



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

Be Purpose  
**Driven**

ANNUAL REPORT

2021



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# VALUES



COLLABORATION



COURAGE



UNITY IN DIVERSITY



NATIONAL AND REGIONAL MINDSET



INNOVATION



INTEGRITY



SERVICE EXCELLENCE



RESPECT



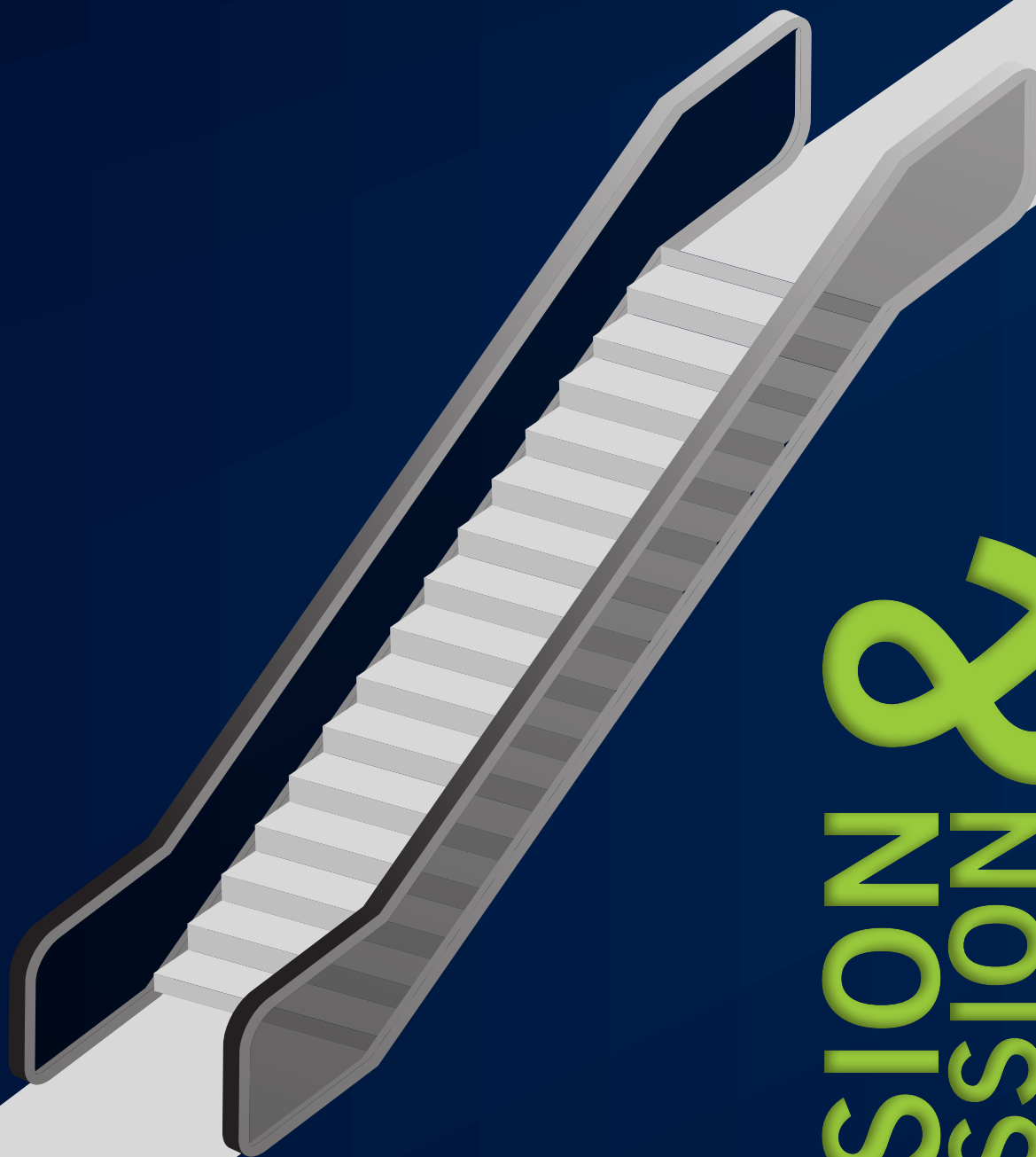
PROFESSIONALISM





**IIA**

Malaysia



# VISION & MISSION OBJECTIVES





## Vision

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

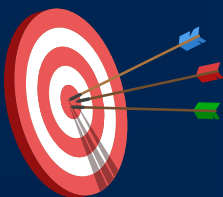
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## Mission

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

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



## Objectives

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



## Motto: "Progress Through Sharing"

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

# NOTICE OF ANNUAL GENERAL MEETING

[Registration No. 199401024059 (309740-D)] | Company Limited By Guarantee | Incorporated in Malaysia

## THE INSTITUTE OF INTERNAL AUDITORS MALAYSIA

NOTICE IS HEREBY GIVEN THAT THE TWENTY-SEVENTH (27TH) ANNUAL GENERAL MEETING OF THE INSTITUTE OF INTERNAL AUDITORS MALAYSIA WILL BE CONDUCTED FULLY VIRTUAL THROUGH AN ONLINE MEETING PLATFORM AT LEVEL 26, MENARA MAXIS, KUALA LUMPUR CITY CENTRE, 50088 KUALA LUMPUR, MALAYSIA HOSTED VIRTUALLY AT <https://conveneagm.com/my/iiamagm2022> PROVIDED BY AZEUS CONVENE MALAYSIA SDN BHD [REGISTRATION NO. 201601013112 (1184043-M)] IN MALAYSIA ON SATURDAY, 25 JUNE 2022 AT 10:00 A.M. TO TRANSACT THE FOLLOWING BUSINESS:-

### ORDINARY BUSINESS:-

1. To receive the Audited Financial Statements for the financial year ended 31 December 2021 of the Institute together with the Governors' and Auditors' Report thereon.
2. To elect members to the Board of Governors:-
  - a. The Governors who retire and are eligible for re-election pursuant to Clause 34 the Institute's Constitution are:-
    - Mohd Khaidzir Bin Shahari
    - Tay Boon Hock
    - Nasrein Binti Fazal Sultan

*Nasrein Binti Fazal Sultan does not wish to seek for re-election while Mohd Khaidzir Bin Shahari and Tay Boon Hock have offered themselves for re-election.*
  - b. Elect new members to the Board of Governors for the year 2022/2023 subject to the approval of the Registrar of Companies.
3. To re-appoint Messrs UHY as Auditors of the Institute and to authorise the Board of Governors to fix their remuneration.
4. To transact any other business for which due notice has been given in accordance with the Companies Act 2016 and the Institute's Constitution.

By Order of the Board

**WONG WAI FOONG (MAICSA 7001358)**

**(SSM PC NO. 202008001472)**

**WONG PEIR CHYUN (MAICSA 7018710)**

**(SSM PC NO. 202008001742)**

Company Secretaries

Kuala Lumpur

3 June 2022

# NOTICE OF ANNUAL GENERAL MEETING

[Registration No. 199401024059 (309740-D)] | Company Limited By Guarantee | Incorporated in Malaysia

## NOTES:-

### 1. IMPORTANT NOTICE

Members are to attend, pose questions to the Board via submission of typed texts and vote (collectively, “participate”) remotely at this Annual General Meeting (“AGM”) virtually by facilities provided by Azeus Convene Malaysia Sdn Bhd [Registration No. 201601013112 (1184043-M)] via a link to be provided to the members.

**Please read these Notes carefully and follow the procedures in the Administrative Guide for the AGM in order to participate remotely.**

2. Only Fellow Members and Professional Members of the Institute are entitled to vote at the Annual General Meeting. Associate Members, Audit Committee Members, Honorary Members, Student Members and Nominees of Corporate Members may attend the meeting but shall not have voting rights.
3. Any member/members wishing to bring before the Annual General Meeting of the Institute any business other than the ordinary shall give notice in writing thereof in accordance with Section 323 of the Companies Act 2016.
4. **Audited Financial Statements for the financial year ended 31 December 2021**

The Audited Financial Statements in Agenda 1 is meant for discussion only as the approval of the members is not required pursuant to the provisions of Sections 248(2) and 340(1) of the Companies Act 2016. Hence, this Agenda is not put forward for voting by members.

### 5. Retirement of Zainal Akbar Bin S.K. MD. Abdul Kader

Zainal Akbar Bin S.K. MD. Abdul Kader who retires and has served a maximum of three (3) consecutive terms and is not eligible for re-election pursuant to the Institute’s Constitution. Hence, he will retire at the conclusion of this 27th AGM.

# PROFILE OF THE BOARD OF GOVERNORS

## 2021/2022



### PRESIDENT

**ZAINAL AKBAR SK MD ABDUL KADER** *CMIIA, CRMA, ASA(Aust)*

Zainal leads the IIAM as its President and Chairman of Board of Governors and Executive Committee.

He is currently the Chief Officer - Audit and Risk Division of Social Security Organisation Malaysia. He holds a Bachelor of Commerce (Accounting) degree from Curtin University of Technology, Australia. In 2007, he had successfully completed the prestigious 'The Job of Chief Executive' programme co-organised by IMD Switzerland/Singapore Institute of Management and subsequently in the year 2013 had completed 'The Bullet Proof @ Manager Training Series' at Crestcom International, Colorado USA. He carries 22 years of professional experience in external and internal auditing, group accounting, strategic financial management and enterprise risk management.

Prior to his current position, from 2018 to 2021 he was the General Manager - Group Internal Audit Division of UMW Holdings Berhad and from 2007 to 2018 as Vice President - Internal Audit and Secretary of Board Audit Committee at Malaysian Bioeconomy Development Corporation, a government-linked entity fully owned by Ministry of Finance Inc., and a professional agency under Ministry of Science, Technology and Innovation tasked with National Biotechnology Policy to develop the biotechnology industry in Malaysia. From 2005 – 2007 he was the Group General Manager, Accounts at TDM Berhad (a main board listed company) where he headed the group accounting and treasury functions. Meanwhile, from 2001 to 2005 he was the Group Manager, Internal Audit at the same company where he was responsible for heading Internal Audit and Enterprise Wide Risk Management functions throughout the Group. He was also the past representative of Federation of Public Listed Companies providing advice on adoption and compliance towards International Financial Reporting Standards. He regularly provides training and speaks at various conferences on best practices in finance, internal audit and risk management.



### VICE PRESIDENT

**DOMINIC CHEGNE** *MBA, CIMA*

Dominic is a Partner in the Risk Assurance Services (RAS) unit within PricewaterhouseCoopers (PwC) Kuala Lumpur office. His employment history spans over 23 years of work experience.

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

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

Dominic's existing portfolio also resides in many Financial Institutions (both local and international) on Compliance matters predominantly on AML/CFT, Regulatory and Compliance Risk Assessments. He has worked on several end-to-end AML/CFT engagements ranging from thematic assessments, gap analysis reviews, implementation design, scenario tuning, sustainability testing and KYC file reviews.

# PROFILE OF THE BOARD OF GOVERNORS

## 2021/2022



### VICE PRESIDENT II

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

Afeiz Abdul Razak is a Member of IIAM's Board of Governors (BOG) and currently serves in the EXCO as Vice President II. He is also Chairman of Professional Services Committee (PSC) at IIA Malaysia (IIAM). In addition, he had served as Honorary Treasurer at IIAM for 2018/2019 to 2019/2020 term.

He is Chief Executive Officer at GRC Consulting Services Sdn Bhd (GRCCS) specialising in Governance, Risk and Compliance (GRC), Internal Audit (IA) and Business Continuity Management (BCM) Advisory Services as well as GRC Integrated Solutions. He has more than 20 years of experience in GRC, IA and BCM, both as consultant and practitioner.

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

Afeiz had served as IIAM's Honorary Secretary in 2010/2011 and as a Member of the BOG from 2010 to 2013. He was also a Member of the PSC at IIAM from 2011 to 2013 and a Member of the Marketing Subcommittee of the Host Conference Committee from 2009 to 2011 for the organising of 2011 IIA International Conference in Kuala Lumpur.

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



### HONORARY SECRETARY

**SANTOSH GOVIND** *CMIIA, MBA, CPA(M), C.A.(M)*

Santosh is currently the Chief Audit Executive in Eco World International Berhad. He has a total of 21 years of internal audit experience which include 17 years as the Chief Audit Executive in various public listed companies. His experience includes the involvement in Enterprise Risk Management engagements, risk based Internal Audits together with Governance reviews.

He was previously the Financial Controller of a public listed company and has also more than 7 years of external audit experience. He has also trained internal auditors of public listed companies on the enterprise risk management and risk based internal audit methodologies. He is also a speaker and moderator in various platforms.

Santosh is currently the Secretary and member of the Executive Committee. He is also currently the Chairman of the Professional Development Committee and previously, the Deputy Chairman of the Professional Services Committee.

# PROFILE OF THE BOARD OF GOVERNORS

## 2021/2022



### HONORARY TREASURER

**TAY BOON HOCK** *CMIIA, CIA, FCCA, C.A.(M)*

BH Tay is currently the Chief Auditor of Parkson Retail Asia Limited, a leading Southeast Asian department store retailer. Collectively, he has more than twenty five years of working experience in internal and external audit, accounting and finance, operations and security management, process and system improvements, and project management.

Mr. Tay is a Certified Internal Auditor, a Chartered Member of IIAM, a fellow member of the ACCA, a member of the Malaysia Institute of Accountants (MIA) and a professional member of Information Systems Audit and Control Association (ISACA).

Mr. Tay currently serves as a member of the board of governors cum honorary treasurer of the Institute of Internal Audit Malaysia (IIAM) and a member of the Internal Quality Assurance Committee (IQAC). Prior to his current roles, he served as a member to various sub-committees of the board including Certification & Academic Relations Committee (CARC) and Professional Service Committee from 2016 to 2021.



### GOVERNOR

**NORCHAHYA AHMAD** *CMIIA, CIMA, AMBCI*

Norchahya has more than 30 years of professional career in the fields of finance, accounting, internal audit, risk management, business continuity management, human resources, corporate services and consultancy both in public and private sectors. Starting her career in Bank Negara Malaysia and retiring in UMW Holdings Berhad in June 2019, she has held positions as Group Internal Auditor, Group Financial Controller and Head of Risk Management. Depending on the positions, she has been a permanent invitee at Board committees namely Audit, Risk, Investment and Whistle Blowing committees, Management committees and participated in the provision of governance, risk management and control advisory in strategic task force and projects.

Norchahya has been a member of The Institute Internal Auditors Malaysia (IIAM) since 1995 and was elected to the Board of IIAM in 2017. Currently, she is a member the Audit Committee and Nomination Committee of IIAM. In August 2021, Norchahya was appointed as a member of the Audit & Risk Committee of a state foundation primarily involved in plantations and education. From August 2019 to October 2021, she was a Board member of a company involved in the provision of civil engineering services and sale of construction materials.

Norchahya has provided guidance in the development of a professional certification programme in risk management for The Academy of Risk Management Malaysia (ARiMM), a not-for-profit organisation that promotes and enhances the interest of, and advancement of the risk management profession in Malaysia.

Norchahya has been invited as a speaker in IIAM conferences and at numerous sharing/ networking sessions organised by ARiMM, Malaysia Association of Risk and Insurance Management, public listed companies and universities.

# PROFILE OF THE BOARD OF GOVERNORS

## 2021/2022



### GOVERNOR

**NASREIN FAZAL SULTAN** *CMAA, CRMA, C.A.(M)*

Nasrein has over 30 years of working experience in accounting and internal auditing including governance, risk management and fraud investigations. She was the General Manager of Risk Management and Compliance of Malaysia Airports Holdings Berhad from 1 January 2019 to 31 May 2020.

Prior to this, she was the General Manager of Group Internal Audit since 1998. The group function included overseeing its overseas subsidiaries internal audit function. Before joining Malaysia Airports, she was the Finance Manager of a Sime Darby subsidiary and prior to that headed the accounting and budgeting function at SIRIM.

She holds a Bachelor of Accounting (Hons) from Universiti Kebangsaan Malaysia. She is a Chartered Accountant registered with the Malaysian Institute of Accountants, a Chartered Member of the Institute of Internal Auditors Malaysia and has a Certification in Risk Management Assurance from the Institute of Internal Auditors Incorporated. In June 2018, she was elected as Board of Governor for The Institute of Internal Auditors Malaysia.



