good internal auditors, they can quickly detect any errors, distortions and irregularities," she told Bernama in an interview here today.

She said internal auditors would help to advise, suggest and put in place the corrective measures and plug the loopholes.

"The only way that businesses can grow is when they are done ethically. Some businesses have to be shut down because they are being unethical," she said.

Rafidah, who was former international trade and industry minister, pointed out the need for internal auditors to have the right attitude in carrying their duties within their boundaries.

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THE EDGE MARKETS
MAKE BETTER DECISIONS

Internal auditors must embrace technology to stay relevant

Supriya Surendran

The Edge Financial Daily

October 30, 2018 08:48 am +08

This article first appeared in The Edge Financial Daily, on October 30, 2018.



Internal auditors must embrace technology to stay relevant, says Rafidah Aziz, former international trade and industry minister, at the Asian Confederation of Institutes of Internal Auditors (ACIIA) 2018 Conference here today.

Rafidah, who was former international trade and industry minister, pointed out the need for internal auditors to have the right attitude in carrying their duties within their boundaries.

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Malaysian Reserve

INTERNAL auditors must adapt to digitalisation to stay relevant

Tuesday, October 30, 2018 at 11:00 am

By NG BEN SHEN (Pic By ISMAIL, CHE RUS)

INTERNAL auditors must adapt to digitalisation to stay relevant, says Rafidah Aziz, former international trade and industry minister, at the Asian Confederation of Institutes of Internal Auditors (ACIIA) 2018 Conference here today.

Rafidah, who was former international trade and industry minister, pointed out the need for internal auditors to have the right attitude in carrying their duties within their boundaries.

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THE EDGE MARKETS
MAKE BETTER DECISIONS

Embrace political interference if it's for the rakyat, says Rafidah

Adam Aziz

theedgemarkets.com

October 30, 2018 12:59 pm +08

KUALA LUMPUR (Oct 30): Corporate Malaysia should not see the presence of political element in the course of business as a form of interference, said Tan Sri Rafidah Aziz.

Rafidah, who was former international trade and industry minister, pointed out the need for internal auditors to have the right attitude in carrying their duties within their boundaries.

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