

# **THE INSTITUTE OF INTERNAL AUDITORS MALAYSIA**

## **ANTI-BRIBERY AND CORRUPTION FRAMEWORK**

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# Introduction

The Institute of Internal Auditors Malaysia (“IIA Malaysia” or the “Institute”) is committed to conducting its business lawfully and ethically.

In response to the development of the law and regulations in relation to the global fight against corruption, including the introduction of corporate liability to Malaysian commercial organisation, via the Malaysian Anti-Corruption Commission (“MACC”) Act 2009 (amended 2018), the Institute has established this Anti-Bribery and Corruption Framework that sets out the Institute’s principles and stance and adequate procedures against bribery and corrupt activities in the conduct of its business.

This Anti-Bribery and Corruption Framework (“Framework”) has considered amongst others, guidance issued by the Prime Minister’s Department, i.e. Guidelines on Adequate Procedures Pursuant to Subsection (5) of Section 17A under the amended Malaysian Anti-Corruption Commission Act 2009 (amended 2018), as well as other international better practices.

The Institute aims to achieve the highest level of business ethics and prevent the occurrence of bribery and corruption in the conduct of the Institute’s businesses.

This Framework comprises key policies and procedures that address the Institute’s corruption risks, and, together with general internal controls of the Institute, are aimed to mitigate corruption risks of the Institute. However, the Framework may not be able to eradicate every possibility of bribery or corruption due to the inherent limitations in any system of internal control. Moreover, it is impractical for the Framework to spell out every conceivable means that bribery and corruption may take place. Hence, users of this Framework are expected to exercise careful thoughts and good judgement, whilst applying the spirit and principles of this Framework, to manage all bribery or possible bribery situations.

In case of any doubt, personnel of the Institute shall enquire or seek advice from the Institute’s Executive Director.

This Framework, including the policies and procedures referred to in the Framework, shall be reviewed when:

- there is a change in the law or circumstance in the Institute’s business;
- there is a material change in the environment or circumstances in which the Institute is operating; or
- the current Framework is found to be inadequate.

In any event, this Framework, including the policies and procedures, shall be reviewed at least once every three (3) years.

The diagram below highlights how the various policies, procedures and controls of the Institute addresses the five principles outlined in the Ministerial Guidelines on Adequate Procedures.



## Definitions

“bribery”	refers to the act of corruptly authorising, giving, agreeing to give, promising, offering, soliciting, receiving, or agreeing to receive any gratification, whether directly or indirectly.
“business associates”	include the Institute’s joint-venture entities, joint-venture partners and business partners.
“Committees”	include the Audit Committee, Professional Development Committee, Professional Services Committee, Certification and Academic Relations Committee, Research

& Technical Advisory Committee, Internal Quality Assurance Committee and Nomination and Remuneration Committee.

“corruption”	shall have the definition consistent with that provided by <i>Transparency International</i> , which is: the abuse of entrusted power for private gain.
“facilitation payments”	shall have the definition consistent with that provided by <i>Transparency International</i> , which is: a small bribe, also called a ‘facilitating’, ‘speed’, or ‘grease’ payment, made to secure or expedite the performance of a routine or necessary action to which the payer has legal or other entitlement.
“giving” or “paying” a bribe	refers to actions amounting to the act of corruptly authorising, giving, agreeing to give, promising, or offering a gratification by a person associated.
“gratification”	shall have the meaning as defined in the amended MACC Act 2009, i.e.: <ul style="list-style-type: none"> <li>(a) money, donation, gift, loan, fee, reward, valuable security, property or interest in property being property of any description whether movable or immovable, financial benefit, or any other similar advantage;</li> <li>(b) any office, dignity, employment, contract of employment or services, and agreement to give employment or render services in any capacity;</li> <li>(c) any payment, release, discharge or liquidation of any loan, obligation or other liability, whether in whole or in part;</li> <li>(d) any valuable consideration of any kind, any discount, commission, rebate, bonus, deduction or percentage;</li> <li>(e) any forbearance to demand any money or money’s worth or valuable thing;</li> <li>(f) any other service or favour of any description, including protection from any penalty or disability incurred or apprehended or from any action or proceedings of a disciplinary, civil or criminal nature, whether or not already instituted, and including the exercise or the forbearance from the exercise of any right or any official power or duty; and</li> <li>(g) any offer, undertaking or promise, whether conditional or unconditional, of any gratification within the meaning of any of the preceding paragraphs (a) to (f).</li> </ul>
“Management”	refers to Secretariat of the Institute who holds a managerial position, i.e. Executive Director, Heads of Department and Managers.
“Public Body”, “Officer” and “Foreign Public Official”	shall have the meaning as defined in Section 3 of the amended MACC Act 2009.
“receiving” a bribe	refers to actions amounting to the act of soliciting, receiving, or agreeing to receive a gratification by a person associated.
“Secretariat”	includes full-time, part-time, probationary, contract and temporary employees (including trainees or interns)
“suppliers/ service providers”	include the vendors, consultants, trainers, assessors, financial institutions, advisors, and any person or institution which performs services for or on behalf of the Institute.
“person associated”	refers to governors and Secretariat of IIA Malaysia or a person (individual or organisation) who performs services for or on behalf of IIA Malaysia.

# Anti-Bribery and Corruption Policy

IIA Malaysia has established an Anti-Bribery and Corruption Policy which forms the keystone for the Institute's Anti-Bribery and Corruption Framework and the relevant policies supporting the Framework.

With an objective to foster an ethical business environment and ecosystem, the Anti-Bribery and Corruption Policy is generally applicable to all the Institute's businesses, internal stakeholders as well as external stakeholders who conduct business with or for the Institute, including Governors, members of all Committees, Secretariat, suppliers/ service providers, business associates, and any other third parties acting for or on the Institute's behalf.

The Anti-Bribery and Corruption Policy shall be made publicly available on the Institute's corporate website to ensure the Institute's anti-bribery and corruption stances are made known to all external stakeholders of the Institute.

IIA Malaysia's anti-bribery and corruption stances are as follows:

- I. IIA Malaysia adopts a zero-tolerance approach towards bribery and corruption and will not pay or receive bribes or corrupt gratification to or from anyone for any purpose.
- II. The Institute takes the upholding of its anti-bribery and corruption stances across the Institute's business seriously and expects the same from stakeholders internal and external to the Institute's business, extending to all the Institute's business dealings and activities.
- III. Governors, Committees members, Secretariat, suppliers/ service providers, business associates, and any third parties working for or on behalf of the Institute shall adhere to and observe the Institute's anti-bribery and corruption stances and relevant provisions of this Policy.
- IV. The Institute treats any violation of this Policy seriously and will undertake necessary actions, including, but not limited to, review of employment or appointment, disciplinary actions, dismissal, and reporting to the authorities, consistent with the relevant laws and regulations.

Refer to **Appendix 1: Anti-Bribery and Corruption Policy** for a detailed version of the Institute's Anti-Bribery and Corruption Policy.

# Governance

In driving IIA Malaysia towards upholding its anti-bribery and corruption stances, the Institute's Board of Governors ("Board"), the Committees, and relevant persons charged with governance are responsible to establish an ethical business culture within the Institute and ensure adequate procedures are in place to enable the Institute to identify, assess, and manage areas where it is exposed to corruption risks.

The respective key responsibilities of the Institute's top-level governance bodies are as follows:

Governance body	Key Responsibilities
Board of Governors	<ul style="list-style-type: none"> <li>Promoting a culture of integrity throughout the Institute, including managing corruption risks of the Institute;</li> <li>Ensuring the Institute's vision and long-term strategy considers ethical business practices (including anti-bribery and corruption);</li> <li>Determining the Institute's stances on anti-bribery and corruption; and</li> <li>Overseeing the establishment, maintenance and review of the Institute's Anti-Bribery and Corruption Framework.</li> </ul>
Executive Director, President and Audit Committee Chairman	<ul style="list-style-type: none"> <li>Managing and reviewing the investigation of whistleblowing cases reported.</li> </ul>
Audit Committee	<ul style="list-style-type: none"> <li>Reviewing, including via the internal audit, the design adequacy and operating effectiveness of the Institute's internal control system pertaining to anti-bribery and corruption.</li> </ul>
Risk Management Committee	<ul style="list-style-type: none"> <li>Ensuring a process is in place to identify, assess, manage, and monitor key bribery and corruption risks of the Institute; and</li> <li>Reviewing the Institute's key bribery and corruption risk.</li> </ul>
Internal Audit	<ul style="list-style-type: none"> <li>Assists the Audit Committee in its review of the design adequacy and operating effectiveness of the Institute's anti-bribery and corruption controls and corruption risk management processes.</li> </ul>
Compliance Officer (Executive Director)	<ul style="list-style-type: none"> <li>Ensuring the implementation of the Institute's Anti-Bribery and Corruption Framework;</li> <li>Providing advice and guidance to the Institute's Secretariat and business associates in relation to the Institute's Anti-Bribery and Corruption Framework and relevant policies and procedures;</li> <li>Ensuring the establishment and performance of an internal control system which provides reasonable assurance that the Institute's corruption risks are managed;</li> <li>Reporting to the Board any significant corruption risks; and</li> <li>Establishing effective anti-bribery and corruption controls, and reporting their performance to the Board.</li> </ul>
Management	<ul style="list-style-type: none"> <li>Managing the Institute's corruption risks in accordance with IIA Malaysia's anti-bribery and corruption policies and procedures</li> </ul>



Governance body	Key Responsibilities
	<ul style="list-style-type: none"> <li>Managing and ensuring the communication and training of relevant internal and external stakeholders in relation to the Institute's Anti-Bribery and Corruption Framework and relevant policies and procedures;</li> </ul>

## Corruption Risk Assessment

In order to enable the Institute to effectively address and manage the bribery and corruption risks in its business operations, the Institute has established a process for the identification, evaluation and management of corruption risk areas, focusing on the Institute's key corruption risk areas or areas where the Institute is exposed to a higher risk of corruption. The Senior Management, comprising the Executive Director and Heads of Department, shall be responsible for the conduct of the Corruption Risk Assessment.

### Methodology

#### Identifying Corruption Risk Areas

When identifying Corruption risk areas, the business activities or processes within the value chain of the Institute's business segments or operations shall be considered in relation to the stakeholders involved in those business activities or processes. Amongst others, some business activities or situations with exposure to corruption risks are as follows:

- Interaction with Public Officials;
- Influence assurance results;
- Use of third-party agents;
- Joint-venture and strategic partnership arrangement;
- Obtain or retain sales; and
- Influence procurement arrangement.

#### Assessment and Rating Corruption Risk Areas

The assessment and rating of the Corruption Risk Areas shall consider the likelihood of the occurrence and consequence arising from materialisation of corruption risk, which considers, amongst others, the following:

- the Institute's interest or stake in such transaction or activities;
- the magnitude of consideration value or amount;
- in relation to the Institute's Governors, members of all Committees, Secretariat, suppliers/ service providers or business associates performing service on behalf of the Institute, the personal interest or benefit at stake in such transaction or activity; and
- the extent of the reputation of the external stakeholder involved in such transaction or activity (especially in relation to integrity and bribery).

#### Management of Corruption Risks



While the Institute has a zero-tolerance against bribery and corruption, it will not be practical to expend unlimited resource on eradicating every possibility of bribery or corruption. Hence, the resources and effort put into managing the corruption risks shall be reasonable and proportionate with the risk exposure and risk rating, e.g. corruption risk areas with a greater exposure or higher risk rating shall be addressed with more rigorous controls to ensure the effectiveness of corruption risk management.

### Corruption Risk Registers

The Institute shall maintain and update records of the Corruption Risk Assessment in a register, including, amongst others, the following information:

- corruption risk areas;
- corruption schemes;
- potential activities;
- at-risk parties;
- gross risk rating (including likelihood and impact);
- anti-corruption controls;
- residual risk rating (including likelihood and impact);
- management action plan (additional controls to be implemented and person-in-charge); and
- implementation timeline.

Refer to **Appendix 2: Corruption Risk Register (sample)** for a sample register of the Institute's documentation of Corruption Risk Assessment.

### Risk Parameters

In performing the corruption risk assessment, the following parameters shall be used as guidance in determining the likelihood of the risk occurring, its impact should the risk crystallises, and the risk rating.

#### ➤ Impact

Rating	Legal / Compliance	Reputation
<b>Insignificant</b>	<ul style="list-style-type: none"> <li>• No litigation consequences</li> <li>• Issuance of advice letter</li> </ul>	<ul style="list-style-type: none"> <li>• Minimal/ no impact on reputation</li> </ul>
<b>Minor</b>	<ul style="list-style-type: none"> <li>• Reprimand/ warning letter from authorities</li> <li>• Minor reduction in recognition from international professional body</li> </ul>	<ul style="list-style-type: none"> <li>• Unfavourable information that would not disrupt routine operations</li> </ul>
<b>Moderate</b>	<ul style="list-style-type: none"> <li>• Public reprimand &amp; warning letter from authorities</li> <li>• Moderate reduction in recognition from international professional body</li> </ul>	<ul style="list-style-type: none"> <li>• Negative national media coverage</li> <li>• Complaints by industry practitioner that could disrupt The Institute's routine activities in short term</li> </ul>
<b>Major</b>	<ul style="list-style-type: none"> <li>• Temporary suspension of The Institute's activities</li> <li>• Major reduction in recognition from international professional body</li> </ul>	<ul style="list-style-type: none"> <li>• Serious national media coverage</li> <li>• Loss of trust from industry practitioner</li> </ul>

Rating	Legal / Compliance	Reputation
		<ul style="list-style-type: none"> <li>Negative public image that could disrupt The Institute's activities for a certain period of time</li> </ul>
<b>Catastrophic</b>	<ul style="list-style-type: none"> <li>Closure of The Institute</li> <li>Permanent restriction on The Institute's operation</li> <li>Non-recognition by international professional body</li> </ul>	<ul style="list-style-type: none"> <li>Adverse international media coverage with authority's intervention</li> <li>Loss of support from industry practitioner</li> <li>Sustained long term/permanent damage to The Institute's image</li> </ul>

➤ Likelihood

Rating	Description
<b>Rare</b>	The risk may occur in exceptional circumstances and is unlikely to occur in the next five (5) years.
<b>Unlikely</b>	The risk is expected to occur less frequently but at least once in the next 3 years.
<b>Possible</b>	The risk is expected to occur at least once in the next 12 months.
<b>Likely</b>	The risk is expected to occur several times a year.
<b>Almost Certain</b>	The risk is expected to occur in most circumstances or at frequent intervals, at least monthly.

Risk Ratings

The Gross Risk Rating and Residual Risk Rating are derived using the following risk matrix:

Likelihood of occurrence ↑	Almost certain	Medium	High		Extreme	
	Likely					
	Possible	Low				
	Unlikely					
	Rare					
		Insignificant	Minor	Moderate	Major	Catastrophic
		Magnitude of impact →				

The risk ratings are categorised into four categories, as shown in the table below, based on their impact and likelihood of occurrence.

Risk rating	Definition
<b>Low</b>	Low risk of corruption or bribery occurring with minimal impact as a result
<b>Medium</b>	Moderate risk of corruption or bribery occurring with limited impact as a result
<b>High</b>	Corruption or bribery is likely to occur with significant impact as a result
<b>Extreme</b>	Occurrence of corruption or bribery is almost certain with catastrophic impact as a result

### Risk Treatment

The risk treatment options available for Management's consideration comprise:

- **Avoiding:** Risks may be avoided by not engaging in the activities/ function with the attendant risks, for example, if bribery is inevitable in conducting a business activity, the risks may be terminated by terminating the business activity/ function;
- **Modifying:** The residual risk has exceeded the desired risk level based on the Board's risk appetite and hence actions are to be taken to reduce the risk by lessening its likelihood or impact by the application of additional controls such as enhancing organisational procedures (e.g. segregation of functions), expansion of standard operating procedures, adopting of new or revised policies, deploying an internal monitoring system and enlarging the scope of internal auditing, etc.; or
- **Retaining:** Risks which are acceptable as they are within the desired risk levels, with full intent and purpose and we can make a conscious decision not to take any further action but monitor the existing controls and measures that are in place to manage the risks.

### Frequency

Assessment of the Institute's corruption risks shall be conducted on an annual basis, including consideration of any significant changes to the business environment, countries of operations, development in laws and regulations and industry developments.