### GOVERNOR

**MOHD KHAIDZIR BIN SHAHARI** *CIA, CGMA, ACMA, C.A.(M)*

Khaidzir is a Certified Internal Auditor who has served as an Executive Director with KPMG Management and Risk Consulting Sdn Bhd since 2007. Prior to joining KPMG in 1999, he was the Head of Internal Audit of a financial institution and a member of the Chief Internal Audit Networking Group ("CHIANG").

He has been a member of the Institute Internal Auditors Malaysia since 1997 and has been in the Board of Governors for 6 years from 2010 to 2016. In 2016, he was a task force member in establishing Guidelines for Internal Audit Function ("GIAF"), to heighten knowledge on internal audit practices for both internal auditors and Audit Committee members. Khaidzir rejoined the Board of Governors in 2019, and currently chairs the Research and Technical Advisory Committee. He is now chairing the Task Force Committee of GIAF 2.0. Khaidzir is also a member of Islamic Finance Committee of Malaysian Institute of Accountants since 2021.

In KPMG, he has been providing governance, risk and controls advisory services to public listed companies, government-linked companies, multi-national corporations and large enterprises. He was seconded to KPMG in Bermuda in 2014 focusing on advisory in financial services.

# PROFILE OF THE BOARD OF GOVERNORS

## 2021/2022



### GOVERNOR

**HAIKEL ISMAIL** *BCM(NZ), MBA(UK), CMIIA, CIA, CRMA, CFE, ACMA, CGMA*

Haikel Ismail is currently the Chief Internal Auditor at Telekom Malaysia Berhad. He is a professional with more than 25 years of corporate experience specialising in internal audit and risk management. Overall, Haikel has led various internal audit and risk management functions at both private and public listed companies covering industries that includes construction, oil and gas, property, power, water utilities, telecommunication, infrastructure, public transportation, and service industries.

Haikel is currently the Chairman of IIAM's Certification and Academic Relations Committee; and the Internal Quality Assessment Committee, respectively.



### GOVERNOR

**DEREK LEE SIEW WENG** *CMIIA, CIA, CRMA, CBCI, CPA(M), C.A.(M)*

Derek Lee is a professional who has accumulated 30 years of experiences in strategic management, auditing & assurance, financial management, and business advisory. Derek has served in both commercial organisation as the head of internal audit for PLC as well as leading corporate and financial management functions for organisations in Malaysia and the United Kingdom.

Derek is currently leading the Strategic Business Advisory ('SBA') division at Tricor Axcelasia Sdn Bhd. Derek has been engaging business owners and corporate leaders on various Governance, Risk, and Compliance ('GRC') application engagements. From the business advisory journey, Derek has assisted business owners and corporate leaders to strategise their business planning, improve strategic execution, and helping them to connect business excellence with solid GRC applications.

Derek is passionate in building capability among the internal audit and GRC fraternity and has been sharing his thoughts in many IIA Malaysia organised conferences, seminars and trainings on governance, internal audit, risk management and business continuity management.

## PROFILE OF THE BOARD OF GOVERNORS

### 2021/2022



#### GOVERNOR

**PHILIP SATISH RAO** CIA, CPA(M), CPA(Aust.), CMIIA, C.A.(M)

Philip is currently a Partner with the Risk Consulting Services in EY Malaysia. In his over 30 years with EY he has served on various external and internal audits, risk management and corporate governance, and corporate finance engagements apart from the experience gained through secondments both overseas and locally. Some of his notable engagements include projects concerning Corporate Governance, Internal Audit and Enterprise Risk Management for some large global MNCs.

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

# MEETINGS AND ATTENDANCES

## BOARD OF GOVERNORS 2021/2022

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

Zainal Akbar Abdul Kader – President	7/7
Dominic Chegne How Kooi – Vice President	5/7
Affeiz bin Abdul Razak – Vice President	7/7
Santosh Govind – Honorary Secretary	6/7
Tay Boon Hock – Honorary Treasurer	7/7
Derek Lee Siew Weng	7/7
Haikel Ismail	5/7
Mohd Khaidzir Shahari	7/7
Norchahya Ahmad	7/7
Nasrein Binti Fazal Sultan	7/7
Philip Satish Rao	7/7

2) The Executive Committee (EXCO) attendance are as follows:

Zainal Akbar Abdul Kader – President	5/5
Dominic Chegne How Kooi – Vice President	5/5
Affeiz bin Abdul Razak – Vice President	5/5
Santosh Govind – Honorary Secretary	5/5
Tay Boon Hock – Honorary Treasurer	5/5

## COMMITTEE MEETINGS

3) The following members served on the various Committees of the Institute:

### Meeting Attendance

#### Professional Development Committee (PDC)

Santosh Govind	4/4
Nasrein Fazal Sultan	4/4
Lee Jun Xian	3/4
Catherine Yee Poh Chun	3/4
Malcolm Kor Cheng Meng	3/4

#### Professional Services Committee (PSC)

Affeiz Abdul Razak	3/3
Adrian Ong Ching Woo	3/3
Karthigayan Supramaniam	2/3
Zoey Khoo Hsien Hsiang	3/3
Ryan Chong Chee Seng	3/3

# MEETINGS AND ATTENDANCES

## COMMITTEE MEETINGS (Cont'd)

### Meeting Attendance

#### Certification and Academic Relations Committee (CARC)

Haikel Ismail	3/3
Chang Ming Chew	3/3
Joel Elizer A/L D.K Jeyaraj	3/3
Chong Yu Cheang	3/3
Linda Christine Danker	3/3

#### Research & Technical Advisory Committee (RTAC)

Mohd Khaidzir Shahari	4/4
Nasrein Fazal Sultan	3/4
Wong Chae Sing	4/4
Yap Tat Hiung	4/4

#### Internal Quality Assurance Committee (IQAC)

Haikel Bin Ismail	2/2
Tay Boon Hock	1/2
Ainon Mahat	2/2

## THE SECRETARIAT



**Geetha Kanny**  
Executive Director



**Alyssa Hew Li Min**  
Head, Technical & Quality Assurance



**Farida Md Ali**  
Head, Finance & Corporate Services



**Irwan Noor Hadi Dahili**  
Head, Professional Development



**Jwalita Ramachandra**  
Manager, Business Development & Marketing



**S Vasugi A/P Subramaniam**  
Manager, Certification & Membership



**Syamsuraidda Shamsudin**  
Senior Executive, Finance



**Ryan Chong Chung Ming**  
Senior Executive, Quality Assurance



**Shahirah Kathir Hasan Kathirasan**  
Senior Executive, Certification



**Sharifah Samihah Syed Ali**  
Senior Executive, Membership



**Nurul Munira Mohd Ali**  
Senior Executive, Professional Development



**Nur Annashirah Muhammad Omar**  
Executive, Professional Development



**Josie Rebecchi Omilda**  
Executive, Professional Development



**Mohd Rezuwan Roslee**  
Executive, Professional Development



**Nurul Nabila Mohd Ali**  
Executive, Membership



**Aina Asraf**  
Executive, Finance & Admin



**Haslizan Mohd Zainal**  
Executive, Corporate Services



**Hamdani Mohd Sahit Mashud**  
Despatch Cum Office Assistant, Corporate Services

# PRESIDENT'S REPORT

## 2021/2022



**Dear Members,**

I have been a President with the Institute for the last 20 months and I am indeed proud of where The Institute has progressed over the last one year. The Year 2021 proved to be a fruitful year for The Institute reporting a revenue of RM4.4 million and a surplus before tax of RM1.12 million, after experiencing a before tax loss of RM143k in Year 2020. I witnessed many new initiatives that the Secretariat team undertook to sustain The Institute. The Institute had also continued to remain sustainable, thanks to the member's support and faith it has in The Institute. The Institute also believes the future holds opportunities to help its members add value and deliver strategic advantage to succeed.

I want to thank my fellow Board of Governors (BOG) for entrusting me to steer the Board and the Secretariat at IIA Malaysia for all the hard work rendered to achieve this result despite the post pandemic challenge.

Our achievements and activities during the year in the review are as follows:

### Professionalism - Leading the Profession

In Year 2021, The Institute conducted ninety-two (92) virtual programmes comprising of three (3) Conferences, one (1) Forum, one (1) Summit, one (1) Dialogue, fourteen (14) public workshops, forty-four (44) webinars and twenty-eight (28) in-house programmes. The Institute continued its collaboration with various professional organisations and other corporations to conduct programmes on a wide range of topics, all geared towards further enhancing the knowledge and skillsets of our members and other professionals.

The Professional Development line of business continued to be the principal contributor to the Institute's revenue for the financial year, generating RM2.27 million, totalling to 52% of the total revenue reported.

### Promotion of Certification

In Year 2021, there were about 368 new enrolments to the CIA and 60 new CIAs bringing the total number of CIAs to 1,044. Besides that, PENERAJU and the Institute also strengthened its partnership to assist Bumiputera candidates to pursue the CIA Examination. This initiative with the intention of promoting and developing the professional skills of the members, encourage and motivate students to enter the audit profession and support the development of professional skills necessary for career advancement. More than 152 Bumiputera candidates has enrolled into the CIA program.

The Institute continues to engage with students at Higher Education Institutions to promote internal audit as a profession. The Institute conducted virtual talks for the following Universities - Multimedia University (MMU), Sunway Victoria University, Universiti Tenaga Nasional (UNITEN), Asia Pacific University (APU) and Universiti Tunku Abdul Razak (UNITAR).

# PRESIDENT'S REPORT

## 2021/2022

### Membership

In Year 2021, the Individual Members grew by 8% as compared to the previous year with a total number of members standing at 3,046 individual members meanwhile the Corporate Members stood at 237. The Institute garnered 335 new individual members and 8 corporate members throughout the year.

### Research and Technical Advisory

During the financial year, there were three (3) E-Techline publications, covering the following topics:

E-Techline Issue No.	Issuance Date	Topics Covered
01/21	12 February 2021	ESG Reporting, Bursa Malaysia – Corporate Governance Trends to watch in 2021, Governance, Internal Audit, Fraud, Global Perspectives and Insights, New Practice Guides by IIA Global
02/21	30 June 2021	Update on MCCG released on 28 April 2021, and MACC Act Section 17A Adequate Procedures Best Practice Handbook
03/21	14 October 2021	Latest Research Product, Governance, Internal Audit, Information Technology

### Acknowledgement

I will be retiring at the end of this Annual General Meeting and it was indeed an honour to be given the opportunity to lead the Board as the Institute's President. I take this opportunity to thank our valued members, professional bodies, regulators, corporations, speakers, sponsors, trainers, vendors and all individuals who have supported and assisted us in delivering The Institute's conferences, programmes and services.

Once again, my sincere thanks to the Board of Governors and Secretariat team for all our efforts and contribution in sustaining The Institute and for your remarkable achievement.

Being your membership representative, The Institute is here to serve your interest and needs. Any idea or constructive feedback to improve The Institute can be forwarded to [general@iiam.com.my](mailto:general@iiam.com.my). We aim to continuously serve our members.

**ZAINAL AKBAR BIN SK MD ABDUL KADER**

President 2021/2022

## EXECUTIVE DIRECTOR'S REPORT

### 2021/2022



#### Members of The Institute of Internal Auditors Malaysia,

Whilst the economic constraints and challenges brought about by the pandemic continued to linger in the marketplace last year, I am glad to inform all Members that The Institute has turned the corner and reported a markedly improved financial performance for the FY2021.

This is principally due to the resilience of The Institute in quickly adapting to the New Normal of conducting business post-pandemic. Whilst we are certainly not out of the woods yet, our performance last year is testament that the strategies we employed to face the economic challenges wrought by the pandemic have worked.

In the past year, The Institute continued to implement strategies that have proven to be successful and strived to identify new opportunities. This approach provided the Institute with leeway to continue operating within an ever changing and adverse business environment. The adoption of new strategies paid handsome dividends, with The Institute reporting a revenue of RM4.4 million as compared to RM3.08 million in Year 2020 with a surplus before tax of RM1.12 million as compared to a loss before tax of RM143k in Year 2020.

As in previous years, the Professional Development Department continued to be the stellar performer, generating RM2.27 million, and contributing to 52% of the total revenue of the Institute. The Department conducted ninety-two (92) virtual programmes comprising three (3) Conferences, one (1) Forum, one (1) Summit, one (1) Dialogue, fourteen (14) public workshops, forty-four (44) webinars and twenty-eight (28) in-house programmes.

Last year, I reported that the team's mind shift to adapt to the New Normal and utilise technology and an array of digital tools to connect with members virtually, enabled The Institute to continue operating and serving its members with minimal interruption. The shift from the brick-and-mortar model of physical trainings, conferences and tuition classes to a principally online mode, has also resulted in generating a larger surplus to The Institute as compared to the financial performance over the previous 3 years. This proves that the Secretariat team members are agile and have adapted well to the changing business landscape.

In the current Financial Year, The Institute has continued to engage the CAEs, Directors and Corporate Members to highlight in greater details, on The Institute's member benefits, the CIA exam and training plans for Internal Auditors. The Institute is also working closely with Universities to create greater awareness of the profession amongst students in the hope of fostering interest so more graduates would realize the prospects of the profession.

# EXECUTIVE DIRECTOR'S REPORT

## 2021/2022

The Institute continues to engage with its strategic partners like Malaysian Institute of Accountants (MIA), and Malaysian Institute of Corporate Governance (MICG), to run joint conferences to continue to put a spotlight on the importance of Governance, Risk and Control (GRC).

I would like to thank my colleagues at the Secretariat for their continued dedication and hard work. They have shown their mettle whilst working under trying circumstances through a raging pandemic. Their ability to quickly adapt to the new market and economic landscape proved to be one of the key reasons the Institute has shown a tremendous improvement in its financial performance this past year.

I would also like to take this opportunity to thank the Board of Governors for their advice and guidance and the trust they have placed in me to steer and advance the Institute towards meeting the goals we set for ourselves.

Last but not least, a big thank you to all the members for their continued support of The Institute.

**Geetha Kanny**

Executive Director

# CORPORATE GOVERNANCE STATEMENT

For the year under review, The Institute of Internal Auditors Malaysia (“The Institute”) had remained strong and sustainable in its operations, despite the challenges of nationwide lockdowns and imposition of regulatory standard operating procedures on businesses as the Covid-19 pandemic persisted throughout the year.

The Institute continued to remain focused in serving its members through different channels with the commitment to provide support and deliver value.

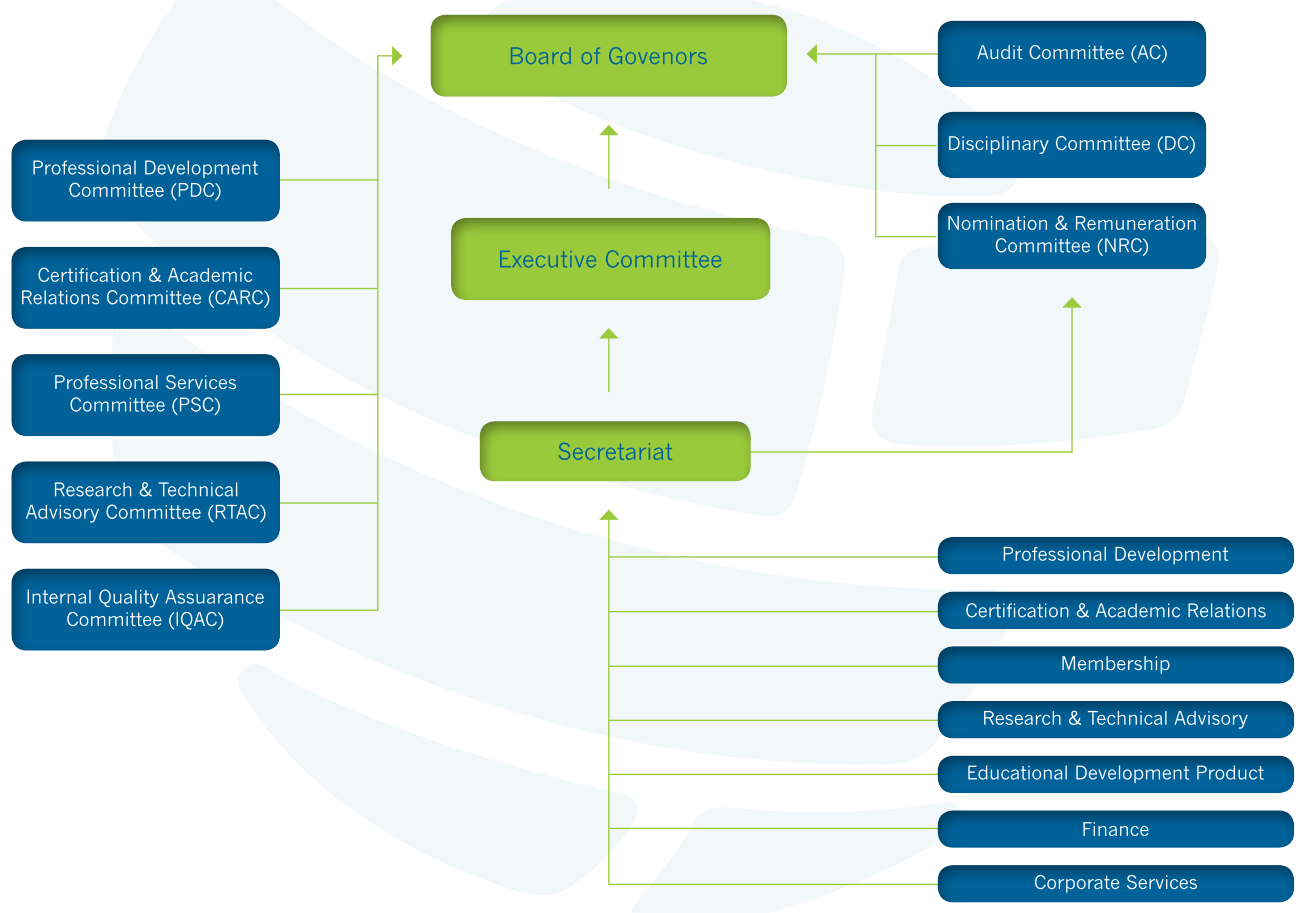
For year 2021, despite the pandemic and global-driven challenges posed, The Institute continued serving its members by embracing the use of technology in communication, virtual trainings and conference as well as enhanced data management via cloud service.

The Board believes that good corporate governance practices enable The Institute to operate more efficiently, be more accountable and transparent, and contribute towards value creation for all its stakeholders. The Institute will continue its efforts to promote and strengthen good corporate governance by issuing guidelines relevant to the internal audit profession.

The Institute is one of Malaysia’s leading advocates of sound corporate governance practices. The Board is guided under the 2021 Malaysian Code on Corporate Governance (“the Code”) with adherence to the governance structure stated under The Institute’s Constitution.

The following table sets out the governance framework of The Institute:

## GOVERNANCE FRAMEWORK



# CORPORATE GOVERNANCE STATEMENT

## GUIDING PRINCIPLES OF CORPORATE GOVERNANCE

The Board reviews the organisational structure of The Institute to ensure that the governance policies, practices, and operating framework are aligned to the Code and Constitution.

### *Principle A: Board Leadership and Effectiveness*

## BOARD OF GOVERNORS

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

The Board currently comprises eleven (11) Governors. The Board is not involved in the day-to-day activities of the Secretariat, save for the Executive Committee, comprising several Board members, who are empowered to carry out such decisions relating to the management of the Institute or matters so decided by the Board as stated under The Institute's Constitution. The appointment of Board members is made at the Annual General Meeting ("the AGM") in accordance with The Institute's Constitution. Every three (3) years, the Board members are required by rotation, to offer themselves for re-election. At the AGM held on 4 September 2021, one (1) new Board member was elected, and he was apprised of his duties and responsibilities at a formal induction session.

The Board recognises that to be effective and relevant, Board members should be fit and proper based on The Institute's Fit and Purpose Criteria, including having attributes and criteria such as good personal integrity and reputation, time commitment to board meetings, serve in The Institute's sub-committee(s) and attend its scheduled meetings. The Board support The Institute's activities through specific roles, has relevant internal audit experience, professional standing with relevant expertise and knowledge in financial, business and technical fields. The Board members are drawn from diverse backgrounds and different skill sets gained from services in the private and public sectors. This brings depth and diversity in expertise and experience, facilitating the deliberation of issues from a wider perspective.

The profiles of all Board members are detailed in this Annual Report.

## BOARD RESPONSIBILITIES

The primary responsibilities of the Board comprise the following:

- To promote good corporate governance culture within The Institute;
- To review and approve the strategic business plans of The Institute;
- To approve financial statements and their release to members and stakeholders;
- To represent The Institute in major strategic discussion sessions invited by regulators, professional bodies or other stakeholders;
- To provide strategic leadership to ensure that there is an effective and sound framework for internal controls and risk management;
- To oversee the conduct of The Institute's activities and succession planning of the Secretariat;
- To oversee the establishment, maintenance, and review of The Institute's Anti-Bribery and Corruption Framework; and
- To nominate Board/members to IIA Global Board Committees and ACIIA EXCO.

## BOARD INDEPENDENCE

The Board is chaired by a President.

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

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

# CORPORATE GOVERNANCE STATEMENT

The ED is primarily responsible for managing the day-to-day operations and is charged with implementing operational decisions within limit of authority of The Institute and in line with the strategic and long-term initiatives of The Institute. Although the ED attends Board and various Committee meetings, she is not a Board member and is not entitled to vote.

The ED took up the responsibility as the Compliance Officer, whose duties are as follows:

- To implement The Institute's Anti-Bribery and Corruption Framework;
- To provide 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;
- To ensure the establishment and performance of an internal control system that provides reasonable assurance that The Institute's corruption risks are managed;
- To report to the Board any significant corruption risks; and
- To establish effective anti-bribery and corruption controls and report their performance to the Board.

The Board has established an accountability matrix for the roles of the Board, President, and ED to promote good governance and instil a proper check and balance in deriving decisions at the strategic and operational level.

## BOARD COMMITTEES

While the Board has overall oversight responsibility on internal control and management of The Institute, it has delegated a range of its responsibilities to various committees. The committees operate within clearly defined terms of reference as follows:

### 1. Executive Committee ("the EXCO")

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

The primary responsibilities of the EXCO are:

- To recommend or revise guidelines or policies pertaining to the administration of The Institute;
- To review the performance of the Secretariat in the daily administration of The Institute;
- To ensure a process is in place to identify, assess, manage, and monitor key strategic and operational risks of The Institute; and
- To review and approve transactions as set out in the approved The Institute's Discretionary Authority Limit.

### 2. Audit Committee

The Audit Committee comprises of four (4) members, three (3) of whom are not Board members with the remaining one (1) being a Board member of The Institute. The Committee is tasked to assist the Board in fulfilling its fiduciary responsibilities, specifically:

- To consider the appointment, resignation or dismissal of the external/internal auditors upon conducting the relevant assessments, the audit fee, and recommend the same to the Board for approval;
- To discuss with the external auditors their Audit Plan before the commencement of the audit;
- To review the annual financial statements before recommending to the Board for approval;
- To discuss issues arising from the audit and any matters the external auditors may wish to discuss;
- To review with the external auditors their audit report;
- To review the adequacy and effectiveness of internal control system based on feedback and reports from the internal and external auditors;
- To review the adequacy of the scope, competency, and resources of the internal audit function and that it has the necessary authority to carry out its work, including recommending the appointment of internal auditors;
- To review any related party transaction and conflict of interest situation that may arise within The Institute, including any transaction, procedure, or course of conduct that raises questions of Management and Board integrity;
- To carry out such other functions as may be agreed by the AC and the Board;
- To report to the Board on a periodic basis the activities and work done by the AC, including any recommendations to be made to the Board. The AC Chairman or, in his absence, another AC member shall present this report at the Board meeting; and
- To manage and review the investigation of whistleblowing cases reported.

For further information, refer to the Audit Committee report as set out on page 27.

# CORPORATE GOVERNANCE STATEMENT

## 3. Disciplinary Committee

The Disciplinary Committee comprises a chairperson (designated) and other Board members appointed by the Board to address any disciplinary matters pertaining to members' misconduct as they arise. The Board adopted specific terms of reference to ensure the Committee is independent and has direct reporting to the Board.

## 4. Nomination & Remuneration Committee ("NRC")

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

The Board did not receive any emolument, bonuses or retirement benefits.

## 5. Certification & Academic Relations Committee ("CARC")

The CARC comprises two (2) Board members and four (4) voluntary members. The main objectives of CARC are as follows:

- To promote the Certified Internal Auditor (CIA) certification as the only professional qualification for internal auditors;
- To develop internal audit education partnership with local institutions of higher learning; and
- To promote specialty certification programmes promoted by The Institute as the recognised certifications for practitioners.

## 6. Professional Development Committee ("PDC")

PDC comprises two (2) Board members and three (3) voluntary members. The main objectives of PDC are as follows:

- To oversee the overall professional development plans of The Institute such as the training programme workshops and conferences that are planned for each year; and
- To evaluate trainers' performances.

## 7. Professional Services Committee ("PSC")

PSC comprises two (2) Board members and three (3) voluntary members. The main objectives of PSC are as follows:

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

## 8. Research & Technical Advisory Committee ("RTAC")

RTAC comprises two (2) Board members and two (2) voluntary members. The main objectives of RTAC are as follows:

- To provide technical advice on matters relating to internal audit, corporate governance, risk management, internal control, and other internal audit related matters;
- To provide periodic technical updates to members on contemporary issues relating to internal audit matters;
- To promote thought leadership on internal audit matters;
- To plan and coordinate the implementation of research projects for The Institute pertaining to internal audit matters;
- To provide grants for internal audit related research projects; and
- To identify and initiate projects to build the Research Fund.

## 9. Internal Quality Assurance Committee ("IQAC")

The IQAC comprises a minimum of three (3) members. The chairperson must be a Board member who holds a CIA qualification. The main objectives of the IQAC are as follows:

- To assess the consistency of Quality Assessment Review ("QAR") practices carried out by the QAR Team as per Quality Assessment Manual;
- To report a summary of findings and recommendations, information and appointment of external assessors and performance of external assessors on a bi-annual basis to the Board;
- To approve procedures on QAR, QA Plan, and QAR Fees Structure;
- To assess, review the QAR assignments to ensure the delivery of quality QAR assignments to clients, and implementation of improvements based on customer feedback; and
- To preserve the independence of the IQAC, the participation must be on a voluntary basis.

# CORPORATE GOVERNANCE STATEMENT

## BOARD MEETINGS

Since the last AGM held on 4 September 2021, the Board met seven (7) times. The Board reviewed The Institute's Strategy and Budget document, financial performance reports, including analysis of major issues on membership services, academic relations, professional development, professional practices, and financial reports. The attendance record at Board meetings is provided in the relevant report. All Board members have access to the Secretariat of The Institute to fulfil their roles and responsibilities as Board members.

The Board receives financial and operational reports from the Secretariat on a bi-monthly basis, which provide a comprehensive review and analysis of the business operations and financial matters.

### *Principle B: Effective Audit and Risk Management*

The Board is responsible for fulfilling its fiduciary responsibilities, particularly relating to business ethics, policies and practices, financial management and internal control of The Institute. The Board also has put in place an Enterprise Risk Management (ERM) framework, which is based on the ISO 31000:2018 Risk Management – Guidelines, and forms part of the governance framework of The Institute to identify, analyse, evaluate, manage, and monitor significant financial and non-financial risks. Whilst the Audit Committee was responsible for the Audit related matters; the Board assumes the responsibility of sound risk management and internal controls.

## ANTI-BRIBERY AND CORRUPTION, CODE OF BUSINESS ETHICS, AND WHISTLEBLOWING

The Institute has zero-tolerance towards bribery and corruption in any form. Adequate policies and procedures are implemented appropriately in line with the principles under the Guidelines for Adequate Procedures and Code of Business Ethics, which provides an ethical framework to guide actions and behaviours of all Secretariat while at work. In addition, the Board also has in place the Whistleblowing policy and reporting mechanism, which may be used for reporting concerns about suspected wrongdoing, inappropriate behaviour, or misconduct within The Institute. The abovementioned policies are available on The Institute's website - <https://iiam.com.my/about-us/corporate-information/>

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

The EXCO and the Board held scheduled meetings on alternate months for the past 12 months, during which they were briefed on the financial status and activities of The Institute as prescribed in the annual strategic plan.

The Institute's Annual General Meeting was conducted on 4 September 2021, via a virtual platform i.e., virtual attendance by members, key stakeholders and Secretariat staff. The proceedings of the 26th AGM included the ED's presentation of The Institute's operating and financial performance for 2020 and a Questions & Answers session during which the Chairman invited the members to raise questions pertaining to The Institute's financial statements and other items for adoption at the meeting, before putting the resolutions to vote.

Members were allowed to use the chat box to raise questions and feedback using the online platform provided.

# STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

The Statement on Risk Management and Internal Control of The Institute is made voluntarily by the Board to lead by example in championing sound risk management and internal control practices.

## RESPONSIBILITIES OF THE BOARD

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

In view of the inherent limitations in any such system, the system of risk management and internal control is designed to manage rather than eliminate the risk of failure to achieve The Institute's objectives and therefore provides only reasonable, and not absolute, assurance against material misstatement of financial information, financial loss, or fraudulent activities.

The risk management process has been established and is under the purview and responsibility of the Board, whereas the Board delegates the review of the internal control and associated processes to the Audit Committee.

## RISK MANAGEMENT

The Board confirms that the risk management process has been established to identify, evaluate, and manage significant risks to effectively mitigate the risks that may impede the achievement of business and corporate objectives of The Institute. The development of the ERM framework has enabled the Secretariat to identify and prioritise significant risks via an updated Risk Register and thereafter evaluate the controls to ascertain their effectiveness and efficiency periodically.

In implementing the risk management process for The Institute, the Secretariat, which its Executive Director heads, is tasked:

- To ensure the effectiveness of the risk management process and the implementation of risk management policies;
- To identify risks relevant to The Institute that may impede the achievement of its objectives; and
- To identify significant changes to risk or emerging risks, take actions as appropriate to communicate to the Executive Committee and the Board.

As risk management is an integral activity that undergirds The Institute's business operations, a methodical process has been deployed to identify, evaluate, control, report, and monitor business risks faced by The Institute in its business operations.

Individual business risks, as identified, are scored for their likelihood of occurrence and the impact thereof based on a '5 by 5' risk matrix, deploying parameters established for The Institute.

The risk parameters comprise relevant financial and non-financial metrics for risks to be evaluated in terms of the likelihood of their occurrence and the impact thereof – this feature essentially articulates the extent of risk The Institute is prepared to take in achieving its corporate objectives. The metrics used in quantifying the risks were based on risk parameters considered appropriate to reflect the risk appetite of The Institute.

The risk management framework and internal control system are integrated into The Institute's operations and working culture and applied continuously throughout the financial year under review and up to the date of this Statement.

The risk management process is periodically reviewed via risk updates, including the associated internal controls. The board is apprised of the key risks The Institute is exposed to, especially from changes in regulatory requirements, the marketplace, and the environment in which The Institute operates.

The risk management methodology and approach applied are described below:

- The Risk Register is compiled and reviewed regularly. Emerging risks are identified and followed up with the implementation of the control action plans;
- The Institute's risk parameters guide the materiality level of risk impact and consequences for the Secretariat's continuous management of risks. It also sets out the level of risk tolerance and limits to govern, manage, and control The Institute's risk-taking activities; and

# STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

- The Secretariat has been given a clear line of accountability and delegated authorities have been established as part of internal control efforts through standard operating policies and procedures for adherence by operating personnel.

## Key Risk Areas for 2021

The Institute actively identifies, evaluates, and manages strategic, financial, and operational risks within its risk appetite. Some of the key risk areas identified for 2021 were in relation to the pandemic, resiliency of business continuity management, branding and technology adoption.