# Business Ethics

IIA Malaysia is committed to conducting its business with high standards of excellence, transparency, accountability, and integrity. Pursuant to its commitment, the Institute has established:

- a **Code of Conduct** for its Secretariat;
- a **Code of Business Conduct and Ethics for Board of Governors**;
- a **Code of Business Conduct and Ethics for Committees members**; and
- a **Code of Business Ethics (Suppliers, Service Providers and Business Associates)** for the Institute's suppliers, service providers and business associates;

to set out the standards of ethical business practices and conduct that it expects from all parties involved in the Institute's business, including the Institute's Governors, members of all Committees, Secretariat, suppliers, service providers and business associates.

Refer to **Appendix 3A: Code of Conduct, Appendix 3B: Code of Business Conduct: and Ethics for Board of Governors, Appendix 3C: Code of Business Conduct: and Ethics for Committee Members** and **Appendix 3D: Code of Business Ethics (Suppliers, Service Providers and Business Associates)** for details.

## Acknowledgement and Adherence

Certain stakeholders of the Institute, both internal and external, play a more significant role or may be exposed to a higher inherent risk depending on their business relationship with the Institute, and thus the Institute shall be provided with additional assurance by requiring documented acknowledgement by the stakeholder on the stakeholder's understanding of, and agreement to adhere to, the Institute's Code of Conduct or the Code of Business Ethics (Suppliers, Service Providers and Business Associates), as applicable.

This is facilitated via the Institute's Integrity and Background Declaration Form.

Refer to the following for templates for the Institute's Integrity and Background Declaration Forms:

- (a) **Appendix 4A: Integrity and Background Declaration for Secretariat;**
- (b) **Appendix 4B: Annual Code of Business Conduct and Ethics for Governors Awareness and Compliance Certification;**
- (c) **Appendix 4C: Annual Code of Business Conduct and Ethics for Committee Members Awareness and Compliance Certification and**
- (d) **Appendix 4D: Integrity and Background Declaration for Suppliers, Service Providers and Business Associates.**

# Due Diligence

Due diligence checking is a process to screen internal and third parties and obtain the necessary information to assess these parties, including identifying any red flags that may indicate potentially higher risks with regards to possible integrity issues or bribery risks.

It is the Institute's policy to conduct due diligence checking (pertaining to anti-bribery and corruption), as follows:

- Basic and/ or enhanced due diligence shall be conducted on all Subjects (i.e. Governors, Committees members, Secretariat, suppliers, service providers, business associates, Intended Recipients of Donation or Sponsorship) based on the table below prior to their employment, appointment or engagement of service:

Focus Areas	Governors, Committees members and Secretariat	Suppliers/ service providers <sup>1</sup>	Business Associates <sup>2</sup>	Intended recipients of donation or sponsorship
Basic Due Diligence				
Legitimacy of the organisation	Not applicable	All suppliers <sup>3</sup> / service providers	All Business Associates	All donations or sponsorships
The shareholders details of the organisation				
Basic financial information of the organisation				
Conflict of interest between the organisation, or individual with the Institute's business or personnel	All Governors, Committees members and Secretariat			
If the intended transaction contradicts with the applicable local laws, regulations or the Institute's policies	Not applicable			
Understanding of how the service will be carried out and delivered				Not applicable
Market pricing or salary benchmarking comparison	All Secretariat			
Shareholding or directorship in other organisations	All Governors, Committees members and Secretariat	Not applicable		
Enhanced Due Diligence				
The extent to which the organisation has a system to manage bribery and corruption risk, including consideration	Not applicable	Suppliers/ service providers with transaction value <b>above RM15.000</b> per	Business Associates with transaction value <b>above RM15.000</b> per	Not applicable

Focus Areas	Governors, Committees members and Secretariat	Suppliers/ service providers <sup>1</sup>	Business Associates <sup>2</sup>	Intended recipients of donation or sponsorship
on their integrity culture entity		annum or that <b>may deal</b> with external party when performing service for the Institute	annum or that <b>may deal</b> with external party when performing service for the Institute	
History of involvement or alleged involvement in bribery or corrupt activities, fraud, money- laundering activities, etc.	All Governors, Committees members and Management			Sponsorships with value <b>above</b> RM1,000.00 per annum
If the subject is, or affiliated with, a Public Body, Officer of a Public Body, a Foreign Public Official, or a politically- exposed person.				

**Note 1** Suppliers/ service providers shall have the definition as defined in the “Definition” Section of this Framework, which includes trainers.

**Note 2** Business Associates shall have the definition as defined in the “Definition” Section of this Framework, which includes business or joint-venture partners.

**Note 3** Suppliers with transaction value below RM1,000 per annum (such as *nasi lemak* stalls) are exempted from the due diligence.

- Due diligence performed shall have a validity of two (2) years and should there be any renewal of service/ contract/ appointment within the two (2) years, re-performance of due diligence is not required;
- Re-performance of due diligence is required for renewal of service/ contract/ appointment after the two (2)-year validity period; and
- In the event updated circumstances or information are made known to IIA Malaysia, the Institute shall reassess such situations to determine if additional controls, including termination of services, need to be implemented.

## Due Diligence Methods and Approaches

The methods or approaches in performing these checking include, but are not limited to, the following:

### Basic Due Diligence

- direct engagement, including via officially documented questionnaire or information request addressed during interview;
- if an interview is conducted, the interviewer’s assessment, including assessment on the interviewee’s belief in integrity and willingness to comply with the Institute’s policies;
- a search of publicly available information, including a search on the internet and media, from government authorities (e.g. Companies Commission of Malaysia or MACC’s website), or public database search (e.g. CTOS, CCRIS), etc.; and
- assessing legitimacy and financial status of the organisation/ entity, and understanding its major Shareholders and Directors, through requesting of the following pertinent documentation from the Subjects:
  - Certificate of Registration/ Incorporation (e.g. Form 9);
  - Certificate on Change of Company Name (e.g. Form 13), if any;
  - Corporate Profile;

- Latest Annual Return; and
- Latest Financial Statements.

#### Enhanced Due Diligence

- a. making enquiries with appropriate other parties;
- b. a search of a list of debarments, sanctioned, blacklisted, or suspended organisation, entities, or individuals who are restricted from contracting with public, government-related, or international organisation or entities;
- c. via the use of Integrity and Background Declaration Form and Conflict of Interest Declaration Form completed by the Subject to declare on the Subject's background situations, such as conflict of interest situations, or criminal records; and
- d. appointing external parties with relevant expertise to assist in the due diligence process, if required.

Note that with regards to documents, information or data provided, including the declaration forms, the Institute shall take reasonable steps to verify the accuracy and completeness of key information provided, e.g. qualification of candidate for Secretariat, cross-validation between a supplier's track record versus industry players' testimonial.

#### **Due Diligence Outcome and Findings**

The Institute shall exercise judgement based on the information and data obtained to determine if it is appropriate to proceed with the intended business relationship.

The Institute has adopted the following policies for any employment, appointment, or engagement in relation to due diligence findings:

- (a) The Institute shall not engage with any person, organisation, or entity which has been convicted or undergoing prosecution for a financial or commercial crime, including financial fraud, bribery, money-laundering or terrorism financing;
- (b) The Institute shall not be involved in any transactions, arrangements, or contracts which are not compliant with local laws and regulations; and
- (c) The Institute shall not consider having any business relationship with any person, organisation, or entity which has, in the due diligence checking process:
  - knowingly submitted false, inaccurate or misleading information; or
  - knowingly submitted a false or forged document.

#### **Due Diligence Approvals**

The outcome and clearance of due diligence checks shall be approved by the Executive Director. In circumstances where the due diligence checks is on the Executive Director or persons connected to the Executive Director, the clearance of the due diligence checks shall be approved by the President.

#### **Documentation**

Information and data obtained during the conduct of due diligence checking process, including verbal communication and internet searches, and the consideration made arising from the outcome of the due diligence process shall be documented and retained as records by the Corporate Services Department.



# Specific Transactions

The Institute has identified certain transactions which are more susceptible to bribery or corruption risks, and hence has developed policies and procedures to guide the use of these transactions in the conduct of the Institute's business, to mitigate the bribery or corruption risks related to these specific transactions or areas.

## Facilitation Payment

Facilitation payments include unofficial and improper payments or benefits, such as cash, gifts or entertainment, provided to secure or expedite a routine or necessary action to which the Institute is legally entitled. Facilitation payments are bribes and they could be small in value and solicited by both the public and private sectors.

IIA Malaysia views facilitation payment as a bribe, and prohibits the making of facilitation payments regardless:

- (a) whether they are permitted by local laws; or
- (b) the amount of the facilitation payment.

Refer to **Appendix 5: Policy on Facilitation Payment** for details of the Institute's policy on facilitation payment.

## Gift, Entertainment, Hospitality and Travel

The giving and receiving of gifts, entertainment, hospitality or travel could be a common business practice in managing business relationships, especially in certain countries or cultural background. However, gifts, entertainment, hospitality or travel which may influence, or perceived to be able to influence, any business-related decisions or outcome may be construed as a bribe or corruption.

The Institute prohibits giving or receiving gifts, entertainment, hospitality or travel which may be construed as a bribe in the conduct of its business.

Assessments shall be made when giving or receiving a gift, entertainment, hospitality or travel to consider if it may influence, or may be perceived to be able to influence, any business-related decisions or outcome. The Institute has established a **Policy on Gift, Entertainment, Hospitality and Travel** to guide such assessment, as well as to specify certain prohibitions.

Refer to **Appendix 6: Gift, Entertainment, Hospitality and Travel Policy** for details of the Institute's policy on gift, entertainment, hospitality and travel.

## Donation and Sponsorship

It is common practice for businesses to make donations to support the business' philanthropic activities or make sponsorships to promote the Institute's reputation, brands, products, and services. Donation and sponsorship can be made in monetary or non-monetary forms.

That said, improper or excessive donation or sponsorship, including donation or sponsorship which may be perceived as a form of bribe or corruption, may have negative impacts on the Institute such as legal consequences, financial losses, or reputational damage and hence shall not be given or received.

The Institute has established a Policy on Donation and Sponsorship which sets out the principles and specific prohibitions on donations and sponsorships made by the Institute. Refer to **Appendix 7: Policy on Donation and Sponsorship** for details.

## Business Incentives

IIA Malaysia shall not make any business incentives which may be questionable or may constitute a bribe to obtain or retain an undue business advantage.

Doing business may involve the use of various promotional and marketing tools such as rebates and discounts.

The Institute has established a Policy on Business Incentives which sets out the principles and specific prohibitions on the use of rebates, discounts, referral fees, commissions, or other incentives by the Institute. Refer to **Appendix 8: Policy on Business Incentives** for details.

## Enforcement, Monitoring, and Review

The implementation and management of the Institute's anti-bribery and corruption measures, particularly those specified and formalised as policies in this Framework, is the responsibility of all Secretariat of the Institute. Leaders and management-level personnel of the Institute also play a significant role in demonstrating top-level commitment and setting a culture of integrity within the Institute's business environment.

Implementation and management of the anti-bribery and corruption measures established by the Institute can be considered in three broad categories:

- (a) **Communication and Training** – this includes communicating effectively, to internal and external stakeholders of the Institute, with regard to the Institute's stance on anti-bribery and corruption, such as anti-bribery and corruption-related policies adopted by the Institute, assistance and support provided by the Institute to fight bribery and corruption, and the consequences of not adhering to the Institute's policies and procedures.

For business environment and stakeholders which are more complex or which are exposed to higher corruption risk, more effort may be required not only to communicate with but also to educate stakeholders on the Institute's stances and measures on preventing bribery and corrupt activities.

- (b) **Monitoring and Review** – the Institute has established processes to monitor and review if anti-bribery and corruption-related policies and procedures were adhered to, as well as identifying if there are any weaknesses. Monitoring and review can be conducted in various manners, including as an internal process, by independent parties, or via a channel through which internal and external parties can raise concerns or report irregularities; and
- (c) **Enforcement and Improvement** – this refers to the actions to be taken when a breach of policy or improvement opportunities in the Institute's anti-bribery and corruption measures is discovered.

Breach of Institute policies, especially in relation to anti-bribery and corruption, shall be dealt with seriously and shall not be without consequences, to support the Institute's objective to uphold integrity.

Improvement opportunities could arise when a weakness or gap is detected during a breach, during a process review exercise, or where there is a new development in the industry, laws, or regulations. Continuous improvement to an anti-bribery and corruption management system or framework enables a business to enhance integrity and deliver value of a responsible business to its stakeholders.

The following section details the Institute's activities in relation to the implementation and management of anti-bribery corruption measures in three topics as follows:

## Communication and Training

The objective of communication and training is to ensure the Institute's anti-bribery and corruption stances and measures, including policies and procedures, are conveyed to all of the Institute's stakeholders, where relevant.

### **Internal Stakeholders – Governors, members of all Committees and Secretariat**

Governors, members of all Committees and Secretariat are internal stakeholders who directly represent the Institute and its brand name in their business conduct and actions. Continuous efforts on communication and training, in relation to anti-bribery and corruption, shall be invested throughout the Institute's engagement with its Governors, members of all Committees and Secretariat, including but not limited to:

- during interview with candidates for Governors, members of all Committees and Secretariat;
- onboarding of newly appointed Governors, members of all Committees or newly employed Secretariat;
- open and transparent internal communications, such as when giving work instructions and problem resolution discussions;
- training programs for Governors, members of all Committees and Secretariat with relatively higher corruption risk exposure in relation to their nature of work;
- performance appraisal and recognition considering efforts made in upholding integrity in business dealings;
- clear disciplinary process and consequence for any breach of Institute's policy;
- access to advice in relation to challenges in preventing bribery and corruption in conducting business activities; and
- ability to raise concerns without fear of reprisal.

Generally, it is the responsibility of a Secretariat's superior to communicate and ensure the Secretariat understands the Institute's anti-bribery and corruption stances and measures.

Various tools may be used as formal documentation of the Institute's efforts for communicating with Governors, members of all Committees and Secretariat in relation to the Institute's anti-bribery and corruption policies and measures, including, but not limited to, the following:

- employment contract or letter of appointment;
- Employee Handbook;
- the Institute's policies;
- Code of Conduct;
- Integrity and Background Declaration Form;
- warning letter or notification letter;

- training attendance form and training certificate; and
- training course materials.

## **External Stakeholders – Suppliers, Service Providers and Business Associates**

Generally, any Governors, members of all Committees or Secretariat of the Institute who is responsible for dealing with an external stakeholder shall also be responsible for representing the Institute in communicating the Institute's anti-bribery and corruption stance and measures to the external stakeholder. This includes obtaining of information or documents required by the Institute, such as Integrity and Background Declaration Form, financial information or any other information or documents as required under the Institute's due diligence process.

This is especially important when managing the Institute's business associates performing a service for or on behalf of the Institute, as any bribery or corruption actions conducted by the business associates with an intent to obtain or retain business or a business advantage for the Institute may cause the Institute to bear a corporate liability in relation to Section 17A, MACC Act 2009 (amended 2018).

The nature of work of some business associates may expose the Institute to a higher risk, in relation to the corporate liability of Section 17A, MACC Act 2009 (amended 2018), such as those who represent the Institute's brand in obtaining sales. The Institute may consider providing specific training on the Institute's anti-bribery and corruption policies and measures to ensure these business associates demonstrate the Institute's integrity and value when conducting business representing the Institute.

Various tools may be used as formal documentation of the Institute's efforts for communicating with and training the Institute's suppliers, service providers and business associates in relation to the Institute's anti-bribery and corruption policies and measures, including, but not limited to, the following:

- service contract, letter of appointment or engagement, or similar;
- the Institute's policies;
- Code of Business Ethics;
- Integrity and Background Declaration Form;
- warning letter or notification letter;
- training attendance form and training certificate; and
- training course materials.

## **Whistleblowing**

To facilitate the Institute in achieving its aim to prevent bribery/ corruption and uphold the highest level of business ethics, the Institute has established a whistleblowing mechanism, formalised via a Whistleblowing Policy, which enables the Institute's internal and external stakeholders to report or disclose concerns relating to, amongst others, bribery and corrupt conduct or activities to the Institute without fear of reprisal.

The whistleblowing mechanism includes options for a whistleblower to reach out to the highest level of executive position within the Institute and the highest level of independent non-executive governance position of the Institute to ensure check and balance is present and all

whistleblowing reports or disclosures are treated fairly regardless of the position of the alleged wrongdoer.