## INTERNAL CONTROL

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

### Board and Board Committees

Board and Board Committees provide important oversight duties and ascertain the adequacy and effectiveness of the internal control and risk management system in The Institute. Further details on the activities of the Board and its committees are provided in the Corporate Governance Statement (pages 19 to 23) and Committee reports (pages 30 to 43).

Significant matters relating to the operations of The Institute are highlighted to the attention of the Board/ Board Committees. Meetings of the Board and EXCO are held on a bi-monthly basis for Board/ EXCO to review the activities of The Institute and discuss matters raised by the Secretariat. This includes strategic and operational issues about potential risks and control issues.

### Audit Committee and Internal Audit

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

The Internal Audit function is outsourced to an independent and competent internal audit service provider which reports directly to the Audit Committee. The Audit Committee reviews the competency of the internal audit service provider during the assessment process before the selection and appointment of internal audit are finalised. The primary role of the Internal Audit is to provide assurance to the Board, through the Audit Committee, whether the system of internal controls is functioning as intended.

On an annual basis, the internal audit service provider tables its audit plan to the Audit Committee for approval before commencing audit work. Based on the plan approved, they undertake a regular and systematic review of the internal control processes to provide the Audit Committee with sufficient assurance that the system of internal controls effectively addresses The Institute's risks.

### Annual business plans and performance

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

### Human Capital

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

### Policies and Procedures

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

### Anti-Bribery and Corruption

In accordance with the Anti-Bribery and Corruption policy, the Board and the Management drive the execution of adequate procedures to strengthen the standard of behaviour and ethical conduct of The Institute.

# STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

## Financial Reporting

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

## Business Continuity Activities

Business continuity activities are regarded as an integral component of the risk management process in The Institute. In this regard, The Institute continued implementing business continuity activities to minimise business disruptions during the pandemic year which included the Secretariat 'working from home' to ensure continuity in service provision to the members.

## Management of Information Assets

With the increased adoption of technology capabilities and digital communication with members, The Institute is aware of the importance of information security. The Institute continues to manage, protect, and monitor all confidential and proprietary information in accordance with the Institute's internal policy and Personal Data Protection Act ("PDPA").

## Sustainability Management

The Institute is working towards sustainable operations. The initiatives that were undertaken included continuing its waste elimination journey by replacing plastic bags with woven bags when delivering educational products to members, going paperless by securing documents digitally on cloud storage, and ensuring no wastage of water and electricity in our operations.

The Board believes that the risk management and internal control system is adequate and has operated effectively in all material aspects. During the financial year under review, there were no weaknesses in this system resulting in a material loss to The Institute that requires a separate disclosure.

The above statement is made in accordance with the resolution of the Board dated 19 May 2022.

# AUDIT COMMITTEE REPORT

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

## 1. Composition

The AC comprises the following four (4) members, three (3) of whom are not Board members with the remaining one (1) a Board member of the Institute:

- Wee Hock Kee, ICDM (Fellow), CA(M), FCCA (UK) CFIIA, CRMA (Chairman-Non-Board member) (appointed on 1 November 2021) ;
- Christine Ong May Ee, CFIIA, CIA, CRMA, CA (M), FCA (ANZ), B. Acc (Hons) (Singapore) (Non-Board member);
- Norchahya Ahmad, CMIIA, CIMA & AMBCI (Board member) (appointed on 1 November 2021); and
- Alan Chang Kong Chong, CMIIA, CIA, CFSA, FCPA (Aust.), Chartered Banker (AICB), Certified Bank Auditor (AICB), Certified Credit Professional (AICB), B.Econ (Aust.) (Non-Board Member)

## 2. Attendance of the meetings

During the financial year, the AC held four (4) meetings, attended by all members as follows.

PRESENT		ATTENDANCE	REMARK
Chairman	Lee Min On	3/3	Retired on 19 September 2021
Chairman	Wee Hock Kee	2/2	Joined on 1 November 2021
Member	Christine Ong May Ee	4/4	
Member	Norchahya Ahmad	2/2	Joined on 1 November 2021
Member	Alan Chang Kong Chong	4/4	

## 3. Terms of reference

### a. Composition

The Board shall appoint a minimum of 3 members to the AC, the majority of whom shall not be members of the Board. At least two members of the AC shall be Fellow members of the Institute and who are not members of the Board.

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

### b. Criteria

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

The term of each member is two (2) years, subject to re-appointment. The tenure of the AC members shall not exceed a cumulative period of nine (9) years whilst the position of the AC Chairman shall be rotated at least once every four (4) years.

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

### c. Objectives

The primary objectives of the AC are as follows:

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

# AUDIT COMMITTEE REPORT

## 3. Terms of reference (Cont'd)

### d. Duties and Responsibilities

The duties and responsibilities of the AC are:

- i) To consider the appointment, resignation or dismissal of the external/internal auditors upon conducting the relevant assessments, the audit fee, and recommend the same to the Board for approval;
- ii) To discuss with the external auditors their Audit Plan before the commencement of the audit;
- iii) To review the annual financial statements before recommending to the Board for approval;
- iv) To discuss issues arising from the audit and any matters the external auditors may wish to discuss;
- v) To review with the external auditors their audit report;
- vi) To review the adequacy and effectiveness of internal control system based on feedback and reports from the internal and external auditors;
- vii) To review the adequacy of the scope, competency, and resources of the internal audit function and that it has the necessary authority to carry out its work, including recommending the appointment of internal auditors;
- viii) To review any related party transaction and conflict of interest situation that may arise within The Institute, including any transaction, procedure, or course of conduct that raises questions of Management and Board integrity;
- ix) To carry out such other functions as may be agreed by the AC and the Board;
- x) To report to the Board on a periodic basis the activities and work done by the AC, including any recommendations to be made to the Board. The AC Chairman or, in his absence, another AC member shall present this report at the Board meeting.

### e. Authority

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

### f. Meeting and Minutes

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

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

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

### g. Changes to the Terms of Reference

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

# AUDIT COMMITTEE REPORT

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

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

The main activities carried out by the Audit Committee for the financial year ended 31 December 2021 and up to the date of this Report are as follows:

- i. Evaluated and proposed the appointment of external auditor for the financial year ended 31 December 2021 and the audit fee;
- ii. Met the external audit team when the Audit Planning Memorandum was tabled to the AC. The Memorandum highlighted, inter-alia, the materiality level and timeline for reporting;
- iii. Reviewed the SORMIC before recommending the same to Board for approval;
- iv. Reviewed the internal audit plan and scope;
- v. Deliberated with the internal auditors on their reports;
- vi. Deliberated with the external auditors on the draft financial statements for year ended 31 December 2021, which included the related party transactions in the presence of AC Members, Executive Director and Head of Finance and Corporate Services before recommending the same to the Board for approval; and
- vii. Reviewed the financial position of the Institute and inquired into any inconsistencies or differences for explanations to be provided by the Management.

## 5. Internal Audit Function

In 2021, the government has implemented a series of Movement Control Order (MCO) in respond to the COVID19 Pandemic. The MCO involved the restrictions on movement, assembly, international travel and mandated closure of businesses to curb the spread of the SARS CoV-2, the virus that caused COVID19.

The Institute closed the physical office during the MCO and all staff worked from home. The Institute re-opened the physical office on 1st November 2021. Despite the lockdown situations, the AC continued to perform the duties as per item 3(d) and 4. Given the situation, there was no internal audit conducted in year 2021.

However, BDO who completed the audit on ABAC policy in December 2020, presented the final report to AC in the 1st quarter of 2021, focusing on the following areas:

- Corruption risk assessment;
- On-boarding due diligence before entering any business relationship;
- Conflict of interest declaration mechanism;
- Mechanism for declaration, tracking and monitoring of any procurement/payments involving gifts, hospitality, entertainment expenses and other benefits received or given, e.g., petty cash payments, vendor declaration, employee declaration and anti-corruption clause, etc.;
- Communication and awareness of anti-bribery and anti-corruption to stakeholders; and
- Whistleblowing procedures on reported anti bribery and anti-corruption incidences (if any).

Although there were no critical issues denoting any serious deficiencies in the system of internal controls, observations highlighted by the internal audit function were prioritised according to risk rating, with the associated remedial action plans agreed by Management documented, including the timelines for completion by designated persons of the action plans agreed upon.

In the last quarter of 2021, the AC deliberated on the audit plan for 2022 in terms of proposed scope of work and fees for an Information Technology (IT) audit of the Institute.

# REPORT ON MAIN COMMITTEE

## CERTIFICATION AND ACADEMIC RELATIONS COMMITTEE

### CERTIFICATION

Year 2021 was another challenging year for the organisation. Despite the circumstances, the Certification Department is proud to announce the following accomplishments:

- 60 candidates successfully completed the Certified Internal Auditor (CIA) programme in year 2021. There was an increase of 5% from year 2020.
- Exam registration for the year 2021 amounted to 368.

The number of IIA certified professionals as of 31 December 2021 are presented in the below table:

CERTIFICATION	2021
Certified Internal Auditor (CIA)	1,044
Certification in Risk Management Assurance (CRMA)	138
Certification in Control Self-Assessment (CCSA)	55
Certified Financial Services Auditor (CFSA)	27
Certified Government Auditing Professional (CGAP)	5
Internal Audit Practitioner (IAP)	4

The Certification and Academic Relations Committee (CARC) planned and carried out the following initiatives in 2021 to promote IIA certification programmes:

#### Mentor & Mentee programme

The effort continued in 2021, with 25 mentees and 9 mentors who took part in this initiative. The 2020 wrap up and 2021 induction session was successfully conducted on the 16 July 2021. This platform was indeed a great opportunity for the mentees to gain insight, advice and navigate through their CIA exams.

#### CIA Tuition Classes

The Institute productively and efficiently organised fourteen (14) virtual revision classes throughout the year, including a 3-days crash course for the CIA Challenge exam candidates.

#### Online Helpdesk

The Institute conducted two (2) online helpdesk sessions to assist members with their membership and certification matters.

#### Young Auditors Session

Two (2) Young Auditors sessions were held for IIAM members under the age of 35. The sessions provided an opportunity for them to enhance their knowledge of the internal auditing profession.

Following are the details of the sessions:

DATE	TITLE	NO. OF PARTICIPANTS
19 March 2021	Young Auditors, by Mr Karthigayan	9
17 August 2021	The Lens of Sustainability for Internal Audit by Ms Thara TK	10

#### Others CIA promotional activities

- Six (6) CIA briefing sessions were conducted to provide candidates with an overview of the CIA programme and to equip them with basic CIA exam techniques.
- Six (6) Code of Ethics (COE) sessions were conducted to underline the principles and expectations governing the behaviour of individuals and organisations in the conduct of internal auditing.
- Three (3) in-house sessions were held with companies to assist their employees in preparing for the CIA certification.

# REPORT ON MAIN COMMITTEE

## CERTIFICATION AND ACADEMIC RELATIONS COMMITTEE (Cont'd)

### ACADEMIC RELATIONS

The Institute continues to approach and engage higher learning institutions to promote Internal Audit professions and to raise Internal Audit awareness among students.

#### Career Talks

Seven (7) successful career talks were conducted at various universities virtually. The Institute invited speakers to share their perspectives and insights on career development in internal auditing, the role of an internal auditor and challenges that internal auditors face in their career.

Following are the details of the sessions:

DATE	UNIVERSITY	SPEAKER
22 February	Multimedia University (MMU)	Mr Karthigayan
25 March	Sunway Victoria University	Ms Ch'ng Wei Li
7 April	Universiti Tenaga Nasional (UNITEN)	En Affeiz Abdul Razak
23 April	Asia Pacific University of Technology & Innovation (APU)	Mr. Eshvaren @ Shanthan Sanmugam
23 July	UNITAR International University (UNITAR)	En Haikel Ismail
29 September	UNITAR International University (UNITAR)	En Hazman Abu Hassan
13 October	Universiti Tenaga Nasional (UNITEN)	En Wan Mohd Azim Wan Long

#### Meetings with Universities

A total of four (4) meetings successfully took place in the year 2021. The Institute organised meetings with Multimedia University (MMU), Universiti Tenaga Nasional (UNITEN), Sunway Victoria University and Asia Pacific University (APU) to give higher-learning students a glimpse into the career of an internal auditor.

Finally, I would like to record my gratitude to the CARC members and partners for their relentless support and contribution to strengthen the CARC programmes.

#### Haikel Ismail

Chairperson

Certification and Academic Relations Committee 2021/2022

# REPORT ON MAIN COMMITTEES

## PROFESSIONAL DEVELOPMENT COMMITTEE (PDC) REPORT

The Professional Development Department in consultation with the Professional Development Committee (PDC), has been organizing value-added professional development programmes for the members of The Institute. Very much in touch with the emerging issues from the evolving landscape in the field of governance, risks and controls, new programmes were introduced to ensure that members and practitioners of internal audit will continue to remain relevant and value-adding in their work. The Institute had embarked on new joint ventures & initiatives by engaging with professional bodies in the GRC space. Among the partners engaged were the Malaysian Institute of Corporate Governance (MICG - Governance in Audit Forum) and the Institute of Corporate Directors (ICDM- 2021 IIA Malaysia National Conference: Audit Committee Track).

As ESG had become a primary focal point for corporations on the global front, other new initiatives by The Institutes include the ESG Dialogue 2021 and the All-Stars Virtual Summit 2021. The Institute continues its existing partnerships with the Malaysian Institute of Accountants (MIA) for the Audit Committee Conference and the Public Sector Internal Audit Conference.

In view of the pandemic, The Institute had to embark on virtual trainings that were conducted by the Professional Development Department on their own without engaging external parties in line with the cost savings initiative. The Institute had successfully rolled out virtual programmes throughout the year which included the following:

- Conferences
- Forum
- Summit
- Dialogue
- Public Workshops
- Webinars
- In-house programmes

Among the training programs conducted by the Professional Development department:

Analyzing & Improving Business Processes

A Look at Governance

Advanced-Data Analytics in Risk, Control and Audit

Analysing and Assessing Effectiveness of Business Continuity Management

Ask Right Discover Right

Audit in the Digital Era - Be Digital Aware

Auditing Culture - Doing It Right

Building An Effective Audit Plan to Address Section 17A, MACC (Amendment) Act 2018 Based on ISO 37001:2016 ABMS

Cloud Security for Non-IT Auditors

Competencies for Internal Auditors

Contract & Procurement Fraud

COSO-based Internal Auditing

Creative Problem-Solving Techniques for Auditors

Critical Thinking in the Audit Process

Cyber Risk Assessment; WFH Edition

Cyber Security in a Remote Working Environment

# REPORT ON MAIN COMMITTEES

## PROFESSIONAL DEVELOPMENT COMMITTEE (PDC) REPORT (Cont'd)

Detecting & Deterring Financial Reporting Fraud
Effective Internal Audit Function” based on Bursa’s Thematic Studies
Enterprise Risk Management
Essential Tools for Development of Fieldwork Skills
Forensic Investigation Skills
Influencing Skills for Auditors
Influencing Skills for Conflict Resolution and Positively Impacting Stakeholders
Internal Audit Report Writing “8 Key Aspects for Improved Communication, Impact & Assurance”
Internal Control Process
IT Audit for Non-IT Auditors
MACC Act Section 17A: Checking Your Adequate Procedures Trust Programme for Performance, Completeness and Effectiveness
Performing An Effective Quality Assessment
Practical Risk Assessment Techniques
Practical Root Cause Analysis
Procurement Fraud
Red Flags - Oil Palm Plantation operations
Remote Internal Auditing
Risk-Based Annual Audit & Engagement Planning
Risk-Based Audit (RBA) Methodology Application: Embedding COSO for Greater Wins
Root Cause Analysis Done Right & Effective Sampling Technique for Internal Auditing & Compliance Review
Root Cause Analysis for Internal Auditors
Standard Data Analytics in Risk, Control and Audit
State-of-the-Art+ Data Analytics in Risk, Control and Audit (Artificial Intelligence)
The Anti Money Laundering (AML) Internal Audit
The Covid 19 Paradigm Shift; How the Audit Function Can Manage It
The Malaysia Code on Corporate Governance – Updated 28 April 2021
Updates to the MCCG and Their Implications to Listed Corporations, Directors & Management
Thought Leadership (MACC Act 2009 Section 17A (Corporate Liability): Tips on Implementing Effective ‘Adequate Procedures’ based on ISO 37001:2016 ABMS
Tools & Techniques I: New Internal Auditor
Tools & Techniques II: Lead Auditor
Tools & Techniques III: Audit Manager

In total, programmes conducted in 2021 contributed approximately RM2.2 million to The Institute’s revenue for the financial year ended 31 December 2021.

# REPORT ON MAIN COMMITTEES

## PROFESSIONAL DEVELOPMENT COMMITTEE (PDC) REPORT (Cont'd)

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

- **Audit Committee Conference**

The Institute in collaboration with the Malaysian Institute of Accountants (MIA), held the Audit Committee Conference on 15 and 16 March. Themed “Agility, Empathy and Resilience: How the Audit Committee will Thrive in the New Normal,” the conference garnered more than 200 Audit Committee Members who had participated in the virtual conference. The conference featured 13 speakers presenting a collection of 8 sessions comprising of individual and panel sessions. Key topics that were covered during the conference include “The Audit Committee’s Role in Anticipating and Managing Emerging Risks,” “Sharpening the Focus: Company Ethics, Compliance, and Whistle-Blower Programmes” and “Agile and Resilient: Lessons Learned from The Audit Committee.”

- **ESG Dialogue**

The Institute successfully organised an ESG Dialogue on 1 July. Themed “Good Disclosure, Champion Sustainability,” the conference gathered 30 delegates and practitioners who had participated in the half-day virtual forum. The forum featured 4 speakers presenting a total of 3 sessions comprising individual and panel sessions. Topics that were covered during the dialogue include “Verifying Virtue: Stamping Assurance on ESG Promises” and “Sustainability and ESG Reporting.”

- **Governance in Audit Forum**

The Institute in collaboration with the Malaysian Institute of Corporate Governance (MICG), held the Governance in Audit Forum on 15 July. Themed “Audit’s Revolving Role in the New Normal,” the conference gathered approximately 80 practitioners who had participated in the virtual forum. The forum was officiated by Tan Sri Zarinah Anwar, Chairman of the Institute of Corporate Directors Malaysia (ICDM) and featured 9 prominent speakers presenting a total of 5 sessions comprising individual and panel sessions. Key topics that were covered during the conference include “Auditors’ Role in Understanding Climate Change,” “Auditor’s & Integrity – Non-Negotiable” And “Operational Resilience, Crisis and Continuity.”

- **Public Sector Internal Audit Conference**

The Institute in collaboration with the Malaysian Institute of Accountants (MIA), held the Public Sector Internal Audit Conference on 26 and 27 July. Themed “Elevating the Public Sector, Enhancing Trust,” the conference gathered approximately 250 practitioners who had participated in the virtual conference. The forum was officiated by YBhg. Dato’ Nik Azman Nik Abdul Majid, Auditor General, National Audit Department and featured 20 prominent speakers presenting a total of 8 sessions comprising of individual and panel sessions. Key topics that were covered during the conference include “Mitigating Cybersecurity Risks in the Public Sector,” “Design Thinking for Public Sector Internal Auditors” and “Creating a Culture of Ethical Transformation in the New Normal.”

- **CAE Summit**

The Institute successfully organised the CAE Summit on 18 August. Approximately thirty-seven (37) delegates attended the forum which featured a presentation by Lawrence J Harrington, Former Global Chair IIA, among others. Themed “Prepare, Pitch and Perform,” the conference garnered approximately 37 delegates who had participated in the virtual half-day summit. The conference featured 6 speakers presenting a total of 3 sessions comprising individual and panel sessions. Topics that were covered during the conference include “Step Up or Step Out!,” ““Endemic”: The Way Forward for Internal Audit” and “Critical ESG Audit: Reporting Accuracy & Consistency.”

# REPORT ON MAIN COMMITTEES

## PROFESSIONAL DEVELOPMENT COMMITTEE (PDC) REPORT (Cont'd)

- **2021 IIA Malaysia National Conference**

The Institute had successfully conducted the 2021 IIA Malaysia National Conference, being the flagship conference of The Institute that was held virtually for 2 consecutive years. The conference was held on 27 and 28 September. The conference was attended and graced by a group of 500 delegates from the public and private entities. Themed “Internal Audit: Vigorous and Versatile,” the forum had kicked off with welcome remarks by Anthony Pugliese, the newly appointed President and CEO of The Institute of Internal Auditors Inc and Charlie T. Wright, Chairman of the Board of IIA Global. The 2-day conference had a combination of both track and plenary sessions and featured 35 prominent speakers presenting a total of 14 sessions comprising of individual and panel sessions. Key topics that were covered during the conference include “Staying on Top of Emerging Challenges,” “Building Internal Audit Function of the Future,” “Future of internal audit function – challenges,” “Integrated Assurance: The Way Forward” and “Auditing Cyber Resiliency - How to audit cyber resiliency.”

The PDC also takes this opportunity to welcome our panel of new speakers and trainers during the year and express our thanks to all speakers and trainers for their efforts and commitment in raising the knowledge and skills of the internal audit professionals and directors. Our gratitude also goes to all our members and corporate organisations that have looked to The Institute for their training needs and have been staunch supporters of The Institute’s programmes and conferences. PDC also record its appreciation, on behalf of The Institute, to the many valued sponsors that had supported the conferences in 2021.

In the interest to help internal auditors deliver strategic advantage that drives organisational success, we are exploring possibilities:

- To offer on demand online learning management system as an alternative learning method to our members which is currently at the planning stage.
- To initiate more collaboration with digital partners and advanced technological subject matter experts i.e., Certification in Artificial Intelligence to enhance the capabilities of internal audit practitioners.
- To place IIA Malaysia as the leader among the governance advocates in the country by becoming the frontrunner in more future collaborative efforts.

The PDC is thankful to the team at the Professional Development Department of The Institute for their tireless efforts and dedication to serve the ever-growing knowledge needs of the members and the profession.

Lastly, I thank the committee members of the PDC for their practical input, unwavering support, and generous contribution of their time in the furtherance of the interest of The Institute’s new motto of “Elevating Impact.”

### **Santosh Govind**

Chairman

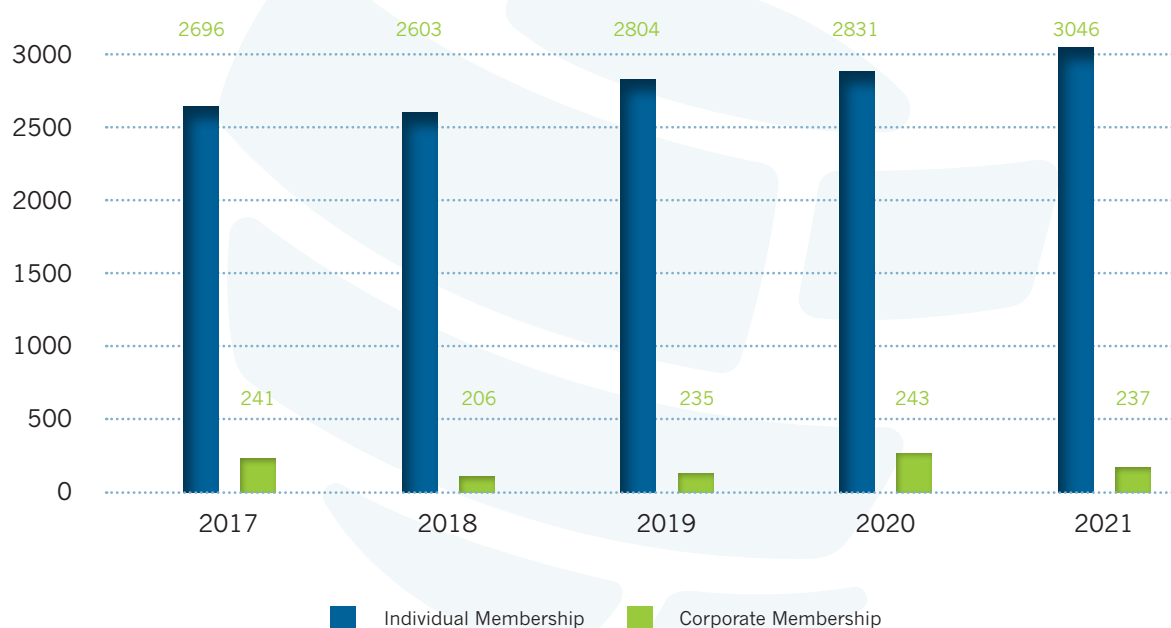
Professional Development Committee 2021/2022

# REPORT ON MAIN COMMITTEES

## PROFESSIONAL SERVICES COMMITTEE (PSC) REPORT

### MEMBERSHIP

Members Growth (2017 – 2021)



In Year 2021, the Individual Members grew by 8% as compared to the previous year with a total number of 3,046 individual members. Meanwhile the Corporate Members stood at 237 corporate members. The Institute garnered 335 new individual members and 8 corporate members throughout the year.

#### Members Activities

The following major membership events were held during the year 2021, as part of the Institute's ongoing campaign to build and retain members:

- **Membership Drive Campaign**

In keeping with the tradition, The Institute successfully organised a Member Get Members campaign to recruit new members. The campaign was launched from 1st April until 30th June 2021. Throughout the period of the campaign, The Institute received 25 new individual members through 15 referrals.

# REPORT ON MAIN COMMITTEES

## PROFESSIONAL SERVICES COMMITTEE (PSC) REPORT (Cont'd)

### Members' Networking Session

Despite the restrictions of physical engagement, it did not deter the Institute to engage its members. 8 complimentary virtual networking sessions were conducted for the members. A total of 590 members benefited from the virtual networking sessions. The details of the sessions are listed below:

2021 NETWORKING SESSION		NO. OF PARTICIPANTS
19 March	Young Auditors, by Mr Karthigayan	9
8 April	Practical Risk Assessment Techniques by Mr Alaba Awolaja	47
20 April	The Relevant Internal Auditor: Toolkit for The Future Internal Auditor by Mr Aaron Jay Dason	81
28 May	Remote Auditing by Mr Teddy Ramanakasina	128
8 June	IT Auditing for Non-IT Auditors by Mr Divakaren Sivagurunathan	137
14 June	Malaysian Code on Corporate Governance by Mr Lee Min On & Mr Wee Hock Kee	94
17 August	The Lens of Sustainability for Internal Audit by Ms Thara TK	10
11 November	Data Analytics by Mr David White	84

### Career Talks Joint Venture With The Certification Department

The Membership department collaborated with the Certification Department to conduct 7 virtual career talks for various students at their respective universities. The Institute invited speakers to share their perspectives and insights on career development in internal auditing, roles and functions of an internal auditor, and challenges that internal auditors face in their work.

The following are the details of the session:

2021 CAREER TALK	UNIVERSITY/ COLLEGE REPRESENTATIVE	SPEAKER
22 January	Multimedia University (MMU)	Mr Karthigayan
25 March	Sunway Victoria University	Ms Ch'ng Wei Li
7 April	Universiti Tenaga Nasional (UNITEN)	En Affeiz Abdul Razak
23 April	Asia Pacific University of Technology & Innovation (APU)	Mr. Eshvaren@Shanthan Sanmugam
23 July	UNITAR International University (UNITAR)	En Haikel Ismail
29 September	UNITAR International University	En Hazman Abu Hassan
13 October	Universiti Tenaga Nasional (UNITEN)	En Wan Mohd Azim Wan Long

# REPORT ON MAIN COMMITTEES

## PROFESSIONAL SERVICES COMMITTEE (PSC) REPORT (Cont'd)

- **The Institute Movie Night**

Movie Night has been a favourite amongst our members and hence like previous years, The Institute took the opportunity to get connected with our valued members on a virtual platform to stream the movie virtually.

A Virtual Movie Night was organized on the 19th and 20th November 2021 with 110 members joining the movie night. The members were invited to attend an ice-breaking session via MS Teams followed by the movie via the Kosmi platform. Members also received a surprise gift box prior to the event.

- **Online Helpdesk Joint Venture With Certification Department**

Given the members supported the idea of an online help desk to support their queries when it was first started in 2020, The Institute continued the practice and held online helpdesk sessions on the 26 February and 25 June 2021. These sessions were mainly held so members and The Institute remain connected and to assist members with membership and certification related matters, particularly.

- **Keeping In Touch (KIT)**

The Keeping in Touch (KIT) newsletter provides information on current issues and the most recent developments in internal auditing, as well as information on The Institute's activities.

In 2021, The Institute changed the format and published two issues of the KIT, both of which were online versions available on The Institute's website. The KIT is more informative and comprehensible.



Issue:1st Issue



Issue:2nd Issue

Finally, I would like to extend my appreciation to the Secretariat for their dedication and support rendered to our members. To my fellow committee members, I thank you for your time and commitment to support the Committee to enhance our value to our members. The PSC also looks forward to more participations by members in future activities and contribution of articles as part of the knowledge sharing among the Internal Audit fraternity.

**Affeiz Abdul Razak**

Chairperson

Professional Services Committee 2021/2022

# REPORT ON MAIN COMMITTEES

## RESEARCH AND TECHNICAL ADVISORY COMMITTEE (RTAC) REPORT

### BACKGROUND

The RTAC is one of the Board Committees that operates with the following objectives;

- 1) To provide technical advice on matters relating to internal audit, corporate governance, risk management, internal control and other internal audit related matters;
- 2) To provide periodic technical updates to members on recent issues relating to internal audit matters;
- 3) To promote thought leadership on internal audit matters;
- 4) To plan and coordinate the implementation of research projects for IIA Malaysia pertaining to internal audit related matters;
- 5) To provide grants for internal audit related research projects; and
- 6) To identify and initiate projects to build the Research Fund.

### PUBLICATIONS

The RTAC carries out its technical advisory roles by providing members with technical updates through the “E-Techline”, an electronic publication designed to keep members posted on the latest development on Governance, Risks and Controls and their impact on the internal audit activities.

During the financial year, there were three (3) E-Techline publications, covering the following topics:

E-TECHLINE ISSUE NO.	ISSUANCE DATE	TOPICS COVERED
01/21	12 March 2021	ESG Reporting, Bursa Malaysia – Corporate Governance Trends to watch in 2021, Governance, Internal Audit, Fraud, Global Perspectives and Insights, New Practice Guides by IIA Global
02/21	30 June 2021	Update on MCCG released on 28 April 2021, and MACC Act Section 17A on Adequate Procedures Best Practice Handbook
03/21	14 October 2021	Research on Governance, Internal Audit, Information Technology by IIA Global

# REPORT ON MAIN COMMITTEES

## RESEARCH AND TECHNICAL ADVISORY COMMITTEE (RTAC) REPORT (Cont'd)

### WEBINARS

During the financial year, RTAC organised five (5) complimentary webinars to the members, and the topics presented were as follows:

DATE	TOPIC	SPEAKERS	NO OF PARTICIPANTS
3 February 2021	Environmental, Social and Governance (ESG)	Ms Phang Oy Cheng, (KPMG Management & Risk Consulting Sdn. Bhd)	127
25 March 2021	Managing Whistleblowing & Conduct of Investigation	Chayce Wong Chae Sing, CMIIA, MIA, MICPA	106
1 April 2021	3rd Run of Webinar Panel Section on 17A Corporate Liability – Roles of The IA	Mohd Khaidzir Bin Shahari, CMIIA, CIA, CGMA, C.A.(M)  Chayce Wong Chae Sing, CMIIA, MIA, MICPA  Dr. Eddy Yap, CIA, CMIIA, C.A.(M), ASEAN CPA, FCCA	132
9 April 2021	Building Strategy for Business Resilience Management	Derek Lee Siew Weng, CIA, CRMA, CBCI, C.A.(M), CPA(M)	87
27 April 2021	Conflict Resolution and Stakeholder Management for Internal Auditor	Dr. Eddy Yap, CIA, CMIIA, C.A.(M), ASEAN CPA, FCCA	116

### TECHNICAL ADVISORY

Despite protracted challenges posed by COVID-19 in the recovering year, RTAC and IIAM's Technical and Quality Assurance Department were able to continue providing the following technical support services to members via digital approach:

- Facilitating technical inquiries on the International Professional Practices Framework (IPPF) 2017 Edition and its application;
- Addressing members' inquiries on the latest publications from The IIA Global Bookstore; and
- Attending to members' inquiries on the newly released guidelines and their application.