The established whistleblowing mechanism also prescribes basic principles and procedures which guide the investigation and reporting of whistleblowing cases received.

The Whistleblowing Policy shall be made available on IIA Malaysia's corporate website, ensuring accessibility to all stakeholders of the Institute.

Refer to **Appendix 9: Whistleblowing Policy** for details.

## Monitoring and Review

The objective of monitoring and review includes:

- assessing if anti-bribery and corruption controls are working efficiently and effectively;
- identifying red flags and corruption risks;
- detecting potential bribery or corruption; and
- identifying improvement opportunities or inadequacies in the Institute Anti-Bribery and Corruption Framework.

The outsourced internal auditors who are independent and report directly to the Audit Committee, are assigned the responsibilities to assess and review the design adequacy, implementation effectiveness and compliance to the Institute's Anti-Bribery and Corruption Framework.

Review on the performance, efficiency, effectiveness and enforcement of the Institute's Anti-Bribery and Corruption framework shall be included in the annual Internal Audit Plan at least once every three years with results of the review reported to the Audit Committee and Board of Governors.

Besides the dedicated review of the Institute's Anti-Bribery and Corruption Framework, the internal auditors shall also consider the possibility of bribery and corruption risks in other areas/ scope of their internal audit work.

In testing the anti-bribery and corruption controls, internal auditors shall include reviewing payments made by the Institute, focusing on, but not limited to, the following:

- petty cash – considering amongst others:
  - any questionable items or services paid via petty cash;
  - any undocumented or unsupported payments, etc.
- payments to third parties (especially service providers), including reimbursement and claims – considering amongst others:
  - the payment amount against the contractually agreed amount;
  - evidence of the rendering of services or delivery of goods;
  - if reimbursement and claims are necessary, reasonable, and proportionate for the provision of the contracted obligation and are well-supported;
- reimbursement and claims by Governors, members of all Committees and Secretariat;
- gifts, entertainment, hospitality and travel expenses incurred by the Institute, including via its Governors, members of all Committees, Secretariat or business associates – considering amongst others, the Institute's *Policy on Gift, Entertainment, Hospitality and Travel*;

- donation or sponsorship made by the Institute, including via its business associates – considering amongst others, the Institute’s *Donation and Sponsorship Policy*; and
- other significant or extraordinary transactions – e.g. “other payables” or “other expenses”.

In performing the review, the internal auditor shall also consider performing appropriate analysis such as trend analysis or ratio analysis to determine the payments made by the Institute are reasonable and proportionate, considering, amongst others, the following:

- the Institute’s corporate strategies (e.g. growth strategy and corporate social responsibility strategy);
- actual expenditure versus budgeted expenditure;
- market and industry practices;
- seasonality and festivals; and
- performance of segments, teams, or individuals – against the frequency, amount, types of expenditure incurred.

### **Rights to Audit Suppliers, Service Providers and Business Associates**

The Institute shall require its suppliers, service providers and business associates to retain true and correct records in connection to the services provided to IIA Malaysia. The Institute shall retain the rights to perform an audit on the suppliers, service providers and business associates as necessary to verify that there has been compliance with the Institute’s anti-bribery and corruption-related policies and procedures.

## **Procedures for Managing External Stakeholders in Relation to Anti-Bribery**

Notwithstanding communication and training for external stakeholders, the Institute, its Governors, members of all Committees, Secretariat, suppliers, service providers and business associates performing businesses or services for or on behalf of the Institute may still face challenges when conducting business activities. These situations could be due to various reasons, such as the difference in business culture or due to external parties which the Institute may not have any control or bargaining power (e.g. government officers).

The Institute has thus established a set of procedures to provide guidance to the Institute’s Governors, members of all Committees, Secretariat, suppliers, service providers and business associates to deal with circumstances where they are faced with an attempt or suspected attempt of bribery, regardless whether they are being offered or solicited for a bribe.

Refer to **Appendix 10: Procedures on Managing External Stakeholders in Relation to Anti-Bribery and Corruption** for details.

## **Conclusion**

IIA Malaysia acknowledges that Governors, members of all Committees, Secretariat, suppliers, service providers and business associates may come across challenging situations when implementing the Institute’s anti-bribery and corruption measures. No matter how challenging the situations may be, the Institute expects its Governors, members of all Committees, Secretariat, suppliers, service providers and business associates to carry out their duties

professionally, with integrity and in compliance with the Institute's anti-bribery and corruption measures at all times.



# Appendices

## Appendix 1: Anti-Bribery and Corruption Policy

### **THE INSTITUTE OF INTERNAL AUDITORS MALAYSIA**

#### **ANTI-BRIBERY AND CORRUPTION POLICY**

##### **1. Introduction**

The Institute of Internal Auditors Malaysia (“IIA Malaysia” or the “Institute”) is committed to conducting its business lawfully and ethically.

IIA Malaysia has established this Anti-Bribery and Corruption Policy (“Policy”) to set out the Institute’s expectations for internal and external parties working for and on behalf of the Institute in upholding the Institute’s zero-tolerance stance against bribery and corruption.

This Policy, which may be amended from time-to-time, is approved by the Board of Governors of IIA Malaysia. The latest version of this Policy is made available on our website. Should there be any conflicts between this Policy and applicable laws, the law shall prevail.

##### **2. Scope**

This Policy is generally applicable to the Institute’s Governors, members of all Committees, Secretariat, suppliers, service providers, business associates, and any third parties acting on the Institute’s behalf, unless otherwise stated in the specific policies referred to in this Policy.

##### **3. What is Bribery?**

“Bribery” refers to the act of corruptly giving, agreeing to give, authorising, promising, offering, soliciting, receiving, or agreeing to receive any gratification, whether directly or indirectly. Gratification can take various forms, including monetary, non-monetary, services, favours, or any form of benefit or advantage.

A gratification that is given or received with corrupt intent, either as an inducement to gain or provide an undue advantage or reward for having gained or provided an undue advantage is considered a bribe/ corruption.

A gratification that is given or received with the corrupt intent to influence the intended recipient’s judgement, views, or conduct, is considered a bribe/ corruption.

A gratification that is given or received with corrupt intent, including to induce or reward the improper performance of a party, or to obtain or retain business advantage, is considered a bribe/ corruption.

The Malaysian law, or more specifically, the Malaysian Anti-Corruption Commission Act 2009 (amended 2018) (“MACC Act 2009 (amended 2018)”) prohibits a person or a commercial organisation from giving or receiving bribes/ corruption, including via agents or associates. Contravention of the law may result in fines and/or imprisonment of up to 20 years.

[Refer to **Section 16** and **Section 17** of the MACC Act 2009, and **Section 17A** of the MACC Act 2009 (amended 2018)]

#### 4. Our Anti-Bribery and Corruption Stances

- I. IIA Malaysia adopts a zero-tolerance approach towards bribery and corruption and will not pay or receive bribes or corrupt gratification to or from anyone for any purpose.
- II. The Institute takes the upholding of its anti-bribery and corruption stances across the Institute's business seriously and expects the same from stakeholders internal and external to the Institute's business, extending to all the Institute's business dealings and activities.
- III. Governors, members of all Committees, Secretariat, suppliers, service providers, business associates, and any third parties working for and on behalf of the Institute shall adhere to and observe the Institute's anti-bribery and corruption stances and relevant provisions of this Policy.
- IV. The Institute treats any violation of this Policy seriously and will undertake necessary actions, including, but not limited to, review of employment or appointment, disciplinary actions, dismissal, and reporting to the authorities, consistent with the relevant laws and regulations.

#### 5. Definitions

The following definitions and interpretations shall apply to this Policy:

"bribery"	refers to the act of corruptly authorising, giving, agreeing to give, promising, offering, soliciting, receiving, or agreeing to receive any gratification, whether directly or indirectly;
"business associates"	includes the Institute's joint-venture entities, joint-venture partners and business partners;
"Committees"	include the Audit Committee, Professional Development Committee, Professional Services Committee, Certification and Academic Relations Committee and Research & Technical Advisory Committee.
"corruption"	shall have the definition consistent with that provided by <i>Transparency International</i> , which is: the abuse of entrusted power for private gain.
"facilitation payments"	shall have the definition consistent with that provided by <i>Transparency International</i> , which is: a small bribe, also called a 'facilitating', 'speed', or 'grease' payment, made to secure or expedite the performance of a routine or necessary action to which the payer has legal or other entitlement;
"giving" or "paying" a bribe	refers to actions amounting to the act of corruptly authorising, giving, agreeing to give, promising, or offering a gratification by a person associated;
"gratification"	shall have the meaning as defined in the MACC Act 2009, i.e.: <ol style="list-style-type: none"> <li>(a) money, donation, gift, loan, fee, reward, valuable security, property or interest in property being property of any description whether movable or immovable, financial benefit, or any other similar advantage;</li> <li>(b) any office, dignity, employment, contract of employment or services, and agreement to give employment or render services in any capacity;</li> </ol>

- (c) any payment, release, discharge or liquidation of any loan, obligation or other liability, whether in whole or in part;
- (d) any valuable consideration of any kind, any discount, commission, rebate, bonus, deduction or percentage;
- (e) any forbearance to demand any money or money's worth or valuable thing;
- (f) any other service or favour of any description, including protection from any penalty or disability incurred or apprehended or from any action or proceedings of a disciplinary, civil or criminal nature, whether or not already instituted, and including the exercise or the forbearance from the exercise of any right or any official power or duty; and
- (g) any offer, undertaking or promise, whether conditional or unconditional, of any gratification within the meaning of any of the preceding paragraphs (a) to (f);

"receiving" a bribe	refers to actions amounting to the act of soliciting, receiving or agreeing to receive a gratification by a person associated; and
"Secretariat"	include full-time, part-time, probationary, contract and temporary employees (including trainees or interns)
"suppliers/ service providers"	includes the vendors, consultants, trainers, assessors, financial institutions, advisors, and any person or institution which performs services for or on behalf of the Institute.
"person associated"	refers to a governors and Secretariat of IIA Malaysia or a person (individual or organisation) who performs services for or on behalf of IIA Malaysia.

## 6. Gifts, Entertainment, Hospitality and Travel

While the giving and receiving of gifts, entertainment, hospitality or travel are not prohibited, they must not be made with the intention to, or perceived to be able to, improperly influence any business-related decisions or outcome. Gifts, entertainment, hospitality or travel which may improperly influence any business-related decisions or outcome is construed as a bribe or corruption.

Hence, Governors, members of all Committees, Secretariat, suppliers, service providers, and business associates must avoid giving or receiving gifts, entertainment, hospitality or travel which may be construed as a bribe or corruption. IIA Malaysia's business dealings, such as purchase orders, sales, and contracts, shall be conducted based on business merits, such as price competitiveness, quality of goods and services, and track records.

All gifts, entertainment, hospitality and travel provided or received, either in a personal capacity or the Institute's capacity, shall be authorised, processed, and recorded in accordance with the Institute's **Gift, Entertainment, Hospitality and Travel Policy**.

## 7. Facilitation payments

Facilitation payments include unofficial and improper payments or benefits, such as gifts or entertainment, provided to secure or expedite a routine or necessary action to which the Institute is legally entitled. Facilitation payments are bribes and they could be small in value and solicited by both the public and private sectors.

The Institute, its Governors, members of all Committees, Secretariat, suppliers, service providers, and business associates are prohibited from, directly or through a third party, gives or receives facilitation payments. The Institute has formalised a **Facilitation Payments Policy** to provide guidance in relation to facilitation payments.

## 8. Donations and Sponsorships

Donations and sponsorships made by the Institute, if any, are philanthropic in nature and must never be made with the intention to, or perceived to be able to, influence any business-related decisions or outcome.

To avoid situations where there could be an actual or perceived conflict of interest, the Institute shall not make contributions or donations to, or sponsor any events of, an interested or related party, including but not limited to, Governors, members of all Committees, Secretariat, suppliers, service providers, business associates, authorities, auditors, customers and persons connected with these parties except in such situation where the Board's specific approval is obtained.

The Institute has no political affiliations and it shall not make any political contribution or donations to, or sponsor any events of, political parties. Whilst Governors, members of all Committees and Secretariat are not prohibited from making personal political contributions or donations to political parties, the said contributions or donations shall never be associated with the Institute and must always be made under their personal capacity.

All donations and sponsorships shall be authorised, processed, and recorded in accordance with the Institute's **Policy on Donation and Sponsorship**.

## 9. Business Incentives

The Institute will not provide business rewards, rebates, commissions, or other incentives which are questionable in nature or are contradictory with anti-bribery and corruption laws and regulations. All business incentives shall be made in accordance with the Institute's **Business Incentives Policy**.

## 10. Business Dealings with Integrity

The Institute, in selecting its Governors, members of all Committees, Secretariat, suppliers, service providers and business associates, places great emphasis on business ethics and integrity. As such, the Institute has established internal procedures which require due diligence checks to be performed prior to appointment or engagement. Parties intending to conduct business with the Institute is expected to adhere to the Institute's due diligence procedures.

The Institute's **Due Diligence Procedures** are formalised in the Institute's **Anti-Bribery and Corruption Framework**.

Suppliers, service providers and business associates of the Institute are highly encouraged to have in place adequate procedures to prevent the conduct of bribery activities in doing business, especially when performing work or service for or on behalf of the Institute.

For business arrangement or conduct of business activity which bears a higher bribery risk, as assessed and determined by the Institute from time-to-time, the Institute shall require the supplier or business associate involved to have in place adequate procedures, including policies and procedures, to prevent the conduct of bribery activities. For the same reason, the institute may retain the rights to audit a supplier or business associate as a condition of the business.

## **11. Records**

It is important that proper and complete records and documentation of all transactions made by the Institute, its suppliers, service providers and business associates be maintained as these would serve as evidence that the transactions made were bona fide, and were not made with a corrupt or unethical intent.

All records, including timesheets, work records, supply records, bank statements, accounts, receipts, invoices and other supporting documentation, shall be prepared and maintained with accuracy and completeness. These records shall be retained for at least seven (7) years following the period to which they relate.

## **12. Compliance support and reporting of violation**

Compliance with this Policy by the Institute, its Governors, members of all Committees, Secretariat, suppliers, service providers and business associates are mandatory. Concerns or queries pertaining to compliance with this Policy may be raised to the respective internal reporting lines, liaison or the Institute's Executive Director.

Any person, including the general public, who knows of, or suspects, a violation of this Policy shall report their concerns through the whistleblowing mechanism set out under the **Whistleblowing Policy**, which is made available in the Institute's website.

No individual will be discriminated against or suffer any sort of retaliation for raising genuine concerns or reporting in good faith on violations or suspected violations of the Policy. All reports will be treated confidentially.

## **13. Review of this Policy**

This Policy is approved by the Board of Governors of IIA Malaysia on 16 June 2020.

It shall be reviewed by the Institute at least once in three (3) years and may be amended from time to time.