### EDUCATIONAL DEVELOPMENT PRODUCTS (EDP)

The IIA Malaysia promotes and offers a range of publications on internal audit, corporate governance, risk management, internal control, and issues of interest to The IIA Malaysia's community members. Whether the members are just beginning the internal audit career, need management-minded and team training resources, or seek executive-level thought leadership, we have organised resources by category and topic.

The books are mainly originated from The IIA Research Foundations, US and we are the only distributor in Malaysia. In addition, IIA Malaysia is also offering the reading materials published by Gleim (CIA exam publisher), COSO, Wiley and CRC Press, and IIA members can enjoy a significant discount as a part of membership benefits.

There are two types of study materials offered by The IIA Malaysia, i.e., Gleim and the IIA CIA Learning System. Both study materials are available in a physical book, and only the IIA CIA Learning System is available in e-Book format.

# REPORT ON MAIN COMMITTEES

## RESEARCH AND TECHNICAL ADVISORY COMMITTEE (RTAC) REPORT (Cont'd)

### EDUCATIONAL DEVELOPMENT PRODUCTS (EDP) (Cont'd)

The IIA Research Foundation publishes more than 100 titles based on the latest trend, such as data analytics, audit committee, governance, and control available in stock, and RTAC would initiate monthly promotional theme for the educational products to attract the members to the promotion. The EDP promotions in 2021 are listed below:

BOOK'S PROMOTION	DATE
New Release – CRMA & Powering Audit Committee Outcomes	22 March 2021 - 30 April 2021
Promotion – Audit Committee and Governance	1 June 2021 - 30 June 2021
Promotion – IT Audit	1 July 2021 - 31 July 2021
Bundle Promotion New Release - Gleim	1 August 2021 - 31 August 2021
National Conference Bookstore Promotion	7 October 2021 - 15 October 2021
New Release – Agent of Change Year End Sales	18 November 2021 - 31 December 2021

### RESEARCH GRANT

The RTAC identifies research topics in internal auditing for those interested in applying for research grants. The RTAC vets all grant applications, awards grants to successful applicants, monitors the progress of research projects, reviews the final research report and approves the research report for publication. The outcome of the research is published on The IIA Malaysia's website. All research projects must have outcomes that benefit members of the internal audit profession. The total research funds as of 31st December 2021 was RM 186,046.79. The RTAC would like to encourage more members and educators to participate in internal audit related research projects and thought leadership that propel the internal audit profession to the forefront in the realms of governance, risk management and controls.

### APPRECIATION

The RTAC would also like to thank members, researchers and others who have contributed during the year under review, and the IIA Malaysia Secretariat, especially staff from the Technical and Quality Assurance Department, for their invaluable support to the Committee.

#### Mohd Khaidzir Shahari

Chairperson

Research and Technical Advisory Committee 2021/2022

# REPORT ON MAIN COMMITTEES

## INTERNAL QUALITY ASSESSMENT COMMITTEE (IQAC) REPORT

### BACKGROUND

The IQAC consists of three members appointed by the Board of Governors (“BOG”) of The IIA Malaysia: Mr Haikel Bin Ismail, Mr Tay Boon Hock, and Pn Ainon Mahat.

In the interest to preserve the independence of the IQAC, participation of members in the IQAC is voluntary.

#### Before appointment as an IQAC member, he/she shall fulfil the following criteria:

1. Retired IQA Committee members must take a 12-months cooling off period prior to moving into QAR services with the IIA Malaysia.
2. Minimum 10 years of experience in internal auditing or related or exposure to consulting, risk, compliance activities at a senior management level.
3. Possess recognised professional qualifications of Certified Internal Auditor (“CIA”).
4. Possess current and in-depth knowledge of the IPPF and QA Manual.
5. It does not provide QAR services on his/her own or under any firm related to him/her.
6. No known conflict of interest with the client organisation.
7. Attended training on the external assessment process conducted by The IIA Malaysia.

#### The IQAC operates with the following objectives:

1. To assess consistency on Quality Assessment Review (“QAR”) practices carried out by the QAR team as per Quality Assessment (“QA”) Manual.
2. To review feedback from client organisations.
3. To report a summary of findings and recommendations, information and appointment of external assessors and performance of external assessors on a bi-annual basis to the BOG.
4. To approve the appointment of a new external assessor based on the recommendation by the Head, Technical & Quality Assurance.
5. To approve Procedures on QAR, QA Plan, and QAR Fees Structure.
6. To provide a value-adding role which includes an assessment of the existence and effectiveness of review and monitoring of IQA assignments to ensure the delivery of quality QAR assignments to clients; and implementation of improvements based on customer feedback.

#### Activities in the Year 2021

1. IQAC reviewed and approved the Terms of Reference for IQAC for the current term.
2. IQAC reviewed and approved the Policy and Procedures on QAR.
3. IQAC performed two IQA reviews on jobs completed in Year 2021 by the QA Department. IQAC provided valuable feedback to the department for continuous improvement.
4. IQAC deliberated and endorsed the Quality Assurance’s Strategy and Budget for 2022.
5. IQAC reviewed and approved the appointment of a new external assessor based on the recommendation by the Head, Technical & Quality Assurance.

### APPRECIATION

The IQAC extends its appreciation to all client organisations who have engaged The Institute to perform the QAR. As the pandemic recedes, the IQAC would like to take this opportunity to encourage more corporate members and organisations to participate in the QAR exercises provided by The IIA Malaysia, which will enhance the quality of the organisation’s internal audit department and shift the department into a higher gear.

The IQAC remains optimistic about the potential for QAR exercises to grow and the demand to increase in the coming year to bolster recovery momentum in the internal audit sector.

The IQAC truly appreciates all members, clients, external assessors, and The Institute’s Quality Assurance Team, who have contributed and undergone the QAR exercises during the year.

#### Haikel Bin Ismail

Chairman

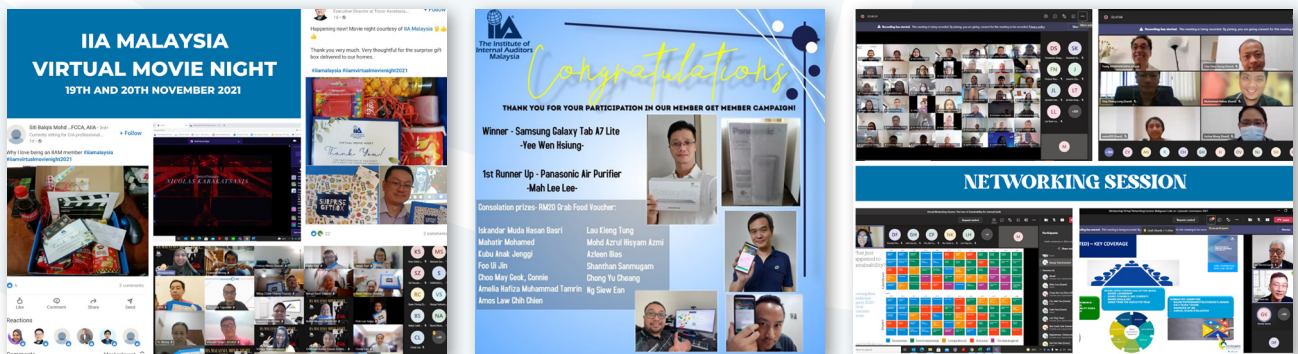
Internal Quality Assurance Committee 2021/2022

# REPORT ON MAIN COMMITTEES

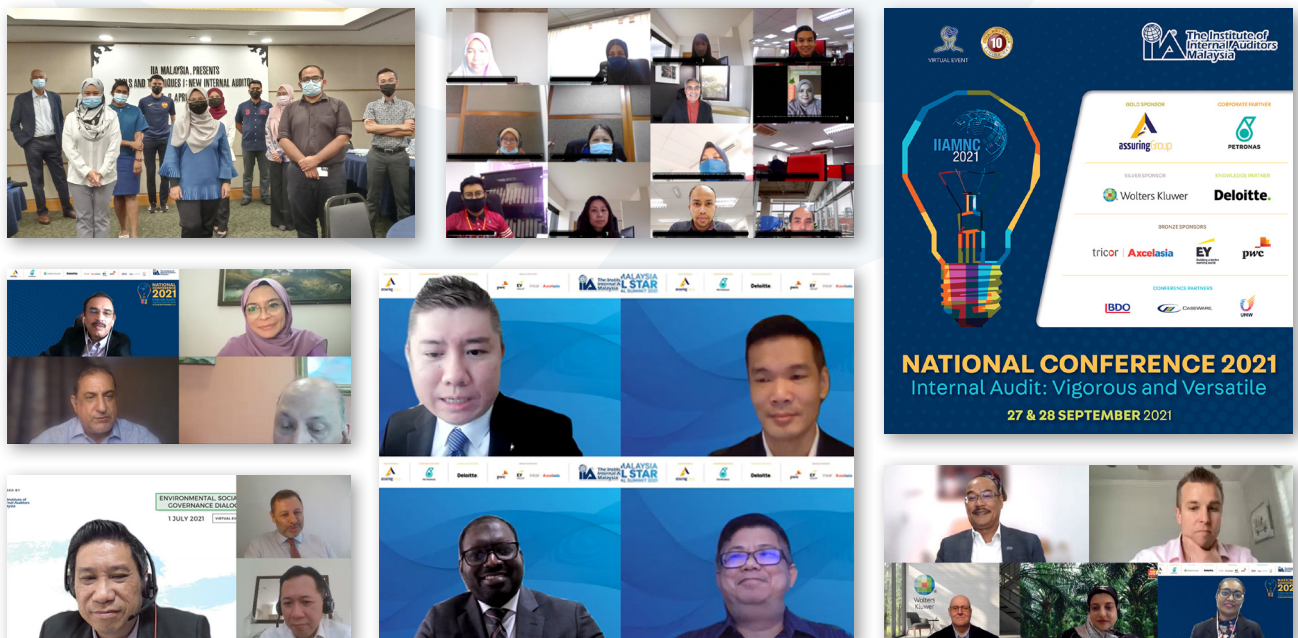
## CERTIFICATION



## MEMBERSHIP



## PROFESSIONAL DEVELOPMENT



# PAST PRESIDENTS, HONORARY & FELLOW MEMBERS

## PAST PRESIDENTS

1978/1979	Peter Chieng Ing Mui
1979/1980	Louis Loh Kam Choon
1980/1981	Lum Seng Yip
1981/1982	Cheng See
1982/1983	Lee Siew Kuan
1983/1984	Richard Chieng Ing Ku
1984/1985	Rick Siew
1985/1986	Kay Yew Chye
1986/1987	Margaret Chin Cheng Soon
1987/1988	Jeyaratnam Velupillai
1988/1990	Lynn T Kulasingham
1990/1992	Azhari Mohamed
1992/1993	Abdul Razak Abu Bakar
1993/1994	Stanley Yap Onn Nam
1994/1996	Lim Kien Chai
1996/1997	Vijayam Nadarajah
1997/1998	Mathuraiveran Marimuthu
1998/2000	Wong Yew Sen
2000/2002	Devanesan Evanson
2002/2004	Abd Razak Haron
2004/2006	Wee Hock Kee
2006/2008	Fatimah Abu Bakar
2008/2009	Walter Sandosam
2009/2011	Hashim Mohammed
2011/2013	Datin Josephine Low Suet Moi
2013/2014	Ranjit Singh Taram Singh
2014/2015	Philip Satish Rao
2015/2016	Dato' Shabaruddin Ibrahim
2016/2017	Lucy Wong Kam Yang
2017/2018	Hazimi Kassim – until 23/03/18
2018/2020	Alan Chang Kong Chong

## HONORARY MEMBERS

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

## FELLOW MEMBERS

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

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FINANCIAL  
REPORT  
2021

# GOVERNORS' REPORT

The Governors have pleasure in submitting their report together with the audited financial statements of The Institute of Internal Auditors Malaysia (the "Institute") for the financial year ended 31 December 2021.

## PRINCIPAL ACTIVITIES

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

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

## FINANCIAL RESULTS

RM

Surplus for the financial year	<u>856,090</u>
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## RESERVES AND PROVISIONS

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

## DIVIDENDS

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

## GOVERNORS

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

Zainal Akbar Bin S.K MD. Abdul Kader	
Norchahya Binti Ahmad	
Affeiz Bin Abdul Razak	
Mohd Khaidzir Bin Shahari	
Dominic Chegne How Kooi	
Nasrein Binti Fazal Sultan	
Tay Boon Hock	
Lee Siew Weng	
Haikel Bin Ismail	
Santosh A/L P. Govindan Kutty Nair	
Philip Satish Rao	(appointment on 21.01.2022)
Chang Kong Chong	(retired on 04.09.2021)
Chong Kah Sing	(retired on 04.09.2021)

## BOARD OF GOVERNORS' INTERESTS

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

## BOARD OF GOVERNORS' BENEFITS

Since the end of the previous financial year, no Governor of the Institute has received or become entitled to receive a benefit by reason of a contract made by the Institute with the Governor or with a firm of which the Governor is a member, or with a company in which the Governor has a substantial financial interest, other than members' annual subscription paid by the Governors as disclosed in Note 18(b) to the financial statements.

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

# GOVERNORS' REPORT

## INDEMNITY AND INSURANCE COSTS

During the financial year, the total amount of indemnity coverage and insurance premium paid for the Governors and certain officers of the Institute were RM3,000,000 and RM21,000 respectively. No indemnity was given to or insurance effected for auditors of the Institute.

## OTHER STATUTORY INFORMATION

(a) Before the financial statements of the Institute were prepared, the Governors took reasonable steps:

- (i) to ascertain that action had been taken in relation to the writing off of bad debts and the making of allowance for doubtful debts and satisfied themselves that there were no bad debts to be written off and no allowance for doubtful debts was required; and
- (ii) to ensure that any current assets which were unlikely to be realised in the ordinary course of business, including the value of current assets as shown in the accounting records of the Institute have been written down to an amount which the current assets might be expected so to realise.

(b) At the date of this report, the Governors are not aware of any circumstances:

- (i) which would render it necessary to write off any bad debts or to make any allowance for doubtful debts in the financial statements of the Institute; or
- (ii) which would render the values attributed to current assets in the financial statements of the Institute misleading; or
- (iii) not otherwise dealt with in this report or the financial statements of the Institute which would render any amount stated in the financial statements misleading; or
- (iv) which have arisen which would render adherence to the existing method of valuation of assets or liabilities of the Institute misleading or inappropriate.

(c) At the date of this report, there does not exist:

- (i) any charge on the assets of the Institute which has arisen since the end of the financial year which secures the liabilities of any other person; or
- (ii) any contingent liability in respect of the Institute which has arisen since the end of the financial year.

(d) In the opinion of the Governors:

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

## AUDITORS' REMUNERATION

The details of auditors' remuneration are disclosed in Note 14 to the financial statements.

## GOVERNORS' REPORT

### AUDITORS

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

Signed on behalf of the Board of Governors in accordance with a resolution of the Governors dated 28 April 2022.



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



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**DOMINIC CHEGNE HOW KOOI**

KUALA LUMPUR

## STATEMENT BY GOVERNORS

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

We, the undersigned, being the two Governors of the Institute, do hereby state that, in the opinion of the Governors, the accompanying financial statements are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia so as to give a true and fair view of the financial position of the Institute as at 31 December 2021 and of its financial performance and cash flows for the financial year then ended.

Signed on behalf of the Board of Governors in accordance with a resolution of the Governors dated 28 April 2022.



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



**DOMINIC CHEGNE HOW KOOI**

KUALA LUMPUR

## STATUTORY DECLARATION

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

I, Tay Boon Hock (MIA Membership No.: 18015), being the Governor primarily responsible for the financial management of The Institute of Internal Auditors Malaysia, do solemnly and sincerely declare that to the best of my knowledge and belief, the accompanying financial statements are correct and I make this solemn declaration conscientiously believing the same to be true and by virtue of the Statutory Declarations Act 1960.

Subscribed and solemnly declared by the )  
abovenamed at Kuala Lumpur in the )  
Federal Territory on 28 April 2022)



**TAY BOON HOCK**

Before me,



No. 59, Jalan Telawi  
Bangsar Baru  
59100 Kuala Lumpur

**COMMISSIONER FOR OATHS**

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

## REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

### OPINION

We have audited the financial statements of The Institute of Internal Auditors Malaysia, which comprise the statement of financial position as at 31 December 2021, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the financial year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 52 to 81.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Institute as at 31 December 2021, and of its financial performance and its cash flows for the financial year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

### BASIS FOR OPINION

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

### INDEPENDENCE AND OTHER ETHICAL RESPONSIBILITIES

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

### INFORMATION OTHER THAN THE FINANCIAL STATEMENTS AND AUDITORS' REPORT THEREON

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

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

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

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

### RESPONSIBILITIES OF THE GOVERNORS FOR THE FINANCIAL STATEMENTS

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

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

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

## AUDITORS' RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

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

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

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

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

## OTHER MATTERS

This report is made solely to the members of the Institute, as a body, in accordance with Section 266 of the Companies Act 2016 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.



**UHY**

Firm Number: AF 1411  
Chartered Accountants

KUALA LUMPUR  
28 April 2022



**LIM BEE PENG**

Approved Number: 03307/06/2023 J  
Chartered Accountant

# STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2021

	Note	2021 RM	2020 RM
<b>ASSETS</b>			
<b>Non-current asset</b>			
Property, plant and equipment	4	4,354,571	4,440,848
<b>Current assets</b>			
Inventories	5	136,713	91,299
Trade receivables	6	528,963	452,514
Other receivables	7	306,073	307,117
Tax recoverable		13,980	50,282
Fixed deposits with licensed banks	8	3,300,000	2,700,000
Cash and bank balances		767,775	318,587
		5,053,504	3,919,799
<b>Total assets</b>		9,408,075	8,360,647
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Research fund	9	186,046	169,434
Accumulated funds		8,700,691	7,861,213
<b>Total equity</b>		8,886,737	8,030,647
<b>Current liabilities</b>			
Trade payables	10	112,171	116,491
Other payables	11	409,167	213,509
<b>Total liabilities</b>		521,338	330,000
<b>Total equity and liabilities</b>		9,408,075	8,360,647

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

# STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

	Note	2021 RM	2020 RM
Revenue	12	4,404,267	3,085,283
Direct costs	13	(964,034)	(922,514)
Gross surplus		3,440,233	2,162,769
Other income		238,772	308,906
Administrative expenses		(2,558,277)	(2,622,016)
Net gain on impairment of financial instruments		-	6,608
Surplus/(Deficit) before tax	14	1,120,728	(143,733)
Taxation	15	(264,638)	25,879
Surplus/(Deficit) for the financial year, representing total comprehensive income/(loss) for the financial year		856,090	(117,854)

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

# STATEMENT OF CHANGES IN EQUITY

## FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

	Note	Research Fund RM	Accumulated Funds RM	Total Equity RM
<b>At 1 January 2020</b>		153,888	7,994,613	8,148,501
Deficit for the financial year, representing total comprehensive income for the financial year		-	(117,854)	(117,854)
Transfer from accumulated funds	9	15,546	(15,546)	-
<b>At 31 December 2020</b>		169,434	7,861,213	8,030,647
<b>At 1 January 2021</b>		169,434	7,861,213	8,030,647
Surplus for the financial year, representing total comprehensive income for the financial year		-	856,090	856,090
Transfer from accumulated funds	9	16,612	(16,612)	-
<b>At 31 December 2021</b>		186,046	8,700,691	8,886,737

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

# STATEMENT OF CASH FLOWS

## FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

	2021 RM	2020 RM
<b>Operating Activities</b>		
Surplus/(Deficit) before tax	1,120,728	(143,733)
Adjustments for:		
Depreciation of property, plant and equipment	161,631	228,730
Inventories written off	172	11,187
Gain on disposal of property, plant and equipment	-	(320)
Interest income	(60,904)	(102,711)
Reversal of impairment losses on trade receivables	-	(6,608)
Unrealised loss/(gain) on foreign exchange	1,376	(2,449)
Operating surplus/(deficit) before working capital changes	1,223,003	(15,904)
Change in working capital:		
Inventories	(45,586)	(69,707)
Trade receivables	(76,449)	(220,052)
Other receivables	1,044	(117,556)
Trade payables	(8,700)	(294,017)
Other payables	195,658	(347,040)
	65,967	(1,048,372)
Cash generated from/(used in) operations	1,288,970	(1,064,276)
Tax paid	(228,336)	(177,764)
Net cash from/(used in) operating activities	1,060,634	(1,242,040)
<b>Investing Activities</b>		
Purchase of property, plant and equipment	(75,354)	(23,994)
Proceeds from disposal of property, plant and equipment	-	320
Interest received	60,904	102,711
Net placement of fixed deposits not for short-term funding requirements	(600,000)	(2,400,000)
Net cash used in investing activities	(614,450)	(2,320,963)
<b>Net increase/(decrease) in cash and cash equivalents</b>	446,184	(3,563,003)
<b>Effects of exchange translation differences on cash and cash equivalents</b>	3,004	(4,227)
<b>Cash and cash equivalents at the beginning of the financial year</b>	318,587	3,885,817
<b>Cash and cash equivalents at the end of the financial year</b>	767,775	318,587
<b>Cash and cash equivalents at the end of the financial year comprises:</b>		
Fixed deposits with licensed banks	3,300,000	2,700,000
Cash and bank balances	767,775	318,587
	4,067,775	3,018,587
Less: Deposits not for short-term funding requirement	(3,300,000)	(2,700,000)
	767,775	318,587

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

# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2021

## 1. Corporate Information

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

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

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

## 2. Basis of Preparation

### (a) Statement of compliance

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

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

### Adoption of new and amended standards

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

Amendment to MFRS 16	Covid-19 - Related Rent Concessions
Amendments to MFRS 9, MFRS 139, MFRS 7, MFRS 4 and MFRS 16	Interest Rate Benchmark Reform - Phase 2

The adoption of the new standards and amendments to standards did not have any significant impact on the financial statements of the Institute.

# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2021

## 2. Basis of Preparation (Cont'd)

### (a) Statement of compliance (Cont'd)

#### Standards issued but not yet effective

The Institute has not applied the following new standards and amendments to standards that have been issued by the MASB but are not yet effective for the Institute:

		Effective dates for financial periods beginning on or after
Amendment to MFRS 16	Covid-19 - Related Rent Concessions beyond 30 June 2021	1 April 2021
Amendments to MFRS 3	Reference to the Conceptual Framework	1 January 2022
Amendments to MFRS 116	Property, Plant and Equipment - Proceeds before Intended Use	1 January 2022
Amendments to MFRS 137	Onerous Contracts - Cost of Fulfilling a Contract	1 January 2022
Annual Improvements to MFRS Standards 2018 - 2020:		1 January 2022
• Amendments to MFRS 1		
• Amendments to MFRS 9		
• Amendments to MFRS 16		
• Amendments to MFRS 141		
MFRS 17	Insurance Contracts	1 January 2023
Amendments to MFRS 17	Insurance Contracts	1 January 2023
Amendments to MFRS 17	Initial Application of MFRS 17 and MFRS 9 - Comparative Information	1 January 2023
Amendments to MFRS 101	Classification of Liabilities as Current or Non-current	1 January 2023
Amendments to MFRS 101	Disclosure of Accounting Policies	1 January 2023
Amendments to MFRS 108	Definition of Accounting Estimates	1 January 2023
Amendments to MFRS 112	Deferred Tax related to Assets and Liabilities arising from a Single Transaction	1 January 2023
Amendments to MFRS 10 and MFRS 128	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Deferred until further notice

The Institute intends to adopt the above new standards and amendments to standards, if applicable, when they become effective.

The initial application of the above-mentioned new standards and amendments to standards are not expected to have any significant impacts on the financial statements of the Institute.

# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2021

## 2. Basis of Preparation (Cont'd)

### (b) Functional and presentation currency

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

### (c) Significant accounting judgements, estimates and assumptions

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

#### Judgements

The following is the judgement made by management in the process of applying the Institute's accounting policies that have the most significant effect on the amounts recognised in the financial statements:

#### Satisfaction of performance obligations in relation to contracts with customers

The Institute is required to assess each of its contracts with customers to determine whether performance obligations are satisfied over time or at a point in time in order to determine the appropriate method for recognising revenue. This assessment was made based on the terms and conditions of the contracts, and the provisions of relevant laws and regulations:

The Institute recognises revenue over time in the following circumstances:

- (a) the customer simultaneously receives and consumes the benefits provided by the Institute's performance as the Institute performs;
- (b) the Institute does not create an asset with an alternative use to the Institute and has an enforceable right to payment for performance completed to date; and
- (c) the Institute's performance creates or enhances an asset that the customer controls as the asset is created or enhanced.

Where the above criteria are not met, revenue is recognised at a point in time. Where revenue is recognised at a point in time, the Institute assesses each contract with customers to determine when the performance obligation of the Institute under the contract is satisfied.

#### Key sources of estimation uncertainty

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

#### Useful lives of property, plant and equipment

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

# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2021

## 2. Basis of Preparation (Cont'd)

- (c) Significant accounting judgements, estimates and assumptions (Cont'd)

### Key sources of estimation uncertainty (Cont'd)

#### Deferred tax assets

Deferred tax assets are recognised for all unused tax losses, unutilised capital allowances and other deductible temporary differences to the extent that it is probable that taxable profit will be available against which the unused tax losses, unutilised capital allowances and other deductible temporary differences can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies. The carrying amount of recognised and unrecognised deferred tax assets are disclosed in Note 16.

#### Inventories valuation

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

#### Determination of transaction prices

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

There is no estimation required in determining the transaction price, as revenue from rendering of services is based on invoiced values. Sales discounts is only given on case to case with the appropriate approval.

#### Provision for expected credit loss of financial assets at amortised cost

The Institute uses a provision matrix to calculate expected credit loss for trade receivables. The provision rates are based on number of days past due.

The provision matrix is initially based on the Institute's historical observed default rates. The Institute calibrates the matrix to adjust the historical credit loss experience. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

The assessment of the correlation between historical observed default rates and expected credit loss is a significant estimate. The Institute's historical credit loss experience may not be representative of customer's actual default in the future. Information about the expected credit loss on the Institute's trade receivables is disclosed in Note 6.

#### Income taxes

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

The Institute recognises liabilities for tax based on estimates of whether additional taxes will be due. Where the final tax outcome of these tax matters is different from the amounts that were initially recognised, such differences will impact the income tax and/or deferred tax provisions in the period in which such determination is made. As at 31 December 2021, the Institute has tax recoverable of RM13,980 (2020: RM50,282).

# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2021

## 3. Significant Accounting Policies

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

### (a) Foreign currency transactions and balances

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

Exchange differences arising on the settlement of monetary items or on translating monetary items at the reporting date are included in profit or loss.

Exchange differences arising on the translation of non-monetary items carried at fair value are included in profit or loss for the reporting period except for the differences arising on the translation of non-monetary items in respect of which gains and losses are recognised in other comprehensive income. Exchange differences arising from such non-monetary items are also recognised in other comprehensive income.

### (b) Property, plant and equipment

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

#### (i) Recognition and measurement

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

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

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

#### (ii) Subsequent costs

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

#### (iii) Depreciation

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

# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2021

## 3. Significant Accounting Policies (Cont'd)

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

#### (iii) Depreciation (Cont'd)

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

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

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

### (c) Leases

The Institute recognises a right-of-use ("ROU") asset and a lease liability at the lease commencement date. The ROU asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or site on which it is located, less any lease incentives received.

The ROU asset is subsequently measured at cost less any accumulated depreciation, accumulated impairment loss and, if applicable, adjusted for any remeasurement of lease liabilities. The policy of recognition and measurement of impairment losses is in accordance with Note 3(i)(i) on impairment of non-financial assets.

The ROU asset under cost model is depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the ROU asset or the end of the lease term.

The ROU assets are subject to impairment.

The lease liability is initially measured at the present value of future lease payments at the commencement date, discounted using the Institute's incremental borrowing rates. Lease payments included in the measurement of the lease liability include fixed payments, any variable lease payments, amount expected to be payable under a residual value guarantee, and exercise price under an extension option that the Institute is reasonably certain to exercise.

Variable lease payments that do not depend on an index or a rate but are dependent on a future activity are recognised as expenses in profit or loss in the period in which the event or condition that triggers the payment occurs.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in rate, or if the Institute changes its assessment of whether it will exercise an extension or termination option.

Lease payments associated with short-term leases and leases of low value assets are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less and do not contain a purchase option. Low value assets are those assets valued at less than RM10,000 each when purchased new.

# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2021

## 3. Significant Accounting Policies (Cont'd)

### (d) Financial assets

#### Recognition and initial measurement

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

At initial recognition, the Institute measures a financial asset at its fair value plus, for an item not at fair value through profit or loss, transaction costs that are directly attributable to its acquisition or issuance of the financial instruments. Transaction costs of financial assets carried at fair value through profit or loss ("FVTPL") are expensed in profit or loss.

#### Financial asset categories and subsequent measurement

The Institute determines the classification of financial assets at initial recognition and are not reclassified subsequent to their initial recognition unless the Institute changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

The Institute's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

The Institute classifies its financial assets as follows:

#### (i) Financial assets at amortised cost

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

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

Financial assets at amortised cost are subsequently measured using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains or losses and impairment are recognised in profit or loss.

The Institute's financial assets at amortised cost comprise trade and other receivables, fixed deposits with licensed banks and cash and bank balances.

#### (ii) Financial assets at fair value through other comprehensive income ("FVTOCI")

The Institute has not designated any financial assets at FVTOCI.

#### (iii) Financial assets at fair value through profit or loss

The Institute has not designated any financial assets at FVTPL.

All financial assets, except for those measured at FVTPL and equity investments measured at FVTOCI, are subject to impairment assessment as disclosed in Note 3(i)(ii).

# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2021

## 3. Significant Accounting Policies (Cont'd)

### (d) Financial assets (Cont'd)

#### Regular way purchase or sale of financial assets

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

#### Derecognition

A financial asset or part of it is de-recognised when, and only when the contractual rights to receive cash flows from the financial asset expire or are transferred, or control of the asset is not retained or substantially all of the risks and rewards of ownership of the financial asset are transferred to another party. On de-recognition of a financial asset, the difference between the carrying amount of the financial assets and the sum of consideration received (including any new asset obtained less any new liability assumed) is recognised in profit or loss.

### (e) Financial liabilities

#### Recognition and initial measurement

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

At initial recognition, the Institute measures a financial liability at its fair value less, for an item not at fair value through profit or loss, transaction costs that are directly attributable to its acquisition or issuance of the financial instruments.

#### Financial liability categories and subsequent measurement

The Institute classifies its financial liabilities as follows:

#### (i) Financial liabilities at amortised cost

Financial liabilities not categorised as fair value through profit or loss are subsequently measured at amortised cost using the effective interest method.

Interest expense and foreign exchange gains and losses are recognised in the profit or loss. Any gains or losses on de-recognition are also recognised in the profit or loss.

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

#### (ii) Financial liabilities at fair value through profit or loss

The Institute has not designated any financial liabilities at FVTPL.

#### Derecognition

A financial liability or part of it is de-recognised when, and only when, the obligation specified in the contract is discharged or cancelled or expires. On de-recognition of a financial liability, the difference between the carrying amount of the financial liability extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2021

## 3. Significant Accounting Policies (Cont'd)

### (f) Offsetting of financial instruments

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

### (g) Inventories

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

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

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

### (h) Cash and cash equivalents

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

### (i) Impairment of assets

#### (i) Non-financial assets

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

For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that is largely independent of the cash inflows of other assets or cash-generating units.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs of disposal. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or cash-generating unit.

An impairment loss is recognised if the carrying amount of an asset or cash-generating unit exceeds its estimated recoverable amount. Impairment loss is recognised in profit or loss.