## Appendix 2: Corruption Risk Register (sample)

Corruption Risk Area	Interaction with Public Officials	
Scheme	1. Facilitation payments to expedite processes	2. Offering gratification to obtain improper advantage
Active / Passive	Active	Active
Potential activities	<ul style="list-style-type: none"> <li>Offering facilitation payments to expedite the process in obtaining travel documents, visas or permits.</li> <li>Offering facilitation payments in dealing with government bodies/agencies, such as Companies Commission of Malaysia, HRDF, Inland Revenue Board or Royal Malaysia Customs Department.</li> </ul>	<ul style="list-style-type: none"> <li>Offering gratification to reduce tax liabilities.</li> <li>Offering gratification to obtain otherwise ineligible documents or licences, such as travelling visas or HRDF Certification.</li> <li>Payments to foreign border officers to obtain clearance to enter the country despite compliance with the travelling requirement.</li> </ul>
At-Risk Parties	<ul style="list-style-type: none"> <li>Finance &amp; Corporate Services personnel in-charged of dealing with Public Officials</li> <li>Secretariat of IIA Malaysia which travels abroad</li> </ul>	<ul style="list-style-type: none"> <li>Finance &amp; Corporate Services personnel in-charged of dealing with Public Officials</li> <li>Secretariat of IIA Malaysia which travels abroad</li> </ul>
Gross Likelihood	Possible	Possible
Gross Impact	Major	Major
Gross Risk Rating	Extreme	Extreme
Anti-Corruption Control	<ul style="list-style-type: none"> <li>General Anti-Bribery and Corruption Awareness Training</li> <li>Established Discretionary Authority Limit which requires all payments to be reviewed and approved by the Executive Director at minimum</li> </ul>	<ul style="list-style-type: none"> <li>General Anti-Bribery and Corruption Awareness Training</li> <li>Established Discretionary Authority Limit which requires all payments to be reviewed and approved by the Executive Director at minimum</li> </ul>
Residual Likelihood	Rare	Rare
Residual Impact	Major	Major
Residual Risk Rating	Medium	Medium
Additional Control to be implemented	<ul style="list-style-type: none"> <li>i. Develop Facilitation Payment policy which defines and prohibits facilitation payment</li> <li>ii. Develop and circulate Anti-Bribery and Corruption Policy</li> <li>iii. Annual Integrity Declaration by Secretariat</li> <li>iv. Enhance Code of Conduct to specifically prohibit bribery</li> <li>v. Develop Corporate Disclosure Policy to manage exposure to reputational risk</li> <li>vi. Enhance due diligence for the recruitment of Secretariat by including checking to history of financial crime</li> </ul>	<ul style="list-style-type: none"> <li>i. Develop and circulate Anti-Bribery and Corruption Policy</li> <li>ii. Annual Integrity Declaration by Secretariat</li> <li>iii. Enhance Code of Conduct to specifically prohibit bribery</li> <li>iv. Develop Corporate Disclosure Policy to manage exposure to reputational risk</li> <li>v. Enhance due diligence for the recruitment of Secretariat by including checking to history of financial crime</li> </ul>
Person in-charge of additional control	<ul style="list-style-type: none"> <li>i. Head, Technical &amp; Quality Assurance with assistance from Galton</li> <li>ii. Head, Technical &amp; Quality Assurance with assistance from Galton</li> <li>iii. Executive Director and Head of Corporate Services</li> <li>iv. Head of Corporate Services with assistance from Galton</li> <li>v. Executive Director with assistance from Galton</li> <li>vi. Head of Corporate Services</li> </ul>	<ul style="list-style-type: none"> <li>i. Head, Technical &amp; Quality Assurance with assistance from Galton</li> <li>ii. Executive Director and Head of Corporate Services</li> <li>iii. Head of Corporate Services with assistance from Galton</li> <li>iv. Executive Director with assistance from Galton</li> <li>v. Head of Corporate Services</li> </ul>
Implementation timeline for additional control	<ul style="list-style-type: none"> <li>i. 1st May 2020</li> <li>ii. 1st May 2020</li> <li>iii. 1st May 2020</li> <li>iv. 1st May 2020</li> <li>v. 1st May 2020</li> <li>vi. 31st May 2020</li> </ul>	<ul style="list-style-type: none"> <li>i. 1st May 2020</li> <li>ii. 1st May 2020</li> <li>iii. 1st May 2020</li> <li>iv. 1st May 2020</li> <li>v. 31st May 2020</li> </ul>

## Appendix 3A: Code of Conduct

### THE INSTITUTE OF INTERNAL AUDITORS MALAYSIA CODE OF CONDUCT

#### 1.0 PURPOSE

To establish basic guideline and principles for staff to serve in good faith and to conduct themselves ethically during their tenure of service with the Institute.

#### 2.0 GENERAL

THE INSTITUTE OF INTERNAL AUDITORS MALAYSIA ("The Institute") has in good faith agreed to employ a candidate to carry out his/her job with the remuneration package comparable to his/her qualification and/or experience and records based on his/her performance and achievements which contributes toward the Institute's objectives and growth.

It is therefore the Institute's expectation that the staff should inculcate the following principles:

- Serve in good faith
- Give their undivided attention to their duties and responsibilities at all time and all occasions.
- Be co-operative and proactive in performing their duties.

#### 3.0 CONFLICT OF INTEREST

A conflict of interest is any personal, financial, or family interest which might deter any staff from acting in the best interest of the Institute or might give rise to an influence on him/her not in the best interest of the Institute. Such a situation, regardless of whether it in fact affects the judgment or decisions of the individual in question, creates an unfavourable impression and may raise an implication of impropriety.

There are several situations that could give rise to a conflict of interest. The most common are accepting gifts from suppliers, service providers, employment by another company, ownership of significant part of another company or business, close or family relationship with outside suppliers or service providers, active involvement in any multi-level marketing activities and communications with competitors. A potential conflict of interest exists for staff who make decisions in their jobs that would allow them to give preference or favour to a customer in exchange for anything of personal benefits to themselves or their friends and families. Such situation could interfere with the staff ability to make judgments solely in the Institute's best interest.

Staff and any of their family members shall not conduct themselves in any manner as to allow their personal interest to come in the above-mentioned situation. Staff have an immediate obligation to disclose to their supervisors and/or managers in writing



explaining the circumstances. Included, but not limited to, will be the following potential conflicts of interest that should avoided:

### **3.1 Relationship with Suppliers or Service Providers**

- “Supplier” or “service providers” includes vendors providing products and services to the Institute as well as consultants, trainers, assessors, financial institutions, advisors, and any person or institution which does business with the Institute.
- Business transactions must be entered into solely for the best interests of the Institute. No staff can, directly or indirectly, benefit from his/her position as an employee or from any sale, purchase or other activity of the Institute. Staff should avoid situations involving a conflict or the appearance of conflict between duty to the Institute and self-interest.
- Staff may not own, either directly or indirectly through a family member, share or other forms of beneficial interest in privately owned entities which are listed in the Institute’s list of authorised suppliers and service providers, even if entities concerned do not derive most of their income from contractual or other business arrangements with the Institute.
- Staff may not own, either directly or indirectly through a family member, share or other forms of beneficial interest in privately owned entities which competes with the Institute.
- Staff or family member should not obtain goods or service below the normal charge whose discount is sponsored or absorbed by suppliers or service providers, and should not accept any gift in kind such as meals, trips, contests, etc., except for the usual token/ nominal gift, i.e. pen, pencil, memo pad, etc, from any suppliers or service providers of the Institute provided it is of nominal value (less than RM500.00) and/or in limited quantity (less than 5 item).
- In general, the receipt by a staff of prize, reward, gift or favour from suppliers, service providers, customers, members and any other party dealing or seeking to deal with Institute or competitor is a violation of this policy. Business decisions shall be based solely on benefits to the Institute, not by consideration of past or future personal gain.
- For the purpose of this policy, immediate family members include spouse, children and their spouse, father, mother, sister and brothers of each staff.

### **3.2 Gifts and Entertainment**

- Giving and receiving of gifts, entertainment, hospitality or travel which may be construed as a bribe is strictly prohibited.
- No staff or member of his/her immediate family shall offer, give, solicit, or accept from an actual or prospective customer or supplier, any compensation, advance loans (except established financial institutions on the same basis as other customers), gifts, entertainment or other favour which the staff would not normally be in a position to reciprocate under normal expenses account procedures.

- *Reporting gifts* – Staff who gives or receives, or whose family member gives or receives, an unsolicited gift prohibited by these guidelines should report it to the Corporate Services or Executive Director and either return it to the person making the gift.
- All gifts, entertainment, hospitality and travel provided or received, either in a personal capacity or the Institute's capacity, shall be authorised, processed, and recorded per the Institute's **Gift, Entertainment, Hospitality and Travel Policy**.

### 3.3 Outside Employment or Other Ventures

- No staff shall accept employment with or become directly or indirectly involved as an independent contractor, consultant or otherwise with any company, competitor or Board and Committee Member of the Institute.
- Staff should not be in employment with another company if the time demands of the position may in any way impair the staff objectivity in carrying out his/her Institute responsibilities, and/or where the outside employment conflict with scheduled hours, including overtime, or the performance of the Institute assignments. Staff must not use Institute time, materials, information or other assets in connection with outside employment.

## 4.0 ANTI-BRIBERY AND CORRUPTION

Bribery and corruption acts involve the promising, offering, authorising, soliciting or accepting of gratification, not confined to monetary form, as an inducement to gain or provide, or as a reward for having gained or provided, an undue advantage in which cases such acts could influence the intended recipient's judgement, views or conduct. The occurrence of such acts may also have an adverse impact on the efficiencies, further performance, morale and reputation of the Institute, therefore, exposing it to civil actions and criminal punishments.

Henceforth, staff is strictly prohibited from promising, offering, authorising, soliciting or accepting any gratification, whether directly or indirectly, to or from anyone.

Staff who directly or indirectly obtain or has been offered any commission, payment, services, consideration of value or other benefits by virtue of his/her role or authority in the Institute or in the performance of his/her duties, has the duty to disclose such receipts/benefits to the Executive Director for clearance.

## 5.0 HANDLING INSTITUTE INFORMATION

Confidential information includes all information, whether technical, business, financial or otherwise concerning the Institute, which the Institute treats as confidential or secret and/or which is not available or is not made available publicly. It also includes any private information or relating to customer records, membership records, fellow associates, other persons or other companies, obtained by virtue of the staff position.

Institute policy and various laws protect the integrity of the Institute' confidential information which must not be divulged except in strict accordance with established Institute policies and procedures. The obligation not to divulge confidential Institute

information is in effect even though material might not be specifically identified as confidential. No staff shall use and disclose confidential information (i.e. cost, purchased price, name of suppliers or service providers, membership database, etc.) about the Institute for personal gain or other purposes.

Notwithstanding the above, even after the cessation of employment with the Institute (for whatever reason), a resigned staff shall not reveal to any person(s) or Institute, any privileged or confidential Institute information which may have come to his/her knowledge during employment with the Institute. A resigned staff shall keep with complete secrecy all confidential entrusted to him/her and shall not use or attempt to use such information in any manner which may injure or cause loss either directly or indirectly to the Institute. The restriction shall apply indefinitely.

### **5.1 Proprietary Confidential Information**

- Disclosure of the Institute information regarding membership, existing, new, or training products, services, promotions, technical information, acquisition or Institute information to acquire training product, etc, can substantially impair the Institute's competitive position and jeopardise new initiatives. Such intellectual property of the Institute is protected.
- Within the Institute, distribution of such proprietary information must be limited to only staff with business-related "need to know". Under no circumstances may such information be removed from Institute premises or disclosed to third parties without prior approval from the Executive Director. Where such information is to be disclosed outside the Institute, appropriate confidential disclosure agreements must be executed prior to disclosure.

### **5.2 Use and Disclosure of Inside Information**

- Limits on disclosure of the Institute information apply to discussion with other Institute staff as well as outside parties. Therefore, no staff should discuss Institute affairs with others unless the information has been subjected to full public disclosure or the subject matter is within the staff assignment.
- Any original work of staff created while in the employment with the Institute, as part of the staff regular job or performed as instructed by the supervisor, and for which copyright protection may be granted, shall be considered owned by the Institute. Even after the employment has been terminated, the staff shall not be entitled to any rights and benefits from such work without prior written consent from the Institute.

### **5.3 Legal Disputes**

- Staff involved with a lawsuit, conciliation or other legal dispute affecting the Institute need to refrain from discussing it with either outsiders or other the Institute staff.

## **6.0 MAKING PUBLIC STATEMENT**

Staff shall not orally or in writing or in any form make or circulate any public statements or comments either on their own initiative or when approached by media agencies,

members, suppliers, service providers or other associates of the Institute except with authorisation from the Executive Director.

## **7.0 SOFTWARE AND COMPUTERS**

Computerised information and computer software appear intangible, but they are valuable assets of the Institute and must be protected from misuse, theft, fraud, loss, sabotage, and unauthorised use or disposal, just as any other Institute's property. Use of mainframe computers must solely be Institute business related and accessible by authorised personnel only. Staff cannot access Institute records of any kind for their personal use. This obligation exists during and continues after employment with the Institute.

Misappropriation of computers space, time, or software includes, but not limited to using a computer to create or run unauthorised jobs, operating a computer in an unauthorised mode, or intentionally causing any kind of operational failure. Personal computers can be used for Institute sanctioned education programmes as well as personal use incidental to Institute business use with the permission of your supervisor. However, personal use cannot be allowed for personal financial gain. It is also understood that personal computers will occasionally be used at home with the permission of your Head of Department solely for Institute business purpose.

The Institute uses computer software from outside companies, and only has the rights expressly stated in the license agreement. All staff are therefore expected to strictly adhere to these term and conditions, especially on the matter of copyright.

## **8.0 IMPLEMENTATION**

The administration of the Code of Conduct shall be under the jurisdiction of the Corporate Services of the Institute. Every staff is personally responsible and accountable for compliance. All staff should bring up any question of this Code of Conduct which they are unclear with their manager. All reports will be handled with complete confidentiality. All staff in supervisory positions shall take steps to ensure that this policy is made known to and followed by all staff under their supervision.

## **9.0 REPORT OF VIOLATION**

We require that any staff who knows of violation of laws, rules, regulations or this Code, to report the violation in accordance with the Whistleblowing Policy approved by the Board.

Failure to report a known or suspected violation is a violation of the Code itself, as is the submission of information about a violation which is known to be false. While each staff has a duty to report violations, no staff has the right to use this as a means to unjustly accuse, harass or malign another.

Staff will not be punished in any way for making a report about the improper conduct of others that they believe to be true at the time that it is made. The purpose of requiring

a report is to permit the Institute to undertake all remedial actions that may be necessary to avoid future violations. Although IIA Malaysia cannot guarantee confidentiality, the Institute will try to restrict the release of the reporting staff's identity to those on a reasonable "need-to-know" basis.

## **10.0 VIOLATION OF THIS CODE**

If an alleged violation of this Code has been reported, the Board (or its nominated persons) shall determine whether that violation has occurred and, if so, shall determine the disciplinary measures to be taken.

These disciplinary measures include, but are not limited to, counselling, oral or written reprimands, warnings, probation, suspension without pay, demotions, reductions in salary, termination of employment or other relationship with us and restitution.

Any waiver of the applicability of this Code requires the approval of the Board. Waivers will be granted only as permitted by law and in extraordinary circumstances, and shall be determined by the Board on a case-to-case basis.

# Appendix 3B: Code of Business Conduct and Ethics for Board of Governors

## 1. PURPOSE/SCOPE OF CODE OF BUSINESS CONDUCT FOR BOARD OF GOVERNORS

The Institute of Internal Auditors Malaysia ("IIA Malaysia") is committed to the highest ethical standards in order to merit and maintain the confidence and trust of its members and the public at large. Elected or Appointed Governors of IIA Malaysia must conduct their personal and professional affairs in full compliance with all laws and regulations and uphold IIA Malaysia's integrity in such a manner that does not result in adverse comments which may in any way impair and/or damage IIA Malaysia's reputation.

The Code of Business Conduct and Ethics ("The Code") assists Governors to promulgate and uphold a culture of honesty and accountability. Through this Code, IIA Malaysia strives to provide and maintain guidance and mechanisms for its Governors to deal with ethical issues. All Governors are responsible for understanding and complying with the Code and all other policies of IIA Malaysia. Each Governor must annually complete and sign the ***Annual Code of Business Conduct and Ethics for Governors Awareness and Compliance Certification***. All Governors have the duty and responsibility to report any real or potential conflicts of interest occurring after execution of this certification to the Professional Services Committee.

No code of business conduct and ethics can replace the thoughtful behaviour of each Governor. Likewise, no code of business conduct can cover all situations. When in doubt, ask yourself these questions:

- Will my action inspire trust?
- Is my action legal? If legal, is it also ethical? Are my actions honest in every respect? Will they appear as such?
- Is anyone's life, health, safety or privacy endangered or adversely affected by this action?
- Can I defend this action with a clear conscience before my fellow members and the general public?
- Will I be concerned to read about my action in the newspaper?

IIA Malaysia encourages all Governors to ask questions, seek guidance, and express any concern they may have.

## 2. BUSINESS PRACTICES

The following information applies to Governors:-

- 2.1. This Business Practices Procedure has been formulated and adopted by the Board of Governors to establish the following requirements and guidelines:-
  - (1) Compliance with ethics of the profession;
  - (2) Legal compliance;
  - (3) Conflict of interest;
  - (4) Anti-bribery and corruption; and
  - (5) Annual statement of compliance.

## 2.2. Details of Requirements and Guidelines:-

### (1) Compliance with ethics of the profession.

It is the responsibility of each Governor to conduct any activities performed on behalf IIA Malaysia in accordance with the International Professional Practice Framework ("IPPF").

### (2) Legal Compliance

IIA Malaysia is committed to full compliance with the laws of Malaysia. No Governor shall knowingly engage in any activity in violation of any law of the jurisdiction in which the activity takes place, or knowingly assist any other person in so doing.