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

# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2021

## 3. Significant Accounting Policies (Cont'd)

### (i) Impairment of assets (Cont'd)

#### (ii) Financial assets

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

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

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

### (j) Employee benefits

#### (i) Short term employee benefits

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

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

#### (ii) Defined contribution plans

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

### (k) Revenue and other income

#### (i) Revenue from contracts with customers

Revenue is recognised when the Institute satisfied a performance obligation ("PO") by transferring a promised good or service to the customer, which is when the customer obtains control of the good or service. A PO may be satisfied at a point in time or over time. The amount of revenue recognised is the amount allocated to the satisfied PO.

# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2021

## 3. Significant Accounting Policies (Cont'd)

### (k) Revenue and other income (Cont'd)

#### (i) Revenue from contracts with customers (Cont'd)

The Institute recognises revenue from the following major sources:

##### (1) Revenue from operations

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

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

Entrance fees and membership subscriptions are recognised as revenue on a cash basis for the fees received in respect of the financial year. However, where the subscriptions are received in advance for the following year's subscription, a contract liability is recognised. The contract liability is recognised as revenue in the year of subscription.

##### (2) Sale of publications and books

Income from sale of publications and books is recognised when control of the publications and books are transferred, being at the point the customer purchases the publications and books.

#### (ii) Interest income

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

### (l) Income taxes

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

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

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

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

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

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

# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2021

## 3. Significant Accounting Policies (Cont'd)

### (m) Fair value measurement

Fair value of an asset or a liability is determined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The measurement assumes that the transaction to sell the asset or transfer of the liability takes place either in the principal market or in the absence of a principal market, in the most advantageous market.

For non-financial asset, the fair value measurement takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

When measuring the fair value of an asset or a liability, the Institute uses observable market data as far as possible. Fair value is categorised into different levels in a fair value hierarchy based on the input used in the valuation technique as follows:

- Level 1 : quoted prices (unadjusted) in active markets for identical assets or liabilities that the Institute can access at the measurement date.
- Level 2 : inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
- Level 3 : unobservable inputs for the asset or liability.

The Institute recognises transfers between levels of the fair value hierarchy as of the date of the event or change in circumstances that caused the transfers.

# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2021

## 4. Property, Plant and Equipment

	Freehold premises RM	Air conditioners RM	Computers and software RM	Furniture and fittings RM	Office equipment RM	Office renovation RM	Total RM
<b>2021</b>							
<b>Cost</b>							
At 1 January 2021	4,828,564	6,840	479,037	189,453	122,710	318,030	5,944,634
Additions	-	-	73,554	-	1,800	-	75,354
Written off	-	-	(292,547)	(29,166)	(107,271)	(2,000)	(430,984)
At 31 December 2021	4,828,564	6,840	260,044	160,287	17,239	316,030	5,589,004
<b>Accumulated depreciation</b>							
At 1 January 2021	450,666	6,384	450,622	178,686	120,600	296,828	1,503,786
Charge for the financial year	96,571	456	31,861	10,767	774	21,202	161,631
Written off	-	-	(292,547)	(29,166)	(107,271)	(2,000)	(430,984)
At 31 December 2021	547,237	6,840	189,936	160,287	14,103	316,030	1,234,433
<b>Carrying amount</b>							
At 31 December 2021	4,281,327	-	70,108	-	3,136	-	4,354,571
<b>2020</b>							
<b>Cost</b>							
At 1 January 2020	4,828,564	6,840	459,253	189,453	122,710	318,030	5,924,850
Additions	-	-	23,994	-	-	-	23,994
Disposals	-	-	(4,210)	-	-	-	(4,210)
At 31 December 2020	4,828,564	6,840	479,037	189,453	122,710	318,030	5,944,634
<b>Accumulated depreciation</b>							
At 1 January 2020	354,095	5,016	422,013	146,384	118,536	233,222	1,279,266
Charge for the financial year	96,571	1,368	32,819	32,302	2,064	63,606	228,730
Disposals	-	-	(4,210)	-	-	-	(4,210)
At 31 December 2020	450,666	6,384	450,622	178,686	120,600	296,828	1,503,786
<b>Carrying amount</b>							
At 31 December 2020	4,377,898	456	28,415	10,767	2,110	21,202	4,440,848

The strata title of freehold premises with a net carrying amount of RM4,281,327 (2020: RM4,377,898) is pending issuance by the relevant authorities.

# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2021

## 5. Inventories

	2021 RM	2020 RM
Publications and books	136,713	91,299
<b>Recognised in profit or loss:</b>		
Inventories recognised as cost of sales	255,372	129,263
Inventories written off	172	11,187

## 6. Trade Receivables

	2021 RM	2020 RM
Trade receivables	530,563	454,114
Less: Accumulated impairment losses	(1,600)	(1,600)
	528,963	452,514

Generally, sales are on cash term save for approved customers who are given credit terms of 30 to 60 days (2020: 30 to 60 days). Trade receivables mainly comprise conference, seminar, training and other events fees. The Institute maintains an ageing analysis in respect of trade receivables only.

Movement in the allowance for impairment losses on trade receivables are as follows:

	Lifetime allowance 2021 RM	2020 RM
At 1 January	1,600	8,208
Reversal of impairment losses <sup>(1)</sup>	-	(6,608)
At 31 December	1,600	1,600

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

# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2021

## 6. Trade Receivables (Cont'd)

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

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

	Gross amount RM	Loss allowance RM	Net amount RM
<b>2021</b>			
Not past due	28,099	(4)	28,095
Past due:			
1 to 30 days	383,513	(970)	382,543
31 to 60 days	65,144	(196)	64,948
More than 60 days	53,807	(430)	53,377
	502,464	(1,596)	500,868
	530,563	(1,600)	528,963
<b>2020</b>			
Not past due	35,155	(51)	35,104
Past due:			
1 to 30 days	191,562	(550)	191,012
31 to 60 days	215,721	(928)	214,793
More than 60 days	11,676	(71)	11,605
	418,959	(1,549)	417,410
	454,114	(1,600)	452,514

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

As at 31 December 2021, gross trade receivables of RM502,464 (2020: RM418,959) were past due but not individually impaired. These relate to a number of customers with slower repayment records.

# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2021

## 7. Other Receivables

	2021 RM	2020 RM
Other receivables		
- Related party (ACIIA)	-	55,420
- Third parties	133,979	96,601
	<u>133,979</u>	<u>152,021</u>
Deposits	24,548	24,548
Prepayments	147,546	130,548
	<u>306,073</u>	<u>307,117</u>

In previous financial year, the related party was Asian Confederation of Institutes of Internal Auditors (ACIIA) and the balance was non-trade in nature, non-interest bearing, unsecured and repayable on demand. ACIIA was related to the Institute by virtue of a common Governor.

In current financial year, ACIIA ceased to be related party following the retirement of a common Governor. Accordingly, the amount due from ACIIA has been presented under third parties in current financial year.

## 8. Fixed Deposits with Licensed Banks

	Note	2021 RM	2020 RM
Deposit with tenures of less than 3 months	(a)	400,000	-
Deposit with tenures of more than 3 months	(b)	2,900,000	2,700,000
		<u>3,300,000</u>	<u>2,700,000</u>

(a) The weighted average interest rate and maturities of the fixed deposits with tenures of less than 3 months are 2.00% (2020: Nil) per annum and 30 to 90 days (2020: Nil) respectively.

(b) The weighted average interest rates and maturities of the fixed deposits with tenures of more than 3 months are 1.81% (2020: 3.50%) per annum and 180 to 365 days (2020: 365 days) respectively.

## 9. Research Fund

	2021 RM	2020 RM
At 1 January	169,434	153,888
Transfer from accumulated funds	16,612	15,546
At 31 December	<u>186,046</u>	<u>169,434</u>

The objectives of the research fund are:

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

# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2021

## 10. Trade Payables

The normal trade credit terms granted to the Institute is 60 days (2020: 60 days) depending on the terms of the contracts.

## 11. Other Payables

	Note	2021 RM	2020 RM
Other payables		42,923	74,886
Accruals	(a)	293,078	80,278
Contract liabilities	(b)	73,166	58,345
		<u>409,167</u>	<u>213,509</u>

(a) As at 31 December 2021, included in accruals of the Institute was accrual for bonus of RM179,623 (2020: Nil).

(b) Contract liabilities represents advance subscription received from members and examination fees received from candidates registered for examination. The contract liability will be recognised as revenue in the year of subscription and when candidates sit for the examination respectively.

## 12. Revenue

	2021 RM	2020 RM
<b>Revenue from contracts with customers</b>		
Entrance fees and subscriptions	1,059,423	1,009,820
Seminar and conference income	2,272,535	1,333,549
Examination fees	372,772	327,524
Quality Assessment Review fees	699,537	414,390
Total revenue from contract with customers	<u>4,404,267</u>	<u>3,085,283</u>
<b>Timing of revenue recognition</b>		
At a point in time	3,704,730	2,670,893
Over time	699,537	414,390
Total revenue from contract with customers	<u>4,404,267</u>	<u>3,085,283</u>

## 13. Direct Costs

	2021 RM	2020 RM
Members' activities	236,625	254,436
Seminars and conferences	506,004	513,149
Examination	62,168	59,612
Quality Assessment Review	159,237	95,317
	<u>964,034</u>	<u>922,514</u>

# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2021

## 14. Surplus/(Deficit) before Tax

Surplus/(Deficit) before tax is arrived at after charging/(crediting):

	2021 RM	2020 RM
Auditors' remuneration	30,000	30,000
Depreciation of property, plant and equipment	161,631	228,730
Inventories written off	172	11,187
Lease expenses relating to low value assets	15,354	14,575
Loss/(Gain) on foreign exchange		
- Realised	6,340	3,291
- Unrealised	1,376	(2,449)
Fixed deposits interest income	(60,904)	(102,711)
Gain on disposal of property, plant and equipment	-	(320)
Reversal of impairment losses on trade receivables	-	(6,608)

## 15. Taxation

	2021 RM	2020 RM
<b>Tax expenses recognised in profit or loss</b>		
<b>Malaysian income tax:</b>		
Current tax provision	278,479	35,318
Over provision in prior years	(13,841)	(61,197)
	264,638	(25,879)

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

# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2021

## 15. Taxation (Cont'd)

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

	2021 RM	2020 RM
Surplus/(Deficit) before tax	1,120,728	(143,733)
At Malaysian statutory tax rate of 24% (2020: 24%)	268,975	(34,496)
Tax effects on scale rates	3,311	(13,100)
Income not subject to tax	(86,671)	(32,613)
Expenses not deductible for tax purposes	98,341	100,593
Deferred tax assets not recognised	(5,477)	14,934
Over provision of income tax in prior years	(13,841)	(61,197)
Tax expenses for the financial year	264,638	(25,879)

The Institute has estimated unutilised capital allowances available for carried forward to offset against future taxable profit as follows:

	2021 RM	2020 RM
Unutilised capital allowances	5,422	15,860

## 16. Deferred Tax

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

	2021 RM	2020 RM
Deferred tax liability	9,490	1,809
Deferred tax asset	(9,490)	(1,809)
	-	-

# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2021

## 16. Deferred Tax (Cont'd)

The components and movements of the deferred tax liability and asset are as follows:

### Deferred tax liability

	2021 RM	2020 RM
<b>Accelerated capital allowances</b>		
At 1 January	1,809	15,774
Recognised in profit or loss	6,529	(8,926)
Under/(Over) provision in prior years	1,152	(5,039)
At 31 December	9,490	1,809

### Deferred tax asset

	2021 RM	2020 RM
<b>Contract liabilities</b>		
At 1 January	(1,809)	(15,774)
Recognised in profit or loss	(6,529)	8,926
(Over)/Under provision in prior years	(1,152)	5,039
At 31 December	(9,490)	(1,809)

Deferred tax assets have not been recognised in respect of the following items:

	2021 RM	2020 RM
Contract liabilities	33,625	46,008
Unutilised capital allowances	5,422	15,860
	39,047	61,868

Deferred tax assets have not been recognised in respect of such temporary differences as the Institute is not reasonably certain of available future taxable profits against which the temporary differences can be utilised.

## 17. Staff Costs

	2021 RM	2020 RM
Salaries, wages and other emoluments	1,590,638	1,407,874
Defined contribution plans	197,321	167,148
Social security contributions	14,413	15,165
Other benefits	136,329	95,493
	1,938,701	1,685,680

The number of permanent staff at the end of financial year are 17 (2020: 20).

# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2021

## 18. Related Parties Disclosure

### (a) Identifying related parties

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

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

### (b) Significant related party transactions

Related party transactions have been entered into in the normal course of business under negotiated terms. In addition to the related party balances disclosed in Note 7, the related party transactions of the Institute are as follows:

	2021 RM	2020 RM
Members' annual subscription fees paid by Governors	3,120	3,720

### (c) Remuneration of other members of key management are as follows:

	2021 RM	2020 RM
Short-term employee benefits	837,007	847,755
Post-employment employee benefits	96,215	98,401
	933,222	946,156

There is no remuneration received by the governors during current and previous financial year.

# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2021

## 19. Financial Instruments

### (a) Classification of financial instruments

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

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

	Financial assets at amortised cost RM	Financial liabilities at amortised cost RM	Total RM
<b>2021</b>			
<b>Financial Assets</b>			
Trade receivables	528,963	-	528,963
Other receivables *	158,527	-	158,527
Fixed deposits with licensed banks	3,300,000	-	3,300,000
Cash and bank balances	767,775	-	767,775
	<u>4,755,265</u>	<u>-</u>	<u>4,755,265</u>
<b>Financial Liabilities</b>			
Trade payables	-	112,171	112,171
Other payables #	-	336,001	336,001
	<u>-</u>	<u>448,172</u>	<u>448,172</u>
<b>2020</b>			
<b>Financial Assets</b>			
Trade receivables	452,514	-	452,514
Other receivables *	176,569	-	176,569
Fixed deposits with licensed banks	2,700,000	-	2,700,000
Cash and bank balances	318,587	-	318,587
	<u>3,647,670</u>	<u>-</u>	<u>3,647,670</u>
<b>Financial Liabilities</b>			
Trade payables	-	116,491	116,491
Other payables #	-	155,164	155,164
	<u>-</u>	<u>271,655</u>	<u>271,655</u>

\* Excluding prepayments

# Excluding contract liabilities

# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2021

## 19. Financial Instruments (Cont'd)

### (b) Financial risk management objectives and policies

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

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

#### (i) Credit risk

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

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

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

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

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

At the end of the reporting period, the Institute's credit exposure is concentrated mainly on 3 debtors (2020: 2 debtors), which accounted for 53% (2020: 70%) of the total gross trade receivables. The debtors subsequently remitted their payment after the financial year end.

#### (ii) Liquidity risk

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

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

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

# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2021

## 19. Financial Instruments (Cont'd)

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

#### (iii) Market risk

##### (a) Foreign currency risk

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

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

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

	Denominated in USD	
	2021 RM	2020 RM
<b>Monetary asset</b>		
Cash and bank balances	267,689	49,639
<b>Monetary liability</b>		
Trade payables	(93,004)	(101,966)
	174,685	(52,327)

#### Foreign currency sensitivity analysis

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

	Effect on surplus/ (deficit) before tax	
	2021 RM	2020 RM
<b>Changes in currency rate</b>		
<b>USD</b>		
- Strengthened by 10% (2020: 10%)	17,469	(5,233)
- Weakened by 10% (2020: 10%)	(17,469)	5,233

# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2021

## 19. Financial Instruments (Cont'd)

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

#### (iii) Market risk (Cont'd)

##### (b) Interest rate risk

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

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

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

	2021 RM	2020 RM
<b>Fixed rate instruments</b>		
<b>Financial asset</b>		
Fixed deposits with licensed banks	3,300,000	2,700,000

#### Interest rate risk sensitivity analysis

##### [Fair value sensitivity analysis for fixed rate instruments](#)

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

### (c) Fair value of financial instruments

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

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

# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2021

## 20. Capital Management

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

- (i) To be the recognised voice for the internal audit profession;
- (ii) To develop and sustain the internal audit profession in Malaysia through appropriate development and enhancement of resources and content;
- (iii) To advocate and promote the value that internal audit professionals add to their organisations; and
- (iv) To render high service standards to its members.

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

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

## 21. Date of Authorisation for Issue

The financial statements were authorised for issue by the Board of Governors in accordance with a resolution of the Governors on 28 April 2022.

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

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