### (3) Conflict of interest

(a) A conflict of interest is defined as Governors' involvement in outside activities which might either conflict with their duty to IIA Malaysia or adversely affect their judgment in performance of their responsibilities. It is the responsibility of Governors to protect (themselves and IIA Malaysia from situations involving actual or potential conflict of interest), and to avoid personal transactions or situations in which their own interests either are, or appear to be, in conflict with those of IIA Malaysia. Furthermore, such activities or relationships must not influence or appear to influence decisions of the Governors or impair objectivity in the performance of assigned responsibilities or discredit the name and reputation of IIA Malaysia.

(b) Governors may not disclose or use information of IIA Malaysia in any way which would injure or compromise the interests of IIA Malaysia. While discharging their responsibilities in IIA Malaysia, Governors may become aware of sensitive or confidential information. Appropriate professional care in respecting such confidentiality should be followed at all times. The unauthorised use or disclosure of educational, technical or research information of IIA Malaysia is specifically prohibited.

(c) Governors, except when specifically authorised to represent IIA Malaysia and its positions, shall not make statements or act in any manner that implies endorsement or support by IIA Malaysia of any issue.

(d) Governors shall not make statements or act in any manner that implies endorsement or support by IIA Malaysia of any political candidate or party.

### (4) Anti-bribery and corruption

Bribery and corruption acts involve the promising, offering, authorising, soliciting or accepting of a gratification as an inducement to gain or provide, or as a reward for having gained or provided, an undue advantage in which cases such acts could influence the intended recipient's judgement, views or conduct.

Governors are strictly prohibited from attempting to directly or indirectly, promise, offer, authorise, solicit or accept any gratification, to or from anyone, as the case may be, that constitutes, or could be reasonably perceived as constituting, unfair business inducements or that would violate laws or regulations or our other policies, when conducting business for or on behalf of IIA Malaysia. Governors shall comply with the Anti-Bribery and Corruption Policy established by the Institute.



- (5) Annual statement of compliance:-
- (a) Each Governor is required to complete the Annual Code of Business Conduct and Ethics for Governors Awareness and Compliance Certification.
  - (b) Signing the Certification signifies that the individual has read the Business Practices Procedures and that he/she is in compliance with it and will make every effort to ensure future compliance.
- (6) Guiding Principles and Examples for use in completion of the "Annual Code of Business Conduct and Ethics for Governors Awareness and Compliance Certification" form
- (a) The Guiding Principles are based on the following conceptual approach.  
 "Would a reasonable person perceive that the decisions or actions of the individual in question be other than unbiased, that is, would they be influenced by other than the best interest of the profession of internal auditing?"
  - (b) It is not possible to provide guidance for all situations that may arise; therefore, it is each Governor's responsibility to exercise good judgment to act in a manner that will reflect favourably upon IIA Malaysia and the Governor. If a situation arises that could be perceived as a conflict of interest, the Governor should disclose the specifics to the Professional Services Committee.
  - (c) Areas creating a potential conflict of interest include but are not limited to:
    - Interest in Other Businesses and Organisations  
 Governors shall not have any direct or indirect interest in, or relationship to, any transaction to which IIA Malaysia is or will be party if such interest or relationship may influence, or appear to influence, that Governor in the performance of his or her duties, or otherwise give rise to the appearance of wrong-doing or a conflict of interest.
    - Indirect Interests and Relationships
      - ❖ Being in a position to make or influence a decision relating to IIA Malaysia's engaging in business with a Governor's relatives or friends.
      - ❖ Being in a position to derive an indirect benefit from an IIA Malaysia transaction involving a Governor's direct family members.
      - ❖ Not disclosing in writing via the Annual Code of Business Conduct and Ethics for Governors Awareness and Compliance Certification any situation in which the Governor is aware of a relative or friend who has an interest in any IIA Malaysia transaction.
      - ❖ Use of IIA Malaysia's information  
 A Governor shall not use for personal gain information concerning any aspect of IIA Malaysia's business or information acquired as a result of his or her relationship with IIA Malaysia. This shall include information

not in the public domain concerning third parties with whom IIA Malaysia is doing business or negotiating a transaction.

(d) Illustrative examples of situations that could give rise to a potential conflict of interest include, but not limited to:-

- During your tenure as a member of Professional Development Committee, you learn the topics and courses most in demand and most lucrative. You use this knowledge and establish, or allude to others, the opportunity of establishing a competing course;
- You learn through committee membership of a company with which IIA Malaysia plans to enter into negotiations for products or services and use this knowledge to trade in the associated company's stock. For example, IIA Malaysia is negotiating with a particular insurance company and plans to offer insurance products to our members. Prior to this announcement you purchase stock in anticipation of an increase in value;
- As committee chairpersons responsible for selection of a company to produce and create a video, you use this knowledge of the bidding process to assist a relative or friend in being awarded the contract for the video production.
- While being a member of a committee, you become aware of information about a prospective contract's contents that, if disclosed prematurely, could give a competitive advantage. You use the information that has not been yet made public to inform friends or relatives for their potential advantage;
- As part of a committee, you learn of upcoming events not in the public domain within another committee member's company. You use this knowledge before it is released; recruit staff away from that company;
- While being a member of a committee, you are asked to conduct a seminar or other paid engagement. You purposely fail to follow a full disclosure policy to your company's management; and
- During a committee meeting, a Governor discusses opportunities and exposure within his/her company, such as a lack of knowledge regarding IT auditing. You seize the moment to sell IT Auditing services to that company without first divulging this information and obtaining approval from your fellow Governor.

(7) Many Governors in IIA Malaysia are experts in the internal auditing profession and may write and publish textbooks and other research papers, produce and create videos, etc., that are sold by IIA Malaysia to the general public. These Governors are compensated by IIA Malaysia for their services. To mitigate any real or perceived conflicts of interest between IIA Malaysia and its Governors, the following 2-step process is utilised:-

(a) Any proposal submitted by a Governor shall be vetted publicly in a transparent manner and reviewed by the Research and Technical Advisory Committee; and

- (b) If the Governor is a participant in the proposal, he/she must recuse him or herself from the review, analysis, discussion and voting processes.
  - (8) All services in which compensation has been received by Governors from the Institute shall be disclosed using the Annual Code of Business Conduct and Ethics for Governors Awareness Compliance form.
- 2.3. It shall be the responsibility of each Governor to report any known violations of this policy to the Professional Services Committee.

# Appendix 3C: Code of Business Conduct and Ethics for Committee Members

## 1. PURPOSE/SCOPE OF CODE OF BUSINESS CONDUCT FOR COMMITTEE MEMBERS

The Institute of Internal Auditors Malaysia ("IIA Malaysia") is committed to the highest ethical standards in order to merit and maintain the confidence and trust of its members and the public at large. Elected or Appointed Committee members of IIA Malaysia must conduct their personal and professional affairs in full compliance with all laws and regulations and uphold IIA Malaysia's integrity in such a manner that does not result in adverse comments which may in any way impair and/or damage IIA Malaysia's reputation.

The Code of Business Conduct and Ethics ("The Code") assists members of all Committees to promulgate and uphold a culture of honesty and accountability. Through this Code, IIA Malaysia strives to provide and maintain guidance and mechanisms for its Committee members to deal with ethical issues. Members of all Committees are responsible for understanding and complying with the Code and all other policies of IIA Malaysia. Each Committee members must annually complete and sign the ***Annual Code of Business Conduct and Ethics for Committee Members Awareness and Compliance Certification***. Members of all Committees have the duty and responsibility to report any real or potential conflicts of interest occurring after the execution of this certification to the Professional Services Committee.

No code of business conduct and ethics can replace the thoughtful behaviour of each Committee member. Likewise, no code of business conduct can cover all situations. When in doubt, ask yourself these questions:

- Will my action inspire trust?
- Is my action legal? If legal, is it also ethical? Are my actions honest in every respect? Will they appear as such?
- Is anyone's life, health, safety or privacy endangered/adversely affected by this action?
- Can I defend this action with a clear conscience before my fellow members and the general public?
- Will I be concerned to read about my action in the newspaper?

IIA Malaysia encourages members of all Committees to ask questions, seek guidance, and express any concern they may have.

## 2. BUSINESS PRACTICES

The following information applies to Committee members:-

2.1. This Business Practices Procedure has been formulated and adopted by the Board of Governors to establish the following requirements and guidelines:-

- (1) Compliance with ethics of the profession;
- (2) Legal compliance;
- (3) Conflicts of interest;
- (4) Anti-bribery and corruption; and
- (5) Annual statement of compliance.

2.2. Details of the Requirements and Guidelines:-

(1) Compliance with ethics of the profession.

It is the responsibility of each Committee members to conduct any activities performed on behalf of IIA Malaysia in accordance with the International Professional Practice Framework ("IPPF").

(2) Legal Compliance

IIA Malaysia is committed to full compliance with the laws of Malaysia. No Committee members shall knowingly engage in any activity in violation of any law of the jurisdiction in which the activity takes place, or knowingly assist any other person in so doing.

(3) Conflicts of interest

(a) A conflict of interest is defined as Committee members' involvement in outside activities which might either conflict with their duty to IIA Malaysia or adversely affect their judgment in the performance of their responsibilities. It is the responsibility of Committee members to protect themselves and IIA Malaysia from situations involving actual or potential conflict of interest, and to avoid personal transactions or situations in which their own interests either are, or appear to be, in conflict with those of IIA Malaysia. Furthermore, such activities or relationships must not influence or appear to influence decisions of the Committee members or impair objectivity in the performance of assigned responsibilities or discredit the name and reputation of IIA Malaysia.

(b) Committee members may not disclose or use information of IIA Malaysia in any way which would injure or compromise the interests of IIA Malaysia. While discharging their responsibilities in IIA Malaysia, Committee members may become aware of sensitive or confidential information. Appropriate professional care in respecting such confidentiality should be followed at all times. The unauthorised use or disclosure of educational, technical or research information of IIA Malaysia is specifically prohibited.

(c) Committee members, except when specifically authorised to represent IIA Malaysia and its positions, shall not make statements or act in any manner that implies endorsement or support by IIA Malaysia of any issue.

(d) Committee members shall not make statements or act in any manner that implies endorsement or support by IIA Malaysia of any political candidate or party.

(4) Anti-bribery and corruption

Bribery and corruption acts involve the promising, offering, authorising, soliciting or accepting of a gratification as an inducement to gain or provide, or as a reward for having gained or provided, an undue advantage in which cases such acts could influence the intended recipient's judgement, views or conduct.

Committee members are strictly prohibited from attempting to directly or indirectly, promise, offer, authorise, solicit or accept any gratification, to or from anyone, as the case may be, that constitutes or could be reasonably perceived as constituting, unfair business inducements or that would violate laws or regulations or our other policies, when conducting business for or on behalf of IIA Malaysia. Committee members shall comply with the Anti-Bribery and Corruption Policy established by the Institute.

- (5) Annual statement of compliance -
  - (a) Each Committee member is required to complete the Annual Code of Business Conduct and Ethics for Committee members Awareness and Compliance Certification.
  - (b) Signing the Certification signifies that the individual has read the Business Practices Procedures and that he/she is in compliance with it and will make every effort to ensure future compliance.
- (6) Guiding Principles and Examples for use in completion of the "Annual Code of Business Conduct and Ethics for Committee members Awareness and Compliance Certification" form
  - (a) The Guiding Principles are based on the following conceptual approach:
 

"Would a reasonable person perceive that the decisions or actions of the individual in question be other than unbiased, that is, would they be influenced by other than the best interest of the profession of internal auditing?"
  - (b) It is not possible to provide guidance for all situations that may arise; therefore, it is each Committee member's responsibility to exercise good judgment to act in a manner that will reflect favourably upon IIA Malaysia and the Committee member. If a situation arises that could be perceived as a conflict of interest, the Committee member should disclose the specifics to the Professional Services Committee.
  - (c) Areas creating a potential conflict of interest include but are not limited to:-
    - Interest in Other Businesses and Organisations
 

Committee members shall not have any direct or indirect interest in, or relationship to, any transaction to which IIA Malaysia is or will be party if such interest or relationship might influence, or appear to influence, that member in the performance of his or her duties as ascribed by the Institute, or otherwise give rise to the appearance of wrong-doing or a conflict of interest.
    - Indirect Interests and Relationships
      - ❖ Being in a position to make or influence a decision relating to IIA Malaysia's engaging in business with a Committee member's relatives or friends.
      - ❖ Being in a position to derive an indirect benefit from an IIA Malaysia transaction involving a Committee member's direct family members.
      - ❖ Not disclosing in writing via the Annual Code of Business Conduct and Ethics for Committee members Awareness and Compliance Certification any situation in which the Committee member is aware of a relative or friend who has an interest in any IIA Malaysia transaction.
      - ❖ Use of IIA Malaysia's information
 

A Committee member shall not use for personal gain information concerning any aspect of IIA Malaysia's business or information acquired as a result of the Committee member's relationship with IIA

Malaysia. This shall include information not in the public domain concerning third parties with whom IIA Malaysia is doing business or negotiating a transaction.

(d) Illustrative examples of situations that could give rise to a potential conflict of interest include, but not limited to:-

- During your tenure as a member of the Professional Development Committee, you learn the topics and courses most in demand and most lucrative. You use this knowledge and establish, or allude to others, the opportunity of establishing a competing course;
- You learn through committee membership of a company with which IIA Malaysia plans to enter into negotiations for products or services and use this knowledge to trade in the associated company's stock. For example, IIA Malaysia is negotiating with a particular insurance company and plans to offer insurance products to our members. Prior to this announcement you purchase stock in anticipation of an increase in value;
- As committee chairpersons responsible for the selection of a company to produce and create a video, you use this knowledge of the bidding process to assist a relative or friend in being awarded the contract for the video production;
- While being a member of a committee, you become aware of information about a prospective contract's contents that, if disclosed prematurely, could give a competitive advantage. You use the information that has not been yet made public to inform friends or relatives for their potential advantage;
- As part of a committee, you learn of upcoming events not in the public domain within another committee member's company. You use this knowledge before it is released; recruit staff away from that company;
- While being a member of a committee you are asked to conduct a seminar or other paid engagement. You purposely fail to follow a full disclosure policy to your company's management; and
- During a committee meeting, a Committee member discusses opportunities and exposure within his/her company, such as a lack of knowledge regarding IT auditing. You seize the moment to sell IT Auditing services to that company without first divulging this information and obtaining approval from your fellow Committee member.

(7) Many Committee members in IIA Malaysia are experts in the internal auditing profession and may write and publish textbooks and other research papers, produce and create videos, etc., that are sold by IIA Malaysia to the general public. These Committee members are compensated by IIA Malaysia for their services. To mitigate any real or perceived conflicts of interest between IIA Malaysia and its Committee members, the following 2-step process is utilised:-

(a) Any proposal submitted by a Committee member shall be vetted publicly in a transparent manner and reviewed by the Research and Technical Advisory Committee; and

- (b) If the Committee member is a participant in the proposal, he/she must recuse him or herself from the review, analysis, discussion and voting processes.
  - (8) All services in which compensation has been received by the Committee members shall be disclosed using the Annual Code of Business Conduct and Ethics for Committee Members Awareness Compliance form.
- 2.3. It shall be the responsibility of each Committee member to report any known violations of this policy to the Professional Services Committee.



## Appendix 3D: Code of Business Ethics (Suppliers, Service Providers and Business Associates)

### **CODE OF BUSINESS ETHICS (SUPPLIERS, SERVICE PROVIDERS AND BUSINESS ASSOCIATES)**

#### **The Institute of Internal Auditors Malaysia**

##### ***Background***

The Institute of Internal Auditors Malaysia (“IIA Malaysia” or the “Institute”) is dedicated to maintaining the highest standards of ethics and integrity. This Code of Business Ethics (the “Code”) is formulated to enhance the standards of corporate governance and corporate behaviour with the intention of achieving the following aims:-

- to establish a standard of ethical behaviour for suppliers, service providers and business associates of IIA Malaysia based on mutual trustworthiness and values that are acceptable;
- to uphold the spirit of responsibility and social responsibility in line with existing rules, regulations and guidelines for conducting business; and
- to formalise and inculcate ethical values through the Code and ensure their implementation and compliance.

##### ***Scope of, and compliance with, the Code of Conduct***

This Code is based on the principle that IIA Malaysia intends to form a business relationship with its suppliers, service providers and business associates, including vendors, agents, service providers, consultants, business partners, and any third parties performing business or service for or on behalf of IIA Malaysia (collectively known as “Covered Person”) which is built based on mutually acceptable standards of business ethics, including openness, transparency, accountability, and integrity.

All Covered Persons are expected to adhere to this general principle as well as to comply with all the specific provisions of this Code that are applicable to them and other policies adopted by IIA Malaysia.

Failure to observe these policies may result in a review of business relationship, including but not limited to, a review of contracts or termination of business relationship. Furthermore, violations of this Code may also constitute violations of the law and may result in civil or criminal penalties.

##### ***Compliance with laws***

IIA Malaysia conducts its business in accordance with all applicable laws and regulations. Compliance with the law does not comprise IIA Malaysia or a Covered Person’s entire ethical responsibility. Rather, it is a minimum, essential condition for the performance of IIA Malaysia’s and a Covered Person’s duties.

This Code highlights issues, but does not attempt to cover every circumstance which may arise. When conducting business with or for IIA Malaysia, Covered Persons are responsible for

knowing and complying with all applicable laws and regulations and are urged to consult with their respective liaisons in IIA Malaysia as to questions concerning these laws and regulations.

### ***Fair Business Dealings***

The Institute conducts business on the basis of fair business terms considering, amongst others, the quality, pricing, reliability, availability, etc., of the goods and services in the best interest of the Institute's business. It expects a Covered Person to conduct business, either with the Institute or on behalf of the Institute, with integrity, honesty, fairness, openness, and transparency. Information provided by person associated in the conduct of business shall be accurate and not misleading.

The Institute prohibits the use of "side agreement" which is:-

- intended to circumvent an official primary agreement or contract; or
- drafted between other third parties other than, and without the consent of, the parties involved in the primary agreement or contract.

### ***Accountability***

The Institute expects a Covered Person to be fully accountable for the delivery of contractual obligations, including services rendered and goods provided, on a timely basis in accordance with specific agreements, contracts, or undertaking made with the Institute.

### ***Conflicts of interests***

Covered Persons must be sensitive to activities, interests or relationships that interfere with, or which appear to interfere with, the fundamentals of the business relationship between IIA Malaysia and the person associated. These activities, interests or relationships are considered "conflicts of interest". Conflicts of interest situations may impair, or appear to impair, the independence or objectivity of the decision-making process in relation to business decisions between IIA Malaysia and person associated or any judgment a person associated may need to make on IIA Malaysia's behalf. This includes, but is not limited to, direct or indirect relationships with a Governor, Committee member or Secretariat of IIA Malaysia that may compromise objective decision-making process within IIA Malaysia.

If a Covered Person discovers that, as a result of changed circumstances or otherwise, he/she has become involved in a conflict of interest in a manner that violates or may violate this Code, the Covered Person must report that conflict to his/her liaison in IIA Malaysia as soon as the matter comes to his/her knowledge.

As it is impossible to describe every potential conflict of interest, we necessarily rely on the Covered Person to exercise good judgment, to seek advice when appropriate and to adhere to ethical standards in the conduct of a Covered Person's professional and personal affairs.

### ***Confidential information***

No Covered Persons shall use non-public information or confidential business information for personal benefit or the benefit of other persons. Covered Persons are prohibited to provide information to others, including, but not limited to, family, friends and business associates relating to the Inside Information until the Inside Information is publicly released.

### ***Anti-bribery and corruption***

Bribery and corruption acts involve the promising, offering, authorising, soliciting or accepting of gratification, not confined to monetary form, as an inducement to gain or provide, or as a reward for having gained or provided, an undue advantage in which cases such acts could influence the intended recipient's judgement, views or conduct.

Henceforth, Covered Persons are strictly prohibited from attempting to, directly or indirectly, promise, offer, authorise, solicit, or accept any gratification, to or from anyone, as the case may be, that constitutes or could be reasonably perceived as constituting, unfair business inducements or that would violate laws or regulations or our other policies, when conducting business for or on behalf of IIA Malaysia. Covered Persons are required to comply with the Anti-Bribery and Corruption Policy established by the Institute. Violations of this provision of the Code or the Institute's Anti-Bribery and Corruption Policy may constitute violations of the law and may result in civil or criminal penalties.

### ***Anti-money laundering and terrorism financing***

IIA Malaysia does not engage in any money laundering or terrorism financing activities and it does not associate itself with such criminal activities of others within its business operations. The Institute shall not hesitate to act in accordance with applicable laws and regulations to report any suspicious activity to the authorities, where required.

Covered Persons performing business for or on behalf of the Institute understand and agree that counterparty due diligence may be required to be performed on them for the Institute to understand their business and background, including, but not limited to, details of directors and shareholders, source of proceeds or funds, etc.

### ***Rights to Audit Suppliers, Service Providers and Business Associates***

Subject to the provisions of the business arrangement with IIA Malaysia, the Institute retains the right to audit, at its own cost and expense, its suppliers, service providers and business associates in relation to adherence to the Institute's Code of Business Ethics (Suppliers, Service Providers and Business Associates), as and when necessary. Covered Persons shall cooperate and provide the Institute's auditors with the information and documents required, especially if the audit is one that is required in relation to compliance with laws and regulations.

### ***Integrity and Background Declaration***

The Institute may require the provision of an integrity and background declaration by certain Covered Persons at a different frequency (e.g. annually, bi-annually, etc.) as determined by IIA Malaysia. Such requirement does not indicate any form of suspicion or distrust, rather they serve as a control measure to protect the integrity of the business relationship between IIA Malaysia and the Covered Persons.

### ***Accountability for adherence with this Code***

The Board of Governors ("Board") of IIA Malaysia enforces this Code. If an alleged violation of this Code has been reported to it, the Board (or its nominated persons) shall determine whether that violation has occurred and, if so, shall determine the next course of actions to be taken.

### ***Review of this Code***

This Code is approved by the Board of IIA Malaysia on 16 June 2020.

## **ACKNOWLEDGEMENT FORM**

### **CODE OF BUSINESS ETHICS**

I hereby acknowledge that I have read the Code of Business Ethics and fully understand the contents therein.

In the course of carrying out my roles and responsibilities according to the terms of contractual arrangement, I agree to remain committed to acting in accordance with the highest standards of honesty, integrity and transparency in every business activity.

I hereby declare that I have complied, and agree to continue to comply, with the Code of Business Ethics during the course of my business relationship with IIA Malaysia (the "Institute").

I understand that if I fail to comply with any part of the Code of Business Ethics, I may be subjected to appropriate actions by the Institute under the circumstances, including possible review of business relationship or termination of any contract, appointment, or engagement with the Institute.

Name:

Signature:

NRIC No.:

Company/ Entity Name:

Date:

Note: If you have not or are unable to fulfil any section of the Code of Business Ethics indicated above, please contact your liaison in IIA Malaysia immediately for clarification and remedial measures to be taken.

## Appendix 4A: Integrity and Background Declaration for Secretariat

### The Institute of Internal Auditors Malaysia

#### Integrity Declaration Form for Secretariat

Name ("I"):	
Position:	

1. I agree to comply with all applicable laws and regulation in the conduct of business or service in relation to the businesses and operations of IIA Malaysia.
2. I agree to abide by the terms and conditions governing my appointment or employment relationship with IIA Malaysia, with reference to:-
  - any official contracts, employment letter, letter of offer, letter of appointment, engagement letter, or any official document to the similar effect; and
  - the Institute's Code of Conduct and relevant policies and procedures of the Institute, including the Institute's Anti-Bribery and Corruption Policy and relevant policies within the Institute's Anti-Bribery and Corruption Framework.
3. I agree to conduct business in an ethical manner and shall not undertake any bribery or corrupt conduct in carrying out my duties and responsibilities for IIA Malaysia.
4. I understand that if I fail to comply with any part of the above-mentioned items 1 to 3, IIA Malaysia reserves the right to review my appointment or employment with the Institute, which may lead to disciplinary actions, dismissal, and even reporting to the authorities.
5. I declare that:
  - ☐ I am not aware of any actual, potential, or perceived conflict of interest situations with IIA Malaysia or other stakeholders of the Institute's business.
  - ☐ apart from the actual, potential, or perceived conflict of interest situations declared in the Conflict of Interest Disclosure document, I am not aware of any other actual, potential, or perceived conflict of interest situations with IIA Malaysia or other stakeholders of the Institute's business.

*(tick whichever is applicable)*

I agree to notify IIA Malaysia, as soon as practicable, on any emerging or new actual, potential, or perceived conflict of interest situations that may arise.

6. I declare that:

- ☐ I have never been convicted of any crime or offences, other than traffic offences (if any).
- ☐ I have been convicted of the following offences, other than traffic offences (if any).  
(tick whichever is applicable)

To provide a brief description of offences convicted (other than traffic offences):

------------------

I declare that all information provided in this Form is, to the best of my knowledge and belief, true, complete, and accurate. I understand that if any information is found to be untrue, incomplete, or inaccurate, IIA Malaysia reserves the right to review my appointment/employment relationship with the Institute, which may lead to disciplinary actions, dismissal, cessation of business relationship, and even reporting to the authorities.

Name: \_\_\_\_\_

Identity Card/  
Passport Number: \_\_\_\_\_

Signature: \_\_\_\_\_

Date: \_\_\_\_\_

## Appendix 4B: Annual Code of Business Conduct and Ethics for Governors Awareness and Compliance Certification

ANNUAL CODE OF BUSINESS CONDUCT AND ETHICS FOR GOVERNORS AWARENESS AND COMPLIANCE CERTIFICATION	
It is a fundamental policy of The Institute of Internal Auditors Malaysia ("IIA Malaysia") to conduct its business with honesty and integrity and in accordance with the highest legal and ethical standards. Each appointed and elected Governor is required to complete this form. All Governors have the duty and responsibility to report any real or potential conflict of interests occurring after execution of this certification to the Professional Services Committee.	
❖ I certify that I have read and understood the Code of Business Conduct and Ethics for Governors of IIA Malaysia and agree to abide by it.	Initial
❖ I certify that I have not engaged in any activities that conflict with the Code of Business Conduct and Ethics for Governors of IIA Malaysia.	Initial
❖ I certify that I have read and understood the Anti-Bribery and Corruption Policy and relevant policies within the Institute's Anti-Bribery and Corruption Framework of IIA Malaysia and will not undertake any bribery and corrupt conduct in carrying out my duties and responsibilities for IIA Malaysia.	Initial
❖ I certify that I have not used for personal gain information concerning any aspect of IIA Malaysia's business or information acquired as a result of any relationship with IIA Malaysia.	Initial
❖ Provided below is a list of all services performed for IIA Malaysia in which I was directly involved and for which remuneration was paid to my company or me. <b>(If none, write "NONE".)</b>	Initial
_____	Initial
❖ Other than as disclosed below, I certify that I have no direct or indirect interest in, or relationship to any transaction to which IIA Malaysia is party if such of interest or relationship might influence, or appear to influence, me in the performance of my duties in the Institute, or otherwise give rise to the appearance of wrongdoing or a conflict of interest. <b>(If none, write "NONE".)</b>	Initial
_____	Initial
❖ Other than as disclosed below, I further certify that, to the best of my knowledge and believe, I am not aware of any acts by other individuals, which are in conflict with the Code of Business Conduct and Ethics for Governors of IIA Malaysia except as previously disclosed to appropriate officials. <b>(If none, write "NONE".)</b>	Initial
_____	Initial
❖ In future real or potential conflicts of interest or the appearance of conflict which arise, I agree to report them as soon as possible to the Audit Committee via Secretariat for the Board's deliberation.	Initial
_____	Initial
❖ Other than as disclosed below, I certify that, to the best of my knowledge and belief, both I, and all members of my immediate family*, have not received, given nor offered any gifts or benefits, or have any direct or indirect financial interest in actual or potential suppliers of goods or services to IIA Malaysia except as follows: * <i>members of immediate family include spouse, parent, child and his/her spouse, and brother or sister and his/her spouse.</i> <b>If none, write "NONE". Exclude nominal gifts or entertainment as specified in the Institute's Policy on Gifts, Entertainment, Hospitality and Travel.</b>	Initial
_____	Initial
❖ I have read and understood the Guiding Principles of Effective Governance of the IIA Global.	
<b><u>Governor</u></b>	
_____ Signature	_____ Date
Name:	

# Appendix 4C: Annual Code of Business Conduct and Ethics for Committee Members Awareness and Compliance Certification

## ANNUAL CODE OF BUSINESS CONDUCT AND ETHICS FOR COMMITTEE MEMBERS AWARENESS AND COMPLIANCE CERTIFICATION

It is a fundamental policy of The Institute of Internal Auditors Malaysia ("IIA Malaysia") to conduct its business with honesty and integrity and in accordance with the highest legal and ethical standards. Each appointed and elected Committee member, is required to complete this form. All Committee members have the duty and responsibility to report any real or potential conflict of interests occurring after the execution of this certification to the Professional Services Committee.

- ❖ I certify that I have read and understood the Code of Business Conduct and Ethics for Committee Members of IIA Malaysia and agree to abide by it. \_\_\_\_\_  
Initial
- ❖ I certify that I have not engaged in any activities that conflict with the Code of Business Conduct and Ethics for Committee Members of IIA Malaysia. \_\_\_\_\_  
Initial
- ❖ I certify that I have read and understood the Anti-Bribery and Corruption Policy and relevant policies within the Institute's Anti-Bribery and Corruption Framework of IIA Malaysia and will not undertake any bribery and corrupt conduct in carrying out my duties and responsibilities for IIA Malaysia. \_\_\_\_\_  
Initial
- ❖ I certify that I have not used for personal gain information concerning any aspect of IIA Malaysia's business or information acquired as a result of any relationship with IIA Malaysia. \_\_\_\_\_  
Initial
- ❖ Provided below is a list of all services performed for IIA Malaysia in which I was directly involved and for which remuneration was paid to my company or me. **(If none, write "NONE".)**  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
Initial
- ❖ Other than as disclosed below, I certify that I have no direct or indirect interest in, or relationship to any transaction to which IIA Malaysia is party if such of interest or relationship might influence, or appear to influence, me in the performance of my duties in the Institute, or otherwise give rise to the appearance of wrongdoing or a conflict of interest. **(If none, write "NONE".)**  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
Initial
- ❖ Other than as disclosed below, I further certify that, to the best of my knowledge and belief, I am not aware of any acts by other individuals, which are in conflict with the Code of Business Conduct and Ethics for Committee Members of IIA Malaysia except as previously disclosed to appropriate officials. **(If none, write "NONE".)**  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
Initial
- ❖ In future real or potential conflicts of interest or the appearance of conflict arise, I agree to report them as soon as possible to the Audit Committee via Secretariat for the Board's deliberation. \_\_\_\_\_  
Initial
- ❖ Other than as disclosed below, I certify that, to the best of my knowledge and believe, both I, and all members of my immediate family\*, have not received, given nor offered any gifts or benefits, or have any direct or indirect financial interest in actual or potential suppliers of goods or services to IIA Malaysia except as follows:  
*\* members of immediate family include spouse, parent, child and his/her spouse, and brother or sister and his/her spouse.*  
**If none, write "NONE". Exclude nominal gifts or entertainment as specified in the Institute's Policy on Gifts, Entertainment, Hospitality and Travel.**  
\_\_\_\_\_  
\_\_\_\_\_  
Initial
- ❖ I have read and understood the Guiding Principles of Effective Governance of the IIA Global.  
**Committee Member**

\_\_\_\_\_  
Signature  
Name:

\_\_\_\_\_  
Date



## Appendix 4D: Integrity and Background Declaration for Suppliers, Service Providers and Business Associates

### The Institute of Internal Auditors Malaysia

#### Integrity Declaration Form for Suppliers, Service Providers and Business Associates

Name ("I"):	
Name of organisation represented (the "Entity" or "We"):	
Nature of business relationship with IIA Malaysia:	

1. The Entity agrees to comply with all applicable laws and regulation in the conduct of business or service in relation to the businesses and operations of IIA Malaysia.
2. The Entity agrees to abide by the terms and conditions governing the business relationship with IIA Malaysia, with reference to:-
  - any official contracts, letter of offer, letter of appointment, engagement letter, or any official document to the similar effect; and
  - the Institute's Code of Business Ethics (Suppliers, Service Providers and Business Associates) and relevant policies and procedures of the Institute, including the Institute's Anti-Bribery and Corruption Policy.
3. The Entity agrees to conduct business in an ethical manner and shall not undertake any bribery and corrupt conduct in doing business with and for IIA Malaysia.
4. The Entity understands that if it fails to comply with any part of the above-mentioned items 1 to 3, IIA Malaysia reserves the right to review of my/ our business relationship, including contracts, employment or appointment, which may lead to disciplinary actions, dismissal, cessation of business relationship, and even reporting to the authorities.
5. The Entity declares that:
  - ☐ the Entity is not aware of any actual, potential, or perceived conflict of interest situations with IIA Malaysia or other stakeholders of the Institute's business.
  - ☐ apart from the actual, potential, or perceived conflict of interest situations declared in the Conflict of Interest Disclosure document, the Entity is not aware of any other actual, potential, or perceived conflict of interest situations with IIA Malaysia or other stakeholders of the Institute's business.

*(tick whichever is applicable)*

The Entity agrees to notify IIA Malaysia, as soon as practicable, on any emerging or new actual, potential, or perceived conflict of interest situations which may arise.

6. The Entity declares that:

- ☐ The Entity has never been convicted of any crime or offences, other than traffic offences (if any).
- ☐ The Entity has been convicted of the following offences, other than traffic offences (if any).

*(tick whichever is applicable)*

To provide a brief description of offences convicted (other than traffic offences):

I declare, on behalf of the Entity, that all information provided in this Form is, to the best of the knowledge and belief, true, complete, and accurate. The Entity understands that if any information is untrue, incomplete, or inaccurate, IIA Malaysia reserves the right to review our business relationship, including, but not limited to, contracts, appointment, and engagement, which may lead to disciplinary actions, dismissal, cessation of business relationship, and even reporting to the authorities.

Name: \_\_\_\_\_

Identity Card/  
Passport Number: \_\_\_\_\_

Signature: \_\_\_\_\_

Designation: \_\_\_\_\_

Organisation  
Stamp: \_\_\_\_\_

Date: \_\_\_\_\_

## Appendix 5: Policy on Facilitation Payment

### **POLICY ON FACILITATION PAYMENT (this “Policy”)**

#### **1. What is Facilitation Payment?**

Facilitation payments include unofficial and improper payments or benefits, such as gifts or entertainment, provided to secure or expedite a routine or necessary action to which the Institute is legally entitled. Facilitation payments are bribes and they could be small in value and solicited by both the public and private sectors.

Examples of situations where facilitation payment may be solicited are as follows:

- The Institute's personnel who is obtaining immigration clearance to enter a country receives a request for a non-official payment by the immigration officer.
- Payment or benefit requested by a government or regulatory officer to provide preferential treatment such as expedition of processing of documents.
- Payment or benefit requested by the customer's staff, payable to the staff personally, to expedite contract awarding process to the Institute.

#### **2. The Institute's Stances on Facilitation Payment**

- I. IIA Malaysia views facilitation payment as a bribe, in line with the stance adopted by Transparency International.
- II. The Institute prohibits the making of facilitation payments regardless:
  - a. whether they are permitted by local laws; or
  - b. the amount of the facilitation payment.
- III. Governors, members of all Committees, Secretariat, suppliers, service providers, and business associates shall not make any facilitation payments or allow other parties to make facilitation payments for or on behalf of the Institute.
- IV. The Institute treats any violation of this Policy seriously and will undertake necessary actions, including, but not limited to, review of employment or appointment, disciplinary actions, dismissal, and reporting to the authorities, consistent with the relevant laws and regulations.

**This Policy is approved by the Board of Governors of IIA Malaysia on 16 June 2020.**

# Appendix 6: Policy on Gift, Entertainment, Hospitality and Travel

## **GIFT, ENTERTAINMENT, HOSPITALITY AND TRAVEL POLICY (this “Policy”)**

### **1. Introduction**

Governors, members of all Committees, Secretariat, suppliers, service providers, and business associates must avoid giving or receiving gifts, entertainment, hospitality or travel which may be construed as a bribe or corruption.

Gifts, entertainment and hospitality are defined as follows (adapted from *Global Anti-Bribery Guidance*):

<b>Gift</b>	These can be discount vouchers, goods or services, which, if given appropriately, are a mark of friendship or appreciation. Gifts include <i>angpow</i> money given for weddings or <i>condolence fund</i> for funeral events. Gifts should have no business roles other than marking and enhancing relations or promoting the giver's organisation by incorporating a logo or message on a promotional item.
<b>Hospitality or entertainment</b>	This is given or received to initiate, cement or develop relationships. It includes meals, receptions, tickets to entertainment, social or sports events. Hospitality requires the host to be present; if not, the expenditure is a gift. Often an argument for hospitality is made that it provides a relaxed, neutral, environment in which business relationships and activities can be started, fostered, information imparted and respect and trust shown. Hospitality can also be associated with fund-raising events held for charitable causes with the organisation assisting the causes by purchasing tickets or introducing potential supporters.

### **2. The Institute's Policies on Gifts, Entertainment, Hospitality**

When giving or receiving a gift, entertainment, or hospitality, the following principles shall be adhered to:-

- Bona fide: given clearly as an act of appreciation, with no ill intention to persuade or influence decisions;
- No obligation: gifts, entertainment, or hospitality shall be given without any obligation, return of favour, or expectation from the recipient;
- No undue influence: not be seen as intended for, or capable of, achieving undue influence over a transaction or decision (either business decision or in relation to decisions by public authorities or regulators) or compromising integrity and objectivity in the performance of one's duties;
- Made openly: the gift, entertainment, or hospitality is not made in secret and undocumented. The purpose, approvals given, and value shall be documented;
- Legality: does not contradict to relevant laws governing the giver and the recipient;
- Accords with stakeholder perception: the gift, entertainment, or hospitality given would not be viewed unfavourably by stakeholders were it made known to them;

- Proportionate: the value and nature of the gift, entertainment, or hospitality is not disproportionate to the occasion, e.g. gift or meals of a certain value given to the CEO of an organisation may be deemed appropriate but one of the same value given to a Junior staff may be deemed excessive;
- Conforms to the rules governing the giver or the recipient: gift, entertainment, or hospitality made shall be in line with the rules or code of conduct of the recipient's organisation. This means when giving gifts, entertainment, or hospitality, a Governor, Committee member, Secretariat, supplier or business associate of the Institute shall understand the counterparty organisation's policies on gifts, entertainment, and hospitality; and
- Infrequent: gifts, entertainment and hospitality are not given overly frequent.

#### Allowable Gifts

The Institute may provide or accept gifts of nominal value (i.e. below RM500 on each occasion) which fall under the following categories:

- Products marked with company logos, such as pens or diaries;
- Tokens of appreciation provided during an official event, such as plaques;
- Perishable items, such as flowers or chocolates; and
- Festive gifts, such as mandarin oranges or hampers.

#### Giving gifts

Gifts, other than Allowable Gifts, shall only be made if they are approved by the Board (including via Annual Budget).

#### Receiving gifts

Governors, members of all Committees and Secretariat shall note that they are representing IIA Malaysia when receiving gifts from any third parties, rather than in their individual capacities.

Gifts, other than Allowable Gifts, offered by third parties shall be politely declined, making reference to the Institute's Policy. Where practical, the recipient shall return the delivered gift. In circumstances where such a gift cannot be returned or where declining or returning such gift may offend the giver, the recipient shall accept and declare the gift to the Executive Director.

If such gifts are worth RM1,000 or below, Executive Director shall decide on the handling of such gifts, including, but not limited to, distributing the gifts amongst the Secretariat who are not involved in the business relationship with the gift giver. If the recipient of such gifts is the Executive Director, the decision on how this is handled shall fall to the President.

If such gifts **exceed RM1,000**, it **must be donated** to a charitable organisation to be determined by the Board of Governors.

#### Entertainment and Hospitality

The Institute recognises that the exchange of business courtesies, such as meals or social events, particularly during festive periods, is customary and legitimate to create goodwill and strengthen business relationships. Such courtesies are allowed if they are appropriate, reasonable, not lavish and is not perceived to have any element of corrupt intent to secure any business or advantage (i.e. not exceeding RM500 per person).

#### Specific prohibitions:

- Gifts, whether given or received, shall not be in the form of **cash or cash equivalent**.
- Gifts, entertainment and hospitality shall not be given to or received from a single individual or organisation more than **once every quarter**
- Gifts shall not be given to or received from any person related to a party with which the Institute is currently undergoing any bidding or contract negotiation process until after six (6) months has elapsed from the point of the conclusion of an officially successful negotiation, appointment, or engagement.
- Gifts shall not be given to any auditors, regulators, government department, agency, department, authority, or entities, or their officers, if:
  - the Institute is expecting to be audited by, or to apply, obtain, or renew a licence, permit, approval, or any other types of clearance from, the abovementioned entities in the coming six (6) months; or
  - the Institute has applied, obtained, or renewed a licence, permit, approval, or any other types of clearance from, or an audit report on the Institute's business has been issued by, the abovementioned entities in the past six (6) months.
- Any gift, entertainment, or hospitality which is non-business-related travel, is in substance a vacation, tour, holiday, or anything to that effect shall not be given or accepted.

### **3. The Institute's Policies on Travel**

Travelling-related expenditures, such as travel tickets, meals, or accommodations, incurred for legitimate business activities, such as delivering training or talks, which is provided for third parties by the Institute, or vice-versa shall abide by the following principles:

- Relevance: The travelling expenditures are necessary to perform a legitimate business-related activity. Travelling expenses for personal purposes, such as entertainment off working-hours or extension of travelling period for sightseeing, shall be borne by the respective individuals; and
- Appropriate: The travelling expenditures (including travel and accommodation class) are appropriate and reasonable in relation to the circumstances such as length of trip and seniority of the traveller.

Non-business-related travel is in substance a vacation, tour, holiday, or anything to that effect, and are considered entertainment and hospitality, and therefore, shall abide by the principles and rules governing entertainment and hospitality.

When faced with a request or offer of gifts, entertainment, hospitality or travel that is not in line with the this Policy, the Institute's Governors, members of all Committees, Secretariat, suppliers, service providers or business associates shall politely decline the request or offer, citing the Institute's Policy.

### **4. Reporting and Recording**

It is important that proper and complete records and documentation of all gifts, entertainment, hospitality and travel made by the Institute be maintained as these would serve as evidence that the gifts, entertainment, hospitality and travel made by the Institute were bona fide, and

were not made with a corrupt or unethical intent. All accounts, invoices, documents, and records shall be prepared and maintained with accuracy and completeness.

All gifts, entertainment, hospitality or travel which exceed RM500 per person per transaction, whether given or received, shall be recorded in the Institute's **Gift, Entertainment, Hospitality and Travel Logbook**. which shall include the following details:

- details of the gift, entertainment, and hospitality;
- the actual or estimated value;
- the purpose and occasion such gift, entertainment, and hospitality is made; and
- the counterparty providing or receiving the gift, entertainment, hospitality and travel, including the organisation or entity he/she belongs with and its role in the Institute's business (e.g. supplier, customer, regulators, etc.).

The **Gift, Entertainment, Hospitality and Travel Logbook** shall be maintained by the Corporate Services Department. Executive Director shall review all gifts, entertainment, hospitality and travel recorded to ensure that they comply to the principles and limits outlined in this Policy. The Gift, Entertainment, Hospitality and Travel Logbook shall be made available to the Board during the Board meeting.

**This Policy is approved by the Board of IIA Malaysia on 16 June 2020.**

# Appendix 7: Policy on Donation and Sponsorship

## **THE INSTITUTE OF INTERNAL AUDITORS MALAYSIA**

### **POLICY ON DONATION AND SPONSORSHIP (this “Policy”)**

#### **1. Introduction**

Donation is defined as the philanthropic giving of any sums of money or items to promote the welfare of others without expectation of return in any forms. Donation can include charitable contributions, community investments, and other forms of contribution to a charity or a social group.

Sponsorship is commonly a commercial activity where the main objective is to promote an organisation’s reputation, brands, products, or services. Sponsorship can also be made in monetary or non-monetary form.

#### **2. The Institute’s Policies on Donations and Sponsorships**

- (a) Donations made by the Institute, if any, are philanthropic in nature and must never be made with the intention to, or perceived to be able to, influence any business-related decisions or outcome.
- (b) Donations made by the Institute shall be in line with the support of the following social or environmental causes:
  - disaster relief – a need arising from disastrous events such as flood or typhoon;
  - education – the promotion of educational activities;
  - health – the promotion of health awareness or the support of better health and wellbeing of the general public;
  - wellbeing of the local community – the support and elevation of living quality of the surrounding local community where the Institute has operations;
  - environmental – supports or promotes the preservation of the environment; and
  - development of industries in which the Institute does business in.
- (c) Sponsorship made by the Institute shall have at least one of the following commercial benefits:
  - promotes the brand name of the Institute; and
  - enhances or promotes business opportunities, in a fair manner without the sponsorship being potentially constituted as a bribe.
- (d) Donations and sponsorships shall never be made to, or for the benefit of, individuals.
- (e) To avoid situations where there could be actual or perceived conflict of interest, the Institute shall not make contributions or donations to, or sponsor any events of, an interested or related party, including but not limited to, Governors, members of all Committees, Secretariat, suppliers, service providers, business associates, agents, authorities, auditors, customers and persons connected with these parties, except in such situation where the Board’s specific approval is obtained.



- (f) The Institute has no political affiliations and it shall not make any political contribution or donations to, or sponsor any events of, political parties. Whilst Governors, members of all Committees, Secretariat are not prohibited from making personal political contributions or donations to political parties, the said contributions or donations shall never be associated with the Institute and must always be made under the Governor, Committee member or Secretariat's personal capacity.
- (g) When assessing if a donation or sponsorship shall be made, the Institute shall make, amongst others, the following considerations:
- due diligence on the intended recipient of donation or sponsorship, including:
    - the legitimacy of the intended recipient;
    - if the intended recipient has been involved, or alleged involvement, in bribery and corrupt activities, fraud, financial irregularities, money-laundering activities, terrorism financing activities, etc;
    - any affiliations with any third parties not supported by the Institute's Policy on Donation and Sponsorship as stated in Paragraph (a) to (f) above;
    - any conflict of interest between the intended recipient with the Institute's business, personnel, or internal controls and procedures, such as:
      - the Institute's decision-maker for the donation or sponsorship has a close relationship with a leader of the organisation or entity;
      - the Institute has recently submitted, or expect to submit, a bid for a contract to the intended recipient, or a third party related to the intended recipient.
    - if the donation or sponsorship contradicts with the intended recipients' policy on donations or sponsorship, or applicable local laws or regulations.
  - reasonableness of the amount, value and objective of the donation or sponsorship requested; and
  - if the objectives of the donation and sponsorship contradict with the Institute's values.
- (h) No donation more than RM1,000 or sponsorship more than RM10,000 per transaction shall be made. Donation or sponsorship shall not be given to a single individual or organisation more than once every six months

### **3. Authority**

The approval for donations and sponsorships allowable in this Policy shall be approved in accordance with the Discretionary Authority Limits set by the Institute.

### **4. Reporting and Recording**

It is important that proper and complete records and documentation of all considerations made in assessing donations and sponsorships considered by the Institute be maintained as these would serve as evidence that the donations and sponsorships made by the Institute were bona fide, and were not made with a corrupt or unethical intent.

All accounts, invoices, documents, and records shall be prepared and maintained with accuracy and completeness.

**This Policy is approved by the Board of Governors of IIA Malaysia on 16 June 2020.**

# Appendix 8: Policy on Business Incentives

## **THE INSTITUTE OF INTERNAL AUDITORS MALAYSIA**

### **POLICY ON BUSINESS INCENTIVES (this “Policy”)**

#### **1. Introduction**

IIA Malaysia shall not make any business incentives which are questionable or may constitute a bribe to obtain or retain an undue business advantage.

This Policy sets out the principles and basis for the use of business incentives, such as rebates, discounts, referral fees, commissions, or other incentives in the Institute’s business operations

#### **2. Business Incentives**

Doing business may involve the use of various promotional and marketing tools such as rebates and discounts. The establishment of new business relationships may also involve incentives for an introducer or middleman, such as referral fees or commissions, to encourage the introduction or recommendation of business to the Institute. In IIA Malaysia, business-related incentives offered, include, amongst others, the following:

- Bundle or clearance discounts for Educational Development Products;
- Bulk, early-bird or other discounts for services offered by the Institute (such as training and quality assurance services);
- Waiver of IIA Malaysia membership registration fees (such as for participants of National Conference); and
- Rewards of Member-Get-Member campaign.

#### **3. General Policies of Business Incentives**

All business-related incentives shall fulfil the following conditions:

- are legitimate and do not contradict with any applicable laws and regulations;
- are not provided with the corrupt intent to obtain or retain undue business advantage or to incentivise or reward the improper performance by any party;
- are properly authorised by IIA Malaysia in accordance with the Institute’s Discretionary of Authority Limits or other internal policies;
- are officially documented and recorded, e.g. in letter of appointment, contracts, invoices, receipts, etc.;
- are not formulated via a “side agreement” in which the Institute has no knowledge of; and
- are not paid in cash (i.e. they shall be paid via other traceable means, e.g. online banking, cheque, etc.).

#### **4. Reporting and Recording**

It is important that proper and complete records of all business incentives made by the Institute be maintained as these would serve as evidence that the business incentives provided were bona fide and were not made with a corrupt or unethical intent. All accounts, invoices, documents, and records shall be prepared and maintained with accuracy and completeness.

**This Policy is approved by the Board of Governors of IIA Malaysia on 16 June 2020.**

# Appendix 9: Whistleblowing Policy

## **THE INSTITUTE OF INTERNAL AUDITORS MALAYSIA**

### **WHISTLEBLOWING POLICY**

#### **1. Background**

Whistleblowing is a form of disclosure. It involves a Person (internal or external), i.e. the whistleblower raising serious concerns, preferably at an early stage, about risks of wrongful activities or reporting a wrongdoing.

The Institute of Internal Auditors Malaysia ("IIA Malaysia" or the "Institute") is committed to the values of transparency, integrity, impartiality and accountability in the conduct of its business and affairs. IIA Malaysia expects wrongdoings such as fraud, corruption, serious financial impropriety and gross mismanagement to be reported, and it facilitates this through internal mechanisms as well as this Whistleblowing Policy (this "Policy") and its mechanism.

This Policy provides an alternative route for Persons of IIA Malaysia to raise concerns if the usual lines of communication are not available. Nothing in this Policy shall interfere with other established operational policies and processes.

#### **2. Scope of Policy**

The purpose and objectives of this Policy are:

- to facilitate the making of a disclosure as early as possible and in a responsible manner by putting into place internal procedures;
- to address disclosure in an appropriate and timely manner. When disclosure matters are addressed, they may be prioritised according to the nature or gravity of the alleged wrongdoing(s) or reported risk(s) and the magnitude of the repercussions;
- to protect a whistleblower from reprisal as a direct consequence of making a disclosure and to safeguard such person's confidentiality; and
- to treat both the whistleblower and alleged wrongdoer fairly. The whistleblower will be informed of the status of his/ her disclosure. The alleged wrongdoer will be informed of the allegations (though not necessarily at the start of the investigation) and given an opportunity to respond to the allegations. The identities and personal information of the whistleblower and the alleged wrongdoer shall be revealed only to persons involved in investigations or any other processes on a "need-to-know" basis only.

#### **3. Who Can Disclose**

Any of the following Persons can make a disclosure:

- IIA Malaysia's Governors and members of all Committees and Secretariat;
- people performing services for IIA Malaysia, including contractors and service providers;
- members of IIA Malaysia; and
- members of the public.

#### **4. What to Disclose**

A disclosure may be made if it relates to one or more of the following wrongdoings by any person in the conduct of IIA Malaysia's business or affairs:

- acceptance of favour;
- bribery, corruption or fraud;
- criminal offence;
- misuse of IIA Malaysia's funds or assets;
- gross mismanagement within IIA Malaysia;
- serious financial irregularity or impropriety within IIA Malaysia;
- serious breach of IIA Malaysia's Code of Conduct;
- an act or omission which creates a substantial or specific danger to the lives, health, or safety of IIA Malaysia's Governors, members of all Committees or Secretariat, the public or the environment;
- failure to comply within the provisions of other Acts of Parliament where the wrongdoer, knowingly, disregards or does not comply with such provisions; and
- knowingly directing or advising a person to commit any of the above wrongdoings.

This Policy excludes grievances, complaints or concerns about:

- matters which are trivial or frivolous or malicious or vexatious in nature or motivated by personal agenda or ill will;
- matters pending or determined through IIA Malaysia's disciplinary proceedings; and
- matters pending or determined through any tribunal or authority or court, arbitration or other similar proceedings.

#### **5. When to Disclose**

A whistleblower should come forward with any information or document that he or she, in good faith, reasonably believes and discloses a wrongdoing, which is likely to happen, is being committed or has been committed.

The whistleblower needs to demonstrate that he/ she has reasonable grounds for the concerns. However, the whistleblower is not expected to first obtain substantial evidence of proof beyond reasonable doubt when making a disclosure. If he/ she knows as a matter of fact that there are serious risks that a wrongdoing is going to take place, such genuine concerns should be raised at that early stage.

Disclosure should be made within one (1) month of coming upon such information or document. Delaying the disclosure may be detrimental to the whistleblower as well as any investigation and makes it harder for IIA Malaysia to address and resolve the concerns.

#### **6. How to Proceed**

- a) A disclosure can be made in writing, orally or via email.
- b) A disclosure shall include the following particulars:
  - the whistleblower's name, employer, designation, current address and contact numbers;

- basis or reasons for his/ her concerns, including as many details of the wrongdoing as reasonably possible, for instance, its nature, the date, time, and place of its occurrence and the identity of the alleged wrongdoer;
  - particulars of witnesses, if any; and
  - particulars or production of documentary evidence, if any.
- c) A whistleblower may choose to make the disclosure anonymously. However, IIA Malaysia's ability to investigate and act on the alleged wrongdoing will be limited to the extent of the contents of the whistleblowing report. If the contents disclosed are deemed insufficient, an investigation may not be carried out.
- d) The Prescribed Person (refer to Section 12 of this Policy) will screen and assess the disclosure, and respond to the disclosure within **one (1) weeks** from the day the Prescribed Person receives the disclosure.
- e) A response to a disclosure includes, but not limited to, any of the following:
- rejection of the disclosure;
  - directing the concerns or any part thereof for consideration under other internal procedures or disciplinary procedures, if appropriate and applicable;
  - resolution without recourse to an investigation;
  - directing investigations of the disclosure and any persons involved or implicated;
  - suspending the alleged wrongdoer or any other implicated person from work to facilitate any fact-finding or to avoid whistleblower's exposure to a threat or harm;
  - designating any persons from within or outside of IIA Malaysia to conduct any investigation;
  - obtaining any other assistance (for instance, external auditors or legal advice); and
  - referral to the police or any other appropriate enforcement authority.

## ***7. Being informed and having the opportunity to be heard***

The whistleblower will be informed of the status of his/ her disclosure as far as reasonably practicable. For an investigation process which had exceeds a two (2) months period, a periodic update will be given to whistleblower, informing he/ she that the investigation process is still ongoing.

The alleged wrongdoer may be asked to attend a meeting to discuss the allegations and must take all reasonable steps to attend the meeting. He/ she will be given an opportunity to answer the allegations at the meeting, and his/ her own answers will be recorded in the minutes of the meeting.

The whistleblower, and if applicable, the alleged wrongdoer will be notified in writing of the decision on the wrongdoing (e.g. whether the wrongdoing occurred or not; or whether the alleged wrongdoer is guilty or not), and the basis thereof.

This Section will not be applicable for disclosures that are made anonymously.

## ***8. Handling of an Investigation***

The Prescribed Person shall undertake a preliminary assessment on whether the disclosure warrants an investigation. In the event an investigation is required, the Executive Director, President and Audit Committee ("AC") Chairman, shall jointly decide on the personnel to undertake the investigation (unless any of this person is involved in the allegation). The investigation and related proceedings shall be undertaken by personnel who are

independent and objective from the function and personnel being involved in the alleged wrongdoing.

Executive Director, President and AC Chairman (unless any of this person is involved in the allegation) shall provide direction on how to carry out the investigation. Upon the conclusion of an investigation, the outcome shall be reported to the AC to decide on the corrective action.

No information concerning the status of an investigation shall be given out. The proper response to any inquiry is: *"I am not at liberty to discuss this matter"*.

The whistleblower should be informed of the following:

- do not contact the suspected individual in an effort to determine facts or demand restitution; and
- do not discuss the case, facts, suspicions, or allegations with anyone unless specifically asked to do so by the Prescribed Person or the AC Chairman in-charge of managing the whistleblowing disclosure.

## **9. Consequences of Wrongdoing or Wrongful Disclosure**

If the whistleblower has or is found to have made a disclosure not in accordance with the requirements of this Policy (for instance, dishonest, mischievous or malicious complaints), the corrective actions to be taken against the whistleblower will be determined by the Board, which may include, disciplinary measures, formal warning or reprimand, demotion, suspension or termination of employment or services with IIA Malaysia or monetary or other forms of punishment.

## **10. Protection under this Policy**

Upon making a disclosure in good faith, based on reasonable grounds and in accordance with the procedure pursuant to this Policy:

- the whistleblower shall be protected from reprisal within IIA Malaysia as a direct consequence of his/ her disclosure; and
- the whistleblower's identity shall be protected, i.e. kept confidential, unless otherwise required by law or for purposes of any proceedings by or against IIA Malaysia.

The identities and personal information of the whistleblower and the alleged wrongdoer may be revealed to persons involved in investigations or any other processes on a "need-to-know" basis.

A reprisal means disciplinary actions, which may include, alone or in combination, a warning or letter of reprimand, demotion, loss of merit increase, loss of bonus, suspension without pay or termination of employment.

If the Person of IIA Malaysia, in good faith, reasonably believes he/ she is being subjected to harassment, victimisation or reprisal as a direct consequence of having made a disclosure under this Policy, the Person may consult the Prescribed Person(s) in confidence. Essentially, the complaint shall be processed in a similar manner as a whistleblowing disclosure and is subject to similar requirements. The Institute does not permit retaliation of any kind against the whistleblower for complaints submitted hereunder that are made in good faith. Any such reprisal shall in itself be considered a serious breach of this Policy.

## **11. Monitoring and records**

In general, all disclosures pursuant in this Policy are to be made to the Prescribed Persons detailed in **Paragraph 12**. The Executive Director is responsible for ensuring compliance with this Policy and shall ensure report consisting of confidential complaints is prepared, which include the following information:

- number of complaints;
- types of complaints;
- nature of process or resolution; and
- whether the allegation was founded or not.

This report will be presented to the Board of Governors ("Board") of IIA Malaysia on an annual basis. The Board shall be apprised of disclosure matters which are serious in nature or of grave repercussions.

All records pertaining to the complaints shall be retained for a period of not less than seven (7) years.

## **12. Prescribed Person**

### **Executive Director**

Phone: 603 – 2181 2020

Email: geetha@iiam.com.my

All disclosure shall be made directly to the Executive Director except in the following circumstances:

- where the wrongdoing involves the Executive Director, Governor or Committee member; or
- where the wrongdoing does not involve the persons mentioned above but the whistleblower, in good faith, reasonably believes that there will be a cover-up or that the Executive Director is personally conflicted (for instance, the alleged wrongdoer is a close friend of the Executive Director).

For the above scenario, whistleblower can make the disclosure directly to the **President of IIA Malaysia** reachable at [IIAMPresident@iiam.com.my](mailto:IIAMPresident@iiam.com.my).

In the event where:

- the wrongdoing involves the President of IIA Malaysia; or
- the wrongdoing does not involve the President but the whistle-blower, in good faith, reasonably believes that there will be a cover-up or that the President is personally conflicted (for instance, the alleged wrongdoer is a close friend of the President);

The whistleblower can make the disclosure directly to the **Audit Committee Chairman** reachable at [ACChair@iiam.com.my](mailto:ACChair@iiam.com.my).

**This Policy is approved by the Board of IIA Malaysia on 16 June 2020.**

# Appendix 10: Procedures on Managing External Stakeholders in Relation to Anti-Bribery and Corruption

## **THE INSTITUTE OF INTERNAL AUDITORS MALAYSIA**

### **PROCEDURES ON MANAGING EXTERNAL STAKEHOLDERS IN RELATION TO ANTI-BRIBERY AND CORRUPTION**

#### **1. Application**

This Procedure shall apply when a person is faced with an implicit or explicit request for or offer of something of value by another party (hereinafter referred to as the “Subject”), who could be a government or regulatory officer, a customer’s representative, a supplier’s representative, or any other third party.

#### **2. Procedures – When Encountering a Solicitation or Offer**

- (a) When faced with an implicit solicitation or offer, the Person shall seek clarification with the Subject on the request or offer.
- (b) The Person shall assess the request or offer to check if it is considered a bribe or corruption as defined under the Institute’s Anti-Bribery and Corruption Policy.
- (c) If the request or offer may constitute a bribe or corruption, the Person shall politely refuse the Subject’s request or offer, explaining to him/her that:
  - the request or offer is against the Institute’s policies; or
  - the request or offer may constitute a bribe or corruption, which is a criminal offence under applicable laws and regulations.

#### **(d) (i) In the case of a solicitation**

If the Subject indicates or threatens to use his/her authority to cause a disadvantage or loss to the business, the Person shall contact his/her immediate supervisors/ manager or higher authorities along his/her reporting line where practicable.

If a Person’s safety or freedom is threatened and the situation is not practicable for the Person to seek advice from his/her supervisors/ managers or higher authorities, the Person shall prioritise his/her own safety or freedom and pay the requester to protect his/her safety and freedom, and immediately report the incident to the Executive Director once the Person is at a safe place.

#### **(ii) In the case of an offer**

If the Subject is insistent on the offer, the Person shall contact his/her immediate supervisors/ manager or higher authorities along his/her reporting line where practicable.

- (e) When in doubt whether a request or offer constitutes a bribe or corruption, a Person shall contact his/her immediate supervisors/ manager or higher authorities along his/her reporting line for advice. In the case of the Institute’s supplier or business associates, he/she shall contact his/her direct liaison within the Institute.



- (f) If a supervisor/ manager or higher authorities within the Institute is contacted for advice and was unable to assess or determine the correct action for the situation, he/she shall seek advice from the Executive Director.
- (g) When considering approaches towards a solicitation or offer, the Institute may consider, amongst others, the following:
  - seeking clarification with the Subject if the request is in line with the policies established by the organisation he/she represents by citing the said policies; and
  - requesting to get in touch with the superior of the Subject for clarification.
- (h) Any attempt or suspected attempt of solicitation for or offering of a bribe or corrupt gratification, if determined as so after assessment, shall be documented with the necessary details including but not limited to:
  - the date and time of the incident;
  - the details of the Subject (e.g. name, organisation represented, business relationship with the Institute);
  - the mode and amount/ value of bribe/ corrupt gratification solicited or offered (e.g. in the form of cash, rebate, kickbacks, etc.);
  - circumstances of the incident (e.g. a tender bid, etc.); and
  - (i) In the case of a solicitation – what is at stake for the Institute or the threats made by the Subject, if any (e.g. a summon for a non-compliance, etc.); or  
 (ii) In the case of an offer – the intended favour or interest to be provided in return for the bribe/ corrupt gratification offered (e.g. selection as a supplier, award of procurement contract, etc).
- (i) Pursuant to **Section 25** of the MACC Act 2009, a person who has encountered a solicitation or offer for a bribe/ corrupt gratification, as well as any person who has given or received a bribe/ corrupt gratification, shall at the earliest opportunity report such incident to a MACC officer or a police officer.

### 3. Reporting and Recording

It is important that proper records and documentation for all legitimate and official payments be maintained. All accounts, invoices, documents, and records shall be prepared and maintained with accuracy and completeness.

The Head of Corporate Services shall maintain a record of any attempt or suspected attempt of bribery and corruption reported via this Procedure and report to the Board, at least quarterly, amongst others, the following:

- cases of attempt or suspected attempt of bribery and corruption;
- the Institute's operations affected in such attempts or suspected attempts;
- the Institute's external stakeholders involved in such attempts or suspected attempts; and
- the actions taken to address the situations.

### 4. Compliance and Support

Governors, Committees members, Secretariat, suppliers, service providers or business associates with any concerns or queries or requiring support and advice pertaining to adherence with this Procedure shall consult with their respective reporting lines, liaison or the Institute's Executive Director